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A COMPARATIVE STUDY OF HUMAN RESOURCE DISCLOSURE AND  
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BANKS IN INDIA

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## **CORPORATE SOCIAL RESPONSIBILITY- A GENDER PERSPECTIVE**

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### **ABSTRACT**

*The concept of CSR is not new to India; contributing to society without expecting anything in return is an intrinsic part of Indian tradition. It has recently been recognized as an essential part of business and as a result has been widely promoted. The challenge has been to integrate CSR as a wholesome activity into all aspects of business.*

*Today business entity is not only an important economic institution but also a social institution. Business enterprises are important organ of a society. organisations have responsibility to manage diverse workforce. Gender difference does not make any difference to the attitude or capability of a person. There are number of cases, where women are paid lesser in comparison to men for the same jobs and they face greater barriers in the matter of promotion to higher managerial positions. Discriminatory treatment of diverse workforce by the companies is very common. For example, in many companies, men are generally given preference over women in the matters of powers, facilities and promotions. In companies women are not treated at par with the men even if they hold a similar job profile.*

*Many companies do not give similar wages to women employee as they give to men for the same work. Such discriminatory practices lower down women employees moral and we know our society includes women also, who are half of the population and ultimately it adversely affect society. So women should be given importance in the important role of the company such as manager, in making policies, participation in decision making etc. a company should give equal opportunities to all people to work in it. It should not refuse to hire the people on the basis of gender. Selection and all other personnel decisions must be made solely on the basis of objective criteria such as efficiency to perform or seniority. Women, often encounter barriers workplace. The difference in gender is used as a tool to exploit them.*

*In this paper attempt has been made to trace out the factors related to less women participation in work place. Although the working women have been provided various benefits, protection and safeguards under different labour legislations in order to provide security against various risk specific to their nature which are likely to occur in their lives yet their work participation is not appropriate.*

**Keywords:** CSR; Gender Perspective

### **INTRODUCTION**

Gender equality does not imply that all women and men  
must be the same. Instead, it entails equipping both with equal

access to capabilities; so that they have the freedom to choose opportunities that improve their lives.

It means that women have equal access

to resources and rights as men, and vice versa".

-Power, Voice and Rights 2010, Asia Pacific Human Development Report, UNDP

Today business entity is not only an important economic institution but also a social institution. Business enterprises are important organ of a society. They have direct impact on society. For example, if an enterprise does not pay fair wages, the employees shall have a lower purchasing power resulting in low standard of living and poor demand for goods and services. Enterprises, which do not care for their discharges like gas, toxic etc., pollute environment and adversely affect ecological balance. In the same way organisations have responsibility to manage diverse workforce. Gender difference does not make any difference to the attitude or capability of a person. There are number of cases, where women are paid lesser in comparison to men for the same jobs and they face greater barriers in the matter of promotion to higher managerial positions. Discriminatory treatment of diverse workforce by the companies is very common. For example, in many companies, men are generally given preference over women in the matters of powers, facilities and promotions. In companies women are not treated at par with the men even if they hold a similar job profile. Many companies do not give similar wages to women employee as they give to men for the same work. Such discriminatory practices lower down women employees moral and we know our society includes women also, who are half of the population and ultimately it adversely affect society. So women should be given importance in the important role of the company such as manager, in making policies, participation in decision making etc. a company should give equal opportunities to all people to work in it. It should not refuse to hire the people on the basis of gender. Selection and all other personnel decisions must be made solely on the basis of objective criteria such as efficiency to perform or seniority. Women, often encounter barriers workplace. The difference in gender is used as a tool to exploit them. Corporate Sector should be encouraged to take up projects for providing assistance to women in situations of domestic violence and for rehabilitation of victims of trafficking (XII Five Year Plan Report of the Working Group on Women's Agency and Empowerment)

"Corporate social responsibility challenges business to be accountable for the consequences of their actions while pursuing economic goals. A corporation should be held accountable for any of its actions that affect people, their communities and their environment. It is continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of workforce and their families as well the local community and society at large."- Post, Fredrick and Lawrence

CSR activities can be done on the following areas, which are given below:

- The workplace,
- The marketplace,
- The community, and
- The environment.

As per Census 2001, the Indian workforce is over 400 million strong constituting 39.1percent of the total population of the country. There is a wide gap between the

proportion of male and female workers to the respective population. While 51.7 percent of the total males are workers, female workers constitute 25.6 percent of the total female population. These percentages are called work participation rates (WPR). The female WPRs during the 1981-2001 censuses and respective gaps between male WPR and female WPR are shown below.

**Table 1.** Female Work Participation Rate and its gap with Male Work

Census Year	Work Participation Rate (in percentage)	
	Female	Gap (Male to Female)
1981	19.7	33.0
1991	22.3	29.3
2001	25.6	26.1

**Source:** The Office of the Registrar General, India, ORG and Census Commissioner of India

It is observed from above that the Female Work Participation Rates have increased over decades resulting in narrowing of gaps with Male Work Participation Rates. Moreover, the number of female workers is about less than half the number of male workers.

