

FEBRUARY

2016

Vol 5, No 2 (2016)

Abhinav-National Monthly Refereed Journal Of Research In Commerce & Management
(Online ISSN 2277-1166)

Table of Contents

Articles

<u>A STUDY ON THE PROMOTIONAL STRATEGIES USED BY RED CHILLIES ENTERTAINMENT PVT. LTD. WITH SPECIAL REFERENCE TO RA.ONE, CHENNAI EXPRESS, HAPPY NEW YEAR AND DILWALE</u>	<u>PDF</u>
<i>Vinay Bohra, Aditya Sinha, Abhishek Ajit</i>	1-8
<u>IMPACT OF GLOBALIZATION ON INDIAN AGRICULTURE</u>	<u>PDF</u>
<i>Alka Solanki</i>	9-14
<u>A COMPARATIVE STUDY OF NPA IN ICICI BANK AND HDFC BANK</u>	<u>PDF</u>
<i>Vaibhavi Shah, Sunil Sharma</i>	15-23
<u>NEURO - LINGUISTIC PROGRAMMING: A BEHAVIOURAL APPROACH</u>	<u>PDF</u>
<i>Gaurishtha Maini, Dr. Shruti Singh</i>	24-27
<u>TEACHER PERFORMANCE MANAGEMENT</u>	<u>PDF</u>
<i>Venu Balakonda</i>	28-32
Case Study	
<u>A CASE STUDY OF SUCCESSFUL ENTREPRENEUR MR. MAHESH LIMAYE</u>	<u>PDF</u>
<i>Dr. Mukunda Sonawane</i>	1-5

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**A STUDY ON THE PROMOTIONAL STRATEGIES USED BY
RED CHILLIES ENTERTAINMENT PVT. LTD. WITH SPECIAL
REFERENCE TO RA.ONE, CHENNAI EXPRESS, HAPPY
NEW YEAR AND DILWALE**

Vinay Bohra¹

Student, Christ University, Bengaluru, India
Email: vinay.bohra@bba.christuniversity.in

Aditya Sinha²

Student, Christ University, Bengaluru, India
Email: aditya.sinha@bba.christuniversity.in

Abhishek Ajit³

Student, Christ University, Bengaluru, India
Email: abhishek.ajit@bba.christuniversity.in

ABSTRACT

The research article talks about promotion as a way of ensuring the economic success of a movie. It deals with the various promotional strategies that a movie adopts to get as many viewers possible to ensure the success of their movies. The given article talks about one such production company- Red Chillies Entertainment Pvt. Ltd. and the various strategies that the production house has adopted for their movies. Red Chillies Entertainment Pvt. Ltd. has adopted various conventional and unconventional strategies to place the positives of the movie in the minds of the viewer and influence him to watch the movie. This article is written with specific reference to four such movies where we saw promotional strategies being used extensively by the production house- Ra.One, Chennai Express, Happy New Year and Dilwale. The article gives an idea on how the entertainment company used various promotional strategies to lure the audiences and advertise their product i.e. movies. From using direct marketing for the masses to using customized twitter handles to attract the youth, the article presents itself with these strategies that resulted in the phenomenal success of their movies though they were criticized by the critics for their poor storyline and performance. By using Red Chillies as an example, the main objective of the article is to show the effectiveness and importance of promotion of a product which in this case is movies. Also a point that can be noted in the article is the importance of the customer for the success of the company and the product as all the promotional strategies used in the entertainment industry is used only to influence the customer i.e. the viewer and hence, in the article all the major promotional strategies used to promote the four movies are highlighted and an effort is made to show the strategies are pulling the customer towards the product i.e. movie

Keywords: Promotion; Conventional and Unconventional Strategies; Advertise; Direct Marketing; Influence

INTRODUCTION

Promotion is the process of creating a pull for the customer and to influencing into believing that a particular need is unsatisfied and can only be satisfied with the product being promoted. Companies now realize that the era of Caveat Emptor or let the buyer beware have passed and it is an era of Caveat Venditor or let the seller beware. Firms now realize that the consumer cannot be taken for granted and that they now have to put in efforts to make the consumer be loyal to the company. Thus promotion of the product has now become a necessity for the companies to ensure their survival in the long run. A similar principle applies in the entertainment industry where the consumer is the epicentre of the success of the product which in this case are the movies.

The research article talks about Red Chillies entertainment pvt. Ltd. and the promotional strategies that the company has used to promote its movies. This article talks about the strategies in specific to four of the movies that it produced – Ra. One, Chennai Express, Happy New Year and Dilwale. The reason for choosing the above movies are the extensive strategies used to promote them. All the movies mentioned though received poor to average ratings from the critics, the movies were high grossers and were even able to enter the 100 crore club though the negative ratings of the critics. The reason for this were the promotional strategies used by the company that helped the movies become one of the highest grossers of Bollywood and these strategies are being discussed in relation to the four movies.

OBJECTIVES

1. To determine the level of influence that promotion has on the success of a movie
2. To understand the promotional strategies of Red Chillies Entertainment pvt. Ltd.
3. To determine the impact and influence of unconventional strategies of promotion to that of promotional strategies
4. To establish a relation between the promotion and the economic success of a movie

RESEARCH QUESTIONS

1. Does promotion play a part in the success of a movie?
2. How are these strategies used to tap the subconscious mind of the consumer and create a need to watch the movie?
3. Can a movie become economic successfully solely because of its promotion?

REVIEW OF LITERATURE

Ra.One

Ra. One was one of the most anticipated movies of 2011. With a glittering star cast which included Sharukh Khan, Kareena Kapoor and the International singing sensation Akon created hype among the people. The movie being one of the costliest in history of Bollywood with about Rs. 120 crores of budget, more than 40 crores were spent on just marketing of the movie. Further the promotion of movie started in December 2010, months back which was very early compared to any other movie in Bollywood. This was done so that people could know about every character of the movie and develop an interest in the movie. Further all the VFX effects of the movie was made in Mumbai and because it was not outsourced for the effects, people became very curious about the quality of the effects that they would get in the movie but to their surprise, the effects were the best that Indian movies ever saw resulting in widespread praise of the movie and its visual effects. The promotion of the movie was done in slabs, targeting a larger audience every time. The release of 2 teasers during 2011 World cup, the launch of trailer 3 months following that, the launch of a fan wall 3600 ft. long which had feedback from fans from 36 cities worldwide. The launch of a website for the movie and SRK talking to his fans directly on google live chat were a few of the things that were never done before in Bollywood and

had taken marketing in Indian movie industry to a new level. These type of strategies were followed in Hollywood earlier but were adopted for the first time in Bollywood.

The grand promotion that were done included placing more than 1700 billboards, Using up the potential of social media sites like You Tube, Google+ and Facebook, Ra.One created a hype among people about the movie. Further the company had 25 enormous name partners like Western Union, Ducati, Tag Huer, Sony Communications, Videocon, McDonalds etc. were made partner having a win-win situation for both Ra.One and firms as they can influence bigger Indian market with SRK being the USP of the movie.

Children were targeted by partnering for making merchandises G-Balls, Stationary wrist band and many others. A game named Ra.One was launched by partnering with Sony in PlayStation format and a mobile game too. Secondly the online magazine UTV India games made people interested about the character and movie. Other than this partnering with McDonalds for toys for children, having posters at all its partners outlet gave a lot of push to the movie among all age group of people and helped in gaining a momentum and curiosity about the movie in public.

Chennai Express

Chennai Express was one of the most heavily marketed movies in Bollywood where a mix of both conventional and unconventional strategies was used to promote the film among the masses. A lot of money was invested in hoardings, posters etc. This strategy was done to create buzz among the masses about the movie. Then there were city tours done in Mumbai, Bhopal, Ahmedabad, Kolkata, Chennai, Jalandhar and Delhi. More than 25 Fan Clubs of Shah Rukh Khan around the world came together to promote the movie in their respective areas.

But the novelty here is that a lot of promotion was done in Chennai as the movie is based in Tamil Nadu. This was new because this is one of the few times that a Bollywood movie promoted themselves heavily in the South Markets likes Chennai, Kochi etc.

Red Chillies Entertainment had invested heavily on outdoor advertising. As the film was being released in the overseas market through cities like London, Dubai, Berlin a novel strategy was put in place wherein the posters of the movie was translated into several regional languages like Malayalam, Tamil, Kannada etc. and in foreign languages like German, Mexican, Arabic, Spanish, French etc.

This was done to create a sense of belongingness in these markets where Hindi films were relatively alien to the people there. And at the same time it generated the buzz needed to make the movie a success. This was one of the best forms of target marketing where the untapped markets were the main focus of attention of these strategies as the spread of Hindi movies are less.

The promoters of 'Chennai Express' have launched games based on the film. It is a move which tapped the youth who were regular users of cyber games. The game is available on both Android & IOs platforms.

It is a perfect example of sales promotion tactic where the game is the incentive for users to create a positive appeal about the movie and inform potential movie watchers about the various features of the movie (here it is dance, music, entertainment and action)

The producers focused on shows with high television ratings which includes soaps like Diya Aur Baati Hum, Madhubala - Ek Ishq Ek Junoon etc. This was done to target housewives among whom these television soaps were relatively popular.

They dedicated some of their advertising time on reality shows like Jhalak Dikhlai Jaa & Indian Idol where the focus of the producers was to target the family audience. Then they appeared on Comedy nights with Kapil to target the family audience and the youth. Shah Rukh Khan also appeared on various prime time news shows to promote the film.

Chennai Express had set new trends in terms of social media marketing. They had done marketing campaigns in platforms like Facebook, Twitter & Instagram. They were able to generate such a huge buzz in the Twitter platform that Chennai Express related tweets generated over **1 billion** cumulative impressions and the total number of tweets across all hashtags was over 750 thousand over the 90-day campaign period. It was the first Indian film in Twitter history to trend at Worldwide No.1 with 2 separate hashtags #ChennaiExpress & #ChennaiExpressWeekend.

They were also the first film to use twitter in a manner which engages the users in such an interactive manner. A twitter platform was created where the users were required to tweet about the movie which would move a train over a virtual rail line from Mumbai to Rameshwaram. As soon as the train reached the destination, the trailer was launched to sustain the growing buzz around the film. They were more focused on engaging the users by providing an incentive for the same. The official Chennai Express website had around 7 – 8 games which were featured in mobiles and social media websites as well. It helped in creating high brand recognition for Chennai Express.

The success of their social media campaign was that they were able to maintain that initial buzz till the launch of the movie. Using games like Rahul Meets Meena on Facebook generated the attention needed to sustain the buzz in Facebook.

Use of innovative hashtags and campaigns to promote the movie in Twitter helped sustain the excitement of the movie.

The cast of Chennai Express launched a saree line that had designs similar to Deepika Padukone's sarees in the film. This was done in partnership with Palam Sarees, a Chennai based company. This created a lot of buzz for both the movie and the company.

But one of the most innovative ways to really create the mass appeal for the movie was the creation of the song Lungi Dance which was composed for the promotion of Chennai Express. This song was done in collaboration with Yo Yo Honey Singh the song became a blockbuster in the music charts creating a huge buzz and positive impact for the film.

It was wise to bring in Yo Yo Honey Singh to create the song to really attract the youth. But at the same time the song had a mix of both Punjabi & Tamil flavors creating a Pan India appeal. But the novel approach was to use the name of Rajnikanth in the song. As the actor is very popular in Tamil Nadu, Karnataka & parts of Andhra Pradesh, the song generated the positive buzz in these regions and in the process was able to tap these markets.

Shah Rukh Khan & Deepika Padukone promoted the movie in a Manish Malhotra fashion show held in Chennai specifically organized for movie promotions. This was a novel tactic done to attract the upper classes which benefitted both Manish Malhotra as well as the movie as the star cast was able to promote the theme of the movie as well as his designs to the audience and fans alike.

The producers has also integrated product placement strategies into the movie. In the movie there is a good example of embedded market strategy when the protagonist Khan goes on to extensively praise the features and price of the Nokia Lumia 920 in detail in the movie. The in brand associations were with Mahindra & Mahindra, Wildcraft & Palam Silks.

The movie has over 18 brand associations which include Western Union, fast foods major McDonald's, electronics chain Reliance Digital, FMCG company Emami, Lux Soaps among others.

Happy New Year

Red Chillies Entertainment released the film on Diwali, 24 October 2014 in three languages: Hindi, Tamil and Telugu in around 5000 screens in India. It was one of the biggest releases for a Hindi film in India ever.

The movie was marketed extensively with the cast promoting the movie in various cities in India and also travelling to the US, UK & Canada for promotional events.

The trailer, songs and additional content was promoted through media platforms like TV & Social media platforms like Facebook, Twitter & WhatsApp.

The Happy New Year team toured US, Canada and UK in a new promotional tactic for the film SLAM! The Tour conducted live concerts in cities like Houston, Chicago, New Jersey etc.

It was through the collaboration of Cineyug and Red Chillies Entertainment, where the actors were able to perform abroad and promote the movie at the same time.

It marketed the movie to Shah Rukh Khan's huge overseas fan base generating vital attention and buzz for the movie as data shows that overseas box office gross contributes heavily to the net collection of his movies.

A dance-reality TV show titled Dil Se Naachein Indiwaaale was launched along with Zee TV. The format of the show was that the cast of the film judged participants from cities like Delhi, Indore, and Ahmedabad & Mumbai. The objective was to get the message of the movie across: how losers can become winners. Here the focus was on ordinary people who were given the chance to dance in front of the cast and the TV audience.

It was done to attract the large number of people from the middle class and rural areas who look upon the TV as a major source of entertainment in India. As social media has not penetrated to these area in the same way as the TV or radio, it was a very innovative advertising campaign to create the mass appeal of the movie in these areas.

An official game based on the movie, Happy New Year-The Game was released on the Android and iOS platforms. It was jointly made with Red Chillies Entertainment and Gameshastra India and Hungama Digital Ltd the holder of the gaming and application rights. The focus of the campaign was on the tech savvy youth in the urban and semi urban areas in the country.

The cast of the movie promoted the movie through their personal accounts in social media platforms like Facebook and Twitter.

It has the various characteristics of a direct marketing as well as public relations campaign from the perspective of the actors where the focus of the campaign is on attracting the individual fan bases of the actors involved to the movie. There was also accounts dedicated solely for Happy New Year in these platforms where trailers, songs and promotional content was posted to attract the fans and potential movie watchers to the movie.

The Happy New Year team was one of the first movies ever to actually promote themselves through WhatsApp one of the most popular social media platforms used in India with over 50 million active users in India. The Happy New Year Team made the trailer available to fans who would give a missed call or send a message through the number 9819020202.

They had also brought in an innovative marketing campaign through Twitter using customized twitter handles where all the six actors of the film added their character name from HNY alongside their personal ones including @juniorbachchan, @iamsrk, @TheVivaanShah, @deepikapadukone @SonuSood and @BomanIrani. Shah Rukh Khan had changed his name to Charlie, Abhishek Bachchan to Nandu, Sonu Sood to Jag, Boman Irani to Tammy, Vivaan Shah to Rohan and Deepika Padukone to Mohini.

This maintained the buzz generated among the fans and kept them in anticipation for the movie showing traces of public relations and advertising. Red Chillies Entertainment associated themselves with brands like PNB MetLife, Western Union, Cadbury Dairy Milk, Nokia, Lux Soap, BEST rice and amazon.com being their official online merchandise partner.

Donut brand Mad over Donuts associated themselves with the film and had created an IndiaWaaale Donut for the promotion of the movie. Mad over Donuts promoted the specially created donuts across 54 stores in the country.

This was an innovative direct marketing campaign where the focus of the campaign was directly on the youth in the urban cities like Bengaluru, New Delhi etc.

They have also used embedded marketing strategies tying up with brands like Nokia, Lenovo & WD. This strategy is out of the leaf of Hollywood movies where notable brands would pay the producers of a movie to use their products in the movie so that it creates a brand recognition and association in the minds of the customers as a belief is created that when the actor uses the product, it creates a positive image in the minds of the customers with regards to both the movie as well as the brands.

Here it benefits both the HNY Team & the brands as they draw on their existing goodwill and brand appeal to promote their respective products, in this case the movie and the products from these brands.

Dilwale

Dilwale being a movie waited for long by people. With the big star cast and the lead pair of Sharukh Khan and Kajol, the cast which include Varun Dhawan and Kriti Sanon and being titled as A Rohit Shetty film made people excited about the movie.

Unlike other SRK's movies, this movie made the grand promotion just before days before launch. Small promotions were done before but the main promotions started before the launch.

Rohit Shetty announced that he is going to do a project with Sharukh Khan after Chennai Express. Under the direction of Rohit Shetty , USP of Dilwale being the pair of Srk and Kajol who had done 7 hit movies with each other like Dil Wale Dulhaniya le Jayenge, My name is Khan , Kuch kuch hota hai and kabhi khushi kabhi gham. This made all Srk-Kajol fans eager for the movie and go and watch it.

Launched on 18th December, the movie had a clash with Bajirao Mastani with the same releasing date. Bajirao too being a movie with a big star cast which includes Ranveer Singh, Deepika Padukone and Priyanka Chopra, only thing which gave movie a good start was good promotion which gave Dilwale advantage over Bajirao at the start.

With a high expenditure on marketing of about 30 crores, Srk wanted to make sure through the promotion he make sure that people know what exactly is there in the movie. The campaign was divided in 20 days promotion full of comedy, drama and romance. With this thing also, the promotion didn't let out the surprise of the movie.

The movie promotion with the launch of songs showing the cast created a hype among the audience, especially for the Srk kajol fan. The launch of trailer got the highest view on YouTube took over media attention towards the movie. Further the launch of Gerua, which shows the beautiful chemistry of the lead pair was a hit and attracted people towards the movie. Later the release of "Manma Emotion jaage" which had Varun Dhawan and Kriti targeted the youngster. Even the performance on this song on Mithibai College and other places targeted young audience. Later the release of Janam Janam made people remember the 90's couple and they were targeted here.

With that the Rohit Shetty style of flying vehicles in air was visible and made people come to the movie.

Along with this the appearance on TV shows like Sath Nibhana Sathiya which targeted the Indian houses and big boss 9 which is a very popular TV show in Indian TV industry and got the highest TRP rating in the country. Even in southern Indian television, the star cast appeared on Mazavil Manorama. This way Red Chillies targeted the south Indian market of Kerala which is very less tapped by the Hindi movie industry. Further the partnership with PVR, which has a strong hold in Kerala metros gave a good hype to the movie.

The main thing being, the movie was not just promoted in Indian market but too in International market too.

METHODOLOGY OF DATA COLLECTION

Our research methodology requires gathering relevant data from the specified documents and compiling databases in order to analyze the material and arrive at a more complete understanding of the role promotion plays in the success of a product with reference to the entertainment industry. The data was primarily collected from secondary sources and various online portals and journals were used. We hope to shed some light on the relevance of promotion with reference to entertainment industry.

CONCLUSION

Bollywood too is now realizing the impact of promotion for the success of the movies. It has now realized that a movie might have a good story, performance and appeal but cannot be successful if the target market i.e. the audience do not view them and also that people of today are not attracted by the usual promotional strategies, hence in order to attract them innovation needs to be brought into the picture and use it to make a positive impression on the market to be successful in selling their products that in this case are the movies. The article talked about one such company- Red Chillies entertainment pvt. Ltd. owned by Shah Rukh Khan and its various conventional and unconventional strategies that were used to promote three of its movies- Ra.One, Happy New Year and Chennai Express. The article also talks about the strategies in relation to various concepts of promotion in the market like direct marketing and sales promotion that if effectively used could be turned into successful opportunities of establishing a brand. Also one other thing to learn from this was the fact that the success rate of the movie depended on the number of viewers of the movie and the many strategies have been used in the movie was to impress the market. We could understand the importance of customers in the success of a product and the important role that promotion plays in influencing the market.

Clearly, the result of the promotional strategies has been evident in leading to the phenomenal success of Red Chillies entertainment pvt. Ltd. Also one is able to clearly identify the impact of promotional activities and link it to the success of the movies released.

REFERENCES

1. alimukri. (2014). *Happy new Year*. Retrieved from www.socialmediagonecrazy.wordpress.com:https://socialmediagonecrazy.wordpress.com/tag/bollywood/
2. Anusha. (n.d.). *SRK's superhero power: Turning 'Ra.One' to marketing gold*. Retrieved from www.businesstoday.in: http://www.businesstoday.in/opinion/perspective/srks-superhero-power-turning-ra.one-to-marketing-gold/story/18952.html
3. Bhobe, S. (n.d.). *Digital and social business of bollywood*. Retrieved from emee.co.in: http://emee.co.in/case-studies/chennai-express-case-study.pdf
4. Choudhary, L. J. (2015). *'Bajirao Mastani' and 'Dilwale' in 2015's biggest Bollywood marketing war*. Retrieved from www.livemint.com: http://www.livemint.com/Companies/ITnF0XaMS1PHkgBh9k9kIK/Bajirao-Mastani-and-Dilwale-begin-the-years-biggest-Bol.html
5. Gupta, S. (n.d.). *The Role of Digital Marketing & Social Media in success of Chennai Express*. Retrieved from [www.emee.co.in: http://emee.co.in/case-studies/chennai-express-case-study.pdf](http://emee.co.in: http://emee.co.in/case-studies/chennai-express-case-study.pdf)
6. IANS. (2015). *Shah Rukh Khan's next marketing stroke for 'Dilwale' out on December 10*. Retrieved from indianexpress.com: http://indianexpress.com/article/entertainment/bollywood/shah-rukh-khans-next-marketing-stroke-for-dilwale-out-on-december-10/
7. India, T. t. (n.d.). *Happy New Year: SRK's unique marketing strategies for the film*. Retrieved from [www.timesofindia.com: http://timesofindia.indiatimes.com/entertainment/hindi/bollywood/Happy-New-Year-SRKs-unique-marketing-strategies-for-the-film/photostory/44771271.cms](http://timesofindia.indiatimes.com: http://timesofindia.indiatimes.com/entertainment/hindi/bollywood/Happy-New-Year-SRKs-unique-marketing-strategies-for-the-film/photostory/44771271.cms)
8. Kumar, R. (2012). *Ra One Marketing*. Retrieved from [slideshare.net: http://www.slideshare.net/ravindrocks/ra-one-marketing](http://www.slideshare.net: http://www.slideshare.net/ravindrocks/ra-one-marketing)

9. Livemint. (2013). *Phone, SMS to tweet to me, says Shah Rukh Khan*. Retrieved from [www.livemint.com: http://www.livemint.com/Leisure/NtKP3CtqhDbrs2EcFZJM1I/Phone-SMS-to-tweet-to-me-says-Shah-Rukh-Khan.html](http://www.livemint.com/Leisure/NtKP3CtqhDbrs2EcFZJM1I/Phone-SMS-to-tweet-to-me-says-Shah-Rukh-Khan.html)
10. *Ra.One- Redefining Movie Marketing Strategies*. (n.d.). Retrieved from [mbaskool.com: http://www.mbaskool.com/business-articles/marketing/904-raone-redefining-movie-marketing-strategies.html](http://www.mbaskool.com/business-articles/marketing/904-raone-redefining-movie-marketing-strategies.html)
11. Sarkar, P. (2015). *Shah Rukh Khan's Dilwale promotional strategy decoded*. Retrieved from [www.ibtimes.co.in: http://www.ibtimes.co.in/shah-ruk-khans-dilwale-promotional-strategy-decoded-658854](http://www.ibtimes.co.in/shah-ruk-khans-dilwale-promotional-strategy-decoded-658854)
12. Shiksha. (n.d.). *Ra.One: Clever Play of Integrating Marketing and Promotion Strategies!* Retrieved from [www.shiksha.com: http://www.shiksha.com/ra-one-clever-play-of-integrating-marketing-and-promotion-strategies-article-4049-1](http://www.shiksha.com/ra-one-clever-play-of-integrating-marketing-and-promotion-strategies-article-4049-1)
13. Times, E. (2013). *Big Data, Analytics help Chennai Express tap social media*. Retrieved from [www.economictimes.in: http://articles.economictimes.indiatimes.com/2013-12-26/news/45593001_1_chennai-express-big-data-analytics](http://articles.economictimes.indiatimes.com/2013-12-26/news/45593001_1_chennai-express-big-data-analytics)

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

IMPACT OF GLOBALIZATION ON INDIAN AGRICULTURE

Alka Solanki

Research Scholar, Department of Commerce, Saurashtra
University, Rajkot, India
Email: alka.1951993@gmail.com

ABSTRACT

The present shows that the liberalization policies adopted by the government of India played a dominant role in the agrarian crisis that is now being played out. However, this is not to say that privatization, liberalization and globalization are per se bad, or inherently inimical to an economy. It is the 'one size fits all' brand of liberalization adopted by the IMF and the World Bank which forces countries to privatize, liberalize and globalize without exception which has failed. Without taking into account the state of an economy, and in this case, the state and nature of the agricultural sector in India, the IMF and the World Bank, with the cooperation of the Indian government, embarked on mismatched reforms, which have caused misery and despair among millions of Indian farmers, driving large numbers of them to suicide. It is also essential to break the link between aid and liberalization, which caused India in the first place to accept the conditions of the IMF. Remember that India was on the brink of a financial crisis in 1991 when it applied for the IMF loan and accepted its conditions—perhaps the course of economic reform in India would have taken a very different course if there was no urgent need to borrow from the IMF. The start to this process may have already occurred: recognizing the failure of its liberalization policies, (and perhaps also the failure of DFID with AP's power reforms) the Blair government of Britain announced in 2004 that it will no longer make liberalization and privatization conditions of aid. In another blow to the neo-liberal lobby, Chandrababu Naidu suffered the worst ever defeat in the 2004 state elections in his party's history, with rural AP clearly rejecting his brand of World Bank sponsored liberalization. The battle, however, has not yet been won. It is essential for the rest of the G8 to follow Britain's example in order to influence World Bank and IMF policy towards India to ensure blind liberalization is not pursued, and so that countries like India can adopt tailor-made reforms to suit their economy.

Keywords: Indian Agriculture; Liberalization; Globalization

INTRODUCTION

The liberalization of India's economy was adopted by India in 1991. Facing a severe economic crisis, India approached the IMF for a loan, and the IMF granted what is called a 'structural adjustment' loan, which is a loan with certain conditions attached which relate to a structural change in the economy. The government ushered in a new era of economic reforms based on these conditions. These reforms (broadly called Liberalization by the Indian media) can be broadly classified into three areas: Liberalization, privatization and globalization. Essentially, the reforms sought to gradually phase out government control of the market (liberalization), privatize public sector organizations (privatization), and reduce export subsidies and import barriers to enable free trade (globalization). There was a considerable amount of debate in India at the time of the introduction of the reforms, it being a dramatic departure from the protectionist, socialist nature of the Indian economy up until then. However, reforms in the agricultural sector in particular came under severe criticism in the late 1990s, when 221 farmers in the south Indian state of Andhra Pradesh committed suicide. The trend was noticed in several other states, and the figure today, according to a leading journalist and activist, P.

Sainath¹, stands at 100,000 across the country. Coupled with this was a sharp drop in agricultural growth from 4.69% in 1991 to 2.06% in 1997. (Agriculture Statistics at a Glance, 2008) This paper seeks to look into these and other similar negative trends in Indian agriculture today, and in analyzing the causes, will look at the extent to which liberalization reforms have contributed to its current condition. It will look at supporting data from three Indian states which have been badly affected by the crisis: Andhra

Pradesh, Maharashtra and Kerala. Andhra Pradesh's (AP's) experience is particularly critical in this debate because it was headed by Chief Minister Chandrababu Naidu, who pursued liberalization with enthusiasm. Hence liberalization in AP has been faster than other states, and the extent of its impact has been wider and deeper.

OBJECTIVE OF THE STUDY

To study the impact of the globalization on agriculture

Indian Agriculture A Snapshot

Agriculture employs 60% of the Indian population today, yet it contributes only 20.6% to the GDP. Agricultural production fell by 12.6% in 2003, one of the sharpest drops in independent India's history. Agricultural growth slowed from 4.69% in 1991 to 2.6% in

1997-1998 and to 1.1% in 2002-2003. (Agricultural Statistics at a Glance, 2008) This slowdown in agriculture is in contrast to the 6% growth rate of the Indian economy for almost the whole of the past decade. Farmer suicides were 12% of the total suicides in the

country in 2000, the highest ever in independent India's history. (Unofficial estimates put them as high as 100,000 across the country, while government estimates are much lower at 25,000. This is largely because only those who hold the title of land in their names are considered farmers, and this ignores women farmers who rarely hold land titles, and other family members who run the farms.) Agricultural wages even today are \$1.5 – \$2.0 a day, some of the lowest in the world. Institutional credit (or regulated credit) accounts for only 20% of credit taken among small and marginal farmers in rural areas, with the remaining being provided by private moneylenders who charge interest rates as high as 24% a month. An NSSO2 survey in 2005 found that 66% of all farm households own less than one hectare of land. It also found that 48.6% of all farmer households are in debt. The same year, a report by the Commission of Farmer's welfare in Andhra Pradesh concluded that agriculture in the state was in 'an advanced stage of crisis', the most extreme manifestation of which was the rise in suicides among farmers. Given the performance of agriculture and figures of farmer suicides across the country, this can be said to apply to Indian agriculture as a whole.

The Crisis Facing Indian Agriculture

The biggest problem Indian agriculture faces today and the number one cause of farmer suicides is debt. Forcing farmers into a debt trap are soaring input costs, the plummeting price of produce and a lack of proper credit facilities, which makes farmers turn to private moneylenders who charge exorbitant rates of interest. In order to repay these debts, farmers borrow again and get caught in a debt trap. I will examine each one these causes which led to the current crisis in Andhra Pradesh, Kerala and Maharashtra, and analyze the role that liberalization policies have played. As was mentioned earlier, AP's experience is particularly relevant in this analysis because of its leadership. Let me explain in detail. Chandrababu Naidu, Chief Minister of Andhra Pradesh from 1995-2004, was an IT savvy neo-liberal, and believed that the way to lead Andhra Pradesh into the future was through technology and an IT revolution. His zeal led to the first ever state level (as opposed to national level) agreement with the World Bank, which entailed a loan of USD 830 million (AUD 1 billion) in exchange to a series of reforms in AP's industry and government. Naidu envisaged corporate style agriculture in AP, and implemented World Bank liberalization policies with great enthusiasm and

gusto. He drew severe criticism from opponents, saying he was using AP as a laboratory for extreme neo-liberal experiments. Hence, AP's experience with liberalization is critical.

The Debt Trap and the Role of Liberalization

Seeds

The biggest input for farmers is seeds. Before liberalization, farmers across the country had access to seeds from state government institutions. For example, AP's APSSDC³ produced its own seeds, was responsible for their quality and price, and had a statutory duty to ensure seeds were supplied to all regions in the state, no matter how remote. The seed market was well regulated, and this ensured quality in privately sold seeds too. With liberalization, India's seed market was opened up to global agribusinesses like Monsanto,

Cargill and Syn Genta. Also, following the deregulation guidelines of the IMF, 14 of the 24 units of the APSSDC's seed processing units were closed down in 2003, with similar closures in other states. These hit farmers doubly hard: in an unregulated market, seed prices shot up, and fake seeds made an appearance in a big way. Seed cost per acre in 1991 was Rs. 70 (AUD 2) but in 2005, after the dismantling of APSSDC and other similar organizations, the price jumped to Rs. 1000 (AUD 28), a hike of 1428%, with the cost of genetically modified pest resistant seeds like Monsanto's BT Cotton costing Rs. 3200 or more per acre, (AUD 91) a hike of 3555%. BT Cotton is cotton seed that is genetically modified to resist pests, the success of which is disputed: farmers in Andhra Pradesh and Maharashtra now claim that yields are far lower than promised by Monsanto, and there are fears that pests are developing resistance to the seeds. Expecting high yields, farmers invest heavily in such seeds. Also BT Cotton and other new seeds guarantee a much lower germination rate of 65% as opposed to a 90% rate of state certified seeds.

Hence 35% of the farmer's investment in seeds is a waste. Output is not commensurate with the heavy investment in the seeds, and farmers are pushed into debt. The abundant availability of spurious seeds is another problem which leads to crop failures. Either tempted by their lower price, or unable to discern the difference, farmers invest heavily in these seeds, and again, low output pushes them into debt. Earlier, farmers could save a part of the harvest and use the seeds for the next cultivation, but some genetically modified seeds, known as Terminator, prevent harvested seeds from germinating, hence forcing the farmers to invest in them every season.

Fertilizer and Pesticide

One measure of the liberalization policy which had an immediate adverse effect on farmers was the devaluation of the Indian Rupee in 1991 by 25% (an explicit condition of the IMF loan). Indian crops became very cheap and attractive in the global market, and led to an export drive. Farmers were encouraged to shift from growing a mixture of traditional crops to export oriented 'cash crops' like chilli, cotton and tobacco. These need far more inputs of pesticide, fertilizer and water than traditional crops. Liberalization policies reduced pesticide subsidy (another explicit condition of the IMF agreement) by two thirds by 2000. Farmers in Maharashtra who spent Rs. 90 an acre (AUD 2.5) now spend between Rs. 1000 and 3000 (AUD 28.5 – 85) representing a hike of 1000% to 3333%. Fertilizer prices have increased 300% Electricity tariffs have also been increased: in Andhra Pradesh tariff was increased 5 times between 1998 and 2003. Pre-liberalization, subsidized electricity was a success, allowing farmers to keep costs of production low. These costs increased dramatically when farmers turned to cultivation of cash crops, needing more water, hence more water pumps and higher consumption of electricity. Andhra Pradesh being traditionally drought prone worsened the situation. This caused huge, unsustainable losses for the Andhra Pradesh State Electricity Board, which increased tariffs. (This was initiated by Chandrababu Naidu in partnership with Britain's DFID⁴ and the World Bank.) Also, the fact that only 39% of India's cultivable land is irrigated makes cultivation of cash crops largely unviable, but export oriented liberalization policies and seed companies looking for profits continue to push farmers in that direction.

The Debt Trap: Low Price Of Output

With a view to open India's markets, the liberalization reforms also withdrew tariffs and duties on imports, which protect and encourage domestic industry. By 2001, India completely removed restrictions on imports of almost 1,500 items including food. As a result, cheap imports flooded the market, pushing prices of crops like cotton and pepper down. Import tariffs on cotton now stand between 0 – 10%, encouraging imports into the country. This excess supply of cotton in the market led cotton prices to crash more than 60% since 1995. As a result, most of the farmer suicides in Maharashtra were concentrated in the cotton belt till 2003 (after which paddy farmers followed the suicide trend). Similarly, Kerala, which is world renowned for pepper, has suffered as a result of 0% duty on imports of pepper from SAARC5 countries. Pepper, which sold at Rs. 27,000 a quintal (AUD 771) in 1998, crashed to Rs. 5000 (AUD 142) in 2004, a decline of 81%. As a result, Indian exports of pepper fell 31% in 2003 from the previous year. Combined with this, drought and crop failure has hit the pepper farmers of Kerala hard, and have forced them into a debt trap. Close to 50% of suicides among Kerala's farmers have been in pepper producing districts.

The Debt Trap: Lack of Credit Facilities and Dependence on Private Money Lenders

In 1969, major Indian banks were nationalized, and priority was given to agrarian credit which was hitherto severely neglected. However, with liberalization, efficiency being of utmost importance, such lending was deemed as being low-profit and inefficient, and credit extended to farmers was reduced dramatically, falling to 10.3% in 2001 against a recommended target of 18%. A lack of rural infrastructure deters private banks from setting up rural branches, with the responsibility falling on the government, which has reduced rural spending as a result of its liberalization policies. Rural development expenditure, which averaged 14.5% of GDP during 1985–1990 was reduced to 8% by 1998, and further to 6% since then. This at a time when agriculture was going through a crisis proved disastrous for farmers, who turned to private money lenders who charge exorbitant rates of interest, sometimes up to 24% a month. (Seeds of Suicide, 2005) With input costs and output prices being what they are, coupled with crop failures and drought, they are pushed into debt which is impossible to repay. 12 out of India's 28 states have 50% and higher indebtedness among farm households. Andhra Pradesh has the highest percentage of indebted farm households — 82%. 64.4% of Kerala's farm households and 54.8% of Maharashtra's farm households are indebted (NSSO, 2003) Indebtedness has been identified as the single major cause of suicides in both Andhra Pradesh, Kerala and Maharashtra. (Analysis of Farmer Suicides in Kerala, 2006, who's suicide is it anyway, 2005, Saving small farmers, 2005)

Liberalization and How It Failed

Branco Milanovic, a World Bank economist describes how he believes liberalization helps developing countries achieve growth: 'when a country lowers trade barriers, reduces government intervention in the market in order to allow market forces to operate freely, increases competition and attracts foreign investment, it will increase productivity and reduce inefficiency, which will lead to economic growth, and in a few generations, if not less, the poor will become rich, illiteracy will disappear, and poor countries will catch up with the rich.' This argument is an economic rationalist one, which views government intervention with profound suspicion, and has equally profound faith in unfettered market forces. (Whitwell quoting Robert Manne, 1998) What Mr. Milanovic neglects to mention, though, is that rich countries which now preach liberalization protected their 'infant industries' at the time they began to industrialize, till they were strong enough to compete globally. The US government, for example, had a protectionist trade policy in the late nineteenth century to help US companies become competitive in the world. Besides, apart from wool, the US, Germany, Britain and France were all almost self-sufficient in the raw materials that they needed for industrialization, and took off from that platform, a luxury that India and other developing countries do not have. As German economist Friedrich List says, the adoption of these values (of liberalization) assumes that all countries are at the

same starting place, which (as we have seen above) is clearly not the case. In fact, it is this very reason that has brought about the crisis that Indian agriculture is facing today. Most farmers in India were already in a position of minimum security, with no education system, credit facilities, access to alternative employment, or efficient technology. Their only support was government subsidy and regulation. Liberalization policies came in and dismantled their only support structure. It halted the sharp reduction in rural poverty from 55% in the 1970s to 34% in the 1980s. Not only has the incidence of poverty in rural areas not gone lower than 34% in the 1990s, it has gone to higher levels of 42% in individual years. The second most popular argument of the economic rationalists in favour of liberalization is that competition will weed out the inefficient, and in the growth that ensues, employment will be provided in other areas of the economy, thus lifting the poor out of poverty. This argument however assumes that the poor will be able to take advantage of the opportunities presented to them. As Robert Issac says in 'The Globalization Gap', —Globalization encourages the well positioned to use tools of economics and politics to exploit market opportunities, boost technical productivity, and maximize short-term material interests. This is compounded in India, where the gap between one who is well positioned and one who is not can be extreme. With a lack of investment, chances of generation of rural employment are slim. Unemployment and underemployment are chronic problems in India, with the rate of unemployment being close to 10% in 2004. Primary education in rural areas is mismanaged and bad quality, and there is no system which helps agricultural workers find alternate employment, or develop alternate skills. In the face of such obstacles, it is nearly impossible to expect agricultural workers to shift to alternate fields. Coming back to AP, the IT Revolution spearheaded by Chandrababu Naidu attracted companies like Google, Amazon, Microsoft and Dell and created thousands of jobs. However, given the skills and education of most farmers, it is obvious that none of this translated into job opportunities for them. The final argument that supporters of globalization have is the much touted 10% reduction in poverty (60 million declines in poor) in India in the year 2000. However, this figure was challenged by experts. Poverty is defined according to how many people consume less than the nutritional minimum prescribed. (2400 calories for rural areas, and 2100 for urban areas) Major changes in survey design in 1999-2000 not only made the resultant estimates incomparable to previous years' estimates, but an over-estimation of consumption (meaning people were getting enough food, hence were not considered poor) meant a sharp reduction in poverty figures. After experts challenged it, the Planning Commission of India accepted that the figure was inaccurate, and could not be compared to previous year's estimates; hence the 10% drop in poverty is incorrect. With adjusted figures, experts have determined that the decrease in poverty was a mere 2.3%, and that the number of poor increased by nine million in 2002 as compared to 1999.

Liberalization and 'Growth'

Many economists now concede that the relationship between liberalization and growth are uncertain at best'. According to the Center for Economic and Policy research, which studied impact of liberalization reforms on the developing world, key economic and social indicators such as increases in life expectancy, infant and child mortality, education and literacy levels slowed down in the 20 years between 1980 and 2000 when liberalization policies were implemented, compared to the 20 years leading to 1980. This defeats the economic rationalist argument of free trade eliminating poverty, since the 20 years leading up to 1980 witnessed high protectionist policies and trade barriers.

Following the suicides in 2000, the World Bank and Britain's DFID abandoned power reforms in Andhra Pradesh four years before schedule. It admitted that it had 'substantially underestimated the complexity of the process' and that there must be increased consultation with the farmers to get their acceptance' of any further reform.

The Andhra Pradesh government sponsored report by the Commission of Farmers Welfare squarely laid the blame for its agrarian crisis on the state and central government's policies: —While the causes of this crisis are complex and manifold, they are they are dominantly related to public policy. The economic strategy of the past decade at both central government and state government levels has systematically reduced the protection afforded to farmers and exposed them to market

volatility and private profiteering without adequate regulation; has reduced critical forms of public expenditure; has destroyed important public institutions, and has not adequately generated other non-agricultural economic activities. A report on suicides in Kerala similarly held the liberalization policies of the government responsible.

CONCLUSION

It is clear that the liberalization policies adopted by the government of India played a dominant role in the agrarian crisis that is now being played out. However, this is not to say that privatization, liberalization and globalization are per se bad, or inherently inimical to an economy. It is the 'one size fits all' brand of liberalization adopted by the IMF and the World Bank which forces countries to privatize, liberalize and globalize without exception which has failed. Without taking into account the state of an economy, and in this case, the state and nature of the agricultural sector in India, the IMF and the World Bank, with the cooperation of the Indian government, embarked on mismatched reforms, which have caused misery and despair among millions of Indian farmers, driving large numbers of them to suicide. It is also essential to break the link between aid and liberalization, which caused India in the first place to accept the conditions of the IMF. Remember that India was on the brink of a financial crisis in 1991 when it applied for the IMF loan and accepted its conditions—perhaps the course of economic reform in India would have taken a very different course if there was no urgent need to borrow from the IMF. The start to this process may have already occurred: recognizing the failure of its liberalization policies, (and perhaps also the failure of DFID with AP's power reforms) the Blair government of Britain announced in 2004 that it will no longer make liberalization and privatization conditions of aid. In another blow to the neo-liberal lobby, Chandrababu Naidu suffered the worst ever defeat in the 2004 state elections in his party's history, with rural AP clearly rejecting his brand of World Bank sponsored liberalization. The battle, however, has not yet been won. It is essential for the rest of the G8 to follow Britain's example in order to influence World Bank and IMF policy towards India to ensure blind liberalization is not pursued, and so that countries like India can adopt tailor-made reforms to suit their economy.

REFERENCES

1. Agricultural Statistics at a Glance', Indian Farmers Fertilizer Co-operative Limited, New Delhi, August 2008.
2. Hardikar J, 2006 'The rising import of suicides', India together, viewed June 10, 2006
3. Issac, R 2005, 'The globalization gap', Pearson Education Inc., New Jersey.
4. Land and Livestock Holdings Survey, NSS Forty-Eighth Round, 1991, Government of India.
5. Mohankumar, S & Sharma, RK 2006, 'Analysis of farmer suicides in Kerala',
6. Economic and Political Weekly, April 22, 2006.
7. Sainath, P 2006 'Dreaming of water, drowning in debt', The Hindu, July 18, 2006.
8. Seeds of ruin', The Indian Express, July 3, 2007.
9. The damage done: aid, death and dogma', May 2007, Christian Aid.
10. Whitwell, G 1998, 'What is economic rationalism', ABC, viewed June 10, 2008
11. www.abc.net.au/money/currency/features/feat11.htm#fn1
12. www.christian-aid.org.uk/indepth/505caweek/CAW%20report.pdf
13. www.indiatogether.org/2006/jun/opi-cotton.htm

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**A COMPARATIVE STUDY OF NPA IN ICICI BANK AND
HDFC BANK**

Vaibhavi Shah¹

Professor, Smt. M. P. Patel College of Commerce, Kadi, India

Email: vaibhaviwaves@yahoo.co.in

Sunil Sharma²

Principal, Valia arts & Mehta Commerce College, Bhavnagar, India

Email: spsharma2004@gmail.com

ABSTRACT

Banking sector in India is a rising sector. It promotes saving habits as well as encourages entrepreneurs for loans. The purpose of the study is to understand the working of NPA in apex Private Sector bank and how to reduce NPA. For this we can use ratio analysis and correlation. Gross NPA ratio is used to check whether the bank's gross NPA are increasing. It is indicating that the bank is adding a fresh stock of bad loans. It would mean the bank is either not exercising enough causing when offering loans or it is too lax in terms of following up with borrowers on timely repayments. Net NPA reflects the performance of banks. A high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and net worth of banks and also wear down the value of the asset. Loans and advances usually represent the largest asset of most of the bank. It monitors quality of the bank's loan portfolio.

Keywords: Gross NPA; Net NPA; Total Advances; ROA; Performance Evaluation; ICICI Bank; HDFC Bank

INTRODUCTION

Introduction to Banking Sector

The Banking sector in India has always been one of the most preferred avenues of employment. In the current decade, this has emerged as a resurgent sector in the Indian economy.

Today, banks have diversified their activities and are getting into new products and services that include opportunities in credit cards, consumer finance, wealth management, life and general insurance, investment banking, mutual funds, pension fund regulation, stock broking services, custodian services, private equity, etc. Further, most of the leading Indian banks are going global, setting up offices in foreign countries, by themselves or through their subsidiaries.

The banking section will navigate through all the aspects of the Banking System in India. It will discuss upon the matters with the birth of the banking concept in the country to new players adding their names in the industry in coming few years.

Segments in Banking Sector

- Commercial Banking
- Wholesale banking
- Investment Banking

- Internet banking
- Mobile banking
- Rural banking
- Micro Finance
- Industrial Finance

Overview of Indian Banking Sector

With years, banks are also adding services to their customers. The Indian banking industry is passing through a phase of customers market. The customers have more choices in choosing their banks. A competition has been established within the banks operating in India.

With stiff competition and advancement of technology, the services provided by banks have become more easy and convenient. The past days are witness to an hour wait before withdrawing cash from accounts or a cheque from north of the country being cleared in one month in the south.

This section of banking deals with the latest discovery in the banking instruments along with the polished version of their old systems.

Growth of Indian Banking Sector

With India experiencing a cycle of growth, the Rs 64 trillion (US\$ 1.25 trillion)-Indian Banking industry is poised to grow exponentially as the sector reflects the health of an economy. Indian banks have proved their mettle time and again as their regulations align with international standards, while they remain conventional in their approach. The Reserve Bank of India (RBI), the regulator, continuously monitors the macroeconomic environment to formulate its policies and directions.

According to the world's largest rating agency, Standard & Poor (S&P)'s Ratings Services, India's banking system has a high level of stable, core customer deposits supported by the system's good franchise, extensive branch networks, and large, yet growing, domestic savings.

OBJECTIVE OF STUDY

1. To know the operation of bank in it lending and credit policy.
2. What steps should be taken by bank to reduce NPA.

Overview of Bank in India

ICICI Bank Ltd.

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

The Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. Our UK subsidiary has established branches in Belgium and Germany.

In 2000, ICICI Bank became the first Indian bank to list on the New York Stock Exchange with its five million American depository shares issue generating a demand book 13 times the offer size.

In 2011 ICICI Bank is the first and the only Indian brand to be ranked as the 45th most valuable global brand by BrandZ Top 100 Global Brands Report.

For the second year in a row, Ms. Chanda Kochhar, Managing Director & CEO, is in the Power List 2012 of 25 most influential women professional in India, by India Today.

Ms. Chanda Kochhar, Managing Director & CEO, is amongst the nine Indian women to be named in the Forbes magazine's inaugural 'Asia Power Businesswomen list'

HDFC Bank Ltd.

HDFC Bank Limited is an Indian financial services company that was incorporated in August 1994. HDFC Bank is the fourth largest bank in India by assets and the second largest bank by market capitalization as of February 24, 2012. The bank was promoted by the Housing Development Finance Corporation, a premier housing finance company (set up in 1977) of India. HDFC Bank has 1,986 branches and over 5,471 ATMs, in 996 cities in India, and all branches of the bank are linked on an online real-time basis. HDFC Bank was incorporated in 1994 by Housing Development Finance Corporation Limited (HDFC), India's largest housing finance company. It was among the first companies to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector. The Bank started operations as a scheduled commercial bank in January 1995 under the RBI's liberalization policies.

Mission

HDFC Bank's mission is to be a World-Class Indian Bank. The objective is to build sound customer franchises across distinct businesses so as to be the preferred provider of banking services for target retail and wholesale customer segments, and to achieve healthy growth in profitability, consistent with the bank's risk appetite.

Non-Performing Assets

Introduction to NPA

The three letters "NPA" Strike terror in banking sector and business circle today. NPA is short form of "Non Performing Asset". The dreaded NPA rule says simply this: when interest or other due to a bank remains unpaid for more than 90 days, the entire bank loan automatically turns a non performing asset. The recovery of loan has always been problem for banks and financial institution. To come out of these first we need to think is it possible to avoid NPA, no cannot be then left is to look after the factor responsible for it and managing those factors.

A Non-performing asset (NPA) is defined as a credit facility in respect of which the interest and/or installment of principal has remained 'past due' for a specified period of time.

With a view to moving towards international best practices and to ensure greater transparency, it has been decided to adopt the '90 days' overdue' norm for identification of NPAs, from the year ending March 31, 2004. Accordingly, with effect from March 31, 2004, a non-performing asset (NPA) shall be a loan or an advance where;

- Interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a term loan,
- The account remains 'out of order' for a period of more than 90 days, in respect of an Overdraft/Cash Credit (OD/CC),
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- Interest and/or installment of principal remains overdue for two harvest seasons but for a period not exceeding two half years in the case of an advance granted for agricultural purposes, and
- Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

As per Reserve Bank of India's guidelines, income on loans is to be recognised on receipt basis (as against accrual basis) and if it has not been received for a specified period, the same asset is to be treated as non-performing. The basis for doing so is given below:

1. Term Loan: Term Loan account will be treated as NPA if interest or instalment of principal is in arrears for any two quarters out of four quarters, though the default may not be continuously for two quarters during the year. The default may be considered by applying the concept of past due i.e. if not paid within 30 days from the due date
2. Cash Credit and Overdrafts: A cash credit or overdraft account will be treated as NPA if the account remains out of order for a period of two quarters. An account should be treated as "out of order" if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In case where the principal operating account is less than the sanctioned limit/drawing power but there are no credits continuously for six months as on the date of balance sheet or credit are not enough to cover the interest debited during the same period, these accounts should also be treated as "out of order".
3. Bills purchased and discounted: The bills purchased/discounted account should be treated as NPA if the bill remains overdue and unpaid for a period of two quarters.
4. Other Accounts: Any other credit facility should be treated as NPA if any amount to be received in respect of that facility remains past due for a period of two quarters. An amount should be considered past due, when it remains outstanding for 30 days beyond the due date.

Reasons for an Account Becoming NPA

There are number of reasons for an account becoming an NPA for banks, it can be classified into internal factors and external factors

Internal Factors

- Funds borrowed for a particular purpose but not use for the said purpose.
- Project not completed in time.
- Poor recovery of receivables.
- Excess capacities created on non-economic costs.
- In-ability of the corporate to raise capital through the issue of equity or other debt instrument from capital markets.
- Business failures.
- Diversion of funds for expansion/modernization/setting up new projects/ helping or promoting sister concerns.
- Willful defaults, siphoning of funds, fraud, disputes, management disputes, misappropriation etc.
- Deficiencies on the part of the banks viz. in credit appraisal, monitoring and follow-ups, delaying settlement of payments/ subsidiaries by government bodies etc.,

External Factors

- Sluggish legal system –
 - Long legal tangles
 - Changes that had taken place in labour laws
 - Lack of sincere effort.

- Scarcity of raw material, power and other resources.
- Industrial recession.
- Shortage of raw material, raw material\input price escalation, power shortage, industrial recession, excess capacity, natural calamities like floods, accidents.
- Failures, non-payment over dues in other countries, recession in other countries, externalization problems, adverse exchange rates etc.
- Government policies like excise duty changes, Import duty changes etc.

Factors for Rise In NPAs

The banking sector has been facing the serious problems of the rising NPAs. But the problem of NPAs is more in public sector banks when compared to private sector banks and foreign banks. The NPAs in PSB are growing due to external as well as internal factors.

External Factors

Ineffective Recovery Tribunal- the Govt. has set of numbers of recovery tribunals, which works for recovery of loans and advances. Due to their negligence and ineffectiveness in their work the bank suffers the consequence of non-recover, their by reducing their profitability and liquidity.

Willful Defaults- There is borrowers who are able to pay back loans but are intentionally withdrawing it. These groups of people should be identified and proper measures should be taken in order to get back the money extended to them as advances and loans.

Natural Calamities- This is the measure factor, which is creating alarming rise in NPAs of the PSBs. every now and then India is hit by major natural calamities thus making the borrowers unable to pay back there loans. Thus the bank has to make large amount of provisions in order to compensate those loans, hence end up the fiscal with a reduced profit. Mainly ours farmers depends on rain fall for cropping. Due to irregularities of rain fall the farmers are not to achieve the production level thus they are not repaying the loans.

Industrial Sickness- Improper project handling , ineffective management , lack of adequate resources , lack of advance technology , day to day changing govt. Policies give birth to industrial sickness. Hence the banks that finance those industries ultimately end up with a low recovery of their loans reducing their profit and liquidity.

Lack of Demand- Entrepreneurs in India could not foresee their product demand and starts production which ultimately piles up their product thus making them unable to pay back the money they borrow to operate these activities. The banks recover the amount by selling of their assets, which covers a minimum label. Thus the banks record the non-recovered part as NPAs and have to make provision for it.

Change on Govt. Policies- With every new govt. banking sector gets new policies for its operation. Thus it has to cope with the changing principles and policies for the regulation of the rising of NPAs. The fallout of handloom sector is continuing as most of the weavers Co-operative societies have become defunct largely due to withdrawal of state patronage. The rehabilitation plan worked out by the Central government to revive the handloom sector has not yet been implemented. So the over dues due to the handloom sectors are becoming NPAs.

Internal Factors

Defective Lending Process- There are three cardinal principles of bank lending that has been followed by the commercial banks since long.

- Principles of safety

- Principle of liquidity
- Principles of profitability

Principles of safety:- By safety it means that the borrower is in a position to repay the loan both principal and interest. The repayment of loan depends upon the borrowers:

- a. Capacity to pay
- b. Willingness to pay

Capacity to pay depends upon:

1. Tangible assets
2. Success in business

Willingness to pay depends on:

1. Character
2. Honest
3. Reputation of borrower

The banker should, therefore take utmost care in ensuring that the enterprise or business for which a loan is sought is a sound one and the borrower is capable of carrying it out successfully. He should be a person of integrity and good character.

Inappropriate Technology- Due to inappropriate technology and management information system, market driven decisions on real time basis cannot be taken. Proper MIS and financial accounting system is not implemented in the banks, which leads to poor credit collection, thus NPA. All the branches of the bank should be computerized.

Improper SWOT Analysis- The improper strength, weakness, opportunity and threat analysis is another reason for rise in NPAs. While providing unsecured advances the banks depend more on the honesty, integrity, and financial soundness and credit worthiness of the borrower.

- Banks should consider the borrowers own capital investment.
- It should collect credit information of the borrowers from
 - From bankers.
 - Enquiry from market/segment of trade, industry, business.
 - From external credit rating agencies.
 - Analyze the balance sheet. True picture of business will be revealed on analysis of profit/loss a/c and balance sheet.
- Purpose of the loan

When bankers give loan, he should analyze the purpose of the loan. To ensure safety and liquidity, banks should grant loan for productive purpose only. Bank should analyze the profitability, viability, long term acceptability of the project while financing.

Poor Credit Appraisal System- Poor credit appraisal is another factor for the rise in NPAs. Due to poor credit appraisal the bank gives advances to those who are not able to repay it back. They should use good credit appraisal to decrease the NPAs.

Managerial Deficiencies- The banker should always select the borrower very carefully and should take tangible assets as security to safe guard its interests.

When accepting securities banks should consider the_

1. Marketability
2. Acceptability

3. Safety
4. Transferability.

The banker should follow the principle of diversification of risk based on the famous maxim “do not keep all the eggs in one basket”; it means that the banker should not grant advances to a few big farms only or to concentrate them in few industries or in a few cities. If a new big customer meets misfortune or certain traders or industries affected adversely, the overall position of the bank will not be affected.

Absence of Regular Industrial Visit- The irregularities in spot visit also increases the NPAs. Absence of regularly visit of bank officials to the customer point decreases the collection of interest and principals on the loan. The NPAs due to willful defaulters can be collected by regular visits.

Re Loaning Process- Non remittance of recoveries to higher financing agencies and re loaning of the same have already affected the smooth operation of the credit cycle. Due to re loaning to the defaulters and CCBs and PACs, the NPAs of OSCB is increasing day by day.

LITRATURE REVIEW

(Srinivas, dec-13)This paper is undertaken to study the reasons for advances becoming NPA in the Indian commercial banks & give suitable suggestion to overcome the problem. The crash of the banking sector may have an unfavorable blow on the other sector. A banker shall be very cautious in lending, because banker is not lending money out of his own capital. A major part of money lent comes from deposits received from public and govt. share.

(Dr. G. Vadivalagan, 2013)There seems to be no unanimity in the proper policies to be followed in resolving the problem. There is also no consistency in the application of NPA norms. The problem of NPA is not limited to only Indian public sector banks but it prevails in the entire baking industry.

(H.S., January 2013)The research paper identifies the effect of a set of micro economic variables like age, sex, education and marital status etc. of Indian farmers on the management of their credit. Credit mgt. includes planning, organisation, controlling, directing & co-coordinating the credit sanctioning policies in order to decrease the non performing asset. The main objective of the study is to know what are the difficulties faced by our Indian farmers in playing back the borrowed amount with regular payment of interest.

(Saddu, 2011)An attempt is made in the paper that what is NPA? The factors contributing to NPA, the magnitude of NPA, reason for high NPA & their impact on Indian banking operations. Besides capital to risk weight age assets ratio of public & private sector banks, mgt of credit risk & measures to control the menace of NPA are also discussed.

RESEARCH METHODOLOGY

Research Design

Descriptive Research is used for the purpose of research in this study.

Sources of Data

Secondary Data is used for analysis in the study. The data about NPAs & its composition, distribution in various sectors, classification of loan assets, profits (net & gross) & advances of different banks is taken from various sources like:

- ✓ Reserve Bank of India
- ✓ ACE Equity Software
- ✓ Research Paper on NPA
- ✓ Websites of selected banks in research

The sources of data for this Report also include the literature published by the selected public and private sector banks in India and also the Reserve Bank of India. Also the various magazines dealing with the current banking scenario and research paper have also been a source of information. The booklet on Recovery Policy published by the Asset Recovery Department of Bank of India has been of great help.

ANALYSIS OF DATA

Table 1. Ratio of Gross & Net NPA to Total Advances of five years

YEAR	ICICI BANK		HDFC BANK	
	GROSS NPA %	NET NPA %	GROSS NPA %	NET NPA %
2010-11	4.47	1.11	1.05	0.20
2011-12	3.62	0.73	1.02	0.20
2012-13	3.22	0.77	0.97	0.20
2013-14	3.03	0.97	1.00	0.30
2014-15	3.78	1.61	0.90	0.20
AVERAGE	3.62	1.04	0.99	0.22

From table 1, In ICICI bank highest GROSS NPA is 4.47% in 2010-11 where as lowest is 3.03% in 2013-14 and same data in HDFC bank are 1.05 in 2010-11 and 0.90 in 2014-15 respectively. While average gross NPA of both the bank for five years are 3.62 and 0.99 respectively. From the observation HDFC'S performance better than the ICICI bank.

From table 1, In ICICI bank highest NET NPA is 1.11% in 2010-11 where as lowest is 0.73% in 2011-12 and same data in HDFC bank are 0.30 in 2013-14 and 0.20 in other years respectively. While average net NPA of both the bank for five years are 1.04 and 0.22 respectively. From the observation HDFC'S performance better than the ICICI bank.

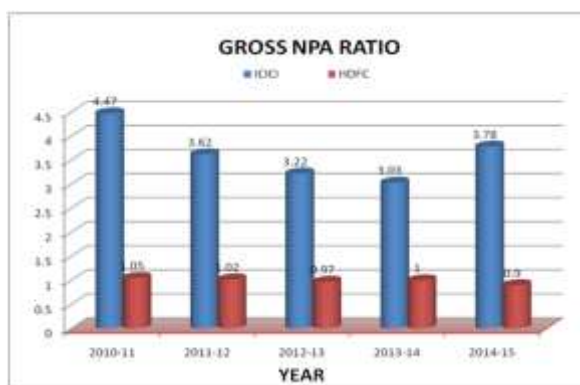


Chart 1. Gross NPA Ratio of Selected Banks

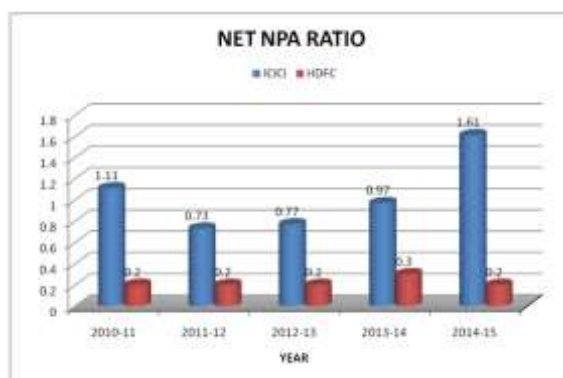


Chart 2. Net NPA Ratio of Selected Banks

The coefficient of correlation r of ICICI bank for gross NPA is 0.01 and for net NPA is negative 0.11. From this data we can say that the performance of HDFC bank is better than ICICI bank.

LIMITATION OF THE STUDY

- The study on management of Non-performing Assets is limited to the selected Private Sector banks in India.
- The basis for identifying non-performing assets is the one that has been mentioned in the report but some minor changes may have been carried out through the Reserve Bank of India circulars, which are received on a daily basis by the bank.
- Since non-performing assets are a critical issue, bank officials are not willing to part with all the information on them.
- Non-performing assets is a vast topic and to do full justice to all the aspects of non-performing assets is an impossible task for me.

CONCLUSION AND SUGGESTIONS

From the whole study on NPA Management in Private Sector Banks, there were much more things that came to know during this period regarding operations of banks in it lending and credit policy. At the end we can conclude is:

It is not possible to eliminate totally the NPAs in the banking business but can only be minimized. It is always wise it follow the proper policy appraisal, supervision and follow-up of advances to avoid NPAs.

The banks should not only take steps for reducing present NPAs, but necessary precaution should also be taken while lending money to avoid future NPAs.

Suggestions to Government of India

To set up a special committee for the management of NPA comprising of legal experts and persons should have wide knowledge in finance sector.

Encourage Securitization of assets which are stressed out as advances.

REFERENCES

1. Dr. G. Vadivalagan, B. &. (2013). A study of mgt of npa in priority sector reference to Indian bank & public sector bank. Global journal of mgt & business research, 13 (1).
2. H.S., M. (January 2013). International journal of business & mgt invention. A study on causes & remedies for non performing assets in Indian public sector banks with special reference to agricultural development branch, state bank of mysore , 2 (1), 26-38.
3. Saddu, D. k. (2011). A comparative study of non-performing assets of public & private sector banks. International journal of research in commerce & management, 2 (9).
4. Srinivas. (Dec-13). a study of non-performing assets of commercial banks in India. International monthly referred journal of research in mgt. & technology, II, DEC-13.
5. www.icicibank.com
6. HDFCBank.com

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**NEURO - LINGUISTIC PROGRAMMING: A BEHAVIOURAL
APPROACH**

Gaurishtha Maini¹

Research Scholar, Noida International University, U.P., India
Email: gm291071@yahoo.co.in

Dr. Shruti Singh²

Assistant Professor, Noida International University,
Uttar Pradesh, India
Email: shrutisonalsingh@gmail.com

ABSTRACT

The perfect behavior of its team has an absolute relevance in any organization. But, as they say, an attempt towards improvement of the society begins at home. So, an attempt towards building a competent organization with highly motivated workforce begins from improving the individual behavior of its team. Behavioural approach is a stepping stone towards building a positive and motivated workforce. Increasing incidents of frustration, stress, depression and even disloyalty make positive behavioural approach definitely a call of our times. The corporate world today gives immense importance to train their workforce and bring out the best talent in them. The need of the times is that in any organization, due importance is given to make each individual capable of making a conscious effort in building a positive frame of mind. If leaders at all levels understand the conscious and unconscious structure of how they do whatever they do, then they have a lot of choices, the choice to refine what they do, the choice to stop what they do or the choice to do things differently.

Keywords: Behavioural Approach; Positive Attitude; Personal Development; Modelling; Presupposition

INTRODUCTION

NLP is a scientific behavioural approach that can make this positive difference. Its concept dates back to mid-70s. Standing on the shoulders of the outstanding therapists and thinkers of the time, John Grinder and Richard Bandler working together, this new field was born. NLP began by studying the best communicators and has evolved into the systemic study of human communicators. It has grown by adding practical tools and methods generated by modelling exceptional people. These tools are presently used internationally in rapport building, business, training, human resource development, sales, law, education and sports. However, NLP is more than just a collection of techniques. It is also a way of thinking, a frame of mind based on curiosity, exploration and practicing.

OBJECTIVES

The objectives of the Paper-

1. To understand Neuro-Linguistic Programming(NLP)
2. To study NLP as a behavioural approach to improve individual member of the team.
3. To find out how to model desired skills.
4. To learn to change behaviour and influence the world.

What Is NLP?

NLP cannot be pinned down to a single definition. There are many explanations of NLP each like a beam of light shining from a different angle picking out the whole shape and shadow of the subject. The term 'Neuro-Linguistic Programming' itself comes from three areas it brings together.

N (for Neurology) the mind and how we think. It refers to the neurological system, the way our senses of sight, hearing, touch, taste and smell to translate our experience into thought processes, both conscious and unconscious. It relates to our physiology as well as our mind and the way our mind and body function as one system.

L (for Linguistics) How we use language and how it affects us. We use language to make sense of our experience and how we communicate that experience to others and ourselves. The study of our linguistic patterns is rich in clues on how to structure our internal world.

P (for Programming) How we sequence our actions to achieve our goals. It is the way we code our experience. Our programs are a combination of thought patterns and behaviours influenced by our beliefs, values, sense of identity and purpose. The results we achieve and the efforts we create in ourselves and others are the consequence of our personal programs. By increasing our awareness of what programs we and others run, we can learn how to reproduce these programs to achieve the results we want.

To sum it up, NLP is the process of unpacking the 'how' of what we and the others do, either to achieve the same results for ourselves or to teach them to others. As such, it is a process that leads to continuous growth and learning. The awareness of how we do what we do is the key to self-management and influence. For example, if you understand how it is that you build lasting relationships with some of your clients but not all, then you have the choice to extend what works for all situations, people and contexts. Similarly, if you understand how you get stressed in some circumstances but not in all, then you have the opportunity to make some new choices- you could go for all-out stress or no stress! We are what we think, and by managing what we think we take responsibility for our lives and can live in a way that enables us to realise our true potential.

We live in an increasingly unstable world and we cannot control the things around us that may knock us off course on our journey to our goals. However, what we do is manage the way we react to these varying circumstances. Likewise, we may not be able to control the nature of people who are drawn to us, but we can manage the way we respond to them. We cannot control fluctuations in the economy, but we can manage the sense we make of them and frame of mind as we do this. Our skill and our ability to manage ourselves in this way directly affects the extent to which we achieve our goals.

The Pillars of NLP

NLP has six basic principles. They are known as the pillars of NLP.

- You, your emotional state and level of skill. You are the most important part of any NLP intervention. You make NLP real by what you do. Just as a tool can be used to create beautiful art or rubbish, so NLP can be used well or badly.
- Presupposition- the principles of NLP. The presupposition of NLP are its guiding principles, those ideas or beliefs that are presupposed, that is, taken for granted and acted upon.
- Rapport- the quality of relationship. Rapport is the quality of relationship that results in mutual trust and responsiveness. You gain rapport by understanding and respecting the way another person sees the world. It is like speaking their language. Rapport is essential for good communication.
- Outcome- knowing what you want. A basic skill of NLP is being clear about what you want and being able to elicit from others what they want. NLP is based around always thinking of

outcomes in every situation, so you are always acting in a purposeful way. An outcome is what you want; a task is what you do to achieve it.

- Feedback- how will you know you are getting what you want. Once you know what you want, you have to pay attention to what you are getting, so you know what to do next.
- Flexibility- if what you are doing is not working, then do something else. When you know what you want and you know what you are getting, the more strategies you have to achieve your outcome, the greater are your chances of success. The more choices you have – of emotional state, communication style and perspective- the better your results.

NLP Is Modelling

Those who excel in what they do, no matter what their interest or area of work, have exquisite modelling skills to know what works and to continually refine what works. If you take the outstanding performers in any field, you will find they instinctively detect the difference that makes the difference. Those who excel at what they do have the ability to know what constitutes the difference between good and superb. Modelling is the process of observing, analyzing and reproducing the structure of particular abilities, particularly excellence. This process of modelling offers the tools that are a way of carrying out “inner benchmarking” i.e. unpacking our thinking strategies as well as our external behavior.

One of the basic facts about modelling is that we are born with all the modelling skills we will ever need. The skills we need and want already lie within us somewhere. Modelling allows us to access those skills when we want them. For example, if you want the confidence to present a new idea to someone who is renowned for being critical, may not have applied it in the same way as you want to now, but the structure is there.

Research shows increasingly that our ability to learn is directly proportional to our ability to survive and succeed. Indeed, it is only by developing our ability to learn that we can hope to stay ahead in what we do and ultimately lead the way.

What Does NLP Do?

You may be wondering what happens if you do learn all these things yourself. It may be that you already feel that you are not realizing the potential that you suspect you may possess. But what are you going to do about it? How will you bridge any gaps you discover between the you today and you that is lingering inside bursting to get out? It is all well and good to know why you are the way you are, but can you really change yourself? The answer is you can, if you want to, NLP is the means of learning and making just this sort of changes. It is a way of learning new choices that will change both the way you behave and the influence you have on the world at large.

CONCLUSION

Concepts of personal development and learning have become keys to high business performance. Nevertheless, many training and development programs still leave delegates with the question, “How do I make this work?” NLP provides answer to exactly this question. It doesn't delve into the why and what, questions already amply answered by a myriad of the programs. NLP concentrates on the ‘how’.

REFERENCES

1. Connirae Andreas & Tamara Andreas, Aligning Perceptual Positions- A new distinction in NLP, Apr 2006.
2. Richard Bandler, ‘Time for a Change’, Meta Publications, 1993.
3. Rapport: The magazine for Neuro Linguistic Programming, (UK) Winter No.46
4. Steve Andreas, ‘Modelling with NLP’, 1999.

5. Steve Andreas, Case Study: How clients 'Do' their problems- NLP can help you do the briefest therapy. Published in Psychotherapy Networker, Nov/Dec 2007.
6. Tosey,P. &Mathison, J. “ Introducing Neuro Linguistic Programming”, 2006, Centre for Management Learning and Development, School of Management, University of Surrey.

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

TEACHER PERFORMANCE MANAGEMENT

Venu Balakonda

Research Scholar, IASE, Dept. of Education, Hyderabad, India

Email: surianuganti@gmail.com

ABSTRACT

Teacher appraisal is a mechanism for improving teaching and learning. We all agree that teachers' professional competence and conscientiousness are the keys to the delivery of quality education in schools. In a well-designed staff appraisal system, the instruments and procedures can constitute valuable professional development for teachers and enable the school management to assess teachers' performance. The teacher appraisal system assists in recognizing and encouraging good performance, identifying areas for development, and improving overall performance of teachers.

Keywords: Appraisal; Teacher; Performance; Professional Competence; Professional Conscientiousness

INTRODUCTION

To enable public sector schools to implement school-based management, they have been given greater autonomy in the delivery of education and the deployment of resources. The ultimate aim of school-based management is to empower schools to develop their own characteristics and deliver quality education to meet the needs of their pupils, improving their achievement and learning outcomes. To practice school-based management, schools have to set goals, draw up their personnel, resource and instructional policies and conduct self-evaluation.

OBJECTIVES OF TEACHER PERFORMANCE MANAGEMENT

Accountability : to set agreed performance targets and monitor the progress by measuring actual performance against the targets to assist school management in assessing teachers' performance, ensuring that teachers commit to their duties and that they develop their teaching effectiveness in order to provide quality education to help identify and resolve cases of underperformance to provide school management with proper records, which serve as important references in the selection for promotion and in helping underachieving teachers.

Staff Motivation: To recognize the achievements of teachers, appraise effective teaching practice and encourage the development of quality teaching to provide constructive feedback to individual teachers

Professional Development: To assist teachers in identifying their potential and, areas and ways for improvement, so as to raise their professional standard and improve their team spirit, which support the overall development of the school to provide guidance, counseling and training to teachers having difficulties in their performance to provide relevant information on human resource development for schools to plan appropriate teacher development activities.

Structure of Teacher Appraisal

The Appraisal systems have following 6 steps

Appraisal Cycle- Schools may decide whether the appraisal cycle should be one year or a continuous period of two years. To reduce the workload involved, a school may choose a one-year cycle for half

of the teachers in alternate school years. The appraisal cycle for new teachers in their probation period should be considered separately. For experienced teachers, a school may also adopt a cycle with a combination of one-year or two-year period for formative appraisal, which alternates with a one-year summative appraisal.

Selection and Training of Appraisers- Some of the methods adopted by schools in selecting appraisers are as follows:

For appraisal system intended for accountability purpose, the appraisers should be of a higher rank than the appraisees, for example:

- in a primary school, Certificated Masters/Mistresses (CMs) are appraised by the Deputy Head and Assistant Masters/Mistresses (AMs) who are in turn appraised by the head teacher
- in a secondary school, Graduate Masters/Mistresses (GMs) are appraised by Senior Graduate Masters/Mistresses (SGMs), who are in turn appraised by Principal Graduate Masters/Mistresses (PGMs) or the principal
- For appraisal system intended for professional development, selection of appraisers is mainly determined by the contents and areas of appraisal. If the focus is on teaching, the appraisers should be the panel heads or senior teachers of the respective subjects. On the other hand, if the focus is on special duties e.g. counseling, the appraiser should be the leader of the respective duty team. However, it is not necessary for the appraiser to be of a senior rank. If the objective of the appraisal is to improve teaching methods and skills, schools may allow teachers to pair up voluntarily to observe each other's lessons and be the appraisers of their counterparts.
- Schools can use a mix of the above methods according to their needs, their development stage and individual duties of teachers.

Areas and Criteria of Appraisal- The appraiser and appraisee should agree on the areas, criteria and appraisal methods during their pre-appraisal interview.

Areas of Appraisal- The appraisal of teachers should focus on the performance and not the personality. Generally speaking, the appraisal should focus on the following items:

- teaching and teaching-related duties
- non-teaching duties
- professional and personal competence

Each teacher should have a job description outlining his/her responsibilities and scope of work. This can serve as a reference in deciding the areas of appraisal. The areas of appraisal should be in line with the school goals, major concerns of the current year and programme plans under various subjects. Consider the following examples:

- If one of the school's major concerns of the current year is "to raise students' moral standard through various learning activities in moral education", the performance of the teachers in implementing moral education should be included in the areas of appraisal of the current year.
- If one of the objectives of the subject of Chinese is "to raise the students' interest in reading", the performance of the teachers in this aspect should also be appraised, as one of the appraisal items of the current year.

Criteria in Appraisal- The criteria in appraisal should include, as far as possible, concrete performance indicators. The objective standard in appraising teachers should be clearly defined and

accepted by the 7 teachers concerned. In developing performance indicators, the following may serve as reference:

- Indicators are only tools for assisting appraisal and may be reviewed and revised regularly by the school heads and the teachers concerned.
- Different indicators should be used for appraising teachers of different ranks, subjects or groups in order to reflect their performance under different job areas. Therefore, schools may include some core indicators (which should apply to all teachers of the school) and some which are specific to the job areas, subjects and groups. Besides, when the same performance indicator is used for appraising teachers of different posts, appropriate weighting should be accorded to the respective posts. For example, 'ability in planning and organization of work' should carry more weight in appraising the Head of Department than a subject teacher.

Appraisal Methods- Appraisal methods include collection of data on performance and appraisal interview.

Collecting Information-

- i. **Self-appraisal** Self-appraisal is an evaluation of one's own teaching performance. Involves a reflection on one's work, outcome and development needs. This method can encourage input from teachers in the appraisal process to share the responsibility of self-improvement and personal growth. This can provide appraisers with supplementary information.
- ii. **Lesson Observation** Lesson observation is to observe the process of teaching and learning in classroom. This activity is very important and essential in understand teacher's effectiveness. Lesson observation can be arranged several times over the year.
- iii. **Scrutinizing Schemes of Work, Lesson Plans and Marking of Exercises / Examination Papers**

Procedures of Appraisal Interview- Appraisal interview provides an opportunity for genuine dialogue. It involves an exchange of information between the appraiser and the appraise concerning the latter's performance during the appraisal period.

The process of the appraisal interview should include the following:

1. The appraiser should assist the appraise in evaluating the latter's performance, and show appreciation and recognition on areas well performed during the appraisal period.
2. The appraiser should assist the appraise in understanding his/her potential, teaching style and professional development needs, and thus help the appraise work out a professional orpiment program me, setting out objectives and expected outcomes.
3. The appraiser should understand the appraiser's feelings, problems and expectations.

Appraisal Report- Appraisal report is used to report the appraiser's performance systematically. It includes the appraiser's

- qualifications, previous teaching experience and training record
- appraiser's duties and areas of appraisal during the appraisal period
- appraisal records (e.g. lesson observation record, performance appraisal record)
- appraisal interview record Appraisal report helps
- the appraise define objectives of improvement or development
- The school plan training activities for teacher development.

Complaints Procedures- For appraisal systems involving summation or accountability, complaints procedures are normally available. Teachers may complain about his performance appraisal within a

specified period of time (for example, four weeks) from the appraisal interview. The SMC, in consultation with the teaching staff, should establish formal written procedures for handling such complaints.

FINDINGS

- The teacher appraisal system assists in recognizing and encouraging good performance, identifying areas for development, and improving overall performance of teachers.
- The ultimate aim of teacher performance management is to empower schools to develop their own characteristics and deliver quality education to meet the needs of their pupils improving their achievements and learning outcomes.
- Teacher performance management helps to assist teachers in identifying their potential and areas and areas and ways for improvement so as to raise their professional standard and improve their team spirit.
- Teacher performance management helps to recognize the achievements of teachers appraise effective teaching to provide constructive feedback to individual teachers.

CONCLUSION

The following are the conclusions derived from the study:

- Through the appraisal process as practiced in Indian secondary schools, teachers can gain increased knowledge and skills, which ultimately enhance their performance in their daily duties in the schools. Most importantly, the appraisal process plays a crucial role in moulding the disposition of the teachers positively towards the teaching profession.
- Many teachers do not understand the purposes or practices of the current teacher appraisal process due to lack of orientation and training. This constitutes an important and urgent avenue for in-service teacher training.
- In sum, the current teacher appraisal system is acceptable, but managerial and training aspects should be improved. The teacher appraisal system should be periodically reviewed to keep it in line with changes that may have taken place in the education system.

REFERENCES

1. Bracey, G. W. (2005, October). 15th Bracey Report on the condition of public education. *Phi Delta Kappan*, 87(28), 138–153.
2. Bradshaw, W. J., & Gallup, A. M. (2008, September). Americans speak out: Are educators and policy makers listening? *Phi Delta Kappan*, 90(10), 7–31.
3. Gratz, D. B. (2005). Lessons from Denver: The pay for performance pilot. *Phi Delta Kappan*, 86(8), 569–581.
4. Mathews, J. (2008, Spring). Bad rap on the schools. *Wilson Quarterly*, 32(2), 15–20.
5. Murnane, R. J., & Cohen, D. K. (1986, February). Merit pay and the evaluation problem: Why most merit pay plans fail and a few survive. *Harvard Education Review*, 56(1), 2.
6. Maria E. Hyler, L. S. Yee, S. R. Barnes, and R. L. Carey. "Teacher Performance Assessment and Culturally Relevant Pedagogy" (forthcoming).
7. Nicole Renner. Presentation to the deans and directors of the SUNY Colleges of Education. Albany, N.Y., June 18, 2012.
8. Nelson, W. (2001, January). Timequake alert: Why payment by results is the worst "new" reform to shake the educational world, again and again. *Phi Delta Kappan*, 82(5), 384–389.

9. Protsik, J. (1996, May). History of teacher pay and incentive reforms. *Journal of School Leadership*, 6, 265–289.
10. Rotberg, I. C. (2008, June 11). Quick fixes, test scores, and the global economy. *Education Week*, 27(41), 27, 32.
11. Stephanie Wittenbrink. “Rigor and Results: How edTPA Accelerated My Preparation as a Pre-service Teacher,” in *Tomorrow's Teacher*, 2013. p. 29.

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**A CASE STUDY OF SUCCESSFUL ENTREPRENEUR
MR. MAHESH LIMAYE**

Dr. Mukunda Sonawane

Associate Professor, HOD of Business Practices
Ness Wadia College of Commerce, India
Email: sonawanemukanda@gmail.com

ABSTRACT

Mr. Mahesh Limaye has no traditional business background, but entrepreneurial bag bit him. His Automated Centralised Garbage Collection System won the Prakhe Award of MCCA. It is an eco-friendly, convenient garbage disposal system in multistore building complex. Creativity, keen observation, leadership skill, and hard work have made him innovative successful entrepreneur. There are many different ways of defining the world entrepreneur and entrepreneurship - In simple words - "Entrepreneur" is a person who creates & grows enterprises. "Entrepreneurship" is the processes through which entrepreneurs create and grow enterprises. "Entrepreneurship development" refers to the infrastructure of public and private policies that foster and support entrepreneurship. But there are some critical distinction and clarifications to be made. "The entrepreneur", said the French economist J.B. Say around 1800, 'shifts economic resources out of an area of lower and into an area of higher productivity and greater yield'. But Say's definition does not tell us who this entrepreneur is. And since Say coined the term almost two hundred years ago, there has been total confusion over the definitions of 'entrepreneur' and 'entrepreneurship'. Webster's dictionary defines an entrepreneur as "a person who organizes and manages a business undertaking, assuming the risk for the sake of the profit." The Kauffman's foundations version talks about "visionary entrepreneurs develop innovation, create job and contribute to a more vibrant national and global community economy." This is where we begin to create a picture in our minds eye of the self made business gaints such as Bill Gates, Sam Walton, Jamsheji Tata, N. R. Narayan Murthy, Karshanbhai Patel etc. Entrepreneurs have distinct personality characteristics such as -

- *Creativity & Innovativeness*
- *Calculated Risk Taking*
- *Leadership & Management Skills*
- *Vision*
- *Self Confidence*
- *High Need for Achievement*
- *Opportunity Seeker*
- *Hardworking & Persistent*

Keywords: Entrepreneur; Entrepreneurship

Mr. Mahesh Limaye an entrepreneur who needs no introduction a charming personality with all the business etiquettes. A leader with a helpful nature, who is always ready to lead his team take them to

great heights. A person who started from nowhere to one of the most successful entrepreneur of the city.

Mr. Limaye currently aged 40 belongs to a Hindu family. He resides in Pune with his family. His father Mr. B. Limaye was a branch manager in Syndicate Bank and his mother a housewife He did his schooling from Pune. Then he shifted to Bombay for his graduation. He received his B.E. degree from Bhavan's College Bombay in the year 1987. He also completed his post graduation in industrial piping in 1998 after twelve years of his establishment of his business. When asked why he did his P.G, so late he said "learning is a continuous process."