The net increases (in million) of workers in four different industrial categories, namely, Cultivators, Agricultural Labourers, Household Industries and Other Workers between 1991 and 2001 are as under

**Table 2.** Net increase (in millions) in the different categories of workers between 1991 & 2001: India

Category of Workers	Male	Female
Cultivators	-4.3	5.8
Agricultural Labourers	10.3	10.6
Household Industries	3.7	5.2
Other Workers	39.4	14.7
<b>Total</b>	<b>47.1</b>	<b>36.3</b>

**Source:** The Office of the Registrar General, India, ORG and Census Commissioner of India

While the absolute number of male cultivators has decreased, there has been an increase in the number of female cultivators. In the Household Industries category, the increase in females is glaringly more than that of males. Some of the industries and occupations are dominated by females. Among these are skilled jobs like professionals, technicians and associate professionals (16.8 percent females compared to 10.8 percent males), skilled agriculture and fisheries workers ( 10.6percent females compared to 3.6 percent males), elementary occupations (19.4 percent females compared to 16.5 percent males) and skilled agriculture and fisheries workers (10.5percent females compared to 3.6 percent males).

Data from the 66th round of the NSSO indicates that female work participation rate has decreased between 2004-05 to 2009-10. The share of women in usual status workers declined from 28.7% to 22.8%. In rural areas this has declined from 32.7% to 26.1% and in

urban areas from 16.6% to 13.8%. (XII Five Year Plan Report of the Working Group on Women's Agency and Empowerment)

**OBJECTIVE**

The sole objective of this presentation is to know the basic factors that create gender discrimination in work place. As far as India is concerned women are actively participating and contributing in nation's development but women do not enjoy equal status as men do, now time come when society needs to change. As working mothers women managing family emotionally and financially. Needless to say women are backbones of family as well as society. Corporate plays major role to boost economy by providing employment to every section of society. Although female employment may be increasing in india, female empowerment and the role of women in the workplace remains limited as a result of gender stereotyping, mental mind sets and social conditioning. CSR can play main role in changing the mind sets of the society towards women role in work place.

**Remarkable CSR campaigns of companies for women empowerment****HUL's SHAKTI**

- SHAKTI means 'Strength'. Project SHAKTI is HUL's initiative to upliftment of standard of
- living in rural India by creating income-generating capabilities for underprivileged rural women
- by providing a small-scale enterprise opportunity, and to improving rural lives through health and
- Hygiene awareness. Project SHAKTI is taken up in rural areas only whereby women are the
- Distributors for HUL products and are called "Shakti Ammas". This identity is ushering prosperity in their lives and most importantly self-respect.

**Project DRISHTI**

- where Whisper helped to restore eyesight to 250 blind girls through corneal
- transplant operations in which P&G contributed Re 1 for every pack of whisper sold
- Project open minds to support and educate children across the Australia, ASEAN and the
- India (AAI) region. For every large size pack of Vicks Vaporub, Whisper, Ariel Power Compact,
- Head & Shoulders and Pantene purchased by consumers during November 1999 to January 2000,

**Avon**

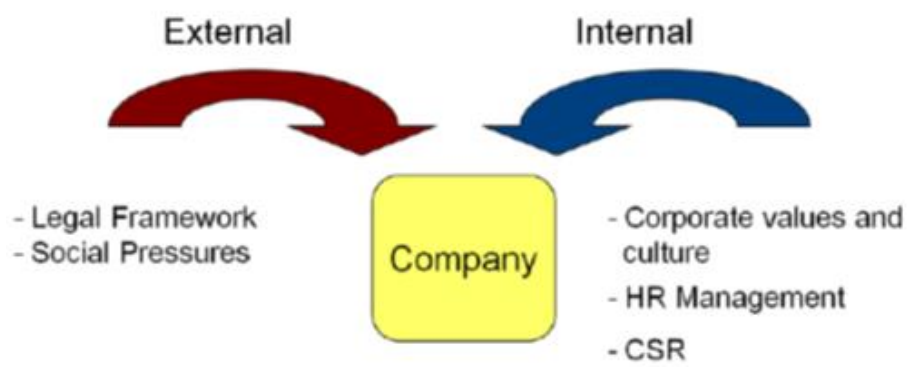
- Avon Cosmetics' commitment to women runs deeper than the boundaries of business. Women are the heart of Avon's success and Avon continues to support and understand their needs through Avon's Breast Cancer Crusade. The goal of the Avon Foundation Breast Cancer Crusade is to improve access to quality breast health care

for underserved, uninsured and low income populations, and to support biomedical research focused on prevention and improved methods of

- Diagnosis and treatment to Cure and prevent breast cancer.