After completing his B E. degree Limaye decided to do something different with his mother's and maternal uncle's support So with the initial capital of Rs. 150 he started his business. He hired a fabricator and started with working on fabrication works of Pt. Agashe School. This was their first contract, and they worked on the benches, chair & the windows. Later on he started working on windows, doors and the buildings Due to his quality work people liked his job and he started getting bigger contracts.

After getting the degree of D.G, Piping he started working on industrial piping. This was a turning point in his life. With hardwork soon he became a specialist in his field, and then came the contracts from bigger companies. He also innovated the 'Garbage Chutes' and his working on debris dumping system which could dump the debris of the building without causing damage to life & property.

Mr. Limaye has a partnership form of organisation named "Horizon Enterprises" His partner Mr Sandeep Bhosekar handles all the administrative & management work of the organisation. Their workshop is at 11/11/2, village Nanded, Pune Sinhgad Road, Pune -42, M/s. Horizon Enterprises is the largest piping company in and around Pune. They are working with 80 companies like LSI. John Dear, Bharat Forge, Teleco Ltd. etc., their market is at Pune, Bombay & outside India. Horizon enterprises are having an annual turnover of more than Rs, 2 crores. While the organisation has only 16 employees at the beginning of their business the approach of Banker's and government official was good and the bankers provided them loan however there was a slight a problem in getting their firm registered & getting various licences.

As I earlier said Horizone Enterprises has 16 members & there is no interference in each other's works. He himself looks in sales and designs and his partner looks after finance, marketing, manufacturing & purchases. They all work with mutual understanding. Only one person left the firm since the establishment of business (1987) that too on other ground. M/s, Horizon has a streamlined production with three fold division as producer, render and supplier. He always pays the supplier on time. He follows and keeps his commitments and deliver products on time, he wants to increase the capacity of his business.

While on business trips to Bombay he visited many offices and buildings he found out that most of the buildings were having a problem of garbage disposal. If they had a garbage disposal system it used to smell bad as it was difficult to keep it clean & it would require a lot of hardwork. So this lead to the innovation of garbage chutes. He observed that in metro cities there is a problem of garbage disposal, People living on the Top floor's could not come down to dump their garbage Hence, Most of the buildings & offices have a requirement of nice neat and clean garbage disposal system. So with an investment of Rs. 50,000/- he started working on. Automated Centralised Garbage Collection System. It collect dry and wet garbage separately. By following the international standards, the system is fabricated in stainless steel and provided with sanitation unit to clean the system with water and phenyl to maintain hygiene. Helping to keep building eco-friendly. It took him two month's to make the system. Limaye received the prestigious G. S. Phalks Award in 2005 for this innovation & contribution in development of the society. These products have been installed in various buildings (housing and offices). They have sold their systems to D.S. Kulkarni, Raheja Group, Kumar Builder etc. in Pune & Bombay and they have even exported their products to various countries.

His marketing concept is ----> How can a person living on the 40th floor of the building can come down to throw his waste in the community garbage pits here's a solution----> GARBAGE CHUTES.

According to him the most important quality of an entrepreneur should have is self motivation. If he is motivated from within he can do anything of his choose. Also an entrepreneur should have qualities like innovative nature, leadership, different perspective and time consciousness. Mr. Limaye has two daughters both are studying. One is in 6th standard and the other in second standard He wants them to be what they want to be. When asked is he successful? He replied "Yes why not a person who started with just Rs. 250 in pocket did fabrication works at school now owns a 5000 sq.ft. Workshop and having annual turnover of more than Rs. 2 crores. Also we can say that from scratch to everything.

His plan of expansion is to increase the exports and also increase the product range and to streamline the production while keeping in mind the quality issues. He is also working as a consultant for multinational companies & builders around India (Designing & piping). Talking about some of his experiences he said the only bad experience he had when he was working for Daewoo Motor's. He got an assignment of Rs. 60 lakhs after completing their assignment according to their satisfaction they didn't paid him 10% of the contract amount. It look them three years to pay the rest of the amount.

He also stated that the new economic policy has enhanced the opportunities. He got his export code within seven days earlier it used to take more than two months to receive it as it was made from Delhi.

According to him barrier to entrepreneurship is finance. A major problem faced by Indian entrepreneur is improper utilization of resources. He said "Don't always expect more but begin with what you have. Progress is done by sheer hard work. The major problems is lack of multiple expertise which is a needful in business."

While commenting on education system of entrepreneurship he said that constant learning is necessary and our education system does not create confidence among student. Continues knowledge replacing is lacking in our system.

LEARNING OBJECTIVES

- 1) Mr. Limaye the entrepreneurs have formal educational qualification and technical education tike BE/ B.Tech. So therefore, education is the most important factor for achieving success and survives in the competitive market.
- 2) It is by the support and encouragement of the parents and family members people tend to become entrepreneur.
- 3) According to the entrepreneur one should be very determined and focused in work. People should have patience and should be ready to face any kind of problem.
- 4) Leadership and Management of human resources play an important role in the process of business entrepreneurship. No Enterprise can function effectively without efficient leadership.
- 5) Barrier and hurdles are the part and parcel of the organization, one should not loose the confidence.
- 6) He has total quality management (TQM). They never compromise on the quality of the product.
- 7) According to entrepreneurs there should be more emphasis on the practical education, instead of theory based education.
- 8) In spite of having middle class family background and without formal qualification of entrepreneurship people become entrepreneur by burning desire in themselves.
- 9) One common thing we can find out in the entire entrepreneur is that Sky is the Limit to them.

- 10) There is enthusiasm and motivating factor in the entrepreneurs which keep them working and expanding of the market in the globalization.
- 11) There is leadership, marketing and innovative skills present in the entrepreneurs which they learn from their experience. Therefore there is no body a born entrepreneur. They are made.
- 12) Discipline and dedication towards the work make people entrepreneurs and make them stand out from the crowd of the people.
- 13) Therefore it is nothing but the real efforts of the entrepreneurs which make them role model for the others.
- 14) Last but not least it is Positive approach and self confidence which matters in the life of the people.
- 15) It is not the strongest of the species that survive nor the most intelligent, but the one most responsive to change and that is an entrepreneur,
- 16) The ladder of the success never crowded at the top.
- 17) After all its' by learning and analyzing the environment we can change the things, and by changing the things, we can achieve the dreams, and achieve the dreams, and for achieving the dreams one has to work hard and hard.

Analysis / Main Body of Contents

1. Mr. Limaye the entrepreneur from the non business background. This shows that self-confidence and hard work make people successful entrepreneur.
2. Entrepreneur's hip is not gender based, women can also become successful entrepreneur.
3. Many of the entrepreneurs have started with very small capital investment in the business and converted in to larger capital investment. This shows that there is continuous efforts done by entrepreneurs.
4. Mr. Limaye the entrepreneur, had done product innovation and one entrepreneurs
5. Creativity- and by keen observation of the environment entrepreneurs innovate the product. Mr. Limay has innovated Automated centralised garbage collection system which is demanded by the people of metro cities.

Assignment Questions

Regarding following area

- 1) Production of new goods
- 2) Use of new technology
- 3) Research into a new market
- 4) Procuring cheaper raw material through new sources
- 5) Setting up a new business organization

Basically creativity is expected in entrepreneurship. The entrepreneur always tries to attempt something new in his project. Many people carry a misunderstanding that innovation is possible in large business. However the credit of most innovations goes to smaller businesses because there is adequate flexibility in smaller business. They can respond to new demands in a better fashion. They can make full use of new ideas. As against, the bigger business houses have to concentration certain fixed product if there is large volume and competition, they have to maintain adequate profits. Smaller business organization can make optimum use of innovation. Thus, entrepreneurs undertake risk in order to make several changes in the organization in the light of innovation.

REFERENCES

1. <http://www.mcciapune.com/>
2. The Startup Playbook: Secrets of the Fastest-Growing Startups From Their Founding Entrepreneurs by David Kidder
3. Creativity, Inc.: Overcoming the Unseen Forces That Stand in the Way of True Inspiration by Ed Catmull
4. Mrs. Gayatry Tambe - M/s Mawin Adhesive Products & their innovations - Fiber Glass Reinforced, plastic.
5. Mr. Mahesh Limaya - M/s Horizon Enterprises Products & their innovations - Automated centralised Garbage collection system.
6. Ajay Phatak - M/s Jopasana Software & System Pvt. Ltd. Products & their innovation - Jopasana Software
7. Mr. Milind Upasani - M/s Industrial and Commercial Enterprises. Products & their innovation – Fiber glass Dome.
8. Mr. Sanjay Khinsara - M/s Time Zone Electronics Products & their innovation - Countdown Traffic Signals.
9. Mr. Vijay Chavan - M/s V. Smart Thermatech Products & their innovation -Metallurgical products.

MARCH
2016

Vol 5, No 3 (2016)

Abhinav-National Monthly Refereed Journal Of Research In Commerce & Management
(Online ISSN 2277-1166)

Table of Contents

Articles

<u>EFFECTIVENESS OF CSR IN PUBLIC AND PRIVATE ENTERPRISES</u>	<u>PDF</u>
<i>Richa Martolia</i>	1-7
<u>E TOURIST VISA (ETV) - A MEDIUM OF ATTRACTING TOURISTS IN INDIA</u>	<u>PDF</u>
<i>Dr. Shekhar Upadhyay</i>	8-17
<u>EXPENDITURE ON HIGHER EDUCATION IN INDIA</u>	<u>PDF</u>
<i>Dr. Munila Naqvi</i>	18-26
<u>ROLE OF INFRASTRUCTURE IN PROMOTING ECONOMIC GROWTH IN INDIA</u>	<u>PDF</u>
<i>Rashmi Pandey</i>	27-34
<u>A STUDY ON COMPETENCY DEVELOPMENT AND ITS IMPACT ON ORGANISATIONAL PERFORMANCE WITH REFERENCE TO CEMENT INDUSTRIES AT KADAPA REGION OF AP</u>	<u>PDF</u>
<i>Hameemkhan Pathan</i>	35-39
<u>BRANDING BEYOND MARKETING</u>	<u>PDF</u>
<i>Dr. Madhulika Bhargava</i>	40-45
<u>A STUDY ON KNOWLEDGE MANAGEMENT EFFECTIVENESS</u>	<u>PDF</u>
<i>Sandesh Singh Tomar, Dr. A. P. Singh</i>	46-54
<u>INFLUENCE OF SELECTED MACRO ECONOMICS VARIABLES ON INDIAN STOCK MARKET – A STUDY OF BSE SENSEX</u>	<u>PDF</u>
<i>Chandra Sekaran M., Dr. Krishnamoorthy V.</i>	55-63
<u>THE PROSPECTS AND CHALLENGES OF WOMAN ENTREPRENEURS IN ERODEDISTRICT OF TAMIL NADU</u>	<u>PDF</u>
<i>Dr. Anu Radha</i>	64-68

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**EFFECTIVENESS OF CSR IN PUBLIC AND PRIVATE
ENTERPRISES**

Richa Martolia

Assistant Professor, Bora Institute of Management Sciences,
Lucknow, India

Email: richamartolia22@gmail.com

ABSTRACT

The Corporate Social Responsibility is the commitment of the corporates for the equitable growth & sustainable development of the society. Under the new Companies Act, 2013, passed by Parliament in August 2013, profitable companies will have to spend at least 2 per cent of their average net profit over the preceding three years on CSR activities. The study also focused on the comparative analysis of Corporate Social Responsibility spending as a percentage of PAT & the transparency score of the Public sector companies & Private sector companies. The new Companies Act has already made provisions for mandatory CSR spending by public sector enterprises (PSEs), as a specific percentage of their net profits. It may be noted that even without any statutory compulsion as above many private companies are making substantial CSR investments as part of their business strategy, in order to enhance their corporate image, brand equity and hence competitiveness in the market. In this context this paper : (i) analyses the significance of CSR in India for the sustainable growth of the country, and (ii) makes a comparative study of the pattern of CSR expenditure between companies in the public and private sectors. Thus, the paper suggests strategies for effective CSR spending by Indian corporates.

Keywords: Sustainable Growth; CSR Expenditure; PSES; Sustainable Development

INTRODUCTION

The World Bank's working definition of corporate social responsibility, "Corporate social responsibility is the commitment of business to contribute to sustainable economic development—working with employees, their families, the local community and society at large to improve the quality of life, in ways that are both good for business and good for development."

Businesses are an integral part of any society, and have an active role to play in the upliftment of the society. There is interdependence between business and society. Both these are mutually interdependent for survival and sustenance. CSR seeks to provide a part of the business returns to the society for its development. Taking into account the well documented merits of CSR, companies are thinking beyond the sole objective of profit-maximization and are becoming growingly conscious about their responsibility towards the society at large. This changing mindset of corporates as above has been an outcome of the economic benefits of CSR in the form of improved goodwill and long-lasting customer relations.

In respect of public sector enterprises (PSEs) in India CSR is not a new concept, the very idea behind the setting up of PSEs being that of providing a means for the economic and social wellbeing of the society at large. Since independence, PSEs in India, both under the Central and State governments viz. CPSEs and SPSEs are mandated towards the socio-economic welfare of the nation. Thus, providing employment to the masses, both skilled and unskilled, upliftment of the socioeconomic conditions of poor etc. were the aims of the PSEs. The mandatory compulsion for earmarking a specific percentage

of net profits of PSEs in India for CSR activities, contained in the new Companies Act of 2011, has given another dimension to the CSR initiatives in India.

STATEMENT OF THE PROBLEM

From the past studied it has been found that the contribution on Corporate social responsibility by the Indian companies is very less. The new legislation of Companies Act 2013 requires certain class of companies to spend at least 2 % of their three year average annual net profit towards CSR activities. It in this perspective the following study is undertaken to find out CSR spending of the Indian companies.

OBJECTIVES OF THE STUDY

1. To study the corporate social responsibility spending of Indian Companies.
2. To compare the Corporate social responsibility spending of Public sector companies & Private sector companies
3. To compare the CSR Transparency Score of Public sector companies & Private sector companies.

METHODOLOGY AND DATA SOURCES

This study is primarily of descriptive-analytical nature, as it makes use of latest available data on CSR activities by Indian companies and analyses the responses of corporates to relevant statutory provisions on CSR and market conditions. The study is exploratory too as it makes a comparative analysis of the trend in CSR expenditure and profitability between companies in public and private sector in India. The data used are secondary in nature and these include various government publications, official websites of regulatory bodies etc.

Significance and Relevance of CSR in India in the Ongoing Globalized Regime

The growing significance of CSR arises from the fact that it arises from adherence to ethical values, legal compliance, and respect for people, community, and environment. In fact, CSR seeks to

1. Treat its employees fairly and with due respect,
2. Operate with integrity and in an ethical manner in all its business dealings with customer, suppliers, lenders, and others,
3. Respect the human rights,
4. Sustain the environment for future generations, and
5. Be a responsible neighbour in the community and a good 'corporate citizen'.

Division of the Economy into Public and Private Sectors

At the time of Independence, activities of the public sector were restricted to a limited field like irrigation, power, railways, ports, communications and some departmental undertakings. After Independence, the area of activities of the public sector expanded at a very rapid speed. To assure the private sector that its activities will not unduly curbed, two industrial policy resolutions were issued in 1948 and 1956 respectively. These policy resolutions divided the industries into different categories. Some fields were left, entirely for. The public sector, some fields were divided between the public and the private sector and some others were left totally to the private sector. A cursory glance at the division of fields of industrial activity into the public and private sectors clearly brings out, that while heavy and basic industries were kept for the public sector, the entire field of consumer goods industries (having high and early returns) was left to the private sector. Outside the industrial field, while most of the banks, financial corporations, railways, air transport, etc., are in the public sector, the entire agricultural sector (which is the largest sector of the economy) has been left for the private sector.

CSR Spend: How Public and Private Sectors Fared

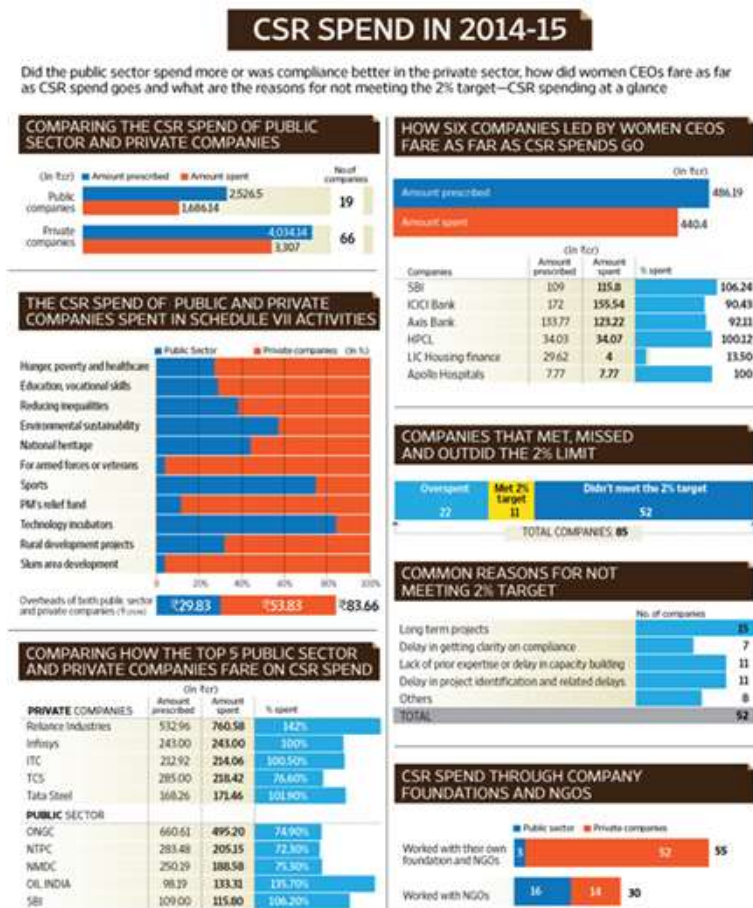
Even though state-run companies had a five-year head start with respect to setting aside funds for corporate social responsibility (CSR) initiatives, they lagged behind their private sector peers in terms of the efficiency of spending on such efforts.

Public sector companies spent only 66.7% of what they had to spend in the year ended 31 March while private companies spent 82% of the prescribed spend in the first year of mandatory CSR spending, according to showed data compiled by Next Gen, a CSR management firm.

Under Companies Act of 2013, both public and private companies had to set aside 2% of their net profits.

Earlier, public companies needed to set aside anywhere between 0.5% to 5% of net profits based on the profits of the company, according to the 2010 CSR guidelines issued by department of public enterprises.

Next Gen's data from 85 NSE-listed companies from top 100 companies by market capitalisation on the National Stock Exchange of India (NSE) shows that the 19 public sector unit (PSU) companies spent Rs.1,686 crore FY15, while 66 private companies spent Rs.3,307 crore. The data was collected until 14 September.



Source: Photogen

Public companies, however, outspent private companies in one area: environment. Public companies spent Rs.391.3 crore on environment, which is 23% of their total spending, while private companies spent Rs.291.7 crore or 8.8%.

This is because many PSUs are natural resource companies and since they have a direct impact on environment, they have taken it up as a cause. “But even here, they have spent on initiatives like planting trees and water conservation, which is very basic,” said Ganapathy.

The data also shows that women-led companies had a better rate of meeting the 2% spending target. Six women-led companies—State Bank of India, Axis Bank Ltd, ICICI Bank Ltd, Hindustan Petroleum Corporation Ltd, LIC Housing Finance, Apollo Hospitals Ltd—of the 85 surveyed saw their CSR spending amounting to 90.5% of what they had to spend, while the total average of the 85 companies was 76.1%. This could be because women leaders are more mindful of corporate governance and compliance matters, points out Ganapathy.

Next Gen’s data also showed that only 33 of the 85 companies spent the entire 2% of their profits or more on CSR while 52 did not meet the target in the first year after the new CSR rules were implemented. The most common reason that companies cited for not meeting the target is that they had undertaken long-term projects. This means that the amount was earmarked for a long-term initiative and the company is carrying forward the spend.

Many companies also said that they lacked prior expertise and delay in project identification as reasons for not spending. To be sure, companies have to mandatorily disclose the reasons why they failed to meet the 2% target.

About 65% of the 85 firms surveyed used their own foundations to carry out CSR. “Companies prefer this route as you can have better control over your funds. This way you can better monitor your initiatives,” said Ganapathy.

Current Status of CSR in India

The corporate belief that a company needs to be responsible for its actions: socially, ethically, and environmentally. CSR has become the need of growing business. Businesses need to be practices their activities to earn a good image. Big corporates like Reliance Industries, Tata Group, Aditya Birla Group, The Coca Cola Company, and Indian Oil Corporation are involved in serving the community. These corporates are fulfilling their responsibilities towards the society. Many other organizations have been doing their part for the society through donations and charity events. Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them. These programs, in many cases, are based on a clearly defined social philosophy or are closely aligned with the company’s business expertise. Employees become the backbone of these initiatives and volunteer their time and contribute their skills, to implement them. CSR Programs could range from overall development of a community to supporting specific causes like education, environment, healthcare etc.

Factors And Influences Which Have Led to Increasing Attention Being Devoted to the Role Of companies And CSR

These Include:

Globalization- Economic globalization is increasingly raising CSR concerns related to human resource management practices, environmental protection, and health and safety, among other things. CSR can play a vital role in detecting how business impacts labour conditions, local communities and economies, and what steps can be taken to ensure business helps to maintain and build the public good.

Sustainable Development- United Nations’ (UN) studies and many others have underlined the fact that humankind is using natural resources at a faster rate than they are being replaced. If this continues, future generations will not have the resources they need for their development. In this sense, much of current development is unsustainable it can’t be continued for both practical and moral reasons. Related issues include the need for greater attention to poverty alleviation and respect for human

rights. CSR is an entry point for understanding sustainable development issues and responding to them in a firm's business strategy.

Finance- Consumers and investors are showing interest in supporting responsible business practices and are demanding more information on how companies are addressing risks and opportunities related to social and environmental issues. A sound CSR approach can help build share value, lower the cost of capital, and ensure better responsiveness to markets.

Communications- Advances in communications technology, such as the Internet and mobile phones, are making it easier to track and discuss corporate activities. In the CSR context, modern communications technology offers opportunities to improve dialogue and partnerships.

Consistency and Community- Citizens in many countries are making it clear that corporations should meet the same high standards of social and environmental care, no matter where they operate. In the CSR context, firms can help build a sense of community and shared approach to common problems.

Business Tool- CSR can reduce the risk of business disruptions, open up new opportunities, drive innovation, enhance brand and company reputation and even improve efficiency.

With increasing and widespread commitment of corporate resources to CSR, attention is now shifting to the strategic formulation, implementation, and measurement of the market returns to CSR initiatives. But still a concern to companies is whether their focus on "doing good," will provide positive returns to their CSR actions. This emphasize the need for better measurement models of CSR that capture and estimate clearly the effects of a company's CSR actions on its stakeholders as well as the nations in which they are operating. In this paper we have tried to highlight that developing economy like India is progressing at a growth which is much higher to its social growth. It is increasing the gap between the different strata of society in the country in terms of employment, human development, capital distribution and poverty.

Notable Work by Some Companies in CSR

Ashok Leyland- Operates a Fun Bus in Chennai and New Delhi. This bus, equipped with a hydraulic lift, takes differently disabled children and those from orphanages and corporation primary schools on a day's picnic.

Hindalco Industries- It has constructed check dams, ponds and bore wells to provide safe drinking water. In education, it awards scholarships to students from the rural schools it supports.

It has constructed check dams, ponds and bore wells to provide safe drinking water. In education, it awards scholarships to students from the rural schools it support.

Infosys- In an interesting initiative undertaken by it, 100 school teachers in Karnataka, who were suffering from arthritis, underwent free surgery as a part of a week-long programme.

Mahindra & Mahindra- Nani Kali, a programme runs by the KC Mahindra Education Trust, supports education of over 75,000 underprivileged girls.

Tata Consultancy Services- Its Computer Based Functional Literacy (CBFL) initiative for providing adult literacy has already benefitted 1.2 lakh people.

Issues and Challenges of CSR

There are number of challenges to the implementation of CSR. They are enumerated below:

Lack of Awareness of General Public in CSR Activities: There is a lack of interest of the general public in participating and contributing to CSR activities of companies. This is because of the fact that there exists little or no knowledge about CSR. The situation is further aggravated by a lack of communication between the companies involved in CSR and the general public at the grassroots.

Need To Build Local Capacities: There is a need for capacity building of the local nongovernmental organizations as there is serious dearth of trained and efficient organisations that can effectively contribute to the ongoing CSR activities initiated by companies. This seriously compromises scaling up of CSR initiatives and subsequently limits the scope of such activities.

Issues of Transparency: Lack of transparency is one of the key challenge for the corporate as there exists lack of transparency on the part of the small companies as they do not make adequate efforts to disclose information on their programmes, audit issues, impact assessment and utilization of funds. This negatively impacts the process of trust building among the companies which is a key to the success of any CSR initiative.

Non-Availability of Well Organized Non-Governmental Organizations: There is no availability of well-organized nongovernmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities.

Visibility Factor: The role of media in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many non-governmental organizations to involve themselves in event based programmes; in the process, they often miss out on meaningful grassroots interventions.

Narrow Perception towards CSR Initiatives: Non-governmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more as donor-driven. As a result, corporates find it hard to decide whether they should participate in such activities at all in medium and long run.

Non-Availability of Clear CSR Guidelines: There are no clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. The scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the larger its CSR programme.

Lack of Consensus on Implementing CSR Issues: There is a lack of consensus amongst implementing agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time.

CONCLUSION

Corporate Social Responsibility is essential in India as more than 65% of population is living in rural areas. There are huge differences between urban and rural India in terms health care facilities, education levels, infrastructure, housing, nutritious food, awareness on their rights of protection, etc.

The study revealed that the CSR spending as a percentage of Profit after tax of the Indian Companies is not equal to 2 %.Further there is no significant difference in the CSR spending of Public Sector Companies & Private Sector Companies. It also shows that there is no significant difference in CSR transparency score of Public Sector Companies & Private Sector Companies. The Companies Act, 2013 presents a unique opportunity to stand up to the challenge of providing equal access to opportunities. With a system of proper accountability & transparency it can bring about a remarkable change in the society by making the organisation socially sensitive and responsible.

REFERENCES

1. Review by: A. K. Chatterjee Sankhyā: The Indian Journal of Statistics, Series B (1960-2002)Vol. 31, No. 1/2 (Jun., 1969), pp. 127-129

2. Corporate Social Responsibility–Perceptions of Indian Business. www.csmworld.org/public/pdf/social_respons.pdf
3. Corporate Social Responsibility - Issues and Challenges in India, IJRFM Volume 3, Issue 2 (March 2013) (ISSN 2231-5985)
4. Corporate Social Responsibility Practices in India, Times Foundation, the corporate social responsibility wing of the Bennett, Coleman & CO. Ltd.
5. Crowther, David and Guler Aras, Corporate Social Responsibility
6. Dasani, Arundhati P., 2011, “Liberalisation, Law and Development” Pg.no.22
7. Kotler, Philip and Nancy Lee, Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause
8. <http://www.iisd.org/business/issues>.

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**E TOURIST VISA (ETV) - A MEDIUM OF ATTRACTING
TOURISTS IN INDIA**

Dr. Shekhar Upadhyay

Assistant Professor, Vishisht School of Management,

Indore MP, India

Email: shekhar@vsom.in

ABSTRACT

Currently Prime Minister of India has announced that government of India is keen to provide E-Visa or Electronic visa to 150 countries of the world, currently the facility is being provided to 113 countries (Up to Aug.2015). E visa was earlier known as Visa on Arrival of VOA, this was the most important facility for tourists coming from others countries to visit India and see the beauty of country and contributing in national economy as well. Several experts have understood and put forward a common problem of slow and sluggish growth of foreign tourist arrivals in India, they have come the conclusion that slow and complicated visa process is one of the major reason behind it. The government which sees tourism as uniting force has decided to make visa process less hassled and electronic with the formal introduction of Electronic tourist visa to almost all the nations of the world (Except Pakistan). The report published by Ministry of Tourism Government of India says that the tourist arrival from foreign has increased due to the liberal and lenient E visa facility. The paper tries to investigate the phenomenon of E Tourist visa and also measures the impact of E tourist visas on over all foreign tourist arrival during the time period of 2014-15. It will also list out the challenges in implementing the E visa facility on national security and other possible demerits of the E visa. Apart from that the paper shall put forward a list of suggestions for smooth and better implementation of Electronic Tourist visa in India. Since the tourist of India has grown so much that introduction of such unique ways of attracting and facilitating foreign tourists became absolutely urgent and required. The paper shall also discuss the need and requirement of E tourist visa to so many nations in such a short span of time.

Keywords: E Visa; Foreign Tourist Arrivals (FTAs); Visa on Arrival (VOA); Tourism; Government of India

INTRODUCTION

The current standing of India in global tourism according to world economic council is 52; it was 65 in the year 2014. The standing of India shows its strong hold over the tourism sector in the world and it is expected to grow with a fast pace then the world average. As soon as the current infrastructure of tourism in country shall improve so will be the number of tourist arrivals. Tourism has been playing an important part in the overall development of economy of India, as per latest report tabled by ministry of Tourism govt. of India underlines some of the important contributions of Tourism sector in national economy. Tourists particularly the foreign tourists contribute a lot in terms of expenditure and other forms in the economy of nation. Currently India hosts number of world heritage sites which attract millions and millions of tourists annually coming from all parts of the world. Currently the tourism sector of India is growing with 10.2% annual rate; the government has been working hard to get the growth of tourism sector to 20% annually in years to come. Experts have suggested several measures in that regard so that the desired goals can be achieved by the government; one of them is leniency in

visa regime. The countries which are hosting foreign tourists in large number have systematically made visa rules flexible for foreign tourists which have resulted in the growth in the annual FTAs in their countries. After learning and observing these shining examples, government of India has also introduced the same in the country for the tourists visiting India from foreign soil. The scheme of Electronic Tourist Visa (ETV or E Visa) has been extended to 113 countries currently and expected to extend to 150 countries in years to come.

Before getting into the details of implementation of Electronic visa or E visa, let's try to understand the impact of foreign tourists on India tourist sector. India has been visited by the foreigners for centuries it has its strong attraction in terms of culture, heritage, wildlife, unique way of living. The east of world has always attracted the west and people have visited the east for everything which they do not have in the west. The mystics of India, stories, spirituality of India have attracted tourists for years and for centuries. The trend still continues with the huge growth in the annual arrival of foreign tourists in India and government's excessive focus on the tourist infrastructure as well. In the year 2014-15 alone 17.68 million foreign tourists visited India, which is 10.2% more than 2013-14. The earnings from foreign tourist stood at whopping Rs.1, 23,320 crore in year 2014-15 which is 14.5% higher than the previous year. The domestic tourism has also grown in India as the income has grown of Indians, but the real potential of India tourism is yet to be exploited. There are number of states or sights which are regularly visited by foreign tourists but other than that they do not roam the country much due to security and other reasons. For example State of Madhya Pradesh has the largest potential in the tourism sector in terms of attracting foreign tourists to its vast attractions. So is the case of Chhattisgarh and Punjab, Odisha etc. Government has to take number of strategic actions to revamp the current situation of foreign tourists' arrival in India. The central government has shown its sincerity in that regard in terms of visa policy which was announced recently. This Electronic Tourist visa or E visa is bound to have positive impact on overall arrival of foreign tourists in country.

OBJECTIVE OF THE PAPER

The present paper is an attempt to understand the impact of E tourist visa step taken by the central government during the time period of 2014-15. Along with this paper contains the following objectives-

1. To study the foreign tourist arrival in India from Year 2000 to 2015.
2. To study the income from foreign tourist arrivals from Year 2000 to 2015.
3. To analyze the impact of E tourist visa on Foreign tourist arrival during time period of 2014-15
4. To put forward the limitation of E tourist visa
5. To provide the suggestion to improve the overall working of E tourist visa in years to come.

Current Standing of Tourism Sector Of India

The tourism sector of India currently stands at a very comfortable position as compared to last year. According to current annual report of Ministry of Tourism; the current standing of India in world and Asia pacific is as under-

India's Position in the World

1.	Share of India in International Tourist arrivals	0.68%
2.	India's rank in International Tourist arrivals	41.
3.	Share of India in International Tourist receipts	1.62%
4.	India's Rank in International Tourist receipts	15

India's Position in Asia Pacific

1.	Share of India in International Tourist arrivals	2.91%
2.	India's rank in International Tourist arrivals	12
3.	Share of India in International Tourist receipts	5.37%
4.	India's Rank in International Tourist receipts	8

The above tables tell the story of Indian tourism sector in brief, the position of India is not satisfactory worldwide but the position is better in Asia Pacific region. India ranks at number 8 in Asia Pacific in terms of International tourists receipts but ranks at number 15 worldwide for the same. Similarly India's position is better in Asia Pacific when it comes to share of International tourist Receipts it has 5.37% of total tourist receipts, but it has only 1.62% share in the same category worldwide. The matter of concern for India rises in the category of Total International Tourist Arrivals (FTAs) India shares stand at 0.68% in Total number of foreign tourist's arrival which is sign of concern and cries for an immediate action and surgical strikes. Standing of India in Asia Pacific is not very satisfactory either, it share only 2.91% of total tourists visiting Asia Pacific region.

Foreign Tourist Arrival in India

India, though considered one of the third world nation in International Tourist community is visited by tourist all over the world for its natural and historical richness. Few wildlife species are left in the safe heavens of India only. For example Tigers (Royal Bengal Tiger), Asiatic Lions (Gir National Park, Gujarat) are seen in India as their last natural habitat. Apart from wildlife attractions, India also caters the needs of Historical and heritage tourism's requirement very effectively, India is also visited for its spiritual ambiance among rest of Asia (Japan, China and rest Buddhist Asia). The present status of India in terms of Foreign Tourist Arrival (FTA) is very promising and self explanatory in nature too. The figures say the story for themselves The figures of FTA show a sharp up rise after Year 2002 which is highest in 14 years (2.73 Million) the figure of 2003 is 14.3% higher than the previous year 2002 where the FTA was 2.38 Million but the growth of FTA as compared to 2001 was in negative (-6.0%). Foreign tourist arrival shown negative growth in year 2001 as well, since the aftermath of 9/11 in USA. Since then in year 2009 again the FTA declined to 5.17 million which is 2.2% less than previous year 2008, which registered 5.28 Million FTA, it is because the Global recession which affected the tourism sector of the world very badly. After the recovery from the global meltdown, the sector is showing a steady growth. As in year 2010 the FTA grew to 5.78 Million or 11.8% higher than the previous year (2009). The trend of FTA growth continues even today, the figures of 2013 is very promising, it registered 6.97 Million FTAs which is 5.9% higher than previous year 2012. Year 2014 has proved to be even better for FTAs point of view the figures are very impressive. It is 7.8 Million in number and 10.2% higher than previous year (2013) it is noticeable that after year 2010 it is the higher growth in FTAs in India. The six months of year 2015 has started showing its impact on FTAs, till August 2015 the FTAs stand at 5.07 million which is 4.5% of growth rate, the remaining part of year 2015 is still remained it is expected to grow even higher than year 2014 as well. In short the Foreign Tourist Arrival to India is rising in a very positive direction, it is a combined impact of Central government's tireless effects and growing image of India as a safe and much to offer land. With systematic strategic efforts in "Athithi Devo Bhava" as a part of Incredible India are yielding its much awaited results now. But the story does not end here; India has to improve its standing in Global Tourist Destinations and compete with other established and developed economies in Tourism sector and attract even more tourists from world around so that foreign exchange earnings can grow.

Table 1. FTAs in India and Percentage Change over the Year

Year	FTAs In India (In Millions)	Percentage (%) Change Over The Previous Year
2000	2.65	6.7
2001	2.54	-4.2
2002	2.38	-6

**Abhinav National Monthly Refereed Journal of Research In
Commerce & Management**

2003	2.73	14.3
2004	3.46	26.8
2005	3.92	13.3
2006	4.45	13.5
2007	5.08	14.3
2008	5.28	4.0
2009	5.17	-2.2
2010	5.78	11.8
2011	6.31	9.2
2012	6.58	4.3
2013	6.97	5.9
2014	7.68	10.2
2015 (Aug.)	5.07	4.5

Source: Ministry of Tourism; Govt. of India

Foreign Exchange Earnings From Tourism To India

The Most important and evident effect of foreign tourist arrivals is Foreign Exchange earnings to India. The below table contains the receipts from foreign tourists during the time period of 2000 to 2014. As the number of FTAs raises the FEEs (Foreign Exchange Earnings) also rise. But sometimes less number of FTAs can spend more in certain cases.

Table 2. Foreign Exchange Earnings (FEE) From Tourism in India, 2000-2015

Year	Fee From Tourism In India (Us\$ Million)	Percentage (%) Change Over The Previous Year
2000	3460	15.0
2001	3198	-7.6
2002	3103	-3.0
2003	4463	43.8
2004	6170	38.2
2005	7493	21.4
2006	8634	15.2
2007	10729	24.3
2008	11832	10.3
2009	11136	-5.9
2010	14193	27.5
2011	16564	16.7
2012	17737	7.1
2013	18445	4.0
2014	20226	9.7
2015 Till Aug.	13017	-1.3

Source: Ministry of Tourism GOI-2013

Tourism has been one of the most important medium of earning scarce yet necessary resource Foreign Exchange. Earnings from foreign tourist are one of the chief reasons for government to promote tourism in country. The earnings from FTAs show dip in the year 2001 and 2002 (7.6% & 3.0% respectively) as the arrival were also low. But the earnings grew to 43.8% in year 2003 to 4463 Million US Dollars as compared to 3103 Million US \$ in year 2002. The earnings again shows a sharp raise of 27.5% in year 2010 as compared to 2009, in 2010 total receipt of foreign exchange from FTAs stood 14193 Million US \$ as compared to US \$11136 Million in Year 2009. Since then the earnings

are rising in steady way. In year 2013 the FEE from FTAs has been 18445 Million US Dollars which is 7.1% higher than year 2012 (US \$ 17737). In the first 6 months of 2014 the FEE has been 20226 Million US Dollars which is 9.7% higher than the previous year. The foreign exchange earnings from tourist footfall till august stood at 13017 Million US Dollars, which is considered -1.3% low than the previous time period of year 2014. Government is expecting a sharp rise in the earnings as large section of year is yet to be seen.

Meaning of Visa

Visa is an important document which is compulsory for entering into any foreign nation by anybody who is not domestic national of that country. Each country has its separate rules and regulations regarding the issue and suspension of visa. It is the exclusive right of the country that to whom and how it issues visa. Visas are divided into various categories depending upon the usage and the policy associated with it. According to experts A Visa can be defined as (from the Latin charta visa, meaning "paper which has been seen" is a conditional authorization granted by a country (typically to a foreigner) to enter and temporarily remain within, or to leave that country. Visas typically include limits on the duration of the foreigner's stay, territory within the country they may enter, the dates they may enter, or the number of permitted visits. Visas are associated with the request for permission to enter a country and thus are, in some countries, distinct from actual formal permission for an alien to enter and remain in the country. In each instance, a visa is subject to entry permission by an immigration official at the time of actual entry and can be revoked at any time. A visa is commonly a stamp endorsed in the applicant's passport or other travel document. The visa, when required, was historically granted by an immigration official on a visitor's arrival at the frontiers of a country, but increasingly today a traveler wishing to enter another country must apply in advance for a visa, sometimes in person at a consular office, by mail or over the internet. The actual visa may still be an endorsement in the passport or may take the form of a separate document or an electronic record of the authorization, which the applicant can print before leaving home and produce on entry to the host country. Some countries do not require visas for short visits.

What Is Electronic Visa

An **e visa** or electronic travel authority is a tourist and travel visa for India. Electronic, meaning no label or stamp ever appears in your passport. The visa is accessible for viewing by your airline, or at port, but by an electronic system managed by the Indian Government and associated agencies. Earlier it was called as Visa on Arrival (VOA), which was later renamed as Electronic Tourist Visa (ETV). The procedure is very different with E Visa, it is very easy to apply and get an E Visa. The E Visa is strictly given to travelers only visiting the country from the certain countries (The authorized nations for which this facility is allowed) Currently Government of India is providing E-Tourist Visa Facility is available for nationals of following countries/territories-

Procedure of Electronic Visa

- E-Visa is valid for touristic and trade purposes only.
- E-Visa applications can be created for an individual, for a family (minimum of 2 and maximum of 10 people) or for a group (minimum of 10 and maximum of 300 people).
- You can check if you are eligible for e-Visa by clicking "Main Page > Apply" and selecting your country/region of travel document. Each traveler must obtain a separate e-Visa, including infants and children (even if children/infants are included in their parents' passports).
- Your travel document must be valid for at least 6 months from the date you intend to enter Turkey. Depending on your nationality, there may be additional requirements. You will be informed of these requirements after you select your nationality and travel dates.
- You can find out about the e-Visa fee by clicking "Main Page > Apply" and selecting your nationality.

- You can only make payment by Mastercard, Visa and UnionPay credit/debit card. The card is not required to be under your name. Kindly make sure that your card has “3D Secure System” and is open to international transactions.
- After you receive the “e-mail address verification message”, you must click the “approve” button and proceed with the payment within 24 hours. Otherwise, your application will time out, the system will not accept payment, and you will need to create a new application.
- Kindly inform the e-Visa Support Desk (Main Page > Contact Us > Contact Form) should you encounter any suspended or unsuccessful transactions during the application procedure. Please do not create a new application or make a new payment unless otherwise advised. The Ministry will not be responsible for additional payments and no refund will be granted in case of such unfinished transactions.
- The e-Visa fee can be made only in US Dollars. You do not have to have a USD account. An equivalent amount in your local currency will be deducted from your account.
- After you make payment, the link to download your e-Visa will be e-mailed to you. Passport control officers at the ports of entry can verify your e-Visa in their system. However, you are advised to keep your e-Visa with you either as a softcopy (on tablet pc, Smartphone etc.) or as a hardcopy in case of any failure in the system.
- The validity period of your e-Visa is different than the duration of stay. You may enter Turkey at any time within the validity period. Please note that if you wish to enter Turkey earlier than the date specified on your e-Visa, you must create a new application.
- Once the e-Visa is processed, none of the information on it can be changed. The information on your e-Visa must be exactly the same as the information on your travel document. Otherwise, your e-Visa will be invalid and there will be no refund for it.

Eligibility for Obtaining an E-Tourist Visa

- International Travelers whose sole objective of visiting India is recreation , sightseeing , casual visit to meet friends or relatives, short duration medical treatment or casual business visit.
- Passport should have at least six months validity from the date of arrival in India. The passport should have at least two blank pages for stamping by the Immigration Officer.
- International Travelers should have return ticket or onward journey ticket, with sufficient money to spend during his/her stay in India.
- International Travelers having Pakistani Passport or Pakistani origin may please apply for regular Visa at Indian Mission.
- Not available to Diplomatic/Official Passport Holders.
- Not available to individuals endorsed on Parent’s/Spouse’s Passport i.e. each individual should have a separate passport.
- Not available to International Travel Document Holders.

Instructions for E-Tourist Visa

- Applicants of the eligible countries/territories may apply online minimum 4 days in advance of the date of arrival with a window of 30 days. Example: If you are applying on 1st Sept then applicant can select arrival date from 5th Sept to 4th Oct.
- Recent front facing photograph with white background and photo page of Passport containing personal details like name, date of birth, nationality, expiry date etc. to be uploaded by the

applicant. The application is liable to be rejected if the uploaded document and photograph are not clear / as per specification.

- E-tourist Visa fees is country/Territory specific (min \$00 and max \$60). Bank transaction charges of 2.5% will be charged additional on applicable e-Tourist Visa fees. The fee must be paid at least 4 days before the expected date of travel otherwise application will not be processed.
- eTV fee once submitted is non-refundable as the fee is for processing of the application and is not dependent on either Grant or Rejection of VISA.
- Applicant should carry a copy of eTV along with him/her at the time of travel.
- Biometric details of the applicant will be mandatorily captured at Immigration on arrival in India.
- The validity of visa will be 30 days from the date of arrival in India.
- eTV is valid for entry through 16 designated Airports i.e. Ahmedabad, Amritsar, Bengaluru, Chennai, Cochin, Delhi, Gaya, Goa, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Tiruchirapalli, Trivandrum & Varanasi. However, the foreigner can take exit from any of the authorized Immigration Check Posts (ICPs) in India.
- This facility is in addition to the existing Visa services.
- E-Tourist Visa (eTV) is allowed for a maximum of two visits in a calendar year.
- E-Tourist Visa (eTV) once issued on arrival is Only single entry, non-extendable, non-convertible & not valid for visiting Protected/Restricted and Cantonment Areas.
- Applicants can track the status of their application online by clicking visa status.
- Please be careful while making payment of the eTV fee. If the number of unsuccessful attempts is more than three (03), then the application id would be blocked and the applicant would be required to apply afresh by filling the application form again and regenerating a new application id.
- Before re-applying, the applicants are requested to wait for 4 hours for payment status updating, after final submission of the application form and payment of the fee. The payment status updating may take up to 4 hours.
- Nationals of Yellow Fever affected countries must carry Yellow Fever Vaccination Card at the time of arrival in India, otherwise they may be quarantined for 6 days upon arrival in India. Please visit our Ministry Of Health & Family Welfare latest guidelines regarding yellow fever countries here.

Documents Required

- The documents required for e-Tourist Visa (eTV) are :
- Scanned First Page of Passport.
 - Format –PDF
 - Size : Minimum 10 KB ,Maximum 300 KB
- The digital photograph to be uploaded along with the Visa application should meet the following requirements:
- Format – JPEG
- Size

- Minimum 10 KB
- Maximum 1 MB
- The height and width of the Photo must be equal.
- Photo should present Full face, front view, eyes open.
- Center head within frame and present full head from top of hair to bottom of chin.
- Background should be plain light colored or white background.
- No shadows on the face or on the background.
- Without borders.

Current Standing of E Tourist Visa in India

As per the figures tabled by the ministry of tourism, government of India following is the table which has the figures regarding the electronic tourist visa. The table contains the comparative figure of year 2014 and 2015 (Till Aug.). As per the table the tourists applied for the Electronic tourist visa has grown in year 2015 as compared to year 2014. Government of India in coming days is going to increase the number of countries covered under E visa to increase the footfall of tourists from these countries. The maximum number of e visa issued in 2015 to USA, but in year 2014 South Korea begged the maximum number of e visa from India. In years to come as the tourists will come to know the free flowing process and hasslelessness of electronic visa, the tourists availing this facility shall rise for sure.

Table 3. Major Country's Availing e-Tourist Visas 2014 & January - August 2015

S. No.	Country of Nationality	2014	2015 (August)
1	United States of America	3416	53787
2	Russian Federation	2121	15280
3	Germany	570	16459
4	Australia	1124	14849
5	Korea (Republic of)	6631	12515
6	Ukraine	1149	7274
7	Mexico	152	3892
8	New Zealand	4405	3603
9	Japan	5288	3948
10	United Arab Emirates	361	6080
11	Singapore	4095	3241
12	Israel	122	2921
13	Philippines	3783	2958
14	Thailand	124	2591
15	Brazil	88	2038
	Others	5617	18540
	Total	39046	169976

Source: Bureau of Immigration

Table 4. Airport of arrival of tourists availing e - Tourist Visas during 2014 -2015

S. No.	Name of Airport	2014	January - August, 2015
1	Bangalore	2509	13617
2	Chennai	4522	12666
3	Hyderabad	1041	6282

4	Goa	2569	14121
5	Kochi	1478	6494
6	Kolkata	1931	5146
7	Mumbai	7861	35028
8	New Delhi	16618	73416
9	Thiruvananthapuram	517	3206
	Total	39046	169976

Shortcomings in E Tourist Visa

Currently the electronic tourist visa facility is being provided to number of countries by India to increase the number of tourist visiting the country each year. Currently the government of India has conducted a detailed survey on low footfall of foreign tourists in country; the important reason for short coming has emerged as visa formalities. Tourists have complained about the faulty and prolonged visa processing system of India, which actually affected in terms of low tourist turnover in country. As a result government has decided to

Provide a more flexible tourist visa to people interested in visiting India. The current system is also suffering with few short comings as well. Following are the important short comings in that regard-

1. The Fee of Electronic Visa is payable in US Dollars only, which is an important short coming.
2. The Electronic checking system as developed by government of India is insufficient in terms of large E tourist visa applications.
3. Staff of airport and other destination point is not trained enough.
4. Legal formalities and other complication are there in the entire system of Electronic Visa.
5. The current system is limited to major tourist destinations and international airports only.
6. The security and other issues are compromised in the Electronic Tourist Visa system.

Suggestions to Improve The Electronic Tourist Visa System In India

In this regard the following suggestions can be put forward to improve the Electronic Tourist Visa system in India-

- Fee payment must be made in multiple currencies
- More and more staff should be trained for the same.
- Government of India should increase the number of countries covered under electronic Tourist visa facility
- The documentation and verification should be made easy and quick
- Other option should be involved with E visa.
- Publicity for the E tourist visa can attract more and more tourist to use this time saving device for both tourist and Govt. of India
- The security and other related issues have to be stricter so that the misuse and threat to national security can be over come easily.
- India should adopt the models of E tourist visa from around the world and develop a more comprehensive and less hassleful for tourist coming to visit.

CONCLUSION / FINDINGS

- a. The E tourist visa earlier known as Visa on Arrival (VOA) has contributed positively in attracting tourists from all over the world to India.

- b. Adoption of such steps like visa relaxation shows that government is very serious with tourism sector and is ready to take any strategic decisions possible to increase the current growth of tourism which included attracting more and more foreign tourist to India. As India has multidimensional offerings when it comes to tourist attractions.
- c. India has been the heart of culture in all the Asia and world alike. It hosts the most sacred spiritual and other holy shrines which attract devotees and others alike. With such bold and clear steps the number of tourist is bound to increase in years to come.
- d. Government should take note at eh short comings and other non compoundable errors and make changes according to that only. For that the already system of electronic Visa can be studied for further reference.
- e. But in short the Electronic Tourist Visa has helped in increasing the number of traveler to India from abroad.

REFERENCES

1. Dinodia Capital advisor “Indian Tourism and Hospitality Industry -Rising Ahead of the Overcast” (2014), New Delhi, , Page No. 04. Retrieved from <http://www.dinodiacapital.com/admin/upload/Indian-Tourism-Hospitality-Industry-Rising-ahead-of-the-Overcast-January-2014.pdf>
2. Government of India, Ministry of Tourism, Incredible India Brochure, (2013) India Brochure 2013, Retrieved from http://incredibleindia.org/images/docs/e-brochures-pdf/india_brouchure/india_brouchure.pdf
3. Government of India. Ministry of Tourism, Market Research Department (2015). India Tourism statistics 2014 Retrieved from http://tourism.gov.in/sites/default/files/Other/INDIA%20TOURISM%20STATIISTICS%202014_new.pdf
4. KPMG/CIIP “Travel and tourism sector: Potential, opportunities and enabling framework for sustainable growth” (2013), Page No. 05. Retrieved from <http://www.kpmg.com/IN/en/IssuesAndInsights/ArticlesPublications/Documents/KPMG-CII-Travel-Tourism-sector-Report.pdf>

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

EXPENDITURE ON HIGHER EDUCATION IN INDIA

Dr. Munila Naqvi

Assistant Professor, Bora Institute of Management Sciences,
Lucknow, India
Email: munila123@gmail.com

ABSTRACT

Education is one of the most empowering tool for an individual. It lays the foundation for a better life. It prepares and trained workers at all levels to manage capital, technology services and administration at every sector in the economy. It cannot be denied that education is important for economic and social development. It provides the economy with requisite qualification and skilled manpower for the economic development. It not only provides skills and qualification to new generation but also creates in their minds the awareness of environmental and social realities and therefore helps in attaining for them a better living standard. It is the foundation which helps the economy to grow and stabilise the resources for the betterment of the society. The categorisation is done to simplify the understanding of specific level of education. Over the years it has been witnessed that there has been drastic increase in the expenditure incurred on education, and it is due to the fact that both private and public sources of finances are used simultaneously for meeting the needs of the knowledge based economy. On the eve of Independence there were 20 universities in India. By 2014 there were a total of 637 universities in India out of which 289 were State universities, 130 Deemed Universities, 94 Private universities and 43 Central universities. (UGC 2012). With the increase in enrolment and number of institutions, number of teachers in educational institutions (including universities and affiliated colleges) went up from 2,63,819 in 1990-91 to 6,97,885 in 2013-14.

Keywords: Empowering Tool; Economic Development; New Generation; Finances; Knowledge Based Economy

INTRODUCTION

Expenditure on higher education is one of the major concerns, and it requires active participation from the government and private bodies to initiate an action against it. After Independence the problems of higher educational reconstruction, expansion, qualitative improvement and financial implications were reviewed by various commissions and committees especially the Scientific Manpower Committee (1947) and the University Education Commission (Radhakrishnan committee) 1948-49. The recommendations of these commissions and committees jointly with the constitutional provisions became the source for priority determination with respect to education in the first three Five Year Plans of the economy.

In India after Independence, the Five Year Plans ushered in an era of systematic economic and social development of the country, for an overall development of higher education during planning period. There were just 19 universities and 500 colleges at the time of Independence. With the declared objective of giving equality of opportunity, the government was faced with the assignment of meeting the requirements of increasing numbers, many of whom were first generation learners, who viewed higher education as a means of getting social mobility. An unprecedented expansion took place in higher education with the number of universities increasing from 19 at the time of Independence to 378 and the number of colleges from 500 to 18,064 by the end of Tenth Plan. The University

education commission 1949, as well as the Education commission 1964 also made strong recommendations in this regard.

OBJECTIVES OF THE STUDY

1. To evaluate the expenditure pattern of higher education in India.
2. To assess the contribution generated through public and private sources.
3. To study the increasing pattern of expenditure on education.

Plan Expenditure on Education in India

At the time of Independence, the country was characterized by a weak economic and social infrastructure and prevalence of mass illiteracy and poverty. Since the mid 1950's theory and practice of public expenditure economics have radically changed. With the parliament passing in December 1954, a resolution adopting the socialist pattern of society as the objective of economic and social policy. The government was required to play a crucial role and assume greater responsibility in financing the social sector.

In a poor country, the government intervention is necessary to support the social sector. And education, an important component of the social sector accounted for lesser amounts with each successive plan, not even 3% in the Sixth Plan. The percentage of expenditure allocated to education was marginally higher in the Seventh Plan at 3.5% .In Eighth Plan it was 4.37% but in Tenth Plan it again declined to 3.72% .Not only there has been a reduced percentage allocation to the education sector. The amount initially proposed gets reduced at different stages of the planning process. Although, by and large, the sector of education is under the jurisdiction, of the State government. Some responsibilities such as coordination of educational facilities, determination of standards of higher education, scientific and technical education has been entrusted to the centre. the 42nd amendment to the Constitution of India in 1976,brought education from the “ state list “to the “concurrent list”, whereby Central government gained more power to intervene in education at all levels.

Though percentage allocation to education has declined significantly, on examining plan resources to education we find that there has been a rapid rise in the absolute amount of 3.2expenditure during the plan periods, in percentage terms the First Plan figure of 7.6% on education could not be reached again for any plan period. This amount is much less than what is spent in other countries on education. With government's emphasis on human development this is a poor reflection of the readiness of government to spend on education.

In table 1 the percentage of public expenditure by Central and State government as a proportion of GDP. In 2000-01 it was 3.9, 2001-02 its 3.5 followed by 3.5, 3.3 and 3.1 in respective years of 2002-03, 2003-04 and 2004-05. Hence this percentage remained consistent over the years with varying between 3.2, 3.4 and 3.4 in the years of 2005-06, 2006-07 and 2007-08. For all years it fluctuates between 3 per cent to 4 per cent. In the year 2011-12 it was 3.6 but for all these years it was highest in the year 2000-01.

Table 1. Public Expenditure on Education by Central and State Governments as Percentage of GDP

Year	Public Expenditure on Education as Percentage of GDP
2000-01	3.9
2001-02	3.5
2002-03	3.5
2003-04	3.3
2004-05	3.1
2005-06	3.2
2006-07	3.4

2007-08	3.4
2008-09	3.3
2009-10	3.7
2010-11	3.7
2011-12	3.6

Source: Compiled by Centre for Budget and Governance Accountability, Indian Public Finance Statistics, and Analysis of Budgeted Expenditure on Education of Various Years.

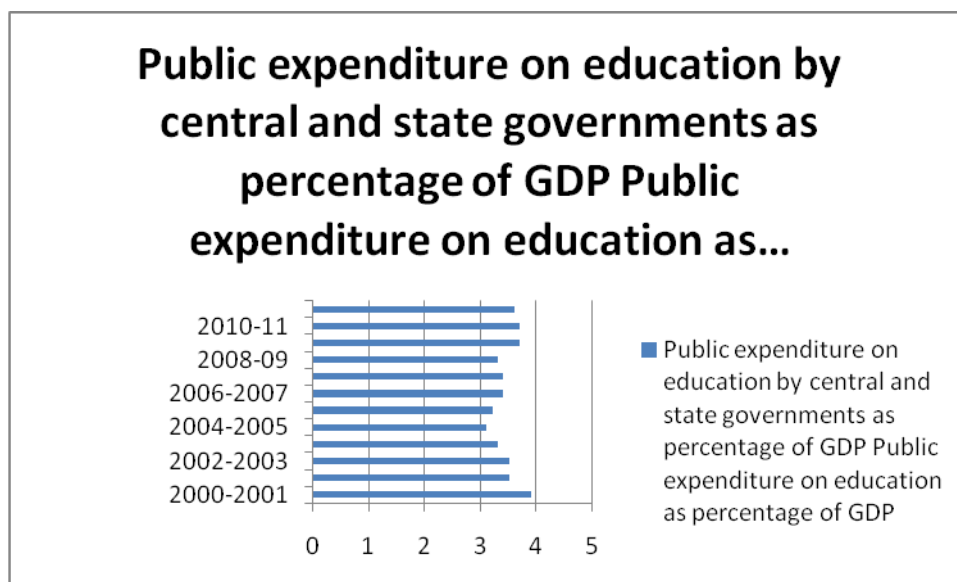


Figure 1: Public expenditure on education by central and state governments as percentage of GDP
Public expenditure on education as percentage of GDP

Plan Expenditure on Higher Education in India

Education at the base level or primary education is very important in helps in removing the hurdles of traditions which characterise the society in under developed countries, and these traditions discourage development and growth. Education at the secondary level provides base for technical and higher education. Higher education is important as it provides manpower for higher cadre posts both in private and public sectors. It facilitates the process of national development by encouraging scientific temper in students and encouraging them to develop and progress so that they can live a satisfying existence.

The National Policy on Education 1986 and Programme of Action (POA) 1992 envisaged free and compulsory education of satisfactory quality for all children up to the age of 14 years before the commencement of the 21st century.as per the commitment of the government, about 6% of the Gross Domestic Product (GDP) would be earmarked for education sector and 50% of the outlay would be spent on primary education.

The National Policy on Education 1986 visualises education on different phases, has envisaged a new role for higher education that is more meaningful in the context of social development. The government has tried to give a new dimension to an age old process. According to the NPE areas that need attention range from autonomy of colleges and departments to better infrastructure, rationalized funding for research, integration of teaching ,research and evaluation to make higher education dynamic as never before. With the commitment of augmenting resources for education, the allocation to education has significantly increased over the years. The increased literacy rate 65.38%, in India is not very much encouraging so far as economic development of this country is concerned.

Regarding plan expenditure on higher education, it was only Rs.14 Crores in the First Plan then it increased subsequently to 4176.5 Crores in the Tenth Plan. However, percentage allocation to higher education increased from 9% in the First Plan to 25% in the Fourth Plan. Since, then there has been a steady decline with only 8% of educational finance to higher education in the Eighth Plan. The percentage share of higher education was slightly higher at 10% and 9.5% respectively in the Ninth and Tenth Five Year Plans. A drastic reduction in higher education's share between the Seventh and Eighth Plans is again a reflection of government withdrawal from this sector and open encouragement and easy access to the private sector to invest in this area. This led to proliferation of large number of institutions, many of doubtful quality, in this sector. Most of these "for profit" institutions are offering courses in business management, tourism, hospitality management, chartered accountability, financial management, law etc. This had brought about a skewed growth in higher educational institutions.

However, it must be noted that public expenditure is needed not only at the elementary level but at the higher education as well. To ensure greater participation, in various types of economic activities from among the economically deprived socio-religious communities. Besides, this there is a long way to go, to achieve the recommended expenditure 6 per cent GDP on expenditure. Subsequent to independence and adoption of planning, government has been engaged in planned development of the country. Even since the Kothari commission recommendation of investing 6 per cent GDP on education, the same was reiterated in the plans. It was therefore expected that government would abide by the above recommendation and incur adequate expenditure on education to meet the need of social development.

Central and State Government Expenditure on Higher Education In India

An important division of Budget in India is Plan and Non- plan accounts. There is no country in the world to make such a division. "Plan expenditure" refers to the amount spent on the recruitment of new staff, construction of universities and colleges etc whereas "Non Plan Expenditure" is incurred on the maintenance of established infrastructure and committed expenditures. The Central government supervises the formulation and implementation of the State plans.

One common observation in all the years is that the Non- plan component is eight to ten times larger than the plan component. The Central government full finances to Central universities and gives plan grants to state universities and private colleges. Besides, this it also incurs expenditure on maintenance of central government schools and colleges. State and Central government expenditure on higher education in India from 1990-91 to 2009-10.

The table 2 shows the Plan and Non- plan expenditure of the State government on higher education. The proportion of amount spend on education has increased over the years. In 1990-91 it was only 116.4 which decreased to 103.7 in 1991-92, this amount increased to 117.8 and 155.6 in 1992-93 and 1993-94, this trend continued till the end of the 90's and during the phase of 2000 it witnessed the same trend it took a drastic heap in 2007-08 and 2008-09 by 1152.6 and 1276.2, which increased to 1590.6 in 2009-10. Therefore the Non Plan expenditure it was comparatively more in comparison to plan expenditure. In the early years of 1995-96 and 1996-97, 2891.8 and 3287.8. During the course of 2000 onwards the amount increased to 9263.3, 10822.4 and 14248.8 in respective years of 2007-08, 2008-09 and 2009-10. The amount of expenditure was highest in 2011-12 for Plan 1705.7 and for Non-plan it stood at 17535.8. It has been clear from the table that the contribution of higher education is increasing in generating effective and efficient human capital

Table 2. State Government Expenditure on Higher Education in India

Year	Plan Expenditure on Higher Education	Percentage of Plan Expenditure	Non Plan Expenditure on Higher Education	Percentage of Non- Plan Expenditure	Total Expenditure
1990-91	116.4	6.34	1720.0	93.66	1836.4
1991-92	103.7	5.32	1844.4	94.67	1948.1

Abhinav National Monthly Refereed Journal of Research In
Commerce & Management

1992-93	117.8	5.36	2077.3	94.63	2195.1
1993-94	155.6	6.01	2433.6	93.99	2589.3
1994-95	215.1	7.57	2625.9	92.42	2841.1
1995-96	266.3	8.43	2891.8	91.57	3158.1
1996-97	283.5	7.94	3287.8	92.06	3571.3
1997-98	272.0	6.94	3648.9	93.06	3920.9
1998-99	308.9	6.84	4207.8	93.16	4516.8
1999-2000	372.6	6.16	5674.3	93.84	6047.0
2000-01	347.9	5.35	6561.4	94.96	6909.4
2001-02	421.7	6.55	6018.2	93.45	6440.0
2002-03	431.2	6.07	6676.5	93.93	7107.7
2003-04	410.3	5.62	6888.2	94.38	7298.5
2004-05	494.4	6.68	6909.7	93.32	7404.2
2005-06	744.3	8.57	7937.5	91.43	8681.9
2006-07	904.6	9.44	8680.8	90.56	9585.4
2007-08	1152.6	11.07	9263.3	88.93	10416.0
2008-09	1276.2	10.55	10822.4	89.45	12098.6
2009-10	1590.6	10.04	14248.8	89.96	15939.4
2010-11	1610.2	11.04	15420.7	89.92	17131.86
2011-12	1705.7	12.17	17535.8	91.04	19344.71

Source: Annual Reports, Analysis of Budgeted Expenditure on Education Various Issues.

The table 3 shows the expenditure on education Plan and Non plan incurred by the Central government. The Plan expenditure witnessed the increasing trend throughout the time period. In 1990-91 it was 128.6, 160.6 and 149.7 in the respective years of 1992-93 and 1993-94 by the end of the 1999-2000 it stood at 461.8. In 2000 it continued with the same incurring the amount of 843.5, 1353.4, 1903.1, 3684.1 and 4090.1 in the years of 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10. In 2011 it was 4180.2 and in 2011-12 4352.5 the highest over all the years.

Whereas the Non- plan expenditure was highly incurred than the Plan expenditure. In the years of 1990-91 it was 346.9, followed by 334.5, 335.3, 357.1, 374.5 in the years of 1991-92, 1992-93, 1993-94 and 1994-95 so on. In 2000-01 it incurred 1787.7 which increased to 1602.1, 1992.2, 2822.4 and 4256.6 in 2006-07, 2007-08, 2008-09 and 2009-10. For 2010-11 and 2011-12 it was 4270.7 and 4785.9

Table 3. Central Government Expenditure on Higher Education

Year	Plan Expenditure on Higher Education	Percentage of Plan Expenditure	Non-plan Expenditure on Higher Education	Percentage Non-Plan Expenditure	Total Expenditure
1990-91	128.6	27.05	346.9	72.95	475.5
1991-92	160.7	32.43	334.5	67.49	495.6
1992-93	149.6	29.63	355.3	70.37	504.9
1993-94	157.1	30.25	357.1	69.45	514.2
1994-95	309.6	45.25	374.5	54.74	684.2
1995-96	246.3	34.54	466.8	65.46	713.1
1996-97	234.2	32.69	482.2	67.30	716.5
1997-98	374.0	39.87	564.1	60.13	938.1
1998-99	392.7	224.55	1207.2	75.45	1599.9
1999-2000	461.8	20.98	1739.5	79.02	2201.4

2000-01	497.5	21.77	1787.7	78.23	2285.3
2001-02	544.7	33.06	1102.9	66.94	1647.6
2002-03	619.1	35.34	1132.7	64.66	1751.8
2003-04	560.4	31.81	1201.1	68.19	1761.5
2004-05	810.6	38.62	1288.3	61.38	2099.0
2005-06	843.5	36.18	1487.8	63.82	2331.4
2006-07	1353.4	45.79	1602.1	54.21	2955.5
2007-08	1903.1	48.86	1992.2	51.14	3895.3
2008-09	3684.1	56.62	2822.4	43.38	6506.4
2009-10	4090.1	49.00	4256.6	51.00	8346.6
2010-11	4180.2	51.07	4270.7	51.79	8553.76
2011-12	4352.5	53.83	4785.9	54.62	9246.85

Source: Annual Reports, Analysis of Budgeted Expenditure Various Years..

Composition of Higher Educational Expenditure

Total amount of expenditure on higher education needs to be examined in terms of its composition, i.e. the main heads of expenditure within the higher education sector. The primary duty of any government is to fully support entire education sector for its infrastructure and recurring costs. Higher education requires larger amounts of funding not only to provide good knowledge but to give the country great architects.

Kinds of Grants Available

There are two kinds of grants for the universities, institutions deemed to be universities and colleges, they are-

- Developed (Plan) Grants
- Maintenance (Non-plan) Grants

Central universities and colleges affiliated to them and institutions deemed to be university receive both Plan and Non- plan grants. However, the state universities and their affiliated colleges receive only plan grants. The objective of providing plan assistance is not only to improve the infrastructure and basic facilities in the universities so as to achieve at least the threshold level but also to develop excellence level. These are not intended to supplement the requirements under maintenance grant. The UGC provides Non- plan assistance to universities to meet the recurring expenditure on salaries of teaching and non - teaching staff and for maintenance of laboratories, libraries and making obligatory payments such as taxes and bills etc. Development assistance is utilised for consolidation of existing infrastructure and for modernising teaching and research, and to meet the increasing demands of the society.

Development Grants- General Development Grants are being provided to the Central ,State and Deemed to be universities for their overall development covering aspects like enhancing access, ensuring equity, imparting relevant education, improving quality ,making the administration effective ,enhancing facilities for students, augmenting research and other plans of universities.

Plan grants are essentially in the nature of ad hoc grant provided once in five year by UGC to the Central universities on the basis of negotiations. The UGC while providing grants to individual Central universities takes into consideration their special needs and circumstances. After approval of Five Year Plans of the universities, the UGC determines their annual programmes and release of funds. The plan grant is provided for both teaching and non- teaching staff .It is for the laboratories ,special office equipment, construction of new building like academic ,administrative, staff quarters, hostels, guest houses, or major repairs or renovation of old buildings. Plan grants are also for campus development, basic medical facilities and student amenities. Apart from this universities having engineering /

technology developments receive separate grants available to UGC from All India Council of Technical Education (AICTE).

UGC formulates its proposal for the plan period which includes plan, programmes of Central universities and present them to government. these programmes are based on UGC's analysis of past performance of Central universities, their lines of development and needs .UGC also estimates the availability of resources based on allocation made in past. These proposals are then finalized after detailed discussions between UGC and government. They then go before the Planning Commission for final allocation .UGC makes a separate allocation under the plan for the development of Central universities, medical colleges of central universities and hospitals attached to them and for the building of Delhi colleges.

Maintenance Grants- The UGC provides maintenance (Non-plan) assistance to limited number of central universities for meeting the recurring expenditure on salaries of teaching and non -teaching staff and for maintenance of laboratories ,libraries and making all necessary payments. The exact amount of maintenance grant payable to central universities is determined on converging of deficit basis that is, the internal receipt is deducted out of the actual expenditure incurred in any year. No institution can build up any reserve out of the maintenance grant paid to it. This grant increase incrementally for each institution every year varying from institution to institution.

Each Central university has a Finance Committee comprising representatives of the university, local educationists and a nominee each from UGC and the Ministry of Human Resource Development (usually the Financial Advisor).In the case of central university ,it is headed by Vice- Chancellor. It is responsible for the preparation of maintenance and development budget.

The table 4 reflects the amount of Plan and Non-plan grants provided to Central universities the proportion of plan grants in 1990-91, 1991-92, 1992-93, 1993-94, 1994-95 are as follows 47.96, 17.13, 80.06, 44.35, 78.11, which further increased to 197.97 in 2003-04. And in the years of 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 it was as stated 630.35,635.58,976.42,1576.77 and 1766.65.

Whereas the percentage of Non-plan grants stood at 161.24, 185.52, 225.5, 227.6, 287.42, 304.38, 358.39 and 637.40 in the years of 1991-92, 1992-93,1993-94, 1994-95, 1995-96, 1996-97, 1997-98 and 2000-01. And this phenomenon of rise continued till the 21st century by the time it reached 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 it was 992.32, 1304.52, 1747.98, 2669.72, 2612.06 and 2974.36.

Table 4. Plan and Non Plan Grants to Central Universities in India

Year	Plan Grants	Non Plan Grants	Total
1991-92	47.96	161.24	209.2
1992-93	17.13	185.52	202.65
1993-94	80.06	225.5	305.56
1994-95	44.35	227.6	271.95
1995-96	78.11	287.42	365.53
1996-97	40.56	304.38	344.94
1997-98	75.98	358.39	334.37
2000-01	83.00	637.40	720.4
2001-02	81.31	598.69	680.00
2002-03	134.68	700.04	834.72
2003-04	197.97	692.13	890.1
2004-05	218.71	730.98	949.69
2005-06	222.73	878.65	1101.38
2006-07	480.59	992.32	1472.91
2007-08	630.35	1304.52	1934.87

2008-09	635.58	1747.98	2383.56
2009-10	976.42	2669.72	3646.14
2010-11	1576.77	2612.06	4188.83
2011-12	1766.65	2974.36	4741.01

Source: UGC Annual Reports Various Years.

There has been absence of clear cut, coherent long term policy perspectives on higher education in India. Erratic and unregulated growth of private education, uncontrolled expansion of colleges and universities by the state and central government with a subsequent lowering of standard of quality of teaching and learning are some of the unhealthy development manifested in higher education in India. In the changed situation, the universities become a system that transmits, generates and interprets knowledge. Moreover due to globalisation and the policy of WTO, western educational institutions based in India are imparting training to new students. Students are imparted teachings basing upon western curricula so as to find themselves suitable for placement in the global market but such institutions charge exorbitantly high fees.

The Government of India is ambitious for its policy of knowledge society, which is nowadays jargon among the political leaders and amateur consultants peer headed to bring large scale expansion, excellence and inclusion in the 3rd largest system of higher education in the world, in terms of enrolment. With that expectation it has planned to establish and upgrade numerous of institutions and universities across the country. This is quite clear from the Eleventh Five Year Plan (2007-12) documents, which is accustomed to the recommendation made by national Knowledge Commission (NKC), 2005-08. But if one tries to see and analyse the prevailed situations among the newly opening universities and some existing primer universities, it is found that there are many flaws and contradictions in terms of purchase dealing, land acquisition, appointment, the most dubious act, launching affirmative scheme and action, allocation of fund quality approaches and its determination and coordination.

CONCLUSION

Despite the proliferation every year 200 and more colleges are newly set up. In the name of welfare state the institutions for higher education became appendage to the government. More expansion of higher education creates havoc on government towards quality development because of paucity of funds. Hence the need of the hour for the progressive country ours in the world is privatisation of higher education to achieve globalisation.

that governments devoting a relatively larger share of their budgets to education make a relatively larger educational effort, but also have less room for increasing educational expenditures through public financing. Finally, when carrying out international comparisons it is crucial to include expenditure by all levels of government. Another important limitation results from the different accounting practices and classifications used by countries that the level of educational expenditure varies significantly between individual countries and regions, both in absolute and relative terms. Higher education in India has not received its dues, the reason being mainly the sheer neglect by government. Higher education is expected to be self-supportive i.e, it should generate total resources needed for its existence and upliftment. This is possible only when the quality of higher education is raised so as to satisfy people that they are getting their returns.

REFERENCES

1. Azad, J. L. (1975) "Government Grant for Higher Education - A Study of Pattern Procedure and Policies, Planning Commission", New Delhi.
2. Azad, J. L. "Higher Education in India, The Deepening Financial Crisis", Radiant Publishers, New Delhi, 1988.

3. Ambani, Mukesh and Birla, Kumar Mangalam. (2000). A Policy Framework of Reforms in Higher Education, PMDST, New Delhi: Deptt. of Science & Technology.
4. Barnett, Ronald. (1992) Improving Higher Education: Total Quality Care, Oxford University Press, also see, Vinod N. Sambrani, "Quality Assurance in Higher education: The Role of NAAC" University News (New Delhi), p.13.
5. Das, S. (2007), "The Higher Education in India and the Challenge of Globalisation" Social Scientist, Vol. 35, (3&4) (March-April), pp. 47-67.
6. Day, B. (1963), "On Costing of Education", in Pandit, H.N. (ed.), Measurement of Cost, Productivity and Efficiency of Education, National Council for Educational Research and Training(NCERT), New Delhi.
7. Debi, S.S. (1988), Economics of Higher Education, Thalan Anu Books, New Delhi.
8. Guraya (1994), "Varsities Need More Funds for Research", The Tribune, Chandigarh, September 27, pp.05.
9. Hariharan, R. (2004). The Role of Technical Education in the interaction between institute and industry. University News. 42(46). 145- 146.
10. Harbinson, Frederick& Myers, Charles A. 1974. "Education Man-power & Economic Growth", Strategies of Human Resource Development, Oxford & IB Publishing Co. New Delhi.
11. Reforming Education Financing (2000), National Institute of Education, Planning and Administration (NIEPA), New Delhi.
12. Subiah.A (2004) "Budget expenditure on education in India", University News Vol 42, No 52; pp70-72.

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**ROLE OF INFRASTRUCTURE IN PROMOTING ECONOMIC
GROWTH IN INDIA**

Rashmi Pandey

Assistant Professor, Bora Institute of Management Sciences,

Lucknow, India

Email: rash.1350@gmail.com

ABSTRACT

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes transport, telecommunications, energy, water, health, housing, and educational facilities have become part and parcel of human existence. It is difficult to imagine a modern world without these facilities. These are vital to the household life as well as to the economic activity. Infrastructure plays a crucial role in promoting economic growth and thereby contributes to the reduction of economic disparity, poverty and deprivations in a country. Greater access of the poor to education and health services, water and sanitation, road network and electricity is needed to bring equitable development and social empowerment. It is an important pre-condition for sustainable economic and social development. Infrastructural investments in transport (roads, railways, ports and civil aviation), power, irrigation, watersheds, hydroelectric works, scientific research and training, markets and warehousing, communications and informatics, education, health and family welfare play a strategic but indirect role in the development process, but makes a significant contribution towards growth by increasing the factor productivity of land, labour and capital in the production process, especially safe drinking water and sanitation, basic educational facilities strongly influence to the quality of life of the people. Finally it concludes infrastructure helps in improving economic growth and development.

Keywords: Infrastructure; Growth and Development; Infrastructural Investments; Social Development

INTRODUCTION

Infrastructure is one of the important factors that drive the economic growth of a country. Good infrastructure is the basic requirement for any production process to work efficiently. Infrastructure itself may not be the part of the production process, but is important for the services it provides. It is an important input to the production process and raises the productivity of other sectors. Infrastructure connects goods to the markets, workers to industry, people to services and the poor in rural areas to urban growth centers. Infrastructure lowers costs, enlarges markets and facilitates trade. Thus, infrastructure provides services that support economic growth by increasing the productivity of labor and capital thereby reducing the costs of production and raising profitability, production, income and employment. A country's development is strongly linked to its infrastructure strength and its ability to expand trade, cope with population growth, reduce poverty and produce inclusive growth. The World Bank in its "World Development Report 1994" pointed out that productivity growth is higher in countries with an adequate and efficient supply of infrastructure services. Provision of infrastructure services to meet the demands of business, households and other users is one of the major challenges of

economic development. In many surveys conducted by World Bank Group, private investors have cited reliable infrastructure services as an important consideration in their investment decisions. The report also points out that “infrastructure capacity grows step by step with economic output – a one percent increase in the stock of infrastructure is associated with a one percent increase in gross domestic product (GDP) across all countries”. In an increasingly globalizing world, availability of good quality infrastructure is a crucial factor in attracting foreign investments. Availability and accessibility of adequate infrastructure in a country on par with international community is an indicator of the presence of high quality of life.

OBJECTIVE OF THE STUDY

Every economy either developing or developed has two kinds of main basic objectives one providing basic needs and facilities to their population second achieving higher growth rates. The present paper provides how infrastructure impacts growth and development. How infrastructure plays a dynamic role to fulfill their growth targets as well as achieving higher living standards of their mass population.

The objectives of the present study

1. To examine the theoretical framework of infrastructure.
2. To analyse the socio economic relationship between infrastructure development and economic growth.

Infrastructure and Economic Growth -Linkage

India's infrastructure and transport sector contributes about 5% of its GDP. India has the world's second largest road network in quantitative terms, covering more than 4.3 million kilometers. Qualitatively, India's roads are a mix of modern highways and narrow, unpaved roads. India also has the lowest kilometer lane road density per 100,000 people among G-27 countries — leading to traffic congestion. It is upgrading its infrastructure. As of May 2014, India had completed and placed in use over 22,600 kilometres of recently built 4 or 6-lane highways connecting most of its major manufacturing, commercial and cultural centers. India's road infrastructure carries 60% of freight and 87% of passenger traffic.

Indian Railways is the fourth largest rail network in the world, with a track length of 114,500 kilometers and 7,172 stations. This government owned and operated railway network carried an average of 23 million passengers a day, and over a billion tons of freight a year. India has a coastline of 7,500 kilometers with 13 major ports and 60 operational non-major ports, which together handle 95% of the country's external trade by volume and 70% by value (rest handled by air). Nhava Sheva, Mumbai is the largest public port, while Mundra is the largest private sea port. The airport infrastructure of India includes 125 airports of which 66 airports are licensed to handle both passengers and logistics.

About 74 people out of 100 have land or wireless telephones in India, or about 927 million telephone subscribers, two-thirds of them in urban areas. Internet use has been growing rapidly in India, with an estimated 243 million users in June 2014. This is projected to grow to 330–370 million users by 2016.

Infrastructure Development In India

Given the fact that strong infrastructure facilities form the backbone of a nation's economy, the Indian government began to shift its focus to infrastructure development, as was evident from the 10th and 11th Five Year plans. During this period, the Planning Commission identified inadequate infrastructure as a significant barrier to economic growth. It persuaded the government to undertake initiatives such as public private partnerships (PPPs), to draw private sector investments into the infrastructure sector. This move has benefited several infrastructure companies, and has consequently renewed their interest in undertaking large scale infrastructure projects within the country. Infrastructure investments are expected to double from Rs 9,19,225 crore (US\$ 169.9 billion)during

the 10th Five Year Plan (2002–07) to Rs 20,54,205 crore (US\$ 379.6 billion) during the 11th Five Year Plan (2007–12)

Electricity

The revised projections for investments in electricity are marginally lower than the original projections, primarily because of lower contribution from the public sector. On the other hand, private sector investment increased 55 per cent from the initial estimates. The government has liberalised its policies to facilitate 100 per cent FDI in all segments of the power sector, including power trading. This is expected to increase private sector investments approximately 40 per cent during the 12th five year plan. Further, the addition of power generation capacity is likely to show a deficit of close to 20,000 MW with a capacity of only 58,000 MW likely to be achieved by the end of the 11th plan, primarily due to unforeseeable reasons, such as floods and local agitations.

Roads

The projected investment in roadways is pegged at Rs 2,78,658 crore (US\$ 51.5 billion), approximately 11 per cent lower than the original projection. The reason for this decrease is the inability of the National Highway Authority of India (NHAI) to award an adequate number of projects during the first half of the 11th Five Year Plan period.⁸ In addition, many PPP projects did not find bidders due to concerns regarding feasibility and unreasonable eligibility criteria. For example, companies selected for eight or more projects were not allowed to bid for the third phase of the National Highway Development Project.⁷ Despite these shortfalls, the central government launched a scheme, Pradhan Mantri Gram Sadak Yojna, to invest in the roadways sector, at the beginning of the last decade. The scheme aims to connect all villages with a population of more than 500 and 250 persons in plain and hilly areas, respectively.^{8,10} During the 11th Five Year Plan, the government completed the Golden Quadrilateral project and the East-West-North-South Links, started in the 10th Five Year Plan.

Telecommunications

The telecommunications sector performed fairly well during the 11th Five Year Plan, and is expected to reach Rs 344,921 crore (US\$ 63.7 billion) by the end of 2012, at growth rate of over 26 per cent. The projected investment in the 11th Five Year Plan increased 34 per cent from the original projection. This increase was primarily because of huge cash inflow from the private sector and stiff competition, which brought down costs and improved quality.

Railways

Investments in railways are expected to exhibit a deficit of more than 23 per cent from the original projections by the end of the 11th Five Year Plan. However, the government is taking significant initiatives, such as PPP projects in the railways sectors, some of which have already materialised or are in the pipeline.

Examples of PPP projects in railways are as follows:

- Modernising 50 identified train stations
- Developing a 60 kilometer long elevated rail system in Mumbai
- Constructing metro rail systems in Delhi, Mumbai, Hyderabad, Kolkata¹³ and Chennai¹³, and launching the High Speed Rail Project in Bengaluru.

Airports and Ports

Investment in the airports sector has marginally exceeded expectations, with the private sector accounting for 64 per cent of the investments. These investments received a significant boost due to the Bengaluru, Delhi and Hyderabad airport projects.