There is a need of such valuable Corporate Social Responsibility campaigns from prominent companies which can surely change fate and face of women in Indian society in the significant areas of education, health, sports, cultural, political, employment and neglected as well as untouched areas of women empowerment which will boost them to live independent and dignified life which they deserve as they are vital and inseparable part of society. Development of corporate and society is unattainable without an active support of women. The government, media, NGOs should collectively join hands with corporate in common interest of upliftment of women.

### Factors That Affect Participation of Women In Workplace



Gender inequality can be attributed to two main factors: (i) external factors such as the legal framework, social and cultural perceptions: and (ii) internal factors that reinforce gender inequalities such as corporate culture, values, human resources structure and CSR application.

#### External Factors

##### i. Legal Framework

The Indian preamble to constitution recognizes the basic principles of the “the equality of status and opportunity” for all its citizens in india(article 12 to 35). However, no provisions specifically prohibit gender discrimination in labor opportunities or in the workplace, and no provisions stress equal salaries for men and women who hold the same positions.

india has “special benefit” laws intended to lessen the work burden for women and to keep them safe from dangerous jobs (Factories Act 1948), which sometimes works against equal access to job opportunities. There are certain conditions on the professions women can choose to pursue. As a result, women's economic participation is concentrated in the socially accepted professions for women. According to Factories Act 1948 there are certain provisions which are exclusively for women, keeping in view of their soft and tender personality . these are given below

1. prohibition of employment of women during night hours.
2. Prohibition of work in hazardous occupations.



3. Prohibition of employment of women in pressing cotton where a cotton opener is at work.
4. Fixation of daily hours of work at nine.
5. Provision of crèche
6. Provision of maternity benefits.

In reality, these restrictions serve to limit the competition between men and women in favor of men.

On the other hand, the labor laws provide for a certain degree of protection for women's rights in the workplace i.e. maternity leave, childcare etc. However, these legislations are not sufficient to provide the adequate support or encouragement for women to enter the workplace. There are several loopholes that remain providing the private sector with an option or opportunity to discourage or limit the employment, opportunities and growth of women in the workplace. For example

1. companies will not employ married women or women likely to get pregnant to avoid providing the maternity leave.
2. companies would avoid employing women with children that fall under the provision of providing suitable separate rooms for their children i.e. women with children below the age of six.

## **ii. Social perceptions and interference**

Society, in addition to the legislative framework, directly and indirectly enforces certain practices and "acceptable" standards i.e. the role of women, the time women can work, priorities for women etc.

Social discrimination against women is common in the field of labor and stems from popular notions that women need to be protected. Another popular belief in India is that women who enter the job market are doing so to supplement and increase their family's income rather than to become economically independent or to individually support their family. For example

1. Women can work in certain department only like it is socially unacceptable for women to work in maintenance department where only men work.
2. Women can work in 9 to 5 desktop job like banking, teaching, doctor etc.
3. Women cannot work late like BPO, KPO etc, it is socially not acceptable.
4. Parents prefer their daughters to serve government organisation then private although she is professionally qualified.

## **Internal Factors**

In addition to the external factors that influence women in the workplace, there are internal factors that reinforce social perceptions and play on the gender inequalities, either by increasing them or marginalizing them. We can take few factors such as : corporate culture and values; human resource management and CSR.

**i. Corporate culture and values**

The corporate culture and values influence the overall situation of women and gender dynamics in a direct way; namely through the social perceptions, informal culture, recruitment policy and promotion policy of the organization.

**Social perceptions**

Social perception and interference create or reinforce within companies certain mindsets that affect the role of women in the workplace. There are a variety of mindsets that dictate the role of women in the workplace and these are:

**1. The “traditional” role of women:**

People in the company have mind setups that women should not take on late night shifts so they can be home for their husbands when they return from their work and have the opportunity to look after their children before or as they come back from school. They are traditional in their thinking regarding the role of women, as the housekeepers and child bearers.

**2. The “appropriate” role of women:**

The informal culture within the organizations was that women could take on certain posts whilst other posts were inaccessible to them. Because of the physical nature of the job or post. So the “traditional” stereotype job is preferred for them like sitting job.

**3. The “priority” for women:**

Women are clearly identified as individuals with a social role to play i.e. housewife, child bearer, and that a job in essence may not be acceptable - but if necessary the job is a secondary role. Also, there was clear skepticism of women’s commitment to their jobs because of the social role they play or are expected to play. This skepticism resulted in the perception that to women the job will never be their priority (and should not be), and as such they are temporarily in the workplace making focus or attention on their role in the workplace unnecessary.

**4. Policy versus Practice**

Multinational companies have strict policies aligned with international standards with respect to women in the workplace.. However, it was clear in many cases that such policies, although well written and in some cases even effectively communicated, were not necessarily translated into practice or embedded within the company culture.

It appears that the cause of such disparity between policies and practices stems from the mind setups that in turn create an informal culture within which companies operate, creating practices that are misaligned with policies.

**5. Recruitment policy**

A criterion for employment is a set qualification without consideration of social, culture or gender issues. In implementation, this leaves much room for an informal culture to regulate the applicability of social, cultural or gender norms, making the recruitment policy a mere guideline but not a process or practice. For example if a woman wanted to work as a technician, whose job description is gender neutral, the application may not be considered because of the stereotypical mental model and the resulting informal culture and perception that it is inappropriate for a woman to work as a technician.

**6. Job Description Policy**

Men and women performing the same jobs don't in actual fact have the same responsibilities. For example, men and women with the same job title and position will perform different responsibilities because of stereotypes and gender differentiation.

For example, male accountants are expected to perform out of office work whilst female accountants are not. By policy their job descriptions are identical; yet in practice they are not because of the informal culture that dictates it is inappropriate for women to undertake out of office work

This informal culture may be a result of a mental structure that implies the need to protect women in the workplace. Such actions are often perceived and expressed as positive discrimination in favour of women. However, in its entirety this protective mind setups results in limiting the potential performance of women and in turn their opportunities for promotion in the workplace.

**7. Promotion Policy**

Policies and practices, as they relate to promotion, are difficult to ascertain since they reflect on a conglomerate set of actions.

For example, all companies were clear in that promotions are directly tied to defined criteria based on performance. However, performance is based on being able to effectively perform ones responsibilities. This may require out of office work for the female accountant, late night shifts for the female manager or experience and know-how in non-traditional female posts, all of which are activities women have limited access to because of the informal cultures.

For example, Kiran bedi was a senior officer but she could not be promoted to police commissioner of Delhi, although she works for 16-18 hours a day. Her junior has been promoted to this post because of gender discrimination.

**ii. Human Resource Management**

A key asset to any business is their human asset. It would be difficult to ascertain growth, success or sustainability without good human resources and effective human resource management. Accordingly, it is important to review human resource management as it may influence gender roles, rights and opportunities in the workplace.

**SUGGESTIONS**

Many actions are necessary if gender equality is to be achieved and CSR is to play a part in affecting gender equality in the workplace. There are recommended actions which can be taken to improve the situations of women in work place.

1. Encourage more women in the workplace through:
  - Participation in job fairs
  - Facilitating easier shifts for women
2. Training: Training is key to influence, raise awareness and provide employees with the tools to manage the necessary change. Training can take many different formats as follows:
  - Diversity training

- Training of managers on how to deal with gender diversity and encourage and support gender equality in the workplace
  - Training of women on how to be more proactive in the workplace
  - Raising awareness on employees rights
  - Employee training on handling conflict, sexual harassment and complaints
  - Training of men to raise their awareness on the importance of diversity
  - Equality training for recruitment and selection staff to ensure the incoming employees can neutralize or create a more balanced workplace
  - Training on gender sensitivity and the importance of women in the workplace
3. Culture shift: The organization needs to invest in a culture shift to value women's skills and contributions in the workplace more. This shift may be accomplished through actions to influence or re-direct informal cultures that negatively affect the role of women in the workplace.
  4. Current Balance: Gradually increase the number of female decision makers within an organization to potentially affect the corporate culture, mindsets and informal models.
  5. Create an equal playing field by providing support for women entering the workplace, taking into consideration their social responsibilities of childcare by providing childcare facilities.
  6. Actively advocate and encourage female applicants to non-traditional posts by:
    - Supporting them and enabling them to work in groups to overcome the traditional mindset and stereotypical mental models; or
    - Amending job descriptions to encourage female applicants to non-traditional posts.
    - Recruiting more than one women in a male dominated department to avoid isolation
  7. Encourage increased female executive training and non-traditional training for women i.e.:
    - Mentoring of women to prepare them for senior posts, more responsibilities etc.
    - Accelerated training techniques that provide women with the option to grow within an organization quickly.
    - Career development guidance for women to help them identify their needs, their skills (strengths and weaknesses) and how to maximize on them.
    - Designed and focused training initiatives that help women in lower level blue collar positions to move into non-traditional jobs.
  8. Make already available training more accessible by providing transportation or making it possible for training to be undertaken online etc.