Additional initiatives for development are as follows:

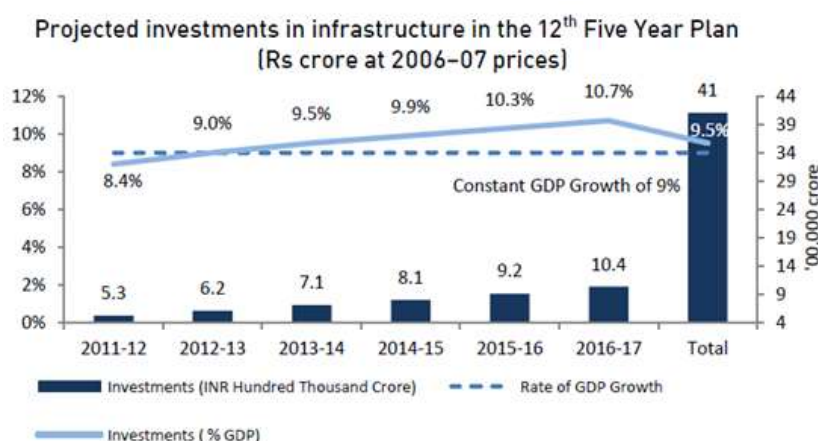
1. Upgrade 35 city airports through PPP initiatives.
2. Upgrade airports in metro and non metro cities in collaboration with Airports Authority of India, which is investing approximately Rs 15,673.5 crore (US\$ 2.9billion)
3. Inaugurated India's first aerospace SEZ, costing Rs 165.7 crore (US\$ 30.6million), in Belgaum, Karnataka. In case of the ports sector, actual investment is 50 per cent less than the expected investment, primarily because there were few PPP projects in the sector.

Water Supply and Irrigation

Irrigation solely remains under the control of the public sector; however, the 11th Five Year Plan has considered drawing private investments of up to 2 per cent in water supply.

2012-13 Union Budget and Approach to 12th Five Year Plan

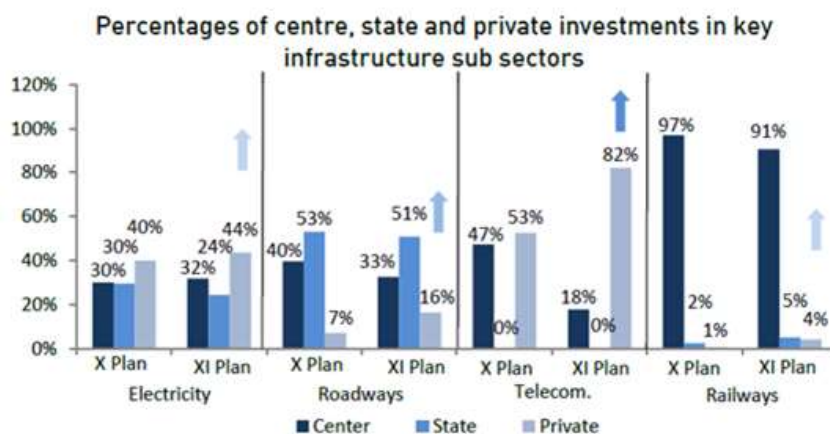
According to experts, spending on the sector needs to increase to more than 10per cent of GDP by 2017 to achieve and sustain 8 to 9 per cent economic growth. Figure 1 represents projections data for the 12th Five Year Plan as released during the midterm appraisal of the 11th Five Year Plan.



Source: Planning Commission

Figure 1

As shown in Figure 2, telecommunications and roadways are performing better in terms of drawing private sector investments, while the electricity sub sector also exhibited a rise.



Source: Planning Commission

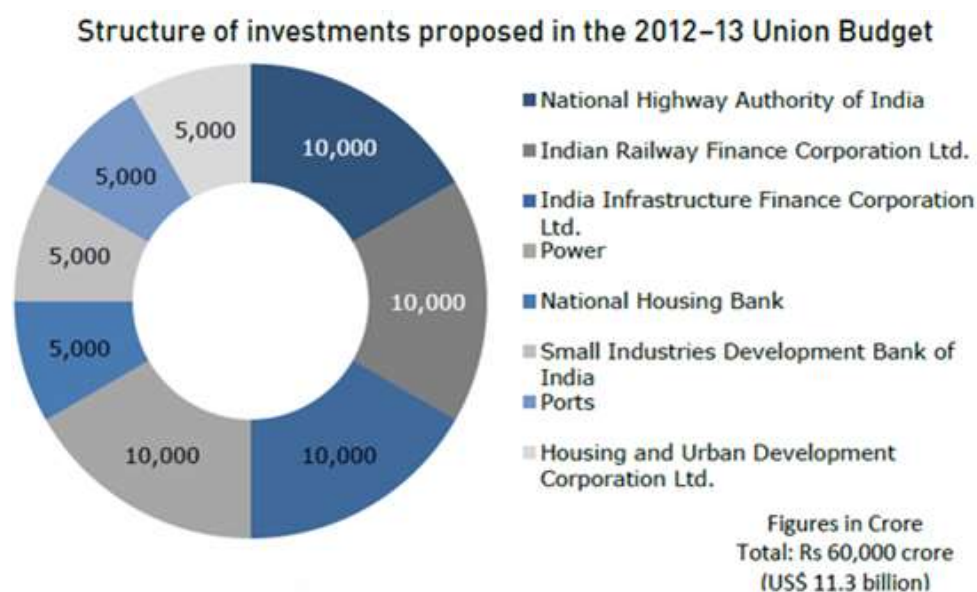
Figure 2

In line with the 10th and 11th plans, infrastructure continues to be a focus area for the government, and experts envisage a total investment of approximately US\$ 1trillion in India’s infrastructure sector during the 12th Five Year Plan. Of this amount, 50 per cent is expected to come from the private sector in the form of both debt and equity. Since such large scale investments are expected to come from the private sector, the Indian government’s 2012–13 Union Budget strives to make the environment more investor friendly.

How 2012–13 Union Budget Benefits Indian Infrastructure Sector

Infrastructure remains a key sector for the Indian economy, which was reemphasized by the former Finance Minister, Mr. Pranab Mukherjee, when he stated that the country needs to focus on a domestic demand driven growth recovery, which can be achieved through infrastructure and industrial development. For this purpose, the 2012–13 Union Budget allowed financial institutions to raise Rs 60,000 crore (US\$ 11 billion) from tax free bonds, up Rs30,000 crore (US\$ 5.5 billion) from the previous year’s budget, to invest in the infrastructure sector.

Structure of investments proposed in the 2012–13 Union Budget.



Source: The economic Times

Figure 3

To encourage more private players to invest in the sub sectors, the government added irrigation, terminal markets, and oil and gas storage facilities to the list of sectors eligible for Viability Gap Funding (VGF). Also, the government launched the first Infrastructure Debt Fund, valued at Rs8,000 crore (US\$ 1.5 billion). The fund was formed in partnership with ICICI Bank, Bank of Baroda, Citibank and Life Insurance Corporation of India, to invest in PPP infrastructure projects that are operational for more than one year.

Approach To 12th Five Year Plan and Other Government initiatives

The government plans to draw an even mix of public and private sector investments in the 12th Five Year Plan through PPP and other initiatives. Number of PPP projects were initiated at both the centre and state levels during the 10th and 11th Five Year Plans, most of which are already completed.

Public Private Partnerships (PPPs)

PPPs have traditionally been formed to enhance the productivity and efficiency of infrastructure development activities. This is an instrument to draw significant private sector investments. The

primary advantage of PPPs over traditional public procurement is efficiency gains in terms of both time, and cost.

The transportation sector sees the maximum number of PPPs at both the centre and state levels. The major PPP projects, completed or undertaken, include four airport projects in Delhi, Mumbai (Maharashtra), Bengaluru(Karnataka) and Hyderabad (Andhra Pradesh); four major power projects in Sasan (Madhya Pradesh), Mundra (Gujarat), Krishnapatnap (Andhra Pradesh), Tilaiya (Jharkhand); a power transmission project in Jhajjar(Haryana); and 298 national and state highway projects, including the foreplaning of 10,000 kilometers of high density highways.

These projects are normally awarded through the build, operate and transfer (BOT) model.

Table 1. Information obtained from the secretariat for infrastructure on PPP projects in the central sector, as on 31 March 2011

PPP projects in the pipeline in the central sector (cost in Rs crore)				
Sector	Pipeline		Total (including completed)	
	Number	Cost	Number	Cost
National Highways	60	52,573	242	176,167
Major Ports	24	16,964	73	60,779
Airports	14	12,387	19	41,580
Railways	6	95,535	15	99,064
Total	104	1,77,439 crore (US\$ 33.4 billion)	349	3,77,590 crore (US\$ 71.2 billion)

The central government focuses on the development of national highways, while the state government focuses on the development of roads and urban infrastructure. With the help of PPPs, the state government has completed 340 projects, with 432 in the implementation stage and about 850 in the pipeline, at ante project cost of Rs 7,20,597 crore (US\$ 133 billion). The government has launched many policy initiatives to standardize processes and streamline the awarding of PPP projects, thereby making private participation easier. Some of these initiatives are as follows:

- Cabinet committee on infrastructure²⁵: The Cabinet Committee on Infrastructure was formed in 2009, with the Prime Minister as its chairman.
- The primary objectives of this committee are as follows:
- Approve or disapprove all proposals valued at more than Rs 150 crore (US\$ 28 million), covering the infrastructure sector.
- Formulate policies and decide on measures to enhance investments by increasing private sector participation
- Ensure the progress of ongoing infrastructure projects, and evaluate the performance of infrastructure sub sectors
- Viability Gap Funding (VGF) ^{26,27}: Some projects are beneficial for the economy and promote trade but are non-profitable for private companies. VGF is a scheme under which the government invests up to 40 per cent (of which, up to 20 per cent comes from the central government and 20 per cent from the state government and associated ministries) of the total

project cost to make these projects viable for the private sector under the PPP route. The government also encourages competitive bids in such projects and awards projects to companies that require the least VGF support. This scheme helps the government leverage public and private resources to fund large scale infrastructure projects, thereby speeding up development.

- Empowered Committee/Institution (EC/EI)²⁸: The government set up the EC and the EC in 2005, primarily to support PPPs in the infrastructure sector.
- Empowered Committee (EC): The EC is constituted by secretaries from the Department of Economic Affairs, the Planning Commission, Expenditure, and the line Ministry dealing with the particular project.
- The EC is authorised to sanction VGF of up to Rs 200 crore (US\$ 37million), with the permission of the Finance Ministry. The committee can also sanction budgets exceeding Rs 200 crore (US\$ 37 million), after seeking the Finance Minister's approval. Additionally, the EC efficiently and fairly distributes funds across all infrastructure subsectors.
- Empowered Institution (EI): The EI is authorised to sanction VGF projects of up to Rs 100 crore (US\$ 18 million), with the permission of the Finance Ministry. The EI also reviews proposals before presenting them to the EC.
- India Infrastructure Finance Company Ltd. (IIFCL)²⁹: The central government set up IIFCL to provide loans of up to 20 per cent of the total project cost to fund long term infrastructure projects.
- Model Concession Agreements, and other documents:³⁰ The Model Concession Agreements and other documents comprise a standardised list of frameworks, such as Model Request for Qualifications (RFQs), Model Request for Proposals (RFPs), and guidelines and manuals, which makes the bidding and awarding of PPP projects more transparent and competitive.
- This also helps the state and central governments to perform due diligence before awarding projects. Initiatives such as doubling the permitted investments to be raised from tax free bonds along with the incorporation of irrigation, terminal markets and oil and gas storage facilities in the sectors eligible for VGF, and the numerous policies devised to streamline the awarding of PPP projects set the stage for sustainable infrastructure growth in the 12th Five Year Plan.

CONCLUSION

Development of the infrastructure sector is crucial to the growth of the Indian economy. Sustainable development can only be attained through a careful analysis of the factors that have mitigated growth in the past, and thereafter, taking the appropriate corrective measures. Over the last decade, the Indian government has made significant efforts to eliminate bottlenecks in these areas. It has initiated policies and schemes such as ECs/EIs and Model Concession Agreements to increase the inflow of private sector investments and make the bidding process for projects more transparent. Some factors that could be a key enabler for future growth are:

- Awarding a higher number of projects: This can be achieved through efficiently awarding projects as required in each of infrastructure's subsectors, especially through the PPP mode, and by easing the selection criteria for private investors.
- Efficient implementation of tendered projects: Successful infrastructure projects demand efficient implementation for curbing cost and time overruns of 20–25 per cent.
- Assessing the viability of PPP projects: The viability of PPP projects should be carefully assessed in terms of availability of sufficient VGF and cost estimates, while minimizing the

liability to be borne by the private sector enterprises, thereby making the investment a profitable option. In the 12th Five Year Plan, a sizeable share of investments will be drawn through PPPs. As per the analysis in this report, the sub sectors with more private investments are growing faster than the others. In fact, the Indian government is also focusing on increasing private sector investment to 50 per cent in the 12th Five Year Plan. The roadways and other transportation domains reported the maximum number of PPP projects. The government plans to introduce PPPs in the utilities sector, with focus on power transmission, water supply, health and education. The country's investment in infrastructure should increase to at least 10 per cent of its GDP by 2017 to achieve and sustain 8 to 9 per cent GDP growth over the next five years.

REFERENCES

1. "A SPECIAL REPORT ON INDIA: Ruled by laxmi" The Economist. 11 December 2008. Retrieved 12 July 2009.
2. Aschauer, D. A. (June, 1990). Why is infrastructure important? Conference proceedings, Conference series no. 34, Federal Reserve Bank of Boston
3. Ghosh, B., & De, P. (2000). Linkage between infrastructure and income among Indian states: a tale of rising disparity since independence. Indian Journal of Applied Economics
4. Government of India (2005) Scheme for Support to Public Private Partnership in Infrastructure, Ministry of Finance, New Delhi.
5. Government of India (2007) Economic Survey 2006-07, Ministry of Finance, New Delhi.

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**A STUDY ON COMPETENCY DEVELOPMENT AND ITS
IMPACT ON ORGANISATIONAL PERFORMANCE WITH
REFERENCE TO CEMENT INDUSTRIES AT KADAPA
REGION OF AP**

Hameemkhan Pathan

Assistant Professor, Balaji Institute of IT and Management,
Kadapa, India
Email: pathan@gmail.com

ABSTRACT

Human resource management is a process of bringing people and organizations together so that the goals of each other are met. Nowadays it is not possible to show a good financial or operating report unless your personnel relations are in order. In today's competitive world it is becoming very important to build on the competitive activities of the business, particularly regarding what competencies a business needs to have in order to compete in a specific environment Over the years, highly skilled and knowledge based jobs are increasing while low skilled jobs are decreasing. Competency development identifies an individual's strengths and Iaknesses in order to help them better understand themselves and to show them where career development efforts need to be directed. Competency development is not only done for Confirmed employees of an organization and it can also be done for contract workers or for those seeking employment to emphasize the specific skills which would make them valuable to a potential employer. The main aim of this study was to know the process of competency development in organizations, to identify the components that are offered in the cement industries operating at Kadapa region of Andhra Pradesh.

Keywords: Competency; Organization; Performance; Development; Management

INTRODUCTION

These skills, knowledge and attitudes required for the work are usually collectively referred as competencies. The competency framework serves as the bedrock for all HR applications. As a result of competency development, all the HR processes like talent induction, management development, appraisals and training yield much better results. Competencies and skills management have been highly linked to the efforts of companies to create a setting for the empowerment of their workforce in order to increase a competitive advantage, innovation effectiveness. Yet often to perform Ill, it is not enough just to have these skills. It is also critical to complement the skills with the necessary knowledge and attitudes.

LITERATURE REVIEW

Kuijpers (2003) discerns three important types of competencies at work. First, functional competencies are defined as the knowledge and skills necessary for employees to successfully perform their jobs. These functional competencies are based upon the employees' tasks and roles and, hence, differ according to the industry and function. Second, learning competencies are defined as the individual characteristics of an employee that enable him/her to develop new functional competencies.

According to Lindley (2002), learning competencies increasingly gain importance in the work environment since the rise of the knowledge economy and the growing need for flexibility make it important for employees to continuously invest in their development.

RESEARCH METHODOLOGY

NEED FOR THE STUDY

There are some useful benefits of using competency model for the company, managers, and employees as III.

For The Company

- Establish performance appraisal by a systematic approach for career growth which results in improved job satisfaction and better employee retention.
- Increase the effectiveness of training and professional development programs by linking them to the success criteria.

For Managers

- Identify performance level to improve the accuracy of selection process.
- Provide good communication, Develops Employer Employee relationship.

OBJECTIVES OF THE STUDY

1. To find out the effect or impact of the Competency development on organizational performance.
2. To identify the particular Competency development that increases the highest degree of performance.

SCOPE OF THE STUDY

- The study analyses the skill level of Workmen in the organization, so that the training needs can be found out.
- The study could also provide an insight to the staff's multi-skill level.
- The model can be simulated in other divisions as III as other units

RESEARCH DESIGN

I have undertaken Descriptive Research Design to Study the compensation management system in Cement industry at Kadapa Region.

Samples & Sampling Technique

It was quite difficult to conduct census study in terms of covering all employees at cement industries, so I have relied upon Sample Study by selecting samples through Convenience Sampling Method from Management Level acting as a representative of census population. Sample Size Selected is 50 Management Employees from cement industries like Bharati cements Ltd, Zuari cements, & Dalmia cements Pvt. Ltd. Operating at Kadapa Region.

Tools Adopted For the Study

Survey method is used for Data collection work which is commonly practiced to collect primary data from the respondents. I have relied upon Questionnaire as a tool for collecting primary data to carry out Research Work. Structured Questionnaire was used to elicit the necessary information from the respondents which is a combination of both Close ended and open ended questions.

Hypothesis Testing

Test on organizational performance depends on competency development level or not
 Ho: There is no significance relationship between organizational performance & employee satisfaction towards competency development.
 H1: There is significance relationship between organizational performance & Employee Satisfaction towards competency development.

Calculation:

Satisfaction Organizational performance	Competency development Satisfied	Competency development Dissatisfied	TOTAL
Yes	36	4	40
No	7	3	10
Total	43	7	50

Observed Frequencies:

$$E_{ij} = R_i * C_j / N$$

For,

$$E_{11} = (40/50) * (43) = 34.4$$

$$E_{12} = (40/50) * (7) = 5.6$$

$$E_{21} = (10/50) * (43) = 8.6$$

$$E_{22} = (10/50) * (7) = 1.4$$

Expected Frequencies Table

Satisfaction Organizational performance	Competency Development Satisfied	Competency development Dissatisfied	TOTAL
Yes	34.4	5.6	40
No	8.6	1.4	10
Total	43	7	50

Calculation Table

O	E	(O-E) ²	(O-E) ² / E
36	34.4	2.56	0.07
7	8.6	2.56	0.30
4	5.6	2.56	0.46
3	1.4	2.56	1.83
Total			2.96

$$\chi^2 = \sum (O-E)^2 / N$$

$$= 2.96$$

Degree of Freedom:

$$= [C-1] [R-1]$$

$$= [2-1] [2-1]$$

$$= [1] [1]$$

$$= 1$$

Table Value

Looking into χ^2 table at 10% & degree of freedom 1, the value is 2.706. The calculated value of χ^2 2.96 is greater than the table value. Thus, the Null (H_0) hypothesis is rejected. Hence, organizational performance level & Employee satisfaction level towards competency development have significance relationship.

MAJOR FINDINGS OF THE STUDY

- Major components of competency development are skill development, knowledge development and attitude development & Employees are agreed that compensation structure is as per their expectation in Cement industry at Kadapa Region.
- It is found that Competitors Benchmarking (35%) is the main factor, retrenchment (33%) is the next important factor, lastly Training & Development are the factors on the basis of which organization decide to conduct competency development program for their employees.
- Major factors which hinders compensation management system are Market Rate in industry (40%), organization ability to pay (35%) are most critical components & lastly Availability of skilled employees in the market (15%) & Demand & Supply of employees (10%) also hinder compensation system in Cement industry.
- Organization increase competencies on Annual Basis & it is based on the performance of employees during the preceding year.
- 76% of the respondents agreed that competency development has direct effect on the productivity level of organization.
- It can be found that majority of respondents (80%) are satisfied while very few them (20%) opined that they are dissatisfied with their competency development system.
- From the Study, it can be opined that majority of respondents (90%) agreed that competency development help an organization to improve performance.

RECOMMENDATIONS FOR THE STUDY

It has been observed through the study that the Competency development at cement Industry is good But certain suggestions to make it more better as under:-

- Organization should ensure that the key in designing any competency development is to develop and understanding of the firm's vision and direction. A Ill-designed competency development plan becomes one of many tools a firm can use to help reach its strategic goals.
- Organizations should try to design its pay as per Competencies. It should continuously analyses its key position to determine what competencies i.e. skills, knowledge, attributes that differentiate average from outstanding performance. Particularly that competencies which are most critical to achieve the organization future focused objectives.
- It has been known through the study that major Cement industry players provides career information, tools and resources to facilitate career and professional development, but employees are equally responsible for managing their own careers. This can include conveying their career goals, looking for ways to enrich and enlarge their jobs, building future focused professional skills.
- Organizations must allocate proper budget for competency development.
- Analyze all aspects of competency development with detailed reports, analytics and interactive dashboards to make more important decisions.
- Ensuring that Competency development system reduces complexities and improve visibility by Centralized Competency development practice data.

CONCLUSION

Competency is a set of knowledge, skills and attitudes required to perform a job effectively and efficiently. A Competency is said to be how a job might be done excellently. A Competence only describes what has to be done. Competency development is one of the most accurate means in identifying the job and behavioral competencies of an individual in an organization. Competency development majorly focus on training and development but it should not be seen as rewards. Competency development is not only done for Confirmed employees of an organization and it can also be done for those seeking employment to emphasize the specific skills which would make them valuable to a potential employer. Finally, as a cost saving measure as well as creating a sense of loyalty, the top management should think in terms of developing internal training to the employees, employees who got the requisite skills & expertise and have excelled may be identified and can be developed as trainer.

DIRECTION FOR FUTURE RESEARCH

- On the basis of the findings of this study will help an researcher or to cement industry players in terms of introducing different training and development to improve employees performance.
- Secondly it help all cement industries to design the tailor-made competency development structure for different types of workers like Directors & Executives, Sales & Customer Service Employees & lastly for Knowledge Workers.

REFERENCES

1. Andrew May (1999) Developing management competencies for fast – changing organization, Career Development International, Vol.4, No.6, pp.336-339.
2. Aswathappa, Organisational Behaviour, Seventh Edition, Himalaya Publishing House (2007), pp.249-250.
3. Adrian Furnham, a Question of Competency, Personnel Management (1990), Vol.22, No.6, p.37.
4. Gaspar Robert (2012) A Study on the Perception of Human Resource Executives On Competency Mapping for the Superior Results, International Journal of Social Science Tomorrow, Vol.1, No.8.
5. Klemp, G. O. (1980) The Assessment of Occupational Competence, National Institute of Education, Washington DC.
6. McClelland, D.C. (1973) Testing for competence rather than intelligence, American Psychologist, 28, 1-14.
7. Text Book Strategy for Human Resources by Draver, Douhauty ,(Publication TATA McGraw Hills)2007
8. The Competencies Handbook, 2005, Steve Whiddett & Sarah Hollyford, Jaico Publishing House.
9. The Handbook of Competency Mapping, Understanding, Designing & Implementing competency models in Organization, Seema Sanghi, 2004,pg.20-28, Response Books.
10. [http://www .Strategicmanagement.com](http://www.Strategicmanagement.com)
11. <http://www.addedv.com>
12. <http://www.allmbastuff.blogspot.com>.

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

BRANDING BEYOND MARKETING

Dr. Madhulika Bhargava

Assistant Professor , SAV Jain Girls College,
Sriganganagar (Raj.) , India
Email: bhargava.madhulika@gmail.com

ABSTRACT

In the past, the management of an organization's brand has usually been the sole domain of the organization's marketing team. However, with the evolution of the Internet and people's need for instant information, there is a greater call for public relations professionals to become more directly involved with an organization's brand management. Simply put, your brand is your promise to your customer. It tells them what they can expect from your products and services, and it differentiates your offering from your competitors'. Your brand is derived from who you are, who you want to be and who people perceive you to be. To succeed in branding you must understand the needs and wants of your customers and prospects. You do this by integrating your brand strategies through your company at every point of public contact. Your brand resides within the hearts and minds of customers, clients, and prospects. It is the sum total of their experiences and perceptions, some of which you can influence, and some that you cannot. This paper finds the strategies through which Branding goes beyond Marketing.

Keywords: Branding; Strategies; Marketing; Brand Management

INTRODUCTION

Brands and Branding are by no means a new phenomenon. Brands serve several valuable functions. They serve as markers for the offerings of a firm. For customers, brands can simplify choice and reduce the risk. The American Marketing Association (AMA) defines a brand as a "name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers.

It makes sense to understand that branding is not about getting your target market to choose you over the competition, but it is about getting your prospects to see you as the only one that provides a solution to their problem.

The objectives that a good brand will achieve include:

- Delivers the message clearly
- Confirms your credibility
- Connects your target prospects emotionally
- Motivates the buyer
- Concretes User Loyalty

Branding is one of the most important aspects of any business, large or small, retail or B2B. An effective brand strategy gives you a major edge in increasingly competitive markets. But what exactly does "branding" mean? How does it affect a small business like yours?

Simply put, your brand is your promise to your customer. It tells them what they can expect from your products and services, and it differentiates your offering from your competitors'. Your brand is derived from who you are, who you want to be and who people perceive you to be.

Are you the innovative maverick in your industry? Or the experienced, reliable one? Is your product the high-cost, high-quality option, or the low-cost, high-value option? You can't be both, and you can't be all things to all people. Who you are should be based to some extent on who your target customers want and need you to be. Essentially, brand is more than simply a corporate logo; it is anything people can associate an organization with, whether it is a paid advertisement or an article found in a newspaper. This is where brand management becomes important and PR professionals must be vigilant.

It is not enough for public relations professionals to simply communicate news to the media; they must somehow communicate the persona of their organization. For example, Google, the company that runs the best-known and most-used search engine on the Web, has a very distinctive brand. Most Internet users could visually identify its logo. However, Google's branding efforts do not stop there.

The company has worked hard to combat Internet users' doubts about the quality of Web search results. Most of the main stream search engines sell advertising in order to make money and many people have accused these companies of skewing search results for money – giving certain web sites a higher ranking in exchange for purchasing paid advertising.

However, Google is well-known for the clear division it places between its search results and its advertising business. The visual separation on Google's Web site is an example: search results are prevalent on the left and occupy at the very least 90 per cent of the page, while advertising occupies very little space and is not intrusive to the user. Most importantly, the search results are generated from the intelligence of Google's product and are not influenced by purchasing advertising.

Google makes this very clear each and every time it speaks to the media. When a spokesperson does an interview or the company issues a press release regarding its search engine, it is quick to point out the division. In fact, it says it is part of its corporate philosophy – hence, it has become part of its brand. Google is known for its technical innovation and the quality of its search results, and not as a company that is just interested in money.

Furthermore, to ensure the organization's branding is being effectively communicated to the media, it also must be properly managed. If the brand or persona of the organization is not being properly communicated, problems can be identified through analysis of the media coverage and the necessary adjustments can be made by the PR team to get the proper message out.

By tracking key messages, taglines, or buzzwords in the media coverage, the public relations team can measure how well its organization is communicating. It could be there are stop words the PR team wants to avoid using to prevent confusion and miscommunication. These too can be measured. Media coverage can also be measured against other performance indicators such as sales and stock prices. This could be a good indicator to measure how well a brand is being perceived in the media and with an organization's key publics.

To most companies, brand is just as important as the products they create and services they provide, and it must be properly managed. Public relations professionals have a key role to play in shaping and maintaining an organization's brand – this responsibility cannot be left solely to the organization's marketing team. Not only is the PR team responsible for communicating the brand, but it also must be vigilant through media analysis. The foundation of your brand is your logo. Your website, packaging and promotional materials--all of which should integrate your logo--communicate your brand.

OBJECTIVE

1. To determine the impact of corporate image on customer purchases and firm's value & profitability

2. To evaluate the contribution of marketing factors towards brand building
3. To determine the role of branding in acquiring & retaining the customers

Brand Strategy & Equity

Your brand strategy is how, what, where, when and to whom you plan on communicating and delivering on your brand messages. Where you advertise is part of your brand strategy. Your distribution channels are also part of your brand strategy. And what you communicate visually and verbally are part of your brand strategy, too.

Consistent, strategic branding leads to a strong brand equity, which means the added value brought to your company's products or services that allows you to charge more for your brand than what identical, unbranded products command. The most obvious example of this is Coke vs. a generic soda. Because Coca-Cola has built powerful brand equity, it can charge more for its product--and customers will pay that higher price.

The added value intrinsic to brand equity frequently comes in the form of perceived quality or emotional attachment. For example, Nike associates its products with star athletes, hoping customers will transfer their emotional attachment from the athlete to the product. For Nike, it's not just the shoe's features that sell the shoe.

Defining Your Brand

Defining your brand is like a journey of business self-discovery. It can be difficult, time-consuming and uncomfortable. It requires, at the very least, that you answer the questions below:

- What is your company's mission?
- What are the benefits and features of your products or services?
- What do your customers and prospects already think of your company?
- What qualities do you want them to associate with your company?

To succeed in branding you must understand the needs and wants of your customers and prospects. You do this by integrating your brand strategies through your company at every point of public contact. Your brand resides within the hearts and minds of customers, clients, and prospects. It is the sum total of their experiences and perceptions, some of which you can influence, and some that you cannot.

A strong brand is invaluable as the battle for customers intensifies day by day. It's important to spend time investing in researching, defining, and building your brand. After your entire brand is the source of a promise to your consumer. It's a foundational piece in your marketing communication and one you do not want to be without.

Imagine you are about to embark on a trip of a lifetime. You've received brochures for a luxury resort. The rooms are lavish; the grounds impeccable. Photos of the restaurant's signature dishes look delectable. You're sold. You go to the hotel. The room is musty and a tad dirty. The food is barely passable. Service is spotty at best. When you complain to management, you're met with indifference, or worse, silence.

Branding goes well beyond marketing. It will not be successful without ensuring that all aspects of your business reflect and support your intended brand. One of your most valuable assets—your people—must be well-trained in articulating and delivering on your brand. This step is particularly important for service organizations that don't have concrete products. Their offerings are soft assets like knowledge, experience and people.

When employees don't deliver the brand, it can be the kiss of death for a business. Don't believe me? Visit a hotel review web site like TripAdvisor.com. Peruse travelers' comments and you'll likely come

across more than a few who cite poor customer service for their negative hotel reviews. Conversely, employees who represent the brand flawlessly and consistently can propel a business to stardom.

Brand: The Sum of All Its Parts

Despite what many believe, brand isn't about your logo, tagline and glossy brochure. Instead, a strong brand integrates multiple components, all of them necessary, including customer interactions, employee communications, corporate philosophy and advertising/marketing efforts. Your brand extends to your employees, customers, the media and even the general public as the above story illustrates. If these components don't consistently reinforce your brand, customers will become dissatisfied. The negative impact of their perception, should they voice their opinions to other potential customers or even the media, could have a ripple effect on your business. This can erode your brand equity and create misperceptions about your company in the market, that in turn could lead prospective customers, employees and investors to pass on your organization.

On the other hand, brand consistency throughout all levels of the organization helps drive an organization to grow and prosper. Strong brands can drive an increase in sales. The company is better suited to attract and retain the best employees. Vendors can see value in your brand and look to establish partnerships with your business, while investors will see the business and your brand equity as a valuable commodity.

Branding Through Your Employees

Your employees are one of the most critical touch points for your customer. Here are several steps to ensure that they are representing your brand in the best light possible.

Develop A Company Philosophy

A thoughtfully planned philosophy that guides how your company operates is the first step to reinforcing your brand among your workforce. The prestigious Taj group of Hotel is an excellent example. They have created the following five "Gold Standards" for their business operations that reinforce the brand and detail an employee's role in delivering on this brand:

1. A vision to revolutionize hospitality by creating a luxury setting for guests and a credo that states the company's commitment to the genuine care and comfort of its guests.
2. A motto that exemplifies the level of service for its guests: We are ladies and gentlemen serving ladies and gentlemen.
3. Three Steps of Service:
 - A warm and sincere greeting that uses the guest name, if and when possible
 - Anticipation and compliance with guest needs
 - A fond farewell that uses a guest's name, if and when possible
4. "20 Basics" that outline the responsibilities and expectations for how the company delivers on its service (including #13—Never Lose a Guest)
5. The Employee Promise

Maintain Brand Consistency

This step is essential to building a strong brand. However, it is often one of the first steps to unravel. You must establish consistency throughout all aspects of your organization. But setting the standards is not enough. You must constantly evaluate your actions. Establish checkpoints for each aspect of the business that interacts with customers and the general public. Ensure that each employee is empowered to identify and address inconsistencies in your brand. Fail to deliver on brand with one customer, and he or she might forget. Fail to do so for another, and he or she might not be so forgiving. It only takes a scant few to dispel the brand you are touting.

Practice What You Preach

The best way to lead is by example. If your brand projects your organization as one which supports its employees and then reneges on that promise, your brand (and sales) will suffer. Case in point: Wal-Mart. The company says, "We believe that one of the keys to our success is our people and how we treat them." However, the retail chain has been the subject of unfair employee wage practice lawsuits. Moreover, though they say they value their target customer (the hard working middle class) their actions aren't necessarily consistent with the rhetoric.

Implement Brand Guidelines

For all to follow. We're not merely talking about logo or corporate identity guidelines, but actual brand guidelines that in order to ensure brand consistency, your organization must establish a framework or set of brand guidelines communicate the company's brand positioning statement, key messages, core values, brand attributes, measures of success and processes for handling customer issues or feedback. Federal Express was an early pioneer in this idea. The international shipper utilizes an Internet-based program which outlines the company's brand guidelines. This detailed approach provides guidance on everything from the graphic standards for use of the company logo to how cultural differences affect brand (particularly important for global companies). Establishing brand guidelines leaves no room for misinterpretation and helps maintain consistency throughout all levels of the organization.

Understand and Address Cultural Differences

With advancements in technology, communications and the Internet, we are truly becoming a global economy. Considering cultural differences when building a brand is more important than ever, particularly if your business has international reach. Words and phrases in America might not translate to the same meaning in another country. What customers value and perceive as positive in the United States may be perceived radically different elsewhere. In the past, the United States was the model that all others wanted to emulate. That isn't necessarily the case today. Therefore, it is incumbent on corporations to ensure that their brands can transcend these cultural differences, if they are to have a greater geographical reach.

Brand extends well beyond your marketing efforts. Your brand is only as good as the people behind it...and the people in front of your customer. Take the time to effectively build a corporate culture that mirrors your brand. Train your employees to represent that brand. Evaluate your consistency in delivering your brand across all aspects of your business. In doing so, you will strengthen your brand equity and position your company for greater success.

CONCLUSION

Branding has clearly become an important priority for all types of organization. This study proposed to explore the customer based brand equity on services. Most important task is to establish consistency throughout all aspects of organization and then constantly evaluating the actions. Most valuable assets- People-must be well trained in articulating and delivering the brand. It is suggested that a better understanding of the nature and relevance of brand equity and brand orientation in B2B can be achieved if future research takes the causality in the brand management chain into more careful consideration.

REFERENCES

1. James R. Abbey, Hospitality Sales & Marketing (1995)
2. Kotler, Armstrong, Agnihotri, Haque, Principles of Marketing, 13th edition, Prentice Hall (2010)
3. Kotler, P & Pfoertsch, W, B2B Brand Management services, Springer (2006)
4. Rajput N. Kesharwani & Khama A (2012) "Consumers Attitude towards branded apparel in India", International Journal of Marketing studies, Vol 4, PP111-120

5. Sharma P.M. & Pathan R (2011), "Factors affecting purchase decision of branded accessories", International Journal of research in commerce and management, Vol 2, PP79-82
6. Soundaraj J & Janaki Das, DV (2012), "Indian brands in the Indian context", International Journal of research in commerce and management, Vol 3 PP68-71
7. V S Ramaswami, S Namakumari, Marketing management (2013)

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**A STUDY ON KNOWLEDGE MANAGEMENT
EFFECTIVENESS**

Sandesh Singh Tomar¹

Research Scholar, MPCM, India
Email: sandesh_2710@yahoo.co.in

Dr. A. P. Singh²

Associate Professor, Safia College, India

ABSTRACT

Argues that the knowledge management process can be categorized into knowledge creation, knowledge validation, knowledge presentation, knowledge distribution, and knowledge application activities. To capitalize on knowledge, an organization must be swift in balancing its knowledge management activities. In general, such a balancing act requires changes in organizational culture, technologies, and techniques. A number of organizations believe that by focusing exclusively on people, technologies, or techniques, they can manage knowledge. However, that exclusive focus on people, technologies, or techniques does not enable a firm to sustain its competitive advantages. It is, rather, the interaction between technology, techniques, and people that allow an organization to manage its knowledge effectively. By creating a nurturing and “learning-by-doing” kind of environment, an organization can sustain its competitive advantages.

Keywords: Information Technology; Knowledge Management

INTRODUCTION

Knowledge Management is a newly emerging, interdisciplinary business model dealing with all aspects of knowledge within the context of the firm, including knowledge creation, codification, sharing, and how these activities promote learning and innovation. In practice, KM encompasses both technological tools and organizational routines in overlapping parts.

Rudy Ruggles, a leading KM thinker/practitioner, has identified the following items as integral components of KM:

- Generating new knowledge
- Accessing valuable knowledge from outside sources
- Using accessible knowledge in decision making
- Embedding knowledge in documents, databases, and software
- Facilitating knowledge growth through culture and incentives
- Transferring existing knowledge into other parts of the organization
- Measuring the value of knowledge assets and/or impact of knowledge management

Important economics and business theorists have alluded to or identified knowledge as the ultimate competitive advantage for the modern firm. That is, it is a resource that is difficult to imitate or co-opt, giving its possessor a unique and inherently protected commodity. Therefore, any

techniques or methods which sustain knowledge growth and distribution are key to the success of today's organizations. A variety of factors have contributed to the growth of an interest in KM.

Robert E. Cole identifies eight them:

- Accelerating pace of change
- Staff attrition (especially that resulting from years of downsizing and reengineering)
- Growth in organizational scope. Geographic dispersion associated with globalization of markets
- Global integration
- Increase in networked organizations
- Growing knowledge-intensity of goods and services
- Revolution in information technology.

Approaches to Knowledge Management: There is a broad range of thought on Knowledge Management with no unanimous definition. The approaches vary by author and school. Knowledge Management may be viewed from each of the following perspectives:

Techno- centric: A focus on technology, ideally those that enhance knowledge sharing/growth.

Organizational: How does the organization need to be designed to facilitate knowledge processes? Which organizations work best with what processes?

Ecological: Seeing the interaction of people, identity, knowledge and environmental factors as a complex adaptive system.

In addition, as the discipline is maturing, there is an increasing presence of academic debates within epistemology emerging in both the theory and practice of knowledge management, British and Australian standards bodies both have produced document that attempt to bound and scope the field, but these have received limited acceptance or awareness.

Knowledge Management Roles and Organizational Structure: Knowledge management activities may be centralized in knowledge Management Office, or responsibility for knowledge management may be located in existing department functions, such as the Human Resource (to manage intellectual capital) or IT departments (for content management, social computing etc.) Different departments and functions may have a knowledge management function and those functions may not be connected other than informally.

Knowledge Management Reasons of Failure or Success: There is no established evidence as to the reasons behind failure and success of knowledge Management initiatives in organizations. Some argue that a failure to sustain investment is one factor, but it can equally be argued that a failure to sustain investment is one factor, but it can equally be argued that if knowledge management delivered on its promises investment would continue. As with many management initiatives, particularly those with a heavy IT basis (as is the case in knowledge Management), frequent questions are raised about the level of consultation necessary before a program is started; these questions are linked to issues of cultural change and a willingness to share and collaborate with colleagues. There is no evidence that Knowledge Management, in all these respects, is any different from other management initiatives.

Company Profile

3M India Limited (3M India) is a diversified technology company. The Company operates in five segments: Consumer, Industrial, Health Care, Safety and Graphics and Energy. The Consumer segment offers cleaning products. Its brands include Post-it, Scotch, Scotch-Brite, Filtrete, O-Cel-O, Nexcare, and Command. Its Industrial segment offers tapes, abrasives, adhesives, specialty materials

and filtration systems. The Company's Health Care segment includes products that help health care professionals improve the quality of care. The segment offers medical and oral care products, and drug delivery and health information systems. Its Safety and Graphics segment include personal protective equipment, safety and security products, and track and trace solutions. Its energy segment includes offers electronic devices and telecommunications networks.

REVIEW OF LITERATURE

A key distinction made by the majority of knowledge management practitioners is Nonaka's reformulation of Polanyi's distinction between tacit and explicit knowledge. The former is often subconscious, internalized, and the individual may or may not be aware of what he or she knows and how he or she accomplishes particular result. At the opposite end of the spectrum is conscious or explicit knowledge—knowledge that the individual holds explicitly and consciously in mental focuses, and may communicate to others. In the popular form of the distinction, tacit knowledge is what is in our heads, and explicit knowledge is what we have codified.

Nonaka and Takeuchi (1995) argued that a successful KM program needs, on the one hand, to convert internalized tacit knowledge into explicit codified knowledge in order to share it, but on the other hand, it also must permit individuals and groups to internalize and make personally meaningful codified knowledge they have retrieved from the KM system.

The focus upon codification and management of explicit knowledge has allowed knowledge management practitioners to appropriate prior work in information management, leading to the frequent accusation that knowledge management is simply a repackage form of information management.

Critics have argued that Nonaka and Takeuchi's distinction between tacit and explicit knowledge is oversimplified and that the notion of explicit knowledge is self-contradictory. Specifically, for knowledge to be made explicit, it must be translated into information (i.e., symbols outside of our heads).

Another common framework for categorizing the dimension of knowledge include embedded knowledge (knowledge which has been incorporated into an artifact of some type, for example an information system may have knowledge embedded into its design) and embodied knowledge (representing knowledge as learned capability of the body's nervous, chemical, and sensory systems). These two dimensions, while frequently used, are not universally accepted.