9. More pro-active actions to reflect the senior buy-in for more women in the workplace i.e.
  - Actively pursue applications of women
  - Provide the necessary support structure for women in the workplace
  - Create a welcoming environment for women by eliminating the notion of departments exclusively for men
10. Ensure that practices are more transparent. This can be achieved by ensuring (i) there are at least two people managing or handling the process; (ii) a balanced gender representation on selection committees; and (iii) practices and processes are reviewed and audited regularly.
11. Establish a structured interview process that is consistent regardless of the sex of the applicant or the committee reviewing the application.
12. Create a form of accountability for decisions made within the organizations by department heads i.e. who they choose for training and why?
13. Integrate gender sensitivity and consciousness in performance criteria for promotion i.e. overtime work is not part of the evaluation criteria and is rewarded separately.
14. Invest in strategic CSR that will promote gender equality in the organization and community
15. A strategic approach to CSR to address gender in the workplace would include:
  - A committee on how to attract and retain more women
  - Partnerships with local communities
  - Monitoring the impact of policies, procedures and activities on male and female actions
16. Take advantage of the potential social and economical impact of female employment and empowerment as part of the CSR strategy.
17. HR data that reflects number of applicants per post by sex, number of interviews per post by sex etc. including employment, promotion, training, termination etc. to ensure accountability for the process.
18. Gender disaggregated data in terms of performance, training and promotions to show return on investment for men and women and avoid basing conclusions and decisions on stereotypes or informal cultures.

## **CONCLUSIONS**

This paper has been written to know the factors that are responsible for gender discrimination in the work place. . Positive discrimination towards female empowerment needs to be revisited.

Initiatives and practices in place to support female empowerment or employment often hinder the development, growth and advancement of women as they are often based on positive discrimination; such initiatives and practices need to be revisited to ensure they are in fact supportive and are without any negative impact on women's career choice and

development. Education, training and awareness are required to effectively implement gender equality in the workplace.

Education is key to creating a balanced workplace in terms of gender equality, and to build awareness of its importance and value to the companies and society. Although female employment may be increasing in India, female empowerment and the role of women in the workplace remains limited as a result of gender stereotyping, mental mind sets and social conditioning.

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## **AN EMPIRICAL STUDY ON CUSTOMER SERVICES OF SELECTED PRIVATE SECTOR BANKS WITH SPECIAL REFERENCE TO UDAIPUR CITY**

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### **ABSTRACT**

*“Consumer is the real king in India.” This statement clearly depicts that customer satisfaction is the key driven factor behind the growth of any industry and banking is not an exception to it. And due to the increasing fierce competition it is becoming very essential for private banks to know about the level of awareness and satisfaction among its customers to sustain the significant market share. The paper is based on a descriptive research design & close ended questionnaire is used to collect the primary data from private bank customers. Conclusions of paper reveal that Majority of customers are aware about the deposit services of Private Banks Whereas Loan services are ranked on second position on awareness scale.*

*This paper also concludes that there is a significant difference between the satisfaction levels of various Private bank customers towards services offered and The awareness level about Private bank services is affected by demographics of customers.*

**Keywords:** Customer Services; Private Bank; Customer awareness; Customer satisfaction

### **INTRODUCTION**

The business of banking industry is the backbone to the development of Country's economy. With the growing importance of banks the needs and demands of customers is also changing at a very rapid pace and banks have to satisfy all customers belonging to different social groups. Nowadays banks provide variety of services ranging from savings account to internet banking, granting loan services to insurance, locker facility to transfer money to abroad. The banking has therefore become very complex and requires specialized skills so as to move in tandem with the current transformations in the global banking system.

Indian Banking Industry originated in the last decades of the 18th century and since its inception public banks had monopoly in the market. But after liberalization with the entrance of private banks, upper bar of competition has increased a lot which forced public banks to enhance the level of customer services. So keeping in mind vital needs of banks in the competitive era this study attempts to know about the level of awareness and satisfaction among customers of Private banks along with the influencing factors.

### **LITERATURE REVIEW**

Dr. S. Saraswathi (2011) have done a study on “Perception of Customers on the Performance of the Private Banks - A Study with Servqual”.From the study it can be concluded that

reliability, empathy and responsiveness are the dimensions which needs to be taken utmost care by the banks to enhance the customers satisfaction.

Uma Sankar Mishra, Bibhuti Bhusan Mishra, Swagat Praharaj, Ramchandra Mahapatra (2011) has revealed that the public banks are ahead of the private banks in attracting and retaining customers because of good personal relationship with the customers.

Nirmaljeet Virk, Prabhjot Kaur Mahal (2012) has concluded that private sector banks are providing better services in terms of mutual funds, query resolution through telephone, branch facilities, services by teller and above all customer relations with manager.

Manoj Dash, Saroj Dash, Jai Prakash Sharma (2012) has made an attempt to do the comparative analysis of the service attributes among two major segments and it has revealed that private banks have dominated public sector banks in terms of delivering qualitative customer service. Although public sector banks played a vital role in reaching every segment of the society in the past, the performance in the current scenario is not encouraging. So, efforts should be made.

M.Kailash (2012) have done a study in the same area and The findings show that Private sector banks performed significantly by satisfying its customers with good services and they have been successful in retaining its customers by providing better facilities than Public sector banks.

Waqar ul Haq, Bakhtiar Muhammad (2012) has conducted a research titled “Customer Satisfaction: A Comparison of Public and Private Banks Of Pakistan” From the study it can be concluded that When the private sector banks are compared with public sector banks, private bank customers were more satisfied with their bank because of their multiple branches at convenient locations and technology (like check deposit machines, utility bill accepting machines etc.) which were not even seen in public sector banks.

Nazia Nabi (2012) have studied “ Customer Expectations of Service Quality: A Study on Private Banks of Bangladesh” The findings of the paper show that As a Marketing Manager in the banking industry, it is pertinent that all the components in a service quality program be strictly followed and implemented effectively. Assurance, reliability, tangibles, customer expectation and customer satisfaction are all equally important.

A reasonable amount of research work by the aforementioned researchers has been done on the Banking Industry and related aspects. They almost studied all the dimensions of Indian Textile Industry but still there are some untouched aspects where the investigation has to be done. This study is focusing on those aspects which are not been analysed yet specially in reference to Udaipur city. Researchers have done comparative analysis in Banking sector but there is no study carried out in Udaipur city for private Banks. So this paper is an attempt to analyse the Customer Services of Selected Private Sector Banks with Special Reference to Udaipur City.

## **OBJECTIVES**

The purposes of this research paper are as follow

- Identify the reasons for having account in Private Sector Bank.
- Study the awareness of customers regarding banking services of Private Sector Banks.



- Identify the significant difference between the satisfaction levels of different Private bank customers of Udaipur City.
- Identify the impact of customers' demographics on their awareness level about Private Bank Services.

## RESEARCH METHODOLOGY

### Research Design

To serve the purpose of research paper descriptive research design was used. Primary data was collected with the help of close ended questionnaire.

### Sample Design

Our target population involves the users of banking services of Private Sector Banks. 200 respondents of ICICI (50), HDFC (50), YES Bank (50), & AXIS Bank (50) were selected through convenience sampling from Udaipur.

## HYPOTHESES

H<sub>01</sub> = There is no significant difference between the satisfaction levels of different Private bank customers of Udaipur City

H<sub>02</sub> = Gender of respondents doesn't affect their awareness level about Private Bank Services.

H<sub>03</sub> = Age of respondents doesn't affect their awareness level about Private Bank Services.

H<sub>04</sub> = Income of respondents doesn't affect their awareness level about Private Bank Services.

H<sub>05</sub> = Education of respondents doesn't affect their awareness level about Private Bank Services.

## ANALYSIS

The data collected was analyzed with the help of various statistical tools like Chi-square test, ANOVA (F-test), Weighted Arithmetic Mean etc.

## ANALYSIS & INTERPRETATIONS

### Demographics of Respondents

Descriptive statistics are illustrated in Table 1, which indicates demographic wise distribution of respondents. 62% respondents are male & majority of customers are graduate (43%). Major number of Private Bank customers belongs to the age group of 36 to 50 (32%). Percentage of Private employees is maximum (37%) & 30% of respondents are having monthly income between Rs. 30,001 to 40,000.

**Table 1.** Demographics of Respondents

Particulars	Frequency	Percent	Cumulative Percent
<b>Gender</b>			
Male	124	62	62
Female	76	38	100
<b>Total</b>	<b>200</b>	<b>100</b>	

**Table 1.** Demographics of Respondents (Contd....)

Particulars	Frequency	Percent	Cumulative Percent
<b>Education</b>			
Intermediate	18	9	9
Graduate	86	43	52
Post Graduate	54	27	79
Professional	42	21	100
<b>Total</b>	<b>200</b>	<b>100</b>	
<b>Age Group</b>			
Below 25	46	23	23
25-35	48	24	47
36-50	64	32	79
51-60	42	21	100
<b>Total</b>	<b>200</b>	<b>100</b>	
<b>Monthly Income</b>			
Less Than Rs. 10,000	16	8	8
Rs. 10,001 - Rs. 20,000	30	15	23
Rs. 20,001 - Rs. 30,000	58	29	52
Rs. 30,001 - Rs. 40,000	60	30	82
More Than Rs. 40,000	36	18	100
<b>Total</b>	<b>200</b>	<b>100</b>	
<b>Profession / Occupation</b>			
Govt. Employee	34	17	17
Pvt. Employee	74	37	54
Professional	24	12	66
Businessman	22	11	77
Student	16	8	85
Retired	22	11	96
Other	8	4	100
<b>Total</b>	<b>200</b>	<b>100</b>	

**Types of Accounts**

Table 2 exhibits the details of the types of account of the respondents. Data shows that majority of customers have saving account (42%) followed by Loan account (25%). Few customers have Current Account (16%), Recurring Deposit Account (10%) & Fixed Deposit Account (7%).