It is also common to distinguish the creation of "new knowledge" (i.e., innovation) vs. the transfer of "established knowledge" within a group. Organization or community. Collaborative environments such as communities of practice or the use of social computing tools can be used for both creation and transfer.

OBJECTIVES OF THE STUDY

1. To analyze the effectiveness of Knowledge Management at Adhoc,
2. To know the factors affecting knowledge management Services in company.
3. To analyze the employee participation in knowledge management services in company.

HYPOTHESIS

Knowledge Management Service of organisation is Effective.

RESEARCH METHODOLOGY

Research methodology refers to a search for knowledge. One can also define research methodology as a scientific and systematic search for required information on a specific topic.

The word research methodology comes from the word “advance learners dictionary” meaning of research as a careful investigation or inquiry specially through search for new facts in any branch of knowledge for example some authors have defined research methodology as systematized effort to gain new knowledge.

Research Design

For the popper analysis of data simple statistical techniques such as percentage was use. It helped in making more accurate generalization from the data available. The data, which was collected from a sample of population, was assumed to be representing entire population was interest. Demographic factors like age, income and educational background was used for the classification purpose.

Sample Size

For carrying out any research or study on any subject it is very difficult to cover even 10% of the population. Therefore the sample size has to be decided for a meaningful conclusion. For designing the sample size, it was thought proper to cover a very small percentage of population in various age groups.

The method used for sample technique was non probability convenience sampling method. This method was used because it was not know previously as to whether a particular person will be asked to fill the questionnaire. Convenient sampling is used because only those people were asked to fill the questionnaires that were easily accessible and available to the researcher.

Considering the constraints, it was decided to conduct the study based on sample size of 30 Employees and 30 Sr. Officers.

Types & Techniques

The study conducted is a conclusive descriptive statistical study. Conclusive because after conducting the study, the researcher comes to a decision which is precise and rational. The study is conclusive because after doing the study the researcher comes to a conclusion regarding the position of the brand in the minds of respondents of different firm groups. The study is statistical because throughout the study all the similar samples are selected and grouped together. All the similar responses are taken together as one and their percentages are calculated.

Thus, this conclusive descriptive statistical study is the best study for this purpose as it provides the necessary information which is utilized to arrive at a concrete decision.

Tools Used

To know the response I have used the questionnaire method in sample survey. If one wishes to find what people think or know, the logical procedure is to ask them. This has led marketing researchers to use the questionnaire technique for collecting data more than any other method.

In this method questionnaire were distributed to the respondents and they were asked to answer questions in the questionnaire. The questionnaires were structured non-disguised questionnaire because the questions, which the questionnaire contained, were arranged in a specific order besides every question asked were logical for the study, on question can be termed as irrelevant.

The questionnaire, were non-disguised because the questionnaire were constructed so that the objective is clear to the respondent. The respondents were aware of the objective. They knew why they were asked to fill the questionnaire.

SCOPE OF THE STUDY

The organisation is highly benefited as the purpose if this research is to get acquainted with the practical side of marketing research, in addition to the theoretical studies in course of the academic year. This research also gives a chance for application and testing of the theoretical study on the real work situation. The students got the lessons of experience by meeting various sections of people

conducting on interview knowing opinion of people tabulating interpreting and analyzing the data collected and this will help the researcher in, future for career building.

LIMITATIONS OF STUDY

Limitation of the present study can be summarized below:

- The respondent was limited and cannot be treated as the whole population.
- The respondents may be biased.
- Time was the major constraint.
- The accuracy of indications given by the respondents may not be consider adequate
- Due to Language Problem it is possible that the respondents are not able to understand the questionnaire and can cause misleading results.

DATA COLLECTION

Primary Data Sources

- Through interaction with Employees and Sr. officers
- Through questionnaires filled from the Employees and Sr. Officers.

Secondary Date Sources

- Through internet, various official sites of the companies.
- Through pamphlets and brochures of the companies.
- Journals & Magazine

DATA ANALYSIS & INTERPRETATION

Do employees know what Knowledge Management system is?

Option	Employees	Sr. Officers
Strongly Disagree	0	0
Disagree	45	45
Neither Agree nor Disagree	25	12
Agree	30	43
Strongly Agree	0	0

Interpretation: 45% of the employees & Sr. Officers are disagree with the statement that “Does employees know what Knowledge Management system is” 25% of employees are neither agree nor disagree with the statement and 30% of employees are agree with the statement. As Far as Sr. Officers are concern, 12% among them are neither agree nor disagree with the statement 43% of them are well known about it.

Organization has Knowledge Management System?

Option	Employees	Sr. Officers
Strongly Disagree	0	0
Disagree	85	63
Neither Agree non Disagree	10	20
Agree	5	17
Strongly Agree	0	0

Interpretation: 85% of employees and 63% Sr. Officers are not aware with the KM system. 10% employees 20% of Officers cannot say anything and only 5% employees and 17% Sr. Officers are aware about the KM system existence in the organization.

Knowledge management system helps you to improve your performance.

Option	Employees	Sr. Officers
Strongly Disagree	10	0
Disagree	16	0
Neither Agree non Disagree	69	88
Agree	5	12
Strongly Agree	0	0

Interpretation: 88% of the Sr. Officers and 69% of employees are unable to decide the importance of KM in their performance, 26% employees are disagree with the statement. But 5% employees and 12% Sr. Officers accept the wrathfulness of KM in performance enhancement.

Employee Participation is there in improving Knowledge Management Services.

Option	Employees	Sr. Officers
Strongly Disagree	12	2
Disagree	68	10
Neither Agree non Disagree	20	88
Agree	0	0
Strongly Agree	0	0

Interpretation: 80% employees and 12% Sr. Officers disagreed with the statement “Employee Participation is there in improving Knowledge Management Services. “ Likewise 20% of employees and 88% Sr. Officers are decisive about the statement.

The organizational structure allows and facilitates its people to accomplish their task according to the knowledge management services.

Option	Employees	Sr. Officers
Strongly Disagree	0	0
Disagree	0	0
Neither Agree non Disagree	100	98
Agree	0	2
Strongly Agree	0	0

Interpretation: This statement has received total perplexed response through respondent. 100% employees and 98% Sr. Officers are neither agreed nor disagreed with the statement. Only 2 Sr. Officers are agreed with the statement.

Discussions/meetings are conducted on some new concepts gathered from Knowledge Management Services.

Option	Employees	Sr. Officers
Strongly Disagree	5	10
Disagree	50	40
Neither Agree non Disagree	43	38
Agree	2	10
Strongly Agree	0	0

Interpretation: 5% employees and 40% of Sr. Officers are not agreed with given statement at the same time 43% of employees and 38% of Sr. Officers are neither agreed nor disagree. Nevertheless 2% employees and 10% Sr. Officers are agreed with the statement.

There is free flow of relevant information in the organization.

Option	Employees	Sr. Officers
Strongly Disagree	25	13
Disagree	28	17
Neither Agree non Disagree	22	48
Agree	20	12
Strongly Agree	5	10

Interpretation: 22% employees and 48% Sr. employees are neither agree nor disagree, 53% employees & 30% Sr. Officers are disagree, However 25% employees and 22% Sr. Officers are agreed with the statement respectively.

Employees can influence the management decisions related to work.

Option	Employees	Sr. Officers
Strongly Disagree	10	0
Disagree	18	0
Neither Agree non Disagree	3	10
Agree	49	67
Strongly Agree	20	23

Interpretation: Percentage of this statement that “Employees can influence the management decisions related to work. “ gave positive indication as it’s acceptance is 69% and 90% respectively. 3% employees and 10% Sr. employees are neither agree nor disagree. But 28% employees are disagree with the statement.

If you face any problem related to your work how do you solve them?

Option	Employees	Sr. Officers
With the help of Superiors	67	60
With the help of Knowledge Management Services	3	15
Other way (Self Approach)	30	25

Interpretation: 67% of the employees & 60% of Sr. Officers say that if the face any problem related to the work they try to solve it with the help of superiors and 3% of the employees and 15% Sr. Officers say that they use knowledge management services. Rest are dependent o other choice.

Organization provides better environment for improving working knowledge of the employees.

Option	Employees	Sr. Officers
Strongly Disagree	0	2
Disagree	20	15
Neither Agree non Disagree	50	48
Agree	20	35
Strongly Agree	10	0

Interpretation: 68% of the employees say that the organization provides better environment for improving work knowledge of the employees and 88% of the Sr. Officers say that the organization provides better environment for improving work knowledge of the employees.

OBSERVATIONS AND FINDINGS

- 45% of the employees and Sr. Officers are disagree with the statement that “Does employees know what Knowledge Management system is” 25% of employees are neither agree nor disagree with the statement and 30% of employees are agree with the statement. As Far as Sr. Officers are concern, 12% among them are neither agree nor disagree with the statement 43% of them are well known about it.
- 85% of employees and 63% Sr. Officers are not aware with the KM system. 10% employees 20% of O
- Officers cannot say anything and only 5% employees and 17% Sr. Officers are aware about the KM system existence in the organization.
- 88% of the Sr. Officers and 69% of employees are unable to decide the importance of KM in their performance. 26% employees are disagreeing with the statement. But 5% employees and 12% Sr. Officers accept the wrathfulness of KM in performance enhancement.
- 80% employees and 12% Sr. Officers disagree with the statement “Employee Participation is there in improving Knowledge Management Services.” Likewise 20% of employees and 88% Sr. Officers are decisive about the statement.
- This statement has received total perplexed response through respondents. 100% employees and 98% Sr. Officers are neither agreed nor disagreed with the statement. Only 2 Sr. Officers are agreed with the statement.
- 55% employees and 50% of Sr. Officers are not agreed with given statement at the same time 43% of employees and 38% of Sr. Officers are neither agreed nor disagreed. Nevertheless 2% employees and 12% Sr. Officers are agreed with the statement.
- 22% employees and 48% Sr. employees are neither agree nor disagree, 53% employees and 30% Sr. Officers are disagree, However 25% employees and 22% Sr. Officers are agreed with the statement respectively.
- Percentage of this statement that “Employees can influence the management decisions related to work.” Gave positive indication as its acceptance is 69% and 90% respectively. 3% employees and 10% Sr. employees are neither agree nor disagree. But 28% employees and 10% Sr. employees are neither agree nor disagree. But 28% employees are disagreed with the statement.
- 67% of the employees and 60% of Sr. Officers say that if the face any problem related to the work they try to solve it with the help of superiors and 3% of the employees and 15% Sr. Officers say they use knowledge management services. Rests are dependent on other choice.

SUGGESTIONS AND CONCLUSION

- Knowledge management services must be more efficient.
- The Top Management should prioritize the activities and events that are of strategic importance to the organization.
- More efforts should be made to make the employees aware about the KM services and its long-term benefits.
- Decision-making should be more decentralized and authority should be delegated to make the employees own the action and decision taken by them.
- Information flow at all levels should be encouraged and should be embedded in the organizational structure and formal processes existing in the system.

At the end of the paper it can be stated that in order to bring best of Business Company should do certain amendments in its knowledge management services and organize KSA enhancing program time for their growth and development.

REFERENCES

1. Aswathapa K. (1997) Human Resource and Personnel Management, Tata Mcgraw Hill, New Delhi.
2. Becerra-Fernandez, I., A. Gonzalez and R. Sabherwal (2004), knowledge Management: challengers, Solutions and Technologies, ISBN 0-13-101606-7.
3. Diwedi, R.S. (1997): 'Managing Human Resource' Galgotia Publishing Ltd, New Delhi.
4. Kothari, C.r. (2000): 'Research Methodology' Vishwa Prakashan, New Delhi.

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**INFLUENCE OF SELECTED MACRO ECONOMICS
VARIABLES ON INDIAN STOCK MARKET – A STUDY OF
BSE SENSEX**

Chandra Sekaran M.¹

Student, Kongu Engineering College, India
Email: qualitytamil@gmail.com

Dr. Krishnamoorthy V.²

Assistant Professor, Kongu Engineering College, India
Email: krishnamoorthydd@gmail.com

ABSTRACT

The main aim of this paper is to find out the relationship between selected macro economic variables on BSE Sensex. Furthermore the studies also investigate the influences of Macroeconomic variables on BSE index. The study used monthly data for the period starting from January 2000 to December 2015. In the study, the researchers used unit root test, Correlation analysis, and Multiple regression test has been applied to exhibit the relationship among macroeconomic variables on BSE Sensex and the influence of macroeconomic variables on BSE Sensex. The researchers considered the following macroeconomic variables like Inflation, Gold Price, US Dollar, Crude Oil, Chinese Yuan Renminbi, Export of Goods Value, Euro, and Silver. Out of these variables, the study has established that there is a significant relationship among the economic variables and BSE Sensex.

Keywords: Inflation; Gold Price; US Dollar; Crude Oil; Export; Euro

INTRODUCTION

In today's globally integrated world, information access is easy and universal (Karam Pal and Ruhee Mittal 2011). According to the efficient – market hypothesis (EMH) theory. (Fama, 1970), an efficient capital market is one in which stock prices change quickly as the new information becomes available (Maysami et al 2004). India's economy has been one of the stars of global economics (Economy watch, 2008). Numerous studies have identified a correlation between changes in world economy and macro economy and macroeconomic variables. These studies also insisted that the movement of stock market price indices is highly sensitive to the changes in the fundamentals of the economy, to the changes in the expectation about future prospects (Ahmed, 2008). Kurihara (2006) identified that enterprise performance, dividends, stock prices of other countries, Gross Domestic, Product, Exchange Rates, Interest Rates, Current Account, Money Supply, Employment; their information etc, may have an impact on daily stock prices. Several significant body of theoretical and empirical research supports the argument that a financial development spurs economic growth (Levine, 1991; king and Levine, 1993b; Levine and zervos, 1996; Demirguckunt and Levine, 1996; Levine and zervous, 1998; Beck and Levine, 2004; Chakraborty and Ray, 2006). Furthermore, few recent empirical studies find negligent impact of financial development on economic growth for developing or less developed economics (Rioja and valev, 2004; Naceur et al, 2008; Anwar and Sun,2011; Seetanah et al, 2012;Rioja and valev,2014). Furthermore, several researchers examined the role of macroeconomic variables with the underlying objective of evaluating the sensitivity of stock prices relevant to changes

in economic factors (Aggarwal, 1981; Soenen and Hennigar, 1988; Chatrath et al, 1997; Farooq and Keung, 2004; Ratanapakorn and Sharam, 2007).

LITERATURE REVIEW

Levine and Zervos, (1998), first to establish the link between stock market development and economic growth and found that stock market performance is positively correlated with real economic growth. Sohail and Hussain, (2009), Garcia and Liu, (1999), examined the hypothesis that development of stock markets influences growth performance. The study found that significant correlations between economic growth and stock market capitalization. Daferighe and Aje, (2009), investigated the relationship between stock market performance and economic growth in Nigeria. The study found that the positive and significant impact of economic growth on stock market performance. Few of the notable papers in which the theoretical foundation of the investor sentiment effect on stock returns have been developed are Black (1986), De Long et al, (1990), Shleifer and Vishny, (1997), Lewellen et al, (1977), Poterba and Summers, (1988), Lee et al,(1991), Elton et al, (1998), Jones and Kaul, (1996), have indentified that the US, Canadian, UK and Japanese stock price are negatively associated with oil price shocks. Ahmed, (2008), examined the causal relation between stock prices and macroeconomic variables in India; Srivastava,A, (2010), examined the effect of macroeconomic variables like IPI, WPI, Interest Rate, Foreign Exchange Rate and MSCI world equity index on the Indian Stock Market by adopting Jhonsen’s cointegration analysis and vector error correction mechanism. The study found that IPI, WPI and Interest Rate are most influencing variables in the long run. Karla, (2012) adopted multiple correlations, Multiple Regression and ANOVA test to study the influence of Macro Economic variables on Indian Stock Market. The study concluded that Forex Rate, Wholesale Price Index, Inflation Rate and Gold Price were the most significant variables. With this background the researchers intend to study influence.

PROPOSED RESERCH MODEL

This study is approached with the following proposed model

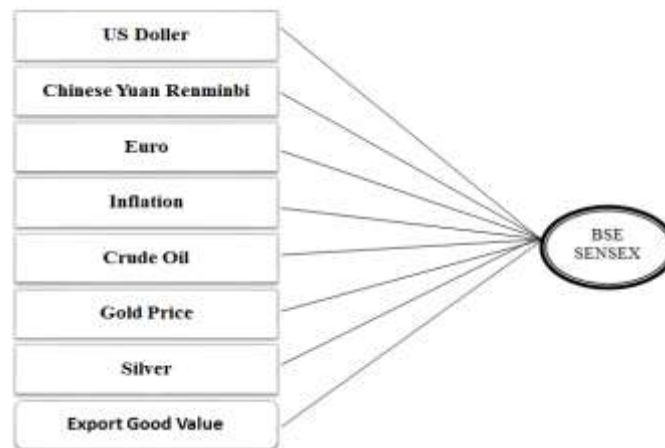


Figure-1

OBJECTIVE OF THE STUDY

1. To study the relationship between selected macroeconomic variable on BSE Sensex.
2. To study the impact of selected macroeconomics variables on BSE Sensex in India.

RESEARCH METHODOLOGY

Scope of study

The scope of study is confined only to the selected macroeconomic variables which influencing BSE Sensex.

DATA AND METHODOLOGY

The monthly stock price of BSE index has been collected from the official websites of Bombay Stock Exchange Furthermore; researchers collected the economic variables related data from the following sources.

Variables	Symbol	Data Sources	Unit of Measurement
Bombay Stock Exchange	BSE	www.bseindia.com	monthly average
US Dollar	USD	www.oanda.com	Average
Chinese Yuan Renminbi	CNY	www.oanda.com	Average
Euro	EUR	www.oanda.com	Average
Inflation	INF	www.inflation.eu	Percentage
gold price (USD)	GP	www.gold.org	Unit per troy ounce
crude oil (USD)	CO	www.eia.gov	Dollars per Barrel
Export of goods Value	EGV	www.worldbank.com	Dollar
Silver Price	SL	www.research.stlouisfed.org	Unit per troy ounce

The monthly data of selected economic indicators were collected from the period of Jan-2000 to Dec-2015. Furthermore the researchers selected the following macroeconomic variables, namely crude oil, Exports of good value, US Dollar, Chinese Yuan Renminbi, Gold Price, Sliver, Inflation, and Euro.

Proposed Hypothesis

- Ho₁ There will be no significant influence on Crude Oil Price on BSE s Sensex.
- Ho₂ There will be no significant influence on Exports of Goods value on BSE sensex.
- Ho₃ There will be no significant influence on Silver Price on BSE sensex.
- Ho₄ There will be no significant influence on US Dollar on BSE Sensex.
- Ho₅ There will be no significant influence on Gold Price on BSE sensex.
- Ho₆ There will be no significant influence on Chinese Yuan Renminbi on BSE sensex.
- Ho₇ There will be no significant influence on Inflation on BSE sensex.
- Ho₈ There will be no significant influence on Euro on BSE sensex.

Table 1. Descriptive Statistics of Selected Macroeconomic Variables

DESCRIPTIVE	BSE	CNY	CO	EGV	EUR	GP	INF	SL	USD
Mean	13098.7	6.86754	63.7009	14100000000	60.1061	845.168	6.79365	732.504	49.0083
Median	13981.7	5.87295	62.11	12400000000	58.7027	804.725	6.29	579.165	46.561
Maximum	29361.5	10.4018	133.88	30500000000	84.9672	1771.85	16.22	1899.62	66.3718
Minimum	2811.6	5.2353	19.39	2950000000	39.5093	260.48	2.23	197.92	39.3542
Std. Dev.	7714.81	1.69473	28.523	8660000000	11.5439	477.766	3.045	502.285	6.69498
Skewness	0.24248	0.94698	0.19047	0.25293	0.13131	0.33751	0.72244	0.70178	1.10616
Kurtosis	1.95004	2.44246	1.89042	1.59149	2.43442	1.7572	2.83397	2.24262	3.17846

Notes: BSE =Bombay Stock Exchange, CNY= Chinese Yuan Renminbi, CO=crude oil (USD), EGV= Export of goods Value, EUR=Euro, GP=gold price (USD),INF= Inflation, SL=Silver, USD= US Dollar.

Table No -1 Shows descriptive statistics of selected macroeconomic variables. From table No-1 shows that mean, standard deviation of the selected macroeconomic variables and BSE Sensex data. Highest mean is noticed in case 14100000000for Export of Goods Value and the least one are 6.79365 for inflation. Highest standard deviation is identified in case of BSE Sensex7714.81 the lowest standard deviation identified in case of inflation 3.045.

Unit Root

Unit root tests are used to determine the stationarity of time series. The researcher administered two Unit root tests: (ADF) Augmented Dickey-Fuller and (PP) Phillips-Perron.

ADF tests use a parametric autoregressive structure to capture serial correlation and PP tests use non-parametric corrections based on estimates of the long-run variance of ΔY_t

Augmented Dickey-Fuller (ADF)

It is a parametric test to check the non-stationarity. Suppose (y) be the stock index series. It can be shown as follows:

$$\Delta y_t = \alpha + \beta t + \gamma y_{t-1} + \delta_1 \Delta y_{t-1} + \dots + \delta_p \Delta y_{t-p} + \epsilon_t$$

Where α is a constant, β the coefficient on time trend and p the lag order of the auto regressive process. Imposing the constraints $\alpha = 0$ and $\beta = 0$ corresponds to modelling a random walk.

Three models were used to test the weak-form efficiency:

- (1) Without constant and trend $\Delta y_t = \delta Y_{t-1} + u_t$
- (2) With Constant $\Delta Y_{t-1} \alpha + \delta Y_{t-1} + u_t$
- (3) With Constant and Trend $\Delta Y_{t-1} \alpha + \beta T + \delta Y_{t-1} + u_t$

Phillips-Perron (PP)

PP is non-parametric test to test the non-stationarity of the series. Dickey-Fuller test assumes that the residuals are serially independent and homoscedastic. While applying this method it should be ensured that the residual terms are uncorrelated and homoscedastic. The augmented dickey fuller and Phillips perron unit root tested are administrated to these interactions and the possible long term relationship among selected macroeconomic (dickey fuller 1981, Phillips perron1988).The test which compute residual variance that is robust to auto correlation are applied to test for unit root as an alternatives to the augmented dickey fuller unit root test (katricioglu 2009).

The results of the Augmented Dickey-Fuller and Phillips-Perron test given that table -2. From the a Table No- 2 it is clear that all the macroeconomics variables expect Export of goods Value at non stationarity at level with intercept at 2st difference.

Table 2.

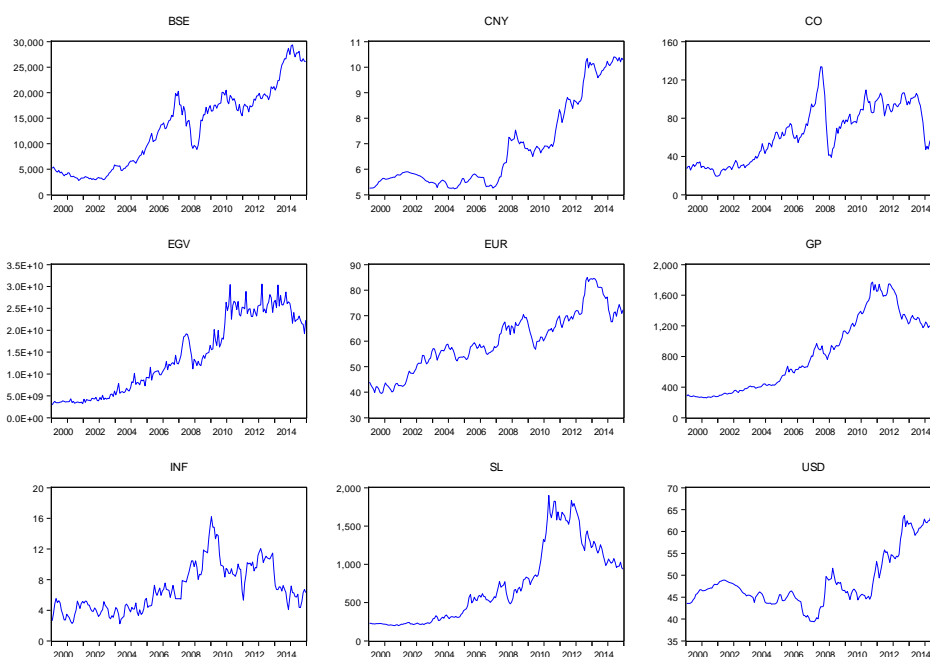
no	Period	variables name	test name		t statistic	value@ %	value @ 5%	value@ 10%
1	JAN-00 to DEC-15	BSE	ADF	I (1st D)	-13.6046	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-13.6092	-4.00708	-3.43365	-3.140697
			PP	I (1st D)	-13.6680	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-13.6664	-4.00708	-3.43365	-3.140697
2	JAN-00 to DEC-15	CNY	ADF	I (1st D)	-10.3623	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-10.4458	-4.00708	-3.43365	-3.140697
			PP	I (1st D)	-10.4123	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-10.4146	-4.00708	-3.43365	-3.140697
3	JAN-00 to DEC-15	CO	ADF	I (1st D)	-8.96875	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-9.01136	-4.00708	-3.43365	-3.140697
			PP	I (1st D)	-8.96875	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-9.01136	-4.00708	-3.43365	-3.140697
4	JAN-00 to DEC-15	EGV	ADF	I (1st D)	-3.60328	-3.46699	-2.87754	-2.575381
				T and I(2nd D)	-8.69684	-4.01014	-3.43513	-3.141565
			PP	I (1st D)	-23.7939	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-23.8136	-4.00708	-3.43365	-3.140697
5	JAN-00 to DEC-15	EUR	ADF	I (1st D)	-11.4922	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-11.4708	-4.00708	-3.43365	-3.140697
			PP	I (1st D)	-11.4731	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-11.429	-4.00708	-3.43365	-3.140697
6	JAN-00 to DEC-15	GP	ADF	I (1st D)	-11.6459	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-11.678	-4.00708	-3.43365	-3.140697
			PP	I (1st D)	-11.6459	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-11.6853	-4.00708	-3.43365	-3.140697

Abhinav National Monthly Refereed Journal of Research In Commerce & Management

no	Period	variables name	test name	t statistic	value@ %	value @ 5%	value@ 10%	
7	JAN-00 to DEC-15	INF	ADF	I (1st D)	-11.8891	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-11.8733	-4.00708	-3.43365	-3.140697
			PP	I (1st D)	-12.0222	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-12.0599	-4.00708	-3.43365	-3.140697
8	JAN-00 to DEC-15	SL	ADF	I (1st D)	-11.9095	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-11.8974	-4.00708	-3.43365	-3.140697
			PP	I (1st D)	-11.9275	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-11.8974	-4.00708	-3.43365	-3.140697
9	JAN-00 to DEC-15	USD	ADF	I (1st D)	-10.7049	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-10.7993	-4.00708	-3.43365	-3.140697
			PP	I (1st D)	-10.68	-3.46483	-2.8766	-2.574874
				T and I(1st D)	-10.6605	-4.00708	-3.43365	-3.140697

Note: ADF= Augmented Dickey-Fuller, PP= Phillips-Perron, I (1st D) =Intercept (1st Difference), T and I (1st D) =Trend and Intercept (1st Difference)

The overall macroeconomic variables from the period JAN-2000 to DEC-2015 results are shown in figure -2



Note: BSE =Bombay Stock Exchange, CNY= Chinese Yuan Renminbi, CO=crude oil (USD), EGV= Export of goods Value, EUR=Euro, GP=gold price (USD), INF= Inflation, USD= US Dollar, SL=Silver.

Table No-3 Inter Correlations among Selected Macro Economic Variables and BSE SENSEX.

Table 3. Number shows correlation between selected macroeconomic indicator and BSE SENSEX of Jan-2000 to Dec-2015

Variables Name	I	II	III	IV	V	VI	VII	VIII	XI
US Dollar (I)	1	.940**	.678**	.188**	.503**	.170*	.601**	.302**	.617**
Chinese Yuan Renminbi (II)		1	.840**	.422**	.746**	.452**	.822**	.692**	.812**
Euro (III)			1	.587**	.811**	.733**	.881**	.843**	.837**
Inflation (IV)				1	.720**	.634**	.634**	.716**	.535**
Gold Price (V)					1	.791**	.951**	.977**	.828**
Crude Oil (USD) (VI)						1	.816**	.703**	.691**
Export of Goods Value (VII)							1	.958**	.896**
Silver (VIII)								1	.944**
Bombay Stock Exchange (XI)									1

Note: **. Correlation is significant at the 0.01 level (2-tailed), *. Correlation is significant at the 0.05 level (2-tailed).

In order to study the relationship among the selected macroeconomic variables Karl Pearson correlation has administrated. Regarding US Dollar significant relationship is found in the case of Chinese Yuan Renminbi, Euro, Inflation, Gold Price, Export of Goods Value, Silver and Bombay Stock Exchange since their correlation is coefficient significant at five percentage levels. Regarding Chinese Yuan Renminbi significant correlation has been noticed in the case of the Euro, Inflation, Gold Price, Export of Goods Value, Silver and Bombay Stock Exchange since their correlation coefficient is significant at five percentage level. Regarding Euro significant correlation has been noticed in case of Inflation, Gold Price, Crude Oil, Export of Goods Value, Silver and Bombay Stock Exchange since their correlation coefficient is significant at five percentage level. Regarding Inflation significant correlation has been noticed in the case of Gold Price, Crude Oil, Export of Goods Value, Silver and Bombay Stock Exchange since their correlation coefficient is significant at five percentage level. Regarding Gold Price significant correlation has been noticed in case of Crude Oil, Export of Goods Value, Silver and Bombay Stock Exchange since their correlation coefficient is significant at five percentage level. Regarding Crude Oil significant correlation has been noticed in case of Export of Goods Value Silver and Bombay Stock Exchange since their correlation coefficient is significant at five percentage level. Regarding Export of Goods Value significant correlation has been noticed in the Case of Silver and Bombay Stock Exchange since their correlation coefficient is significant at five percentage level. Regarding Silver significant correlation has been noticed in the case of Bombay Stock Exchange since their correlation coefficient is significant at five percentage level.

Influence of Selected Macroeconomic Variables on BSE Sensex

Before applying multiple regressions it was essential to check the existence of Multicollinearity among the selected macroeconomic variables. Before proceeding to the results of regression analysis Multicollinearity can be checked the correlation matrix does not reveal any value more than 0.8 thus it is expected that Multicollinearity is not present among the selected macroeconomic variables. As a rule of thumb, if the VIF of variables exceeds 10, that variable is said to be highly collinear (Gujarati, 1995, P.339).

Table 4 Variance Inflation Factor (VIF) Selected Macroeconomics Variables.

S.no	Macro Economics Variables	R-squared	VIF
1	Chinese Yuan Renminbi	0.513395	2.055055
2	Crude oil (USD)	0.473658	1.899905
3	Export of goods Value	0.788412	4.726166
4	Euro	0.448786	1.814177
5	Gold price (USD)	0.671551	3.044613
6	Inflation	0.243184	1.321325
7	Silver Price	0.494517	1.978306
8	US Dollar	0.235033	1.307246

Note: VIF= variance inflation factor

Table 5. Influence of Selected Macro Economic Variables on BSE Sensex

Macro Economics Variables	Coefficient	Std. Error	t-Statistic	Prob.
Chinese Yuan Renminbi	2344.312	679.3452	3.45084	0.0007
crude oil (USD)	10.92645	18.30757	0.596827	0.5514
Export of goods Value	6.74E-07	1.33E-07	5.085881	0.0000
Euro	16.31474	50.67944	0.32192	0.7479
Gold price (USD)	14.0509	2.976927	4.719933	0.0000
Inflation	-347.105	114.3771	-3.03474	0.0028
Silver Price	-15.441	2.29922	-6.71576	0.0000
US Dollar	-254.056	90.71658	-2.80055	0.0056

R-squared	0.871494	Mean dependent var	13098.69
Adjusted R-squared	0.866605	S.D. dependent var	7714.814
S.E. of regression	2817.701	Akaike info criterion	18.766
Sum squared resid	1.46E+09	Schwarz criterion	18.90173
Log likelihood	-1793.54	Hannan-Quinn criter.	18.82098
Durbin-Watson stat	0.324439		

In this model, BSE Sensex has been used as a dependent variable and the Eight macroeconomic variables (namely crude oil, Exports of goods value, US Dollar, Chinese Yuan Renminbi, gold price, silver, Inflation, and Euro) have been used as independent variables. This multiple regression model accounts for above 86 percent of the variation in BSE against from the index ($R^2 = 0.871494$). This study found that there is a Chinese Yuan Renminbi significant influence on BSE Sensex ($\beta = 2344.312$, $t=3.45084$ $p \leq 0.05$). This study found that there is a gold price significant influence on BSE Sensex ($\beta = 14.0509$, $t=4.719933$ $p \leq 0.05$). This study found that there is an Export of Goods Value significant influence on BSE Sensex ($\beta = 6.74E-07$, $t=5.085881$ $p \leq 0.05$). This study found that there is a Silver Price significant influence on BSE Sensex ($\beta = -15.441$, $t=-6.71576$ $p \leq 0.05$). This study found that US Dollar significant influence on BSE Sensex ($\beta = -254.056$, $t=-2.80055$ $p \leq 0.05$). This study found that there is Inflation significant influence on BSE Sensex ($\beta = -347.105$, $t=-3.03474$ $p \leq 0.05$).

Table 6. Testing Of Hypothesis

S.no	Macro Economics Variables	Coefficient	Prob	Results
1	Chinese Yuan Renminbi	2344.312	0.0007	Rejected
2	crude oil (USD)	10.92645	0.5514	Accepted
3	Export of goods Value	6.74E-07	0	Rejected
4	Euro	16.31474	0.7479	Accepted
5	Gold price (USD)	14.0509	0	Rejected
6	Inflation	-347.105	0.0028	Rejected
7	Silver Price	-15.441	0	Rejected
8	US Dollar	-254.056	0.0056	Rejected

CONCLUSION

The purpose of the study was to identify the selected Macro Economic variables on BSE SENSEX and to evaluate the influence on selected Macro Economic variables on BSE Sensex. The researcher consider the following economic variables like Inflation, National Stock Exchange, Gold Price, US Dollar, Crude Oil, Chinese Yuan Renminbi, Export of Goods Value, Euro, Silver. out of this variables the study has established that there is a significant relationship among the economic variables are Chinese Yuan Renminbi, Export of Goods Value, Gold Price, Inflation, Silver Price and US Dollar on BSE sensex. This study accepted the hypothesis that there is no significant influence on Crude Oil and Eurocurrency on BSE sensex. The Identified findings would help the policy makers to frame suitable policy relating to the macroeconomic variables.

REFERENCES

1. Aggarwal.R, (1981), "Exchange Rates and Stock Prices: A Study of the US Capital Markets under Floating Exchange Rates", Akron Business and Economic Review, Vol: 12, No: 1, PP: 7-12.
2. Ahmed.S, (2008), "Aggregate Economic Variables and Stock Market In India", International Journal of Finance and Economics Vol: 14, PP.141-165.
3. Anwar.S and Sun.S, (2011), "Financial Development, Foreign Investment and Economic Growth in Malaysia", Journal or Asian Economics, Vol: 22, No: 4, PP: 335-342.
4. Beck.T and Levine.R, (2004), "Stock Markets Banks and Growth a panel evidence", Journal Of Banking And Finance, Vol: 28, No: 3, PP.423-442.

5. Black.F, (1986), "Noise", Journal of Finance, Vol: 41, No: 3, PP: 529-543.
6. Chakraborty.S and Ray.T, (2006), "Bank –Based Versus Market- Based Financial Systems: A Growth Theoretic Analysis", Journal of Monetary Economics, Vol: 53, No: 2, PP: 329-350.
7. Chatrath. A, Ram Chander.S and Song. F, (1997), "Stock Prices and Inflation and Output: evidence from India", Applied Financial Economics, Vol-7, No .4, PP 439-445.
8. Daferigh.E.E and Aje.S.O, (2009), "An Impact Analysis of Real Gross Domestic Product, International, and Interest Rate on Stock Prices of Quoted Companies in Nigeria", International Research Journal of Finance and Economics, No: 25.
9. De Long.J, Shleifer.A, Summers .L and Waldman.R, (1990), "Noise Trader Risk in Financial Markets", Journal of Political Economy, Vol: 98, No: 4, PP: 703-738.
10. Demircugunt.A and Levine.R, (1996), "Stock Market Development and Financial Intermediaries: Stylized Facts", The World Bank Economic Reviews, Vol: 10, No: 2, PP: 291-321.
11. Dickey.D and Fuller.W.A, (1981), "Likelihood Ratio Statistics for Auto Regressive Time Series with A Unit Root", Econometrical, Vol: 49, PP: 10-32.
12. Economy Watch, (2008), Available At www.Economywatch.Com (Indian Economy Accessed 30, October 2008).
13. Elton.E, Gruber.MandBusse.J, (1998), "Do Investors Care About Sentiment", Journal of Business, Vol: 71, No: 4, PP: 477-500.
14. Fama .E.F., (1970), "Efficient Capital Markets: A Review of Theory and Empirical Work", Journal of Finance, Vol: 25, PP: 383-417.
15. Farooq.M.T and Keung .D.W.W,(2004) ," Linkage Between Stock Market Prices and Exchanges Rate: A Causality Analysis For Pakistan", The Pakistan Development Review, Vol:43 No:4, PP:639-649.
16. Gujarati .D.N, (1995), "Basic Econometrics", 3rd edition, McGraw- hill, Singapore.
17. Garcia. V. F and Liu.L, (1999), "Macro Economic Determinants of Stock Market Development", Journal of Applied Economics, Vol: 2, No: 1, PP: 29-59.
18. Jones.C.M and Kaul.G, (1996), "Oil and Stock Markets", Journal of Finance, Vol: 51, No: 2, PP: 463-491.
19. Kalra.R, (2012), "Impact of Macroeconomic Variable on Indian Stock Market", IUP Journal Financial Risk Management, Vol: IX, PP: 43-54.
20. Karam Pal and Ruhee Mittal, (2011), "Impact of Macro Economic Indicators on Indian Capital Markets", The Journal of Risk Finance, Vol: 12, No: 2, PP: 84-97.
21. Katircioglu.S, (2009), "Revisiting the Tourism Led Growth Hypothesis for Turkey Using the Bounds Test and Johansen Approach for Co Integration", Tourism Management, Vol: 30, PP: 17-20.
22. King.R.G and LevineR, (1993b), "Finance and Growth: Schumpeter Might Be Right", Quarterly Journal of Economics, Vol: 108, No: 3, PP: 717-737.
23. Kurihara.Y, (2006), "The Relationship between Exchange Rate and Stock Prices during Quantitative Easing Policy in Japan", International Journal of Business, Vol.11, No.4, PP.375-86.
24. Lervellen.W, Lease.R and Schlarbaum.B, (1977), "Patterns of Investment Strategy and Behavior among Individual Investors", The Journal of Business, Vol: 50, No: 3, PP-296-333.
25. Lee.C, Shleifer.A and Thaler.R, (1991), "Investor Sentiment and the Closed end Fund Puzzle", Journal of Finance, Vol: 46, No: 1, PP: 74-109.

26. Levine.R, (1991), "Stock Market, Growth and Tax Policy", Journal of Finance Vol: 46, No: 4, PP: 1445-1465.
27. Levine.R and Zervos.S, (1996), "Stock Markets Development and Long Run Growth", World Bank Economic Review, Vol: 10, No: 2, PP: 323-339.
28. Levine.R and Zervos.S, (1998) "Stock Markets, Banks and Economic Growth", American Economic Review Vol: 88, No.3 PP: 837-558.
29. Mayasami .R.C. Howe .L.C and Hamaz, (2001) "Relationship between Macroeconomics Variables and Stock Market Indices: Co Integration Evidence from Stock Exchange of Singapore's All-S Sector Indices", Journal Pengurusan, Vol: 24, PP: 47-77.
30. Naceur.S.B, Ghazvari.S and Omran.M, (2008), "Does Stock Market Liberalization Spur Financial and Economic Development the MENA Region" Journal of Comparative Economics, Vol: 36, No: 4, PP: 673-693.
31. Phillips.P.C.B, NadPerron.P, (1988), "Testing for a Unit Root in Time Series Regression", Biometrika, Vol: 75, PP: 355-46.
32. Poterba. J and summers. L.H, (1988), "Mean Reversion in Stock Prices: Evidence and Implications", Journal of Financial Economics, Vol: 22, No: 1, P: 27-59.
33. Rioja.F and Valev.N, (2014), "Stock Markets Banks and the Sources of Economic Growth in Low and High Income Countries", Journal of Economics and Finance, Vol: 38, No:2, PP: 302-320.
34. Ratanapakorn.O and Sharma .S.C, (2007), "Dynamic Analysis between the US Stock Returns and the Macro Economics Variables, Applied Financial Economics Variables", Applied Financial Economics, Vol: 17, No: 5, PP: 369-377.
35. Rioja.F and Valev.N, (2004), "Does One Size Fit All Are Examination of the Finance? And Growth Relationship", Journal of Development Economics, Vol: 74, No: 2, PP: 429-447.
36. Seetanah.B, Subadar.U, Sannassee. R.V, Lamport.M and Ajageer.V, (2012), "StockMarket Development and Economic Growth Evidence From Least Developed Countries", Berlin Working On Money Finance Trade and Development. No: 5/2012.
37. Shleifer.A and Vishny.R, (1997), "The Limits of Arbitrage", Journal of Finance, Vol: 52, No: 1, PP: 35-55.
38. Soenen. L. A and E. S. Hennigar, (1988), "An Analysis of Exchange Rates and Stock Prices: The US Experience between 1980 and 1986", Akron Business and Economic Review, Vol: 19, PP: 71-76.
39. Srivastava.A, (2010), Relevance of Macroeconomic Factors for the Indian Stock Market Decision, Vol: 37, PP: 69-89.