**Table 2.** Types of Accounts

Particulars	Frequency	Percent	Cumulative Percent
Saving Account	84	42	42
Current Account	32	16	58
Fixed Deposit Account	14	7	65
Loan Account	50	25	90
Recurring Deposit Account	20	10	100
<b>Total</b>	<b>200</b>	<b>100</b>	

**Reasons for having Account in Private Bank**

Table 3 reveals the reasons for having an account in Private bank. Final ranking is done with the help of weighted arithmetic mean.

**Table 3.** Reasons for having account in Private Bank

<b>Weights</b>	6	5	4	3	2	1	Total	Weighted Total	Weighted Avg.	Rank
<b>Rank</b>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>				
<b>Reasons</b>										
Nominal Charges	36	26	42	26	24	46	200	686	32.67	<b>5</b>
Nearness to Residence / Office	36	30	38	14	50	32	200	692	32.95	<b>4</b>
Transparency	30	46	28	44	32	20	200	738	35.14	<b>2</b>
Convenience	32	28	36	48	20	36	200	696	33.14	<b>3</b>
Necessity	18	20	20	38	48	56	200	554	26.38	<b>6</b>
Prompt quality services (pre & post)	48	50	36	30	26	10	200	834	39.71	<b>1</b>

Data shows that the major reason behind opening account in Private Bank is Prompt quality services followed by Transparency of Bank. The least rank is given to the Necessity.

**Awareness on Various Services**

Table 4 highlights the mean awareness score for each of the four major services offered by Private Banks.

**Table 4.** Awareness Score on Various Services

<b>Service</b>	<b>Awareness Level</b>			Total Score	Mean Score	<b>Rank</b>
	Fully Aware	Partly Aware	Not Aware			
Depository Services	148	50	2	546	91.00	<b>1</b>
Mercantile Services	64	80	56	408	68.00	<b>4</b>
Loan Services	80	74	46	434	72.33	<b>2</b>
Technology Based Services	50	112	38	412	68.67	<b>3</b>

In order to calculate total awareness score, the numbers of respondents whose opinions are “fully aware”, “Partly aware” & “Not aware” are multiplied by 3, 2 & 1 respectively. The mean score is calculated by dividing the total score by total number of weights (6). Data reveals that among four services, deposit services have got the highest score followed by the Loan, Technology based & mercantile services.

**Hypothesis Testing**

H<sub>01</sub> = There is no significant difference between the satisfaction levels of different Private bank customers of Udaipur City

**Table 5.** Satisfaction Level of Consumers

Bank	Satisfaction Level towards Banking Services					Total
	Highly Satisfied	Satisfied	Neither Satisfied Nor Dissatisfied	Dissatisfied	Highly Dissatisfied	
ICICI	12	14	9	7	8	50
HDFC	12	14	12	6	6	50
YES	10	13	12	8	7	50
AXIS	12	13	11	9	5	50

ANOVA (F-ratio)			
Calculated Value	Degree of Freedom	Level of Significance	Tabulated Value
20.45	(5,15)	5%	2.90

The analysis provides enough evidence to reject the null Hypothesis. In other words there is a significant difference between the satisfaction levels of different Private bank customers of Udaipur City.

H<sub>02</sub> = Gender of respondents doesn't affect their awareness level about Private Bank Services.

H<sub>03</sub> = Age of respondents doesn't affect their awareness level about Private Bank Services.

H<sub>04</sub> = Income of respondents doesn't affect their awareness level about Private Bank Services.

H<sub>05</sub> = Education of respondents doesn't affect their awareness level about Private Bank Services.

Hypothesis	Factor		Awareness Level for all Services			Test	Calculated Value	Degree of Freedom	Level of Significance	Tabulated Value	Result
			Fully Aware	Partly Aware	Not Aware						
H <sub>02</sub>	Gender	Male	80	22	22	Chi - Square	72.95	2	5%	5.991	Rejected
		Female	6	56	14						
H <sub>03</sub>	Age	Younger (<35 Years)	56	20	18	Chi - Square	25.74	2	5%	5.991	Rejected
		Older (≥35 Years)	30	58	18						
H <sub>04</sub>	Income	Relatively Low (< Rs. 30,000)	54	34	16	Chi - Square	7.04	2	5%	5.991	Rejected
		Relatively High (≥ Rs. 30,000)	32	44	20						
H <sub>05</sub>	Education	Intermediate	4	12	2	Chi - Square	20.32	6	5%	12.592	Rejected
		Graduate	28	38	20						
		Post Graduate	26	18	10						
		Professional	28	10	4						

The result of the study shows that the null-hypothesis holds to be invalid for Gender, Age, Income, & Educational level. So it can be clearly stated that Gender, Age, Income, & Educational level of Respondents affect their awareness level about Private banking services.

### **CONCLUSIONS**

1. Analysis of data reveals that Prompt quality services is the most influencing factor which leads customers to have an account in Private sector bank.
2. Majority of customers are aware about the deposit services of Private Banks. Loan services are ranked on second position on awareness scale.
3. There is a significant difference between the satisfaction levels of various Private bank customers towards services offered.
4. The awareness level about Private bank services is affected by demographics of customers.