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**THE PROSPECTS AND CHALLENGES OF WOMAN
ENTREPRENEURS IN ERODE DISTRICT OF TAMIL NADU**

Dr. Anu Radha

Assistant Professor, Bharathiar University PG Extension Centre,

Erode, India

Email: anusakthi2010@gmail.com

ABSTRACT

Entrepreneurship amongst women is a relatively recent Phenomenon, which is gradually changing with the growing sensitivity of the roles, responsibilities and Economic status of women in the society in general and family in particular. For women entrepreneurs, starting and operating a business involves considerable risks and difficulties, because in the Indian social Environment women has always lived as subordinate to men. Increase in the education levels of women and increased social awareness in respect of the role Women plays a vital role in the society. This study discuss about the prospects and challenges of Woman entrepreneurs in Erode district of Tamil Nadu. The Objectives of the study is to study the challenges and opportunities faced by women entrepreneurs in running their business with the financial, marketing and production constraints faced by women entrepreneurs in their business. It has another objective to assess the health status and work place facilities of women entrepreneurs and to ascertain the work-family conflicts faced by women entrepreneurs.

Keywords: Entrepreneurship; Awareness; Work-Family Conflicts

INTRODUCTION

Women are faced with specific obstacles that have to be overcome in order to give them access to the same opportunities as men. They want to control the balance between their families and responsibility and their business levels. The woman entrepreneurship is defined as “an enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to a woman.”(Government of India) They should explore the prospects of starting new enterprise; undertake risks, introduction of new innovations, coordination administration and control of business and providing effective leadership in all aspects of business. In terms of Schumpeterian concept of innovative entrepreneurs, women who innovate, initiate or adopt a business activity are called business entrepreneur.

Women Entrepreneurship has been recognized during the last decade as an important untapped source of economic growth. Women Entrepreneurs create new jobs for themselves and others and by being different also provide society with different solutions to management, organization and business problems as well as to the exploitation of Women Entrepreneurial opportunities. However, they still represent a minority of all Women Entrepreneurs.

Indian Women Entrepreneurs

Women Entrepreneurship has been largely neglected both in society in general and in the social sciences in India. Not only have women lower participation rates in Women Entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do. The industries (primarily retail, education and other service industries) chosen by women are often

perceived as being less important to economic development and growth than high-technology and manufacturing.

A sense towards independent decision-making on their life and career is the motivational factor behind this urge. Saddled with household chores and domestic responsibilities women want to get independence. Under the influence of these factors the women entrepreneurs choose a profession as a challenge and as an urge to do something new. Such situation is described as pull factors. While in push factors women engaged in business activities due to family compulsion and the responsibility is a thrust upon them.

It is also a fact that more and more women are getting into the domain of entrepreneurial activities. The efforts of Government of India through various welfare organizations, non-Governmental agencies, Ministry of Commerce and Industry and hosts of other agencies have started looking after and helping the efforts of women entrepreneurs. Industries being labour intensive have high potential in employment generation. Thus they serve as an antidote to the widespread problems of disguised unemployment or underemployment stalking the urban and rural territory. It helps for the growth of cities, reduces growth of slums, social tensions and atmospheric pollution.

STATEMENT OF THE PROBLEM

The greatest deterrent to women entrepreneurs is that they are women. A kind of patriarchal male dominant social order is the building block to them in their way towards business success. The financial institutions are skeptical about the entrepreneurial abilities of women. According to a report by the United Nations Industrial Development Organization (UNIDO), "despite evidence that woman's loan repayment rates are higher than men's, women still face more difficulties in obtaining credit," often due to discriminatory attitudes of banks and informal lending groups (UNIDO, 1995b).

Entrepreneurship amongst women is a relatively recent Phenomenon, which is gradually changing with the growing sensitivity of the roles, responsibilities and Economic status of women in the society in general and family in particular. For women entrepreneurs, starting and operating a business involves considerable risks and difficulties, because Indian social environment which leads to women always lived as subordinate to men. The felt need approach for present situation is increased social awareness in respect of the role play by women in the society. Whether they are (women entrepreneurs) capable with Risk-Taking factor for entrepreneurial activities? How the social and economical perspectives are supported to women entrepreneurial activities? Is that feasible for Government programmes and schemes and supportive performance which are related to enrich their business background? Hence, this present study makes an attempt to find solutions for challenges and opportunities of Woman entrepreneurs in Erode district of Tamil Nadu

OBJECTIVES OF THE STUDY

The study was carried out with the following objectives:

1. To study the challenges and opportunities faced by women entrepreneurs in running their business.
2. To ascertain the financial, marketing and production constraints faced by women entrepreneurs in their business.
3. To assess the health status and work place facilities of women entrepreneurs.
4. To ascertain the work-family conflicts faced by women entrepreneurs;
5. To suggest different remedial measures to help and accelerate women entrepreneurs to run their business successfully.

RESEARCH METHODOLOGY

The researcher has adopted Descriptive research design. A sample of 100 respondents was taken for the study in Erode District by using the non-probability convenient sampling technique. Both primary and secondary data source were used. The study used a structured interview schedule to collect the primary data from the women entrepreneurs, who constituted the respondents of the study. Ranking Techniques, mean, average and simple percentage methods were adopted to analyze the data.

Prospects of Woman Entrepreneurs in Erode District of Tamil Nadu

In order to identify the prospects of women entrepreneurship in the study area, care was taken in selecting the sample. The sample for the study area was a composition of women entrepreneurs from different walks of life, belonging to different businesses. In order to mention a few are 1) Masala Industry 2) Garment Industry 3) yarns 4) women running computer centers and browsing centers 5) Type writing centers, 6) Photocopying centers 7) Retail stores and Departmental stores and Medical shops 8) Book selling 9) Tailoring Units 10) Fashion jewelers 11) Tuition centers etc., these are the areas in which women entrepreneurship opportunity exists in Erode. Even though these types of business are already existing and done by women, there is still a gap between the demand and supply. Therefore, it is a very prospective area for the women entrepreneurs to venture.

FINDINGS OF THE STUDY

Socio Economic Status of Women Entrepreneurs of Erode District- The primary data collected for the study revealed the following socio economic status of women entrepreneurs:

- It is observed that 57% of the respondents have completed their UG degree
- It is noted that 67 % of the respondents are married.
- Majority of the respondents (78%) have started their business between the years 2001 -2008. This is a period where there was a business uptrend all over Tamilnadu and the business progressed well.
- It is observed that 88% of the respondents belonged to Hindu religion.
- It is noted that 70% of the women informed that they have a single dependent at home, less than 18 years of age. It is inferred that more time spent by the women for doing the business.
- It is observed that women entrepreneurs having their family income between Rs 25000- 35000 per month.

Challenges faced by Woman entrepreneurs in Erode district- Type of the business and Financial Problems and Causative Factors Faced By Women Entrepreneurs Table no.1

Table 1. Financial Problems and Causative Factors Faced By Women Entrepreneurs

Financial Problems And Factors	Garment sector	Beauty parlor	Departmental stores	Fashion Designing	Computer center
Non availability of Long Term Finance	3.95	3.85	4.05	4.0	3.95
Regular And Frequent Need of Working Capital	4.8	4.8	5.0	4.7	4.95
Long Procedure to Avail Financial Help	3.8	3.7	3.7	3.8	3.8
High Cost Of Living	3.25	3.05	3.15	3.25	3.45
Too Many Dependents	4.3	4.3	4.25	4.25	4.35
Mean Score	4.02	3.94	4.03	4.0	4.1

Source: Primary Data

Above table depicts that irrespective of the type of business, the women entrepreneurs faced financial problem based on the dependents in their family (score above 4.2 points) and long procedure to avail financial help (score above 3.7 points). Non availability of long term finance was the other problem faced by entrepreneurs of departmental store and Fashion designing (score above 4 points). The average mean score of Beauty Bar lour is found to be less, since it involves a less investment.

Level of Satisfaction

The level of satisfaction that women experienced from their business are determined on the basis of mean score of all the statements of respondents, which came out to be 3.7125 for garment sector, 3.6 for beauty parlor, 3.7813 for departmental stores, 3.669 for Fashion Designing and 3.725 for computer center

Marketing Problems and Causative Factors Faced By Women Entrepreneurs

Irrespective of the type of business the women entrepreneurs faced common problem based on the tough competition from the larger and established units (score above 4.35 points) and poor location of shop (score above 4.1 points) and difficulty in affording own vehicle (score above 3.2 points). Inadequate bus facility was the other problem faced by entrepreneurs of beauty parlor and computer center (score above 2.75 points). The following Table portrays the same.

Table 2. Marketing Problems and Causative Factors Faced By Women Entrepreneurs

Marketing Problems And Factors	Garment Sector	Beauty Parlor	Departmental Stores	Fashion Designing	Computer Center
Lack Of Demand In Local Market	3.75	3.45	4.05	3.65	3.7
Tough Competition From Larger And Established Units	4.5	4.35	4.4	4.45	4.5
Poor Location Of Shop	4.5	4.15	4.65	4.1	4.5
Lack Of Transport Facility	3.1	3.35	3.15	3.05	3.35
Lack Of Marketing Center	3.45	3.0	3.45	3.25	3.4
Inadequate Bus Facility	2.95	2.8	2.9	2.9	2.75
Difficulty In Affording Own Vehicle	3.25	3.5	3.2	3.8	3.3
Not Being Popular	4.2	4.2	4.45	4.15	4.3
Mean Score	3.7125	3.6	3.7813	3.669	3.725

Source: Primary Data

Production, Health And Other Problems And Causative Factors Faced By Women Entrepreneurs

Irrespective of the type of business the women entrepreneur faced production related problem on the Non availability of labour (score above 4.75 points). Irrespective of the type of business the women entrepreneurs face Health problem due to the heavy work schedule (Score above 4.95 points). Irrespective of the type of business the women entrepreneur faced common problems on the lack of sufficient area for business (score above 4.55 points). Irrespective of the type of business the women entrepreneurs faced common problem based on the dual responsibility of the women entrepreneurs (score above 4.65 points) and time for education of children (score above 4.4 points). To spend more time for the family was the other problem faced by entrepreneurs of garment sector and departmental store (score above 4.4 points).

RECOMMENDATIONS

- (1) The women entrepreneurs have felt necessity of, proper sheds and plots for carrying out the production oriented activities financial subsidies and availability of raw materials and

adequate and proper transport facilities etc. It is assumed that these factors are needed to be considered mostly by the government and funding agencies for various purposes.

- (2) Attention of the government as well as the voluntary organizations should be drawn in rectifying these problems by making liberal assistance and gearing up the various facilities for enhancement of the status of enterprises.
- (3) Finally on the basis of the study, several problems were faced by the women entrepreneurs regarding government assistance, which involves proper policy to help small entrepreneurs, red-tapism, non availability of guidance and advisory service in time, etc.

CONCLUSION

For effective and sustainable development and technology transfer for women entrepreneurs, proper training based on scientific inputs, Suitable product ideas, product identification, market survey, project formulation and necessary approvals from the government at the right time with less legal formalities, soft recovery rules are of utmost importance. At the district level, a separate women's organization can be formed so as to help women entrepreneurs in fulfilling their requirements of financial assistance, marketing aid, obtaining subsidies, concessions, technical know-how, raw material assistance, conduct of market surveys to assess the feasibility counseling, follow up guidance etc.. If these are taken care, there is a vast scope for women entrepreneurs in Erode District.

REFERENCES

1. Anil Agarwal (1984), "Environmental Change and Women in India," Samayasakthi, Vol. 1, 1984, p. 27.
2. Bhattacharjee, S. K. and Akhouri, M. M. P. (1975). Profile of a small industry entrepreneur. SEMDE, 2 (1): pp 73-86.
3. Boserup, E. (1989), Women's Role in Economic Development: Earthscan, London.
4. Das K (2007). "SMEs in India: Issues and Possibilities in Times of Globalisation", in Hank Lim (ed.), "Asian SMEs and Globalization", ERIA Research Project Report 2007 No.5, March, ERIA, Bangkok.
5. Dhaliwal S (1998). Silent contributors: Asian female entrepreneurs and women in business. Women's Studies International Forum, 21(5): 463-474.

APRIL

2016

Vol 5, No 4 (2016)

Abhinav-National Monthly Refereed Journal Of Research In Commerce & Management
(Online ISSN 2277-1166)

Table of Contents

Articles

<u>A STUDY OF AGRICULTURAL FINANCE BY COMMERCIAL BANKS IN INDIA: A CASE STUDY OF CENTRAL BANK OF INDIA</u>	<u>PDF</u>
<i>Rajiben Solanki</i>	1-7
<u>HUMAN RESOURCE AUDIT PRACTICES ON THE PERFORMANCE OF EMPLOYEES WITH REFERENCE TO I.T. INDUSTRIES IN CHENNAI-ANALYSIS AND FINDING OF CHI-SQUARE TEST</u>	<u>PDF</u>
<i>P. Poonguzhali, Dr. Chandra Mohan Annavarappu</i>	8-18
<u>ASSESSING THE RELIABILITY OF LABOUR INCENTIVE SCHEMES – AN EMPERICAL STUDY</u>	<u>PDF</u>
<i>Dr. Ravi T. S.</i>	19-29

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**A STUDY OF AGRICULTURAL FINANCE BY COMMERCIAL
BANKS IN INDIA: A CASE STUDY OF CENTRAL BANK OF
INDIA**

Rajiben Solanki

Research Scholar, Department of Commerce, Saurashtra
University, Rajkot, India
Email: rajisolanki26@gmail.com

ABSTRACT

Agricultural finance possesses its usefulness to the farmers, lenders and extension workers. The economic principles of farm financial management facilitate in obtaining control over capital and its efficient use. The investment analysis pertaining to income, repayment capacity and risk bearing ability determine the amount of capital a farm business can profitably and safely use. Hence, the farmer can determine his credit worthiness and can put forth his loan application with confidence to lender. The present study an attempt to analyze the agriculture advances by commercial banks. This study is based on secondary data. The analysis was made by the application of trend analysis; calculate ratios and chi- square test with time series analysis. Major finding of the study is that agriculture lending by sample bank has failed to reach the target which given by RBI during the study period.

Keywords: Agriculture Finance; Commercial Bank; Chi-Square Test; Null Hypothesis

INTRODUCTION

Agriculture in India is one of the most important sectors of its economy. It is the means of livelihood of almost two thirds of the work force in the country and according to the economic data for the financial year 2006-07, agriculture accounts for 18% of India's GDP. About 43 % of India's geographical area is used for agricultural activity. Though the share of Indian agriculture in the GDP has steadily declined, it is still the single largest contributor to the GDP and plays a vital role in the overall socio-economic development of India. Agricultural credit provide exposure to the extension worker about the structure and functioning of lending institutions which in turn helps him to guide the borrower to choose the cheap lender in acquisition of credit. Besides, he can also advise on most efficient use of credit, i.e., to maximize the returns to limited capital resources. Thus, the extension advisory service has important role in the production planning with the farmers on the one hand while on consequential plans for the acquisition and use of limited funds on the other.

REVIEW OF LITERATURE

To study the agriculture finance by commercial bank, the researcher has referred to the important studies which have been already undertaken.

Anjani Kumar, K. M. Singh, Shradhajali Sinha, (2010), researchers have examined the performance of agricultural credit flow and has identified the determinants of increased use of institutional credit at the farm household level in India. The structure of credit outlets has witnessed a significant change and commercial banks have emerged as the major source of institutional credit in recent years. But, the declining share of investment credit in the total credit may constrain the sustainable agricultural

growth. The quantum of institutional credit availed by the farming households is affected by a number of socio-demographic factors which include education, farm size, family size, caste, gender, occupation of household, etc.

Kannan, E (2011), Researcher has find out that the disbursement of credit through institutional sources had a large impact on improving agricultural productivity. However, it points at its inadequacy and thereby urges for widening its coverage both in terms of the amount of credit and the coverage of more number of marginal and small farmers.

R. Govindasamy (2013), the researcher found that financial Institutions as effective channels of credit for farm sector, non-farm sector and other priority sector credit institutions have played a significant role in the development of rural and urban in Tamil Nadu. The credit agencies for Tamil Nadu are the aggregation of the exploitable credit potential for all the districts in the State for the years 2007-08 to 2010-11. The amount of credit non-farm sector was increased in over the period in all financial Institutions.

Siddharth Mishra (2014), the researcher studies that trend of agricultural finance by commercial banks: A case study of Union Bank of India, Bank of Baroda and State Bank of India. This study is based on secondary data. The researcher evaluate that the performance of UBI has not been satisfactory as the agricultural advances. The advances given by BOB and SBI had increased, during the study period.

HardeepKaur (2015), the researcher has to examine the performance and structure of cooperative banks in the state of Haryana. The study is based on the secondary data. The paper covers the period from 2002-03 to 2009-10. Ratio analysis is also done to figure out some more facts about the co-operative banks. As statistical weapons average, percentage and coefficient of variance have been applied. The co-operative banks suffered losses during the study period.

Seena P. C. (2015) this paper describes the management of agricultural credit in India and the impact of various banking sector reforms on agriculture. She concluded that performance of agricultural credit in India reveals that though the overall flow of institutional credit has increased over the years, there are several gaps in the system like inadequate provision of credit to small and marginal farmers, limited deposit mobilization and heavy dependence on borrowed funds .Efforts are required to address and rectify these issues. Banking sector reforms like fixing prudential norms, reduced SLR, CRR, banking diversification all affect the Indian agricultural sector.

OBJECTIVES OF THE STUDY

1. To understand the concept of Agriculture finance.
2. To examining the volume and trend of agricultural finance provide by selected bank.
3. To analyze the disbursement of agricultural credit by the commercial banks and know about that bank should achieve target or not.

RESEARCH METHODOLOGY

Population of the Study

In context of India, 93 commercial banks are in operation. These 93 commercial banks are regard as population. But, it is not possible to study these all commercial banks.

Sample Size

One commercial bank has been taken as sample from the whole population i.e. 93 commercial banks. The sample of the study is Central Bank of India.

Sampling Procedure

The selection procedure of the sample is not random. The Central Bank of India is selected for the study on the basis of convenient sampling method and non- probability sampling method.

Abhinav National Monthly Refereed Journal of Research In Commerce & Management

Source of Data

This study mainly depends on the use of secondary data that consists of annual report of the concerned bank. However besides the annual reports various other sources of data have also been used for the study i.e. newspaper, magazine, Economic journals and RBI reports, NABARD report etc.

Period of the Study

The researcher has undertaken the study for seven year i.e. 2008-09 to 2014-15.

Tools and Techniques

The following tools and techniques were employed to analyze the data with reference to fulfill the objectives of this study. Trend analysis, Ratio analysis and Chi – square test.

HYPOTHESES OF THE STUDY

For the present study the researcher has formulated Null hypotheses. Hypotheses were tested with the help of statistical tools. The statements of hypotheses were as under.

Null Hypotheses

Ho: There is no significant difference between the actual ratio and expected ratio of total agriculture advance to adjusted net bank credit of selected bank during the study period.

Ho: There is no significant difference between the actual ratio and expected ratio of direct agriculture advance to adjusted net bank credit of selected bank during the study period.

Ho: There is no significant difference between the actual ratio and expected ratio of indirect agriculture advance to adjusted net bank credit of selected bank during the study period.

RESULT AND DISCUSSION

Calculation of Trend Percentage Analysis for Total Agriculture Advances (Amount in crore)

Year	Total Agriculture Advance (RS)	Total Agriculture Advance (%)	Variation
2008-09	14139	100.00	—
2009-10	18309	129.49	+29.49
2010-11	19790	139.97	+39.97
2011-12	18848	133.30	+33.30
2012-13	24658	174.40	+74.40
2013-14	35387	250.28	+150.28
2014-15	35957	254.31	+154.31

Source: Annual report of central bank of India

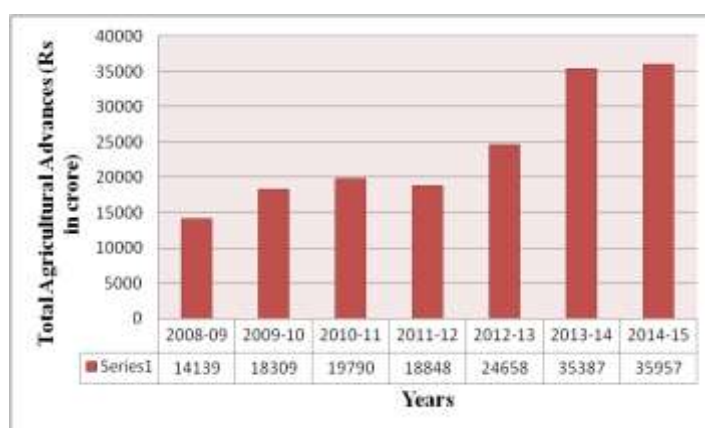


Figure: Total Agriculture Advances (Amount in crore)

The above table and figure represents the trend percentages of total agriculture advances by Central Bank of India for the period 2008-09 to 2014-15. Here, for the calculation of trend percentage statement, the initial year 2008-09 has been consider as base year. In case of total agriculture advance 100% in the base year (2008-09). Which is increased to 254.31% in the year 2014-15? It shows that increased 154.31% during the study period. It indicated that bank should try to provide more advances to agriculture sector.

Calculation of Trend Percentage Analysis for Direct Agriculture Advances (Amount in crore)

Year	Direct Agricultural Advances (RS)	Direct Agricultural Advances (%)	Variation
2008-09	8955	100.00	-
2009-10	11607	129.61	+29.61
2010-11	12473	139.28	+39.28
2011-12	15047	168.03	+68.03
2012-13	19849	221.65	+121.65
2013-14	23816	265.95	+165.95
2014-15	25628	286.19	+186.19

Source: Annual report of central bank of India

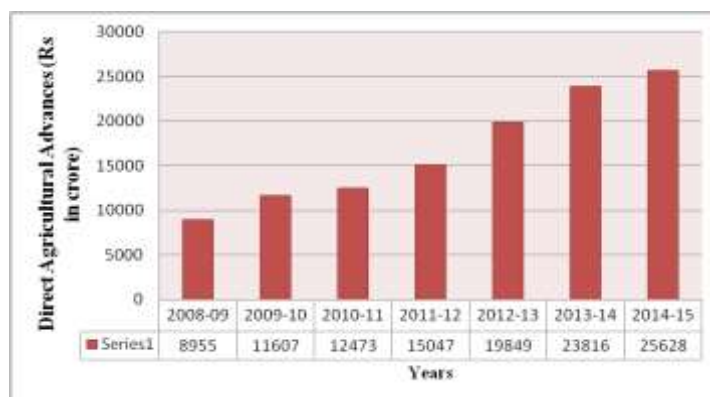


Figure: Direct Agriculture Advances (Amount in crore)

The above table and figure shows the trend percentages of direct agriculture advances by Central Bank of India for the period 2008-09 to 2014-15. Here, for the preparation of trend percentage statement, the initial year 2008-09 has been taken as base year. A direct agriculture advance by bank was increased year by year during the study period. It was increased to 129.61% in the year 2009-10. In the year 2010-11 it was increased by 39.28% as compared to base year. In the year 2011-12, 2012-13, 2013-14 it was increased to 168.03%, 221.65%, and 265.95% respectively. In the year 2014-15 it was increased by 20.24% as compared to previous year. During the study period it was increased by 186.19%.

Calculation of Trend Percentage Analysis for Indirect Agriculture advances (Amount in crore)

Year	Indirect Agricultural Advances (RS)	Indirect Agricultural Advances (%)	Variation
2008-09	5184	100.00	-
2009-10	6702	129.28	+29.28
2010-11	7317	141.14	+41.14
2011-12	3801	73.32	-26.68
2012-13	4809	92.77	-7.23
2013-14	11571	223.21	+123.21
2014-15	10329	199.25	+99.25

Source: Annual report of central bank of India

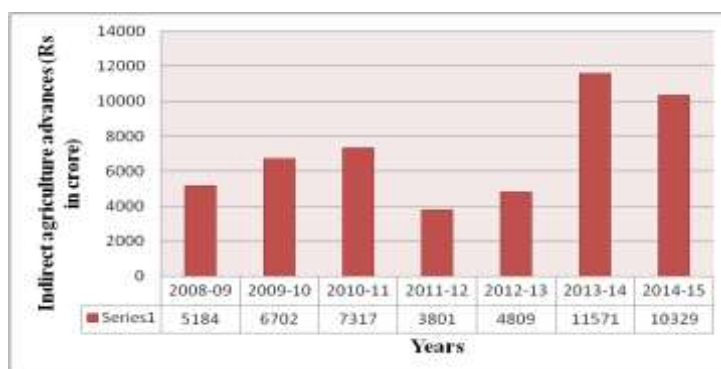


Figure: Indirect Agriculture Advances (Amount in crore)

The above table and figure shows trend percentages of indirect agriculture advances by Central Bank of India for the period 2008-09 to 2014-15. Here, for the preparation of trend percentage statement, the initial year 2008-09 has been consider as base year. The trend of indirect agriculture advance was increased in the year 2009-10 and 2010-11 by 29.28% and 41.14% respectively as compared to base year. In the year 2011-12 and 2012-13 it was decreased by 26.68% and 7.23% respectively. After 2012-13 shows increasing trends i.e. 123.21% and 99.25% respectively in the year 2013-14 and 2014-15. In short mix trend of indirect agriculture advances by Central Bank of India during the study period.

Calculation of various ratios (%)

Year	Total agriculture advance Ratio	Direct agriculture advance Ratio	Indirect agriculture advance Ratio
2008-09	19.20	12.16	7.04
2009-10	21.31	13.51	7.80
2010-11	18.64	11.75	6.89
2011-12	14.36	11.46	2.90
2012-13	16.31	13.13	3.18
2013-14	19.75	13.29	6.45
2014-15	19.05	13.58	5.47
Average	18.374	12.697	5.675

Source: Compute from annual reports of CBI

Agriculture advances by CBI has fail to reach the target in the year 2011-12 and 2012-13 only. It is shows the mix trend in the ratio of total agriculture advances to adjusted net bank credit during the study period. The ratio of direct agriculture advances to adjusted net bank credit for the period 2008-09 to 2014-15 is display in table. It is observed that, on average, the ratio is 12.69%. The ratio is highest in the year 2014-15 is 13.58 % and lowest in the year 2011-12 is 11.46%. This ratio shows the mix trend during the study period. The above table represent ratio of indirect agriculture advances to adjusted net bank credit for the period 2008-09 to 2014-15. It is observed that, on average, the ratio is 5.67%. The ratio is highest in the year 2009-10 is 7.8 % and lowest in the year 2011-12 is 2.9%. This ratio shows the mix trend during the study period.

Hypothesis Testing

Result of chi – square test for the χ^2 test of the various ratios

Ratios	χ^2 Calculated value	χ^2 Table value	Result (H_0 Accept / Reject)
Total agriculture advance to adjusted net bank credit.	1.681	12.592	H_0 accept
Direct agriculture advance to adjusted net bank credit.	0.297	12.592	H_0 accept
Indirect agriculture advance to adjusted net bank credit.	3.294	12.592	H_0 accept

Note: Degree of freedom 6 at 5 % level of significance.

Analysis

Total agriculture advance to adjusted net bank credit: Here, calculated value of χ^2 test is 1.681. The table value of χ^2 at 5 % level of significance and where degree of freedom is 6 is 12.592. Hence, the calculated value is less than table value. So the null hypothesis (H_0) is accepted. There is no significant difference between the actual ratio and expected ratio of total agriculture advance to adjusted net bank credit of selected bank during the study period. Means the result is as per expectation.

Direct agriculture advance to adjusted net bank credit: Here, calculated value of χ^2 test is 0.297. The table value of χ^2 at 5 % level of significance and where degree of freedom is 6 is 12.592. Hence, the calculated value is less than table value. So the null hypothesis (H_0) is accepted. There is no significant difference between the actual ratio and expected ratio of direct agriculture advance to adjusted net bank credit of selected bank during the study period.

Indirect agriculture advance to adjusted net bank credit: Here, calculated value of χ^2 test is 3.294. The table value of χ^2 at 5 % level of significance and where degree of freedom is 6 is 12.592. Hence, the calculated value is less than table value. So the null hypothesis (H_0) is accepted. There is no significant difference between the actual ratio and expected ratio of indirect agriculture advance to adjusted net bank credit of selected bank during the study period. Means the result is as per expectation.

FINDING OF THE STUDY

1. Researcher has found that agriculture advances by CBI has to reach target i.e.18 % of their total priority sector lending out of 40% except 2011-12,2012-13 years.
2. Researcher found that there is no significant difference between the actual ratio and expected ratio of total agriculture advance to adjusted net bank credit of selected bank during the study period.
3. Researcher has also found that there is no significant difference between the actual ratio and expected ratio of direct agriculture advance to adjusted net bank credit of selected bank during the study period.
4. There is no significant difference between the actual ratio and expected ratio of indirect agriculture advance to adjusted net bank credit of selected bank during the study period.

LIMITATIONS OF THE STUDY

1. This study is mainly based on secondary data, data taken from the published annual reports, website etc.
2. The statistical techniques have their own limitations. They also apply to this study.

3. The researcher has covered only one commercial bank for the study so it may not generalize to whole population.
4. The researcher is confined to the agricultural finance only.
5. Personal view differs from one person to other.

CONCLUSION

The study reveals that the bank credit in India to agriculture sector has been increased in its quantum during the study period. The credit provided by the bank has increased its advances. But an effort has to be taken by bank to reduce its outstanding, so that the recovered bank credit should be pumped in to agriculture sector further for its growth.

REFERENCES

1. Anjani Kumar, K. M. Singh, Shradhajali Sinha, (2010), "Institutional Credit to Agriculture Sector in India: Status, Performance and Determinant", Agricultural Economics Research Review Vol. 23 July-December 2010.
2. HardeepKaur(2015), "Performance and structure of cooperative banks in Agriculture Credit in Haryana", International journal of research in commerce and management, vol.6 (2015),issue no. 03.
3. Kannan, E (2011), "Relationship between Agricultural Credit Policy, Credit Disbursements and Crop Productivity: A Study in Karnataka", Indian Journal of Agricultural Economics, Vol. 66, No. 3.
4. R. Govindasamy(2013), "Institutional Credit and Agricultural Development", International Journal of Research in Commerce, Economics & Management, Vol.3 (2013), Issue No. 10 (October).
5. Siddharth Mishra (2014), "Trend of agricultural finance by commercial banks: A case study of Union Bank of India, Bank of Baroda and State Bank of India",International journal of research in commerce, economics and management.Vol NO. 4, Issue 11.
6. Seena P. C. (2015), "Management of Agricultural Credit and the Impact of Indian Banking Sector Reforms on Agriculture", International Review of Research in Emerging Markets and the Global Economy, Vol. 1, Issue 3.

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**HUMAN RESOURCE AUDIT PRACTICES ON THE
PERFORMANCE OF EMPLOYEES WITH REFERENCE TO
I.T. INDUSTRIES IN CHENNAI-ANALYSIS AND FINDING OF
CHI-SQUARE TEST**

P. Poonguzhali¹

Research Scholar, SRM University, India
Email: pppoonga@gmail.com

Dr. Chandra Mohan Annavarappu²

Professor, SRM University, India

ABSTRACT

This Article focuses on Human resource audit Practices on the performance of employees with reference to Information Technology Industries in Chennai .It has been prepared based sample size of 385 out of 450 distributed to respondents in I.T .Industries in Chennai. Fifteen Industries have been selected for the study. It consists of the Origin, , Definition and Evolution of Human Resource Audit, Brief information about IT Industries, objectives of the study, hypothesis, sample size, Review of literature relating to Human Resource audit practices, Research Design ,data analysis using chi-square test

Keywords: Human Resource Audit Practices; Employees; Performance; Information Technology; Evolution; Analysis; Chi-Square Test

INTRODUCTION

Origin, Definition and Evolution of HRA

The word “audit” comes from the Latin verb audire, which means, to listen. Listening implies an attempt to know the state of the affairs as they exist and as they are expected/ promised to exist. Auditing as a formal process is rooted in this feature of listening. Consequently, it is a diagnostic tool to gauge not only the current status of things but also the gaps between the current status and the desired status in the area that is being audited. Auditing has been a routine exercise in the area of finance, especially because it is a statutory obligation. However, in case of Human Resource, there is no legal binding to adopt auditing. Some of the companies nevertheless prefer to have Human Resource audits.

Human resources are the people in an organization, so a human resources audit is a look at those people and the processes that put them in place to make sure the system is working efficiently. An HR audit also goes beyond looking at the hiring process into areas like employee retention, budgeting, training, employee compensation, management/employee relations and virtually any process or practice within the company that affects its people. A periodic Human Resource audit can qualify its effectiveness within an organization. Human Resource audits may accomplish a variety of objectives, such as ensuring legal compliance; helping to maintain or improve a competitive advantage; establishing efficient documentation and technology practices; and identifying strengths and weaknesses in training, communications and other employment practices.

Human Resource Audit means the systematic verification of job analysis and design, recruitment and selection, orientation and placement, training and development, performance appraisal and job evaluation, employee and executive remuneration, motivation and morale, participative management, communication, welfare and social security, safety and health, industrial relations, trade unionism, and disputes and their resolution. HR audit is very much useful to achieve the organizational goal and also is a vital tool which helps to assess the effectiveness of HR functions of an organization. A complete Human Resources Checkup, including administration, employee files, compliance, handbook, orientation, training, performance management, and termination procedures. The intended outcomes include minimizing your liability exposure and introduction or enhancement of human resource best practices.

Evolution is a process of change. Over the last 25 years we have seen significant change in the HR auditing process, the value derived from HR auditing, and the HR audit tools used. HR audits have evolved from a simple checklist of do's and don'ts or periodic affirmative action plans to a comprehensive, sustainable process that: 1) is an integral part of the organization's internal controls, due diligence, and risk management; 2) is a fundamental activity of strategic management; and 3) uses sophisticated auditing products and consulting services.

Brief Information about I.T. Industries

India is the world's largest sourcing destination for the information technology (IT) industry, accounting for approximately 67 per cent of the US\$ 124-130 billion market. The industry employs about 10 million workforces. More importantly, the industry has led the economic transformation of the country and altered the perception of India in the global economy. India's cost competitiveness in providing IT services, which is approximately 3-4 times cheaper than the US, continues to be the mainstay of its unique selling proposition (USP) in the global sourcing market. However, India is also gaining prominence in terms of intellectual capital with several global IT firms setting up their innovation centers in India.

The IT industry has also created significant demand in the Indian education sector, especially for engineering and computer science. The Indian IT industry is divided into four major segments – IT services, business process management (BPM), software products and engineering services, and hardware. The IT-BPM sector in India grew at a Compound Annual Growth rate (CAGR) of 15 per cent over 2010-15, which is 3-4 times higher than the global IT-BPM spend, and is estimated to expand at a CAGR of 9.5 per cent to US\$ 300 billion by 2020.

REVIEW OF LITERATURE

Anne Cannings, Trevor Hills (2012)[56] The purpose of the paper is to propose that a new approach to human resource (HR) audit is needed. It also aims to explain the new approach and introduce a range of tools to support it. It analyses that traditional and existing common approaches, identifies the shortcomings of these, and proposes a new framework based on business contribution. And – Existing approaches to HR audit do not reflect the current aspirations and rhetoric on HR practices as promoted by Holbeche, and Ulrich et al.

Shammy Shiri (2012) [57], The study indicates that HR audit increases the efficiency of Human Resource function, gives opportunity to align the HR practices with the organizational strategy, identify improvement areas, and fine-tune the HR current practices in sync with organizational strategies.

P.Krishnakumar & B.Elakiya (2014)[58] The authors with main objectives to explain how Human resource auditing is necessary to protect the employee's interest, to motivate employees, to meet the challenges of trade unions, to improve the performance of human resources in the organization. An HR audit often involves gathering employee feedback and employees often find it easier to talk openly and share their opinions when talking to an external third party.

According to Gary, “the primary purpose of personnel audit is to know how the various units are functioning and how they have been able to meet the policies and guidelines which were agreed upon; and to assist the rest of the organization by identifying the gap between objectives and results for the end-product of an evaluation should be to formulate plans for corrections or adjustment.” An HR audit will provide a detailed analysis of the existing HR policies, procedures and activities against the current and future needs of the business. The findings of an audit can be used to benchmark HR policies and practices against any legal requirements and against regional and international best practices. Benchmarking in this way is important for an organization to mitigate any risks of non-compliance to legal requirements and develop a prioritized plan to implement best practices across HR.

Judith Brown (2012) The purpose of the study is to theoretically and empirically develop a better understanding of Conducting an HR Audit, How HR Can Better Measure the Effectiveness of its Functions and Programs. The study finds out the fact that HR strategic planning has become an integral part of doing business and it is important that human resource professionals be both professionals in the field and competent business persons. In order to walk the talk of being a “business partner,” HR managers have to provide real evidence that they are having a strategic business impact. Management is often asking, “How are we doing?” However, this is not always an easy question to answer. This is especially so, when it is difficult to obtain some type of objective measuring tool to determine how well a certain HR function is performing. To legitimize the claim of being “business partners”, HR managers must clearly demonstrate how HR services can accomplish the business objectives set forth by the organization. The HR function is often overlooked for audits/measurement tools, to assess its effectiveness and legal regulatory compliance. However, the HR Audit is a process that sets the stage for a true transformation in HR strategy and services. It links HR systems and services to organizational objectives while focusing on the business needs of internal customers.

F.R. Alexxander pravin Durai, I.Adaikalasamy,(2014)[59]the study identified the existing HR Audit practices and perception of Operating Engineers in Mando Automotive India Ltd., The study sates that HR Audit is a periodic review to measure the efficiency and effectiveness of Human Resource Management. Although there is no legal obligation to conduct HR Audit, it is considered important for improving the performance of human resource, controlling the cost of labor and meeting the challenges of the trade union. It is clear that study in the HR Audit sector is very limited. So it is necessary to find out the organizations that have HR Audit practices and to study on HR Audit practices perception of employees..

Pająk, Wojciech (2012)[61] this article notes Audit is one of the basic issues in organization and management. It consists of a number of constituent problems. One of them is the problem of research methodology. On the other hand, internal audit plays an increasingly important role in improvement of the functioning of an organisation. An attempt to apply the concept of internal audit for the purposes of diagnosing human resource management is the subject matter of this paper. Apart from the problems strictly related to the essence of methodology of personnel audit, an attempt was made to determine the problem range determined by this audit.

Silverman, Leslie Sandhu, Ravinder S. (2013)[62] The article addresses the issues focusing on the privileges of human resource (HR) or employment audits conducted by an employer. It explores three evidentiary privileges including attorney-client privilege, work-product doctrine, and self-evaluation privilege and informs that be protected from disclosure. It discusses common forms various HR audits including Equal Employment Opportunity (EEO) audits, pay equity audits, and wage and hour classification audits.

Florida Employment Law (2009)[63] the article offers suggestions for employers to review their personnel policies. It reports on the rise in the number of complaints being filed by employees in the Equal Employment Opportunity Commission of the U.S. and stresses on the need for employers to

conduct a comprehensive audit of their labor and employment policies. It mentions that employers must maintain records for pay and work hours and also presents a list of topics that should be reviewed in the audit.

Beckmerhagen, H.P. Berg, S.V. Karapetrovic, W.O. Willborn (2004)[64] this articles aims to focus on an "effective audit" cannot be taken for granted, even though it is performed by trained professionals using proven techniques and in accordance with internationally accepted standards. Recent highly publicized cases in both financial and quality auditing point to the need to further examine the meaning of audit effectiveness, as well as the methods to improve it.

OBJECTIVES OF THE STUDY

The main objective of the present research is to examine Human Resource Audit Practices on the Performance of employees in IT Industries in Chennai. The other objectives of the study are:

1. To evaluate the Demographic features of employees of I.T. Industries
2. To Assess the Factors influencing HR Audit Practices in IT Industries.
3. To identify the dimensions of Individual performance and organizational performance
4. To analyze the effect of Demographic variables on dimensions of individual Performance and organizational performance among IT Industries.
5. To measure the impact of individual variables and Organizational variables on the Performance of IT industries.
6. To assess the benefits and barriers in practicing HRA in IT Industries.
7. To suggest appropriate management strategies to improve the HR Audit practices among the IT industries.

HYPOTHESES

On the basis of the objectives of the study, the following hypothesis were framed and administered on the sample data.

1. There is no significant association between the demographic factors and their reason for preferring HRA
2. There is no significant difference across the demographic factors and HRA factors
3. There is no significant difference across the demographic factors and the Individual performance dimensions
4. There is no significant difference across the demographic factors and Orgnizational performance dimensions
5. There is no significant impact of Individual HRA dimensions on Individual Performance
6. There is no significant impact of Organizational HRA dimensions on Organizational Performance

RESEARCH DESIGN

The present study is perceptual and qualitative in nature. The present study is described the profile of the IT firms and the environment prevailing and explore the some of the facts relating to HR Audit climate and Practice and the employees perceptions on the same and its relevance and relationship with the performance of the employees and the firm. . Among the different IT hubs in Tamil Nadu, the Chennai city has been selected for the present study. A few and prominent IT firms in the sample are IBM, CTS, Accenture, Oracle, HP, Polaris , Infosys, HCL, Wipro, TCS, Tech Mahindra, Steria, iGate, Inautix and Saskan. In addition to that small and niche but competitive in nature and specialized in

services are rendered by some other are considered for the purpose of study and data collection. Initially a pilot study was conducted with 50 questionnaires and the reliability for the same was calculated by using Cornbach's Alpha Score and found at 0.908 (.908 Percent) as reliable. Ideally, the reliability coefficient above 0.5 is considered acceptable as a good indicator of constructing reliability (Nunnally, 1976), above 0.6 is treated satisfactorily (Robinson et.al., 1991), but alpha above 0.7 is considered sufficient (George and Mallery, 2001; Pallant, 2005).

Based on the same other IT firms were approached and met Human Resources Managers to get permission for the survey. Later final survey was started using the convenient sample technique (450 Questionnaires were distributed). The employees in the IT firms were not willing to share any information about the company and its practices. The myth of employees on the surveys was observed during the survey. Unless the purpose is clearly explained, majority of them were reluctant to respond. The employees were willing to express the reasons for change from one to other, the merits of the previous company where they employed and the other best practices of the competitor companies etc. In some of the IT firms, the researcher was allowed to meet the employees during training sessions and relaxation centers. It helped us to meet and explain the purpose of the survey to many at a time and create awareness and to obtain the data with ease.

The primary reason behind the adoption of convenient sampling technique is time and co-operation from the sample respondents to get the real and reliable and free consent of the respondent. Employees working in IT firms are traveling from far of places and tightly scheduled with personal and professional commitments. In some of the cases, the survey is conducted at the employee residence, where he or she is free to spend some time to share their opinions. The e-questionnaires also send to known sources through google docs and collected. Both physical and electronic questionnaires were consolidated by thorough review of the collected questionnaires. On review, it is found that, 408 questionnaires were received out of 450 questionnaires it is found that 23 questionnaires were unusable due to errors of omission and dual entries and 385 samples were found suitable for the study. The distribution of sample is shown in the table 3.3. Data analysis is carried out with the same. The data and information collected from respondents pertains to the year 2015.

Table 1. Distribution of Samples

S.no	Name of the Company	Circulated	Response Rate	Rejected	Final Sample
1	Microsoft	30	27	2	25
2	CTS	30	26	2	24
3	Mindtree	30	27	2	25
4	Oracle	30	28	2	26
5	Mphasis	30	26	2	24
6	Polaris	30	27	1	26
7	Infosys	30	25	1	24
8	HCL	30	29	2	27
9	Wipro	30	27	1	26
10	TCS	30	28	1	27
11	Tech Mahindra	30	29	1	28
12	Steria	30	26	1	25
13	iGate	30	27	2	25
14	Inautix	30	28	1	27
15	Saskan	30	28	2	26
	Total	450	408	23	385

Data Analysis Using Chi-Square Test

Association between Demographic Variables and Their Reason for Preferring HRA

Chi-square analysis is carried out in order to find the significant association between the Demographic variables like Age, Gender, Educational stream, Departments, levels of management and years of experience. Chi square is a statistical test to examine variation. It compares variation between two different populations and makes a determination whether the variation is the same. Chi square helps to determine the statistical significance of a association between an Attribute X and an Attribute Y in $Y = f(X_1, X_2, \dots, X_n)$. Chi-square χ^2 is a statistical test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis. That is, chi - square is the sum of the squared difference between observed (O) and the expected (E) data, divided by the expected data in all possible categories i.e. $\chi^2 = \sum(O - E)^2 / E$. The Pearson Chi-Square value together with the Asymp. Significant value (2 sided) is listed in the table

H0: There is no significant association between the gender and their reason for preferring HRA

H1: There is a significant association between the gender and their reason for preferring HRA

Table 2. Association between the gender and their reason for preferring HRA

Gender	Reason for preferring HRA					Total	Statistical Inference
	Helps to identify out SWOT	Helps to grow in career ladder	Benchmark for performance	Grade points of pay scale goes up	Helps to shift to some other opportunity		
Male	66	107	38	24	12	247	χ^2 Value = 3.69 df= 4
	64.1%	66.9%	64.4%	52.2%	70.6%	64.2%	
Female	37	53	21	22	5	138	
	35.9%	33.1%	35.6%	47.8%	29.4%	35.8%	
Total	103	160	59	46	17	385	

Note: ***Significant at 0.01 level

The Table reveals that there is no significant difference between the genders and their reason for preferring HRA in IT firms and the null hypothesis (Ho) is accepted. Hence, it is concluded that Gender does not have any impact on the preference of HRA

H0: There is no significant association between the Age group of respondents and their reason for preferring HRA

H1: There is a significant association between the Age group of respondents and their reason for preferring HRA

Table 3. Association between the Age group of respondents and their reason for preferring HRA

Age (in years)	Reason for preferring HRA					Total	Statistical Inference
	Helps to identify out SWOT	Helps to grow in career ladder	Benchmark for performance	Grade points of pay scale goes up	Helps to shift to some other opportunity		
Less than 20	18	26	8	14	3	69	χ^2 Value = 32.38** df= 16
	17.5%	16.2%	13.6%	30.4%	17.6%	17.9%	
21-30	46	57	28	22	8	161	
	44.7%	35.6%	47.5%	47.8%	47.1%	41.8%	
31-40	32	46	9	10	3	100	
	31.1%	28.8%	15.3%	21.7%	17.6%	26.0%	

41-50	3	21	8	0	1	33
	2.9%	13.1%	13.6%	0.0%	5.9%	8.6%
Above 50	4	10	6	0	2	22
	3.9%	6.2%	10.2%	0.0%	11.8%	5.7%
Total	103	160	59	46	17	385

Note: **Significant at 0.05 level

It can be understood from the Table that there is a significant difference between the various age groups of respondents and their preference over HRA and hence the null hypothesis (Ho) is rejected. Further, it is noted that a majority of the respondents (30.4%) belong to the age group of less than 20 years prefer Grade points of pay scale goes up, 47.5% of them belong to the age group of 21-30 years prefer HRA for benching the performance. 31.1% are in the age group of 31-40 years prefer HRA for identifying out SWOT. Most of the respondents (13.1%) are in the age group of 41-50 years prefer HRA for grow in career ladder. Respondents are in the above 50 years prefer HRA for shifting to some other opportunity Hence it is concluded that different age groups have an impact on the preference of HRA.

H0: There is no significant association between the Educational stream of respondents and their reason for preferring HRA

H1: There is a significant association between the Educational stream of respondents and their reason for preferring HRA

Table 4. Association between the Educational stream of respondents and their reason for preferring HRA

Educational stream	Reason for preferring HRA					Total	Statistical Inference
	Helps to identify out SWOT	Helps to grow in career ladder	Benchmark for performance	Grade points of pay scale goes up	Helps to shift to some other opportunity		
UG technical	20 19.4%	52 32.5%	33 55.9%	18 39.1%	4 23.5%	127 33.0%	χ^2 Value= 51.22*** df= 16
UG non – technical	13 12.6%	12 7.5%	3 5.1%	5 10.9%	0 0.0%	33 8.6%	
PG technical	26 25.2%	44 27.5%	11 18.6%	8 17.4%	3 17.6%	92 23.9%	
PG non – technical	28 27.2%	23 14.4%	7 11.9%	6 13.0%	10 58.8%	74 19.2%	
Professional	16	29	5	9	0	59	
	15.5%	18.1%	8.5%	19.6%	0.0%	15.3%	
Total	103	160	59	46	17	385	

Note: ***Significant at 0.01 level

The table indicates that there is a significant difference between the various educational streams of respondents and their preference over HRA and hence the null hypothesis (Ho) is rejected. Further, it is noted that a majority (55.9%) of the under graduates respondents who have technical qualification prefer HRA for benchmarking the performance. Most of the under graduates non-technical respondents prefer HRA for identifying the SWOT. More than one-fourth (27.5%) of post graduates technical respondents prefer HRA for career growth. More than half (58.8%) of the post graduates non –technical respondents prefer HRA for getting some other opportunity in the company. Majority (19.6%) of professional qualification prefer HRA for Grade points of pay scale. Hence it is concluded that different educational stream have an impact on the preference of HRA.

Abhinav National Monthly Refereed Journal of Research In Commerce & Management

H0: There is no significant association between the Departments and their reason for preferring HRA

H1: There is a significant association between the Departments and their reason for preferring HRA

Table 5. Association between the Departments and their reason for preferring HRA

Departments	Reason for preferring HRA					Total	Statistical Inference
	Helps to identify out SWOT	Helps to grow in career ladder	Benchmark for performance	Grade points of pay scale goes up	Helps to shift to some other opportunity		
Planning	12	29	20	9	0	70	χ^2 Value= 28.25** df= 16
	11.7%	18.1%	33.9%	19.6%	0.0%	18.2%	
Establishment	13	24	6	5	2	50	
	12.6%	15.0%	10.2%	10.9%	11.8%	13.0%	
Hr & training	23	23	15	10	4	75	
	22.3%	14.4%	25.4%	21.7%	23.5%	19.5%	
Accounting & tax	10	22	2	6	1	41	
	9.7%	13.8%	3.4%	13.0%	5.9%	10.6%	
Product devt	45	62	16	16	10	149	
	43.7%	38.8%	27.1%	34.8%	58.8%	38.7%	
Total	103	160	59	46	17	385	

Note: **Significant at 0.05 level

It is evident from the Table that there is a significant difference between the various departments and their preference over HRA and hence the null hypothesis (Ho) is rejected. Further, it is noted that nearly one- third (33.9%) of the planning department people prefer HRA for benchmarking the performance. Most (15%) of the establishment department people prefer HRA for career growth. Nearly one- fourth (25.4%) of HR & Training department people prefer HRA benchmarking the performance. Most (13.8%) of Accounting & tax department prefer HRA for career growth. Majority (58.8%) of product development people prefer HRA for getting some other opportunity. Hence it is concluded that most of the department people prefer HRA for career growth so it has an impact on the preference of HRA.

H0: There is no significant association between the levels of management and their reason for preferring HRA

H1: There is a significant association between the levels of management of respondents and their reason for preferring HRA

Table 6. Association between the levels of management of respondents and their reason for preferring HRA

Levels of Management	Reason for preferring HRA					Total	Statistical Inference
	Helps to identify out SWOT	Helps to grow in career ladder	Benchmark for performance	Grade points of pay scale goes up	Helps to shift to some other opportunity		
Junior executives	48	65	21	35	1	170	χ^2 Value= 56.14*** df= 8
	46.6%	40.6%	35.6%	76.1%	5.9%	44.2%	
Middle manager	35	39	25	9	14	122	
	34.0%	24.4%	42.4%	19.6%	82.4%	31.7%	
Senior	20	56	13	2	2	93	

manager	19.4%	35.0%	22.0%	4.3%	11.8%	24.2%	
Total	103	160	59	46	17	385	

Note: ***Significant at 0.01 level

It is observed from the table that there is a significant difference between the levels of management and their preference over HRA and hence the null hypothesis (Ho) is rejected. Further, it is noted that more than three-fourth (76.1%) of junior executives prefer HRA for Grade points of pay scale. Majority (82.4%) of middle level manager prefer HRA for getting some other opportunity. More than one-third (35%) of senior managers prefer HRA for career growth. Hence it is concluded that different levels of management have an impact on the preference of HRA

H0: There is no significant association between the years of experience of respondents and their reason for preferring HRA

H1: There is a significant association between years of experience of respondents and their reason for preferring HRA

Table 7. Association between the years of experience of respondents and their reason for preferring HRA

Experience (in years)	Reason for preferring HRA					Total	Statistical Inference
	Helps to identify out SWOT	Helps to grow in career ladder	Benchmark for performance	Grade points of pay scale goes up	Helps to shift to some other opportunity		
Less than 5 years	38	69	5	17	2	131	χ^2 Value= 65.29*** df= 16
	36.9%	43.1%	8.5%	37.0%	11.8%	34.0%	
5-10 years	29	44	22	11	2	108	
	28.2%	27.5%	37.3%	23.9%	11.8%	28.1%	
10-15 years	13	20	8	3	2	46	
	12.6%	12.5%	13.6%	6.5%	11.8%	11.9%	
15-20 years	20	14	21	7	10	72	
	19.4%	8.8%	35.6%	15.2%	58.8%	18.7%	
Above 20 years	3	13	3	8	1	28	
	2.9%	8.1%	5.1%	17.4%	5.9%	7.3%	
Total	103	160	59	46	17	385	

Note: ***Significant at 0.01 level

Table highlighted that there is a significant difference between the years of experience of respondents and their preference over HRA and hence the null hypothesis (Ho) is rejected. Further, it is noted that a majority of the respondents (43.1%) have less than 5 years of experience prefer HRA for career growth. More than one-third (37.3%) of respondents having 5-10 years of experience prefer HRA for benchmarking the performance. Most of the respondents (12.6%) having 10-15 years of experience prefer HRA for identifying their strength and weaknesses. More than half (58.8%) of the respondents having 15-20 years of experience prefer HRA for getting some other opportunity. Most of the respondents (17.4%) having more than 20 years of experience prefer HRA for getting grade points of pay scale. Hence it is concluded that years of experience have an impact on the preference of HRA.

FINDINGS BASED ON CHI-SQUARE ANALYSIS

1. Genders do not have any significant association with preference of HRA.
2. There is a significant association between the various age groups of respondents and their preference over HRA at 5% level of significance and hence the null hypothesis (Ho) is rejected. Further, it is noted that a majority of the respondents (30.4%) belong to the age

group of less than 20 years prefer Grade points of pay scale goes up, 47.5 % of them belong to the age group of 21-30 years prefer HRA for benching the performance. 31.1% are in the age group of 31-40 years prefer HRA for identifying out SWOT. Most of the respondents (13.1%) are in the age group of 41-50 years prefer HRA for grow in career ladder. Respondents are in the above 50 years prefer HRA for shifting to some other opportunity

3. There is a significant association between the various educational streams of respondents and their preference over HRA at 1% level of significance and hence the null hypothesis (Ho) is rejected. Further, it is noted that a majority (55.9%) of the under graduates respondents who have technical qualification prefer HRA for benchmarking the performance. Most of the under graduates non-technical respondents prefer HRA for identifying the SWOT. More than one-fourth (27.5%) of post graduates technical respondents prefer HRA for career growth. More than half (58.8%) of the post graduates non –technical respondents prefer HRA for getting some other opportunity in the company. Majority (19.6%) of professional qualification prefer HRA for Grade points of pay scale.
4. There is a significant association between the various departments and their preference over HRA at 5% level of significance and hence the null hypothesis (Ho) is rejected. Further, it is noted that nearly one- third (33.9%) of the planning department people prefer HRA for benchmarking the performance. Most (15%) of the establishment department people prefer HRA for career growth. Nearly one- forth (25.4%) of HR & Training department people prefer HRA benchmarking the performance. Most (13.8%) of Accounting & tax department prefer HRA for career growth. Majority (58.8%) of product development people prefer HRA for getting some other opportunity.
5. There is a significant association between the levels of management and their preference over HRA at 1% level of significance and hence the null hypothesis (Ho) is rejected. Further, it is noted that more than three-fourth (76.1%) of junior executives prefer HRA for Grade points of pay scale. Majority (82.4%) of middle level manager prefer HRA for getting some other opportunity. There is a significant difference between the years of experience of respondents and their preference over HRA at 1% level of significance and hence the null hypothesis (Ho) is rejected. Further, it is noted that a majority of the respondents (43.1%) have less than 5 years of experience prefer HRA for career growth. More than one-third (37.3%) of respondents having 5-10 years of experience prefer HRA for benchmarking the performance. Most of the respondents (12.6%) having 10-15 years of experience prefer HRA for identifying their strength and weaknesses. More than half (58.8%) of the respondents having 15-20 years of experience prefer HRA for getting some other opportunity.

CONCLUSION

It is concluded that Self development, Skill development and Self evaluation are good predictors for Individual performance. Moreover, Growth & Development and Strategic control measures are good predictors for organizational performance. Further it is concluded that Venturing into new business and verticals, Attitude of the top management towards organizational and human capital development are the key discriminant factors among the Practicing HRA IT companies.

This study suggests the IT firms to focus more on conducting fair and transparent evaluation with the trained and skilled person. Companies have to take immediate steps for Establishing training institutes, design and development of training programme and standardising procedure & counseling to retain their employees and get the competitive advantage.

REFERENCES

1. Abdul Aziz Arain (2001) Human assets accounting and human resource audit. Pakistan & Gulf Economist, 20.
2. Antona, J. P. L. Audit Social de Conformité, Dalloz, Paris, 1993

3. Boudreau, J. W., & Ramstad, P. M. (1997). Measuring intellectual capital: learning from financial history. *Human Resource Management*, 36(3), 343-356. [http://dx.doi.org/10.1002/\(SICI\)1099-050X\(199723\)36:33.0.CO;2-W](http://dx.doi.org/10.1002/(SICI)1099-050X(199723)36:33.0.CO;2-W)
4. Cantera, J. .Del Control Externo a la Auditoría de Recursos Humanos,. en Ordóñez, M., *La Nueva Gestión De Los Recursos Humanos*, Aedipe, Gestión 2000, Madrid, 1995, pp. 369-397.
5. Flamholtz. (1987). Need for H.R. Top Management Retrieved from <http://www.dragonflygroup.com/index.php?option=com>
6. Higgins, H. N. .Personnel Audit,. *National Public Accountant*, 42, 5, 1987, pp. 25-27, 40
7. Makhamreh, M. A. (1985). Determinants of absenteeism and turnover rates in Jordan business firms. *Jordan University*, 12(5), 27-34.
8. Nevado Peña, D. .La Auditoría de Recursos Humanos: Características y Desarrollos,. *Técnica Contable*, 589, 1998, pp. 45-58.
9. Pareek, U. (1997). Evaluation of HRD Functions (A brief note in evaluating human resource development). Jaipur: HRD Research Foundation. pp. 3-10.
10. V,Rao. Strength Based HRD Audit as an OD Intervention retrieved from <http://www.hrdaudit.org/>
11. Werther, William B., Jr., and Keith Davis., (2000), "Human Resources and Personnel Management." Prentice Hall, New York
12. TWalker, J. W. .Are We Using the Right Human Resource Measures?., *Human Resource Planning*, 21, 2, 1998, pp. 7-8.

Published by: Abhinav Publication

***Abhinav National Monthly Refereed Journal of Research in
Commerce & Management***

**ASSESSING THE RELIABILITY OF LABOUR INCENTIVE
SCHEMES – AN EMPIRICAL STUDY**

Dr. Ravi T. S.

Assistant Professor & Head, DRBCC Hindu College, Pattabiram,
Chennai, India

Email: ravi_shree26@yahoo.com

ABSTRACT

There are four primary factors of production for an organisation's economic growth and development. They are LAND, LABOUR, CAPITAL and ENTREPRENEURSHIP. Among the four, LABOUR resource contributes to a substantial level towards the organisational growth and development. This resource is a vital input for business organisations in achieving productivity. The significant recognition of this labour resource makes it imperative for the business entrepreneurs to be accountable for its efficient utilisation. Further, Human Behaviour theory emphasises that an organisation's labour resource contributes indirectly to its growth and productivity. Incentives are one technique by which employers carry out their end of the employment contract—i.e., compensating employees for their efforts. In its most generic form the incentive payment compensation tries to recognize some specific accomplishment on the employee's part. In general, incentive payments inspire the desired performance. The incentive itself is usually something tangible; most frequently, money. Programs dealing exclusively in intangible rewards or recognition are a legitimate subset of incentives. Generally, employers pay incentives in cash and sometimes in the form of gifts and vouchers, where the employees use them to buy discounted merchandise or service. Incentive is a one-time payment or recognition linked to specific achievements, Even though there are many forms of compensation paid to employees for performing their jobs, incentives tend to be result-oriented. An incentive scheme is a motivational plan or program to induce industry or a group towards an efficient and effective performance Thus, a properly planned incentive scheme assures organisations a high level of productivity because incentives induce employees to provide an efficient performance.

Keywords: Rudiments; Trust; Rationale; Confidence; Scope; Plausibility; Benefits

INTRODUCTION

An incentive scheme is a motivational plan or program to induce industry or a group towards an efficient and effective performance. The frame of the scheme is in such a way that it provides monetary and non-monetary benefits to its employees. The National Commission on Labour makes recommendations in relation to incentives and they are as follows:

- The application of incentive schemes must be encouraged in industries where it is possible to measure the output of employees and maintain a substantial amount of control over its quality.
- Incentive schemes must include as many employees as possible and must not restrict it to operational staff.
- Incentive schemes must be launched by involving the work-study team
- The incentive schemes need to be simple because employees must be able to understand its full implications.

Therefore, presence of an incentive system has a very important influence on productivity. A good incentive system is one based on reasonably accurate standards that motivate employees towards a better performance. Incentives are broadly categorised into two types – (i) monetary incentives and (ii) non-monetary incentives.

Non-monetary incentives are in the form of rewards and recognition such as encouraging employees with trophies, awards, certificates and providing better work environment. They are cost effective and have high social and psychological acceptance in the society. However, non-monetary incentives are capable of creating a feeling of discrimination among employees leading to victimisation, because out of many performance-aspirants, only one, two, or a few employees are awarded despite others, whose performance almost good are likely to miss the non-monetary benefits.

Monetary incentives such as profit sharing, gain sharing and other monetary incentive schemes directly benefit the employees at all levels, having a powerful and sustained effect. Monetary incentive schemes are more direct and tangible than non-monetary incentives. In this type of scheme, each employee gets his/her share of reward for the efficient and effective performance. This type of scheme serves as a better motivational technique and induces employees to improve their own performance.

There is a remarkable change in the global economic and political conditions. The world nations have started to adopt 'Free Market Economy' leading to a cutthroat competition in international markets. Further, in the year 2008-2009, there was a global recession affecting the world economy largely. Since India mainly depends on global economy, it cannot keep its economy in isolation. This situation made India to switch over from a policy of centralised planning & control, to adopting decentralised, and decontrol policy thereby encouraging Free Market economy. This shift made our country to open her economy to both domestic and foreign private entrepreneurs. India changed its economic and industrial policy favouring de-licensing and decontrol regulations. Progressive relaxation of FERA and MRTP Acts, labour laws etc. encouraged Foreign Direct Investment and liberalized the foreign exchange with full convertibility of rupee. The country took such measures to establish its external economic stability. India is facing a challenge of limiting its budgetary deficit and its government expenditure, particularly export-subsidy expenses and other subsidy- expenses to a minimum extent. Therefore, at present the economy of the country is in a state of transition. The prevailing challenge before the Indian manufacturing sector is competition - both at the domestic and at the international level. It strives to sustain in an environment where there are many options for its customers to choose their products or services at competitive prices.

Further, environment protection through stringent pollution control norms, bureaucratic governmental formalities leading to procedural delays and other political interferences are the external challenges presently faced by the manufacturing sector.

Internal challenges for the manufacturing sector include obsolete technology, low quality output, increased accidental rate, on account of poor safety awareness, higher percentage of wastage of resources due to non-adoption of lean technology and labour union problems.

The challenges for the Indian manufacturing sector at the individual level envisages low employee motivation, low job satisfaction, increased rate of employee attrition, employees' unsatisfactory work life balance, high rate of absenteeism indicating employee irregularity and poor quality of work life.

With such challenges ahead and to withstand such competitive pressure, our Indian manufacturing sector opted to go for a change with a suitable replace for obsolete technology, underutilised capacity, wasteful energy consumption, underutilised resources, de motivated work force and low productivity

NEED FOR THE STUDY

The impact of labour incentives on organisational performance is a significant issue of research in the domain of industrial relations under Human Resource Management. Many research contributions in this area show positive impact of labour incentives on organisational performance. Such contributions

exhibit incentives, when, provided raise productivity by creating a better rapport between the employees and management and when the organisations do not provide such incentives it may reduce the productivity of the organisations drastically by demotivating the work force in the labour market. Hence, it is an empirical challenge to observe whether incentives have a positive or negative impact on organisational productivity.

Organisations in the manufacturing sector attain the expected productivity level by effectively motivating the labour resource. In order to motivate the employees of the organisations in the manufacturing sector, employers in that sector seek the support of well-designed labour incentive schemes. High level of employee-morale, excellent quality of work life and the fair prevalence of employee-job satisfaction also extend their contributions towards motivating organisational employees in the manufacturing sector. Further, labour incentive schemes contribute the maximum towards motivating employees for an exemplary work-performance. In such a case it becomes imperative on the part of the management to devise reliable labour incentive schemes for a better work performance and hence the need for the study.

STATEMENT OF THE RESEARCH PROBLEM

Dalita Balassanian (2006) in his research study on incentive-system indicates that that incentives influence employee performance leading to the enhancement of organisational productivity.

Andrew Ballantine & others (2012) suggests that for an excellent job performance monetary incentives can be preferred. Monetary incentives include profit sharing, project bonus, overtime payments, stock options and warranties, group incentives, individual incentives, output based incentives. They also say that the needs of the employees differ based on their age. Monetary and non-monetary incentives can influence employees in different career stages.

Robert Talbut (2012) strongly suggests the organisations to establish Remuneration & Incentive Committees lest they encourage favouritism. Therefore, establishment of such incentives is one technique by which employers carry out their end of the employment contract—i.e., compensating employees for their efforts. In its most generic form the incentive payment compensation tries to recognize some specific accomplishments of the employees.

Gupta (1975) in his study of labour incentives in Indian Iron and Steel Industry finds that monetary incentives are best motivators leading to better motivation and higher labour productivity.

Nair and Rao (1991) in their study reveal that group incentives are best to develop the feeling of teamwork and co-ordination.

Matthew (1983) states that direct monetary benefits coupled with greater responsibility and autonomy in decision-making are good motivators than other benefits. However, the non-monetary incentives are perhaps more important in the case of executives, particularly those in higher position.

Sharma (1991) referring to the report of the National Commission of Labour, “under Indian conditions incentives are concerned with effective utilization of manpower which is quickest, cheapest and surest means of increasing productivity and stimulate human efforts to provide positive motivation to greater output.”

Arif Kohn (1993) points out that monetary incentives are the reward for excellent job performance in the form of money. Traditionally these incentives helped in maintaining a positive motivational environment. The non-monetary incentives, on the other hand are the rewards in the form of opportunities like sabbaticals, training, flexible working hours, etc.

Jain & Jabeen Fauzia & others (2007) in their study emphasise both monetary and non-monetary incentives are workplace motivators. In their research, they found that the cash incentives constitute primary motivators, essential to fulfil needs and wants of the workforce. However, non-monetary incentives are becoming more significant in the industries. They enhance employee performance and are more efficient in motivating the workforce.

From the above reviews, it is evident that labour incentive is a powerful employee-motivator for an employee's work performance. Many studies have contributed to this fact. Since labour-incentives prove to be such a crucial factor for employee-motivation, devising labour-incentive schemes calls for a meticulous approach. First consideration for any devised labour-incentive scheme should be in relation to its reliability feature. When employees have a strong opinion about the reliability on the labour incentives schemes framed by the organisation, at the very outset they feel psychologically motivated. However, the researcher observes that hardly any study conducted relating to this issue. Hence, the researcher observes this research gap and makes a humble attempt to carry out a research study pertaining to the identification of the various factors influencing the reliability of labour incentive schemes.

OBJECTIVES OF THE STUDY

The study has the following objectives

1. To identify the various factors influencing the reliability of labour incentive schemes
2. To understand the views of the employees about various incentive schemes offered
3. To fit an hypothetical model to establish the relationship between reliability and its factors

METHODOLOGY

Research Design

Research designs are concerned with turning the research questions into a testing project. The best design depends upon the research questions. This study uses both analytical and descriptive type of methodology. The study primarily depends on primary and secondary data.

Study area

Chennai widely known as Madras till 1996, has a rich tradition and civilisation with a blend of old and new, vibrating ceaselessly to keep pace with the rest of India, as the buoyant metropolis standing as the third most industrialised state is chosen as the study area

Sampling Design

The research study uses survey method to collect primary data. The survey method employs well-formulated questionnaire and applies multi-range sampling method for generating data.

Sample Size

The study adopts a systematic method of selecting samples. The researcher distributed seventy questionnaires and collected back sixty-five questionnaires, Out of these sixty- five questionnaires, sixty questionnaires were usable rejecting the rest of them. The research study also uses Journals, Magazines, Publications, Reports, Books, Dailies, Periodicals, Articles, Research Papers and Websites, company publications manuals and booklets to collect secondary data

Sample Selection

The researcher adopts random sampling method to collect samples from a small manufacturing company The researcher distributed the questionnaires to the employees of a small enterprise (the name of the company not mentioned in the article for the purposes of maintaining confidentiality) employing two hundred employees situated 40 kilometres away from Chennai in THIRUVALLUR district. It is an engineering company involving high technology dealing with the production of automotive parts.

Questionnaire Design

The research study involved questionnaires as the instrument to collect primary data. The respondents shared their opinions pertaining to labour incentive schemes. The instrument has three parts. The first

part of the questionnaire includes ten demographic variables with optional questions (Tables 1 & 2). The second part of the questionnaire uses twelve optional questions relating to the types of incentives provided by the chosen sample manufacturing company. The third part involves twenty-six statements relating to the rational determination of labour incentives with Liker 5-point scale. (Tables 3 to 9).

Table 1. Age of Respondents

AGE	FREQUENCY	PERCENT
18-25	14	23.3
26-35	24	40.0
36-45	13	21.7
ABOVE - 46	9	15.0
	60	100.0

Source: Primary Data

Table 2. Experience Of Respondents

EDUCATION	FREQUENCY	PERCENT
0-5 YEARS	16	26.7
6-10 YEARS	27	45.0
11-15 YEARS	9	15.0
16-20 YEARS	3	5.0
>20 YEARS	5	8.3
	60	100.0

Source: Primary Data

Factors Influencing the Reliability of Labour Incentive Schemes

Labour has trust and confidence in the incentive schemes offered by the management

Table 3.

VIEWS	FREQUENCY	PERCENT
SDA	1	1.7
DA	0	0
N	15	25.0
A	32	53.3
SA	12	20.0
	60	100.0

Source: Primary Data

The employees assured of minimum wage and incentives provided to them are above the fixed remuneration

Table 4.

VIEWS	FREQUENCY	PERCENT
SDA	0	0
DA	0	0
N	9	15.0
A	45	75.0
SA	6	10.0
	60	100.0

Source: Primary Data

No unilateral decisions are taken by the management in evolving an incentive scheme for employees and usually their views and suggestions are sought

Table 5.

VIEWS	FREQUENCY	PERCENT
SDA	0	0
DA	3	5.0
N	18	30.0
A	21	35.0
SA	18	30.0
	60	100.0

Source: Primary Data

The organization has proper redress machinery installed for quickly handling complaints pertaining to incentive schemes.

Table 6.

VIEWS	FREQUENCY	PERCENT
SDA	0	0
DA	1	1.7
N	15	25.0
A	34	56.7
SA	10	16.7
	60	100.0

Source: Primary Data

The company has a perfect system of evaluating employees work performance

Table 7.

VIEWS	FREQUENCY	PERCENT
SDA	0	0
DA	3	5.0
N	4	6.7
A	30	50.0
SA	23	38.3
	60	100.0

Source: Primary Data

The company introduces incentive schemes for its employees with a view to enhance the quality of the product

Table 8.

VIEWS	FREQUENCY	PERCENT
SDA	0	0
DA	0	0
N	13	21.7
A	34	56.7
SA	13	21.7
	60	100.0

Source: Primary Data

The firm's incentive schemes tends to match its employees' individual requirement

Table 9.

VIEWS	FREQUENCY	PERCENT
SDA	0	0
DA	1	1.7
N	15	25.0
A	36	60.0
SA	8	13.3
	60	100.0

Source: Primary Data

DATA ANALYSIS AND INTERPRETATION

The questionnaire uses both optional type statements and statements in LIKERT 5-point scale. The response from the employees of the selected manufacturing company, rated in 5-point scale, which ranges as follow:

- 5- Strongly Agree
- 4 – Agree;
- 3 – Neutral
- 2 – Disagree
- 1 – Strongly disagree

The researcher conducted a reliability study to validate the questionnaire and confirm the reliability of the study. For this purpose, the researcher employed CRONBACH'S Alpha Criterion.

Frame Work of Analysis

The research study uses SPSS (Statistical Package for Social Sciences) computer package for statistical analyses. The following are the statistical tools:

1. Descriptive statistics to ascertain the nature of responses of employees about various labour incentive schemes among various factors of labour incentives.
2. Factor analysis & principal component method to identify factors of various labour incentive schemes.
3. K-means Cluster Analysis to classify the employees of manufacturing company based on their perception.
4. Structural Equation Modelling (SEM) to prove with statistical evidence, the factors influencing the reliability of labour –incentive-schemes adopted by employers of the organisation

LIMITATIONS OF THE STUDY

1. Considering the time and cost factor the study is limited only to Chennai region.
2. The study domain confines only to manufacturing company and therefore the findings through analyses need not be the same for other industrial organisations.
3. The study is only with reference to one-selected small manufacturing company in and around Chennai and does not include all the manufacturing companies located in Chennai.

4. The study is limited only to 60 responses from the employees of the selected manufacturing company and hence the views of these respondents need not be the views of the employees of the entire sample manufacturing company chosen for the study.
5. Questionnaires circulated only to respondents who know to read and write. Thus the study confines its circulation of questionnaires only to literate group and ignores illiterate group who do not know to read and write.

RESULTS

The researcher conducted a descriptive statistical study to exhibit the views of the employees on various incentive schemes offered by the employer.

Employees Views on Various Incentive Schemes Offered

The second part of the questionnaire has questions to understand the employees' views about various incentives schemes offered by the employer. According to the instrument 98.3% of the respondents are of the view that the employer offers both monetary and non-monetary incentives. Fifty-five percent of the respondents accept that employer provides both individual incentives and group incentives to employees. Fifty-percent of the respondents vouch the employer offers both time-based and output-based individual incentives. Seventy-two percent of the employees agree that employer provides group incentives in the form of group bonus schemes. All the respondents of the sample strongly feel that the employer provides both extrinsic benefits such as ESI, EPF, Bonus, gratuity, maternity benefits and worker compensation. They also understand that employer provides intrinsic benefits, such as allowances (HRA, CCA, Transport, Education, Washing, Night-shift Conveyance, food Uniform Medical, Dearness and Leave Travel Allowances) fringe benefits (credit-cards and gifts) and awards like Trophies Citations Scrolls, Certificates and Letters of Appreciation

The researcher, in order to identify the factors influencing the reliability of labour-incentive schemes, conducted a factor analysis on the twenty-six variables relating to the rational determination of labour incentives with Liker 5-point scale. Using SPSS package, the twenty-six variables reduced to the following seven factors – rudiments, trust, rationale, confidence, scope, plausibility and benefits. (KMO and BARTLETT'S test – value of sampling adequacy - .768; BARTLETT'S test of SPHERICITY with approximated chi-square value – 932.788 statistically significant @ 5% level). In order to classify the perception of the respondents into various heterogeneous groups, a multivariate statistical tool – K-means cluster analysis – employed. Using cluster analysis, the researcher classified the small enterprise's employee-respondents (numbering to sixty) into three clusters based on their perception of factors on labour incentive scheme – as optimistic employees, mechanical employees and demanding employees. The optimistic employees and the demanding employees strongly agree while the mechanical employees moderately agree to the contention that for a labour incentive scheme to be reliable must have strong rudiment principles, must be trustworthy, rationale, confidence imposing –both on employers and employees, have a specific scope, shall be plausible and provide adequate benefits to the employees shedding extra efforts. (Table 10)

Cluster Analysis

Table 10.

Initial Cluster Centers

	Cluster		
	1	2	3
rudiments	4.63	3.63	4.63
trust	4.25	2.75	4.25
rationale	4.00	1.60	4.60
confidence	4.50	3.75	4.25
scope	4.00	3.00	4.00
plausibility	1.00	3.00	5.00
benefits	3.50	3.50	4.50

The identified seven factors, namely rudiments, trust, rationale, confidence, scope, plausibility and benefits serve as the concrete base to form an opinion in the minds of the employees of the organisation about labour-incentive scheme's reliability. To fit an hypothetical model to establish the relationship between reliability and its factors, the researcher developed a structural equation model. (DIAGRAM – 1)

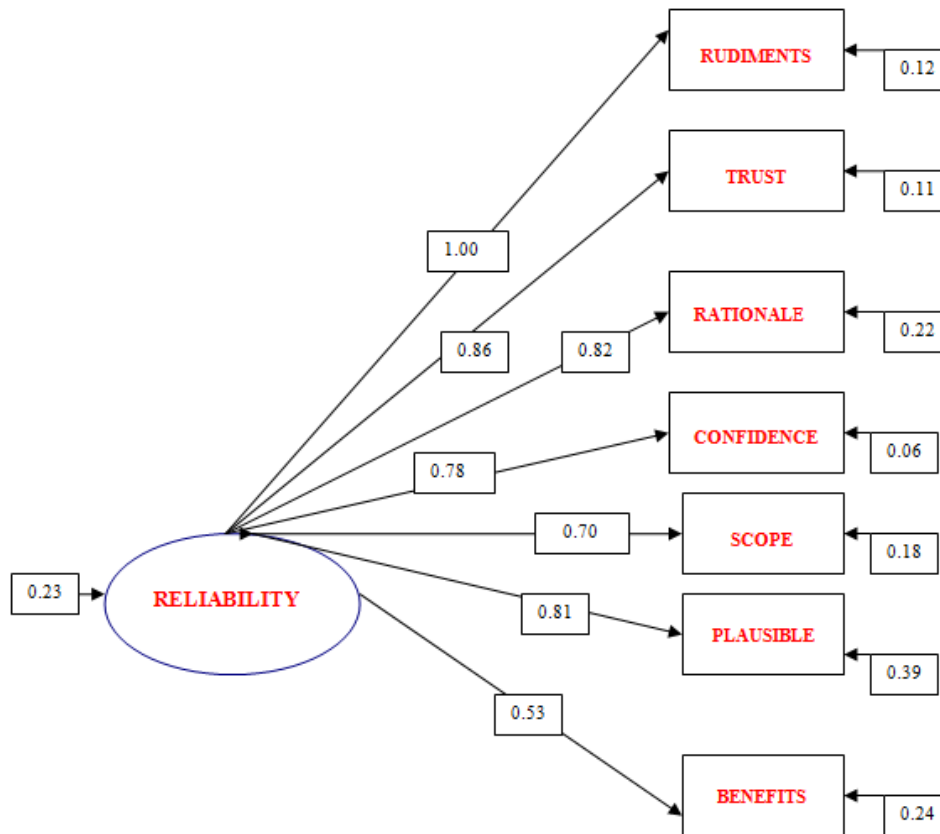


Diagram 1. Structural Equation Model (Sem) Labour-Incentive-Scheme–Reliability Assessment

DISCUSSION

The study reveals that for employees to rely upon labour-incentive schemes, the schemes framed, first of all shall strictly adhere to basic rudimentary principles – such as

- Installing a proper redress machinery, to handle complaints pertaining to incentive-schemes
- Assuring minimum wages and that incentives must be over and above the fixed minimum wages
- Making employees feel that the calculation involved in computing their total earnings out of their incentives is quite easy without any complexity.
- Making the employees realise that the incentive-scheme is unbiased and do not give any way for favouritism
- Making the employees understand that management periodically reviews the progress of the established incentive-scheme
- Creating an impression among the employees that incentive-schemes increase employee-earnings

- Providing a return higher than the normal rate of wages for the extra efforts rendered by the employees

Secondly, the labour-incentive scheme, to rely upon must be trust worthy. The incentive-schemes, in order be trustworthy

- Shall be easy to understand
- Management shall create faith in the minds of the employees that incentive- schemes are so devised to bring about a match between the extra efforts provided and benefits acquired through incentives
- The incentive-schemes company introduces shall enhance the product quality – this aspect is from the employers’ perspective.
- No unilateral decisions are taken by the management in evolving incentive-schemes, instead seeking and inviting employees views, ideas and suggestions

Thirdly, employees rely upon labour-incentive scheme when they pose rationale i.e., when they are rationale. Being rationale, means

- Designing Incentive-schemes to satisfy the safety needs of the employees
- When designed incentive-schemes are capable of maintaining the same level of output throughout the year
- Such incentive schemes, so devised makes the organisation feel that employees observe efficient methods of work
- Labour-incentive scheme standards are flexible such that their standards shall be altered in critical situations – for example when new plant & machinery is installed

Fourthly, employees rely upon labour-incentive schemes when such schemes provide confidence amongst employees. The indicators of enhanced-confidence level in relation to employees’ incentive-scheme are

- Reduced labour turnover
- When the benefits of incentive-schemes match the individual employee’s requirements
- When the organisation’s level of output increases

Fifthly, the reliability on incentive-scheme enhances among employees, when the scheme reflects a healthy scope. Scope of the incentive-scheme considered healthy when the organisation’s production method necessitates skilled, semi-skilled and unskilled labour

Sixthly, a reliable incentive-scheme should be plausible intending to improve employee-performance and the indicator of plausibility feature to be present in a labour-incentive scheme is a reduced level of absenteeism in the organisation.

Finally, reliability on labour-incentive scheme enhances when the scheme is capable of providing enormous amount of benefits to employees who have put in extra efforts towards organisation’s production and productivity.

The SEM model shows that factors like rudiments, trust, rationale, confidence, scope, plausibility and benefits influence reliability of any labour-incentive scheme. The model explains the fact – reliability on labour-incentive schemes increases, when the scheme’s rudiment principles are sound. When the scheme is more trustworthy,; when the scheme adopts a rationale approach; when the scheme imposes confidence in the employer and employees’ minds; when the scheme has a specific scope for its application; when the scheme is quite plausible to implement and capable of providing benefits to the employees putting extra efforts for organisational productivity reliability increases.

CONCLUSION

Hence, this research study identifies the significance of reliability towards labour-incentive schemes. It highlights the various factors influencing reliability of such incentive-schemes and establishes the magnitude and the extent to which such factors influence the reliability.

REFERENCES

1. Andrew Ballentine, Nova Mckenzie, Allen Wsocki and Karl Kepner “ Role of monetary & non-monetary incentives in the workplace as influenced by career stage”.
2. Arfic Kohn. (1993) “Why incentives plan cannot work. Ultimate rewards” A Harvard Business Review book, edited by S.Kerr. Boston, MA: Harvard Business school press.
3. Dalita, Balassanian. (2006). “Incentive Systems: Incentives, motivation and development performance” A UNDP capacity development resource. Capacity Development Group Bureau for Development Policy United Nations Development Program.
4. Gupta. B. (1975) “ Labour Incentive in India of Iron and Steel Industry”
5. Jain K.K, Jabeen Fauzia, Mishra, Vinita and Gupta Naveen Nandanwar MV, Surnis SV, Nandanwar LM (2007)
6. Mathew H. (1983) “Developing employment package attracting and retaining best employees, Management Decision”, 28, P- 6.
7. Nair M.R.R. and Rao T.V. (1991) “Excellence through HRD” New Delhi. Tata McGraw Hill.
8. Robert Talbut (2012) “ABI Principles of Remuneration “ www.ivis.co.inArfic
9. Sharma A.M. (1991) “Understanding Wage System”, New Delhi, Himalaya Publications.