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## INVESTMENT PATTERN OF EQUITY INVESTORS IN INDIAN CAPITAL MARKET

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### ABSTRACT

*The experiences from the Indian capital market are now the history for many market participants due to the dramatic changes in the investment pattern of small equity investors. The investor can make the share trading as a beneficial investment area. The business firms issue the shares of their firms and mobilize funds from the individual savers. Equity share is a part of the ownership of a company and the holder of such a share is a member of the company and eligible to get benefits from the company. Trading in stocks is quiet simple that possess some basic knowledge of the security trading. Investment pattern refers to a regular sequence of actions followed by the investment decisions of investor. Understanding the investment pattern of small equity investors in investment decision making is important in stock trading. The attitude of the investors has been changing due to the changes in the stock market scenario. When the investors avail the accurate and reliable information, then he can enjoy the taste of success from the share market. The authorities, like SEBI, NSDL etc., should organize more seminars and awareness programs for these under privileged retail investors.*

**Keywords:** Share Trading; Corporate Securities; Equity Share; Investment Pattern

### INTRODUCTION

The experiences from the Indian capital market are now the history for many market participants due to the dramatic changes in the investment pattern of the small equity investors. The investor can make the share trading as a beneficial investment area, which is purely based upon the investor's awareness towards stock trading. When the investor gets more and more information about the changes in the investment environment, he/she can make right investment decision at right time. Due the process of industrialization, the size and scale of operations of business houses increased and it requires large magnitude of capital. The business organizations issue the securities of their firms and mobilize funds from the individual savers. Corporate securities emerged as attractive source for the investors, who are expecting higher returns and ready to bear the risk.

Equity share is a part of ownership of a company and the holder of such a share is a member of a company and eligible to get benefits from the company. Equity is a means of finance

known to provide a magic of win-win formula, which satisfies investors with higher returns and firms with lower cost of funds. Share market fascinates each and every individual, who is expected to make more money. Trading in stocks is quiet simple and possess some basic knowledge of the security trading. Investment pattern is formed through the investment environment, which changes frequently due to the changes of investor expectations. Investment pattern refers to a regular sequence of actions followed by the investment decisions of an investor.

### **OBJECTIVES OF THE PAPER**

To be precise, the study has undertaken with the following objectives:

- To know the investment pattern of small equity investors.
- To study the common portfolio practices of small equity investors in investment design, and;
- To make appropriate suggestions to small equity investors to make their investment decisions effectively.

### **METHODOLOGY OF THE STUDY**

The study is based on a survey conducted and the primary data relating to the equity investors were collected by interviewing the equity investors (500 respondents) with the help of schedule. The secondary data relating to the capital market developments and the trends in retail investors participation in capital market India were obtained from the various published/unpublished records, annual reports, manuals, bulletins, booklets, journals, magazines, etc. Lastly, the authors held discussions with the officials of regional stock exchanges, stock broking houses, depository participants, etc. These discussions were helpful to the authors to know the common portfolio of the equity investors in investment design.

### **REVIEW OF LITERATURE**

Bhagawati Prasad, Subhas M.S, (1991), in their study entitled, “Problems Faced by the Investors”, have examined the problems faced by the investors. The study reveals that majority of the investors were very active belonging to the middle income group. High returns motivated them to invest in capital markets and majority of the shareholders were satisfied with the content of the published information.

Shanmugam, R. and Muthuswamy, P, (1998), in their study entitled, “Decision Process of Individual Investors”, studied the views of individual share investors on their investment objectives, basic approach to investment decisions and the nature of their equity portfolio. The study revealed that educational level of investors had its impact on the use of technical analysis and the occupational category had impact on the use of fundamental approach.

In a survey conducted by ORG-Marg, a research organization (1999), “Investors Choices over the Investment Avenues”, had been elicited. The study revealed that majority of investor’s favored fixed deposits in Banks. Post office Savings Schemes, Insurance Schemes, Bonds issued by government, Equity Shares were preferred by investors in the order. The survey report concluded with the remark that awareness was still lacking towards mutual funds and it suggested to promote awareness towards mutual fund schemes.

Arun Lawrence and Dr.Zajo Joseph (2013) in their study entitled “Factors leading stock Investment: An Empirical Examination” had been elicited that friends and media play a key

role in influencing the investors share trading decisions. The experiences of the Indian capital market are now history for many market participants due to the change in the attitude of the investor.

P.V.Durga Rao, et.al (2013) in their study entitled “Demographic variables influencing in the retail investors investment - A Scientific Analysis” had elicited how the demographic variables influenced in the investment of retail investors and suggested that the government and regulatory bodies like SEBI creates lot of awareness and encourage in retail investors in equities to become greater part of development of economic system for making investment on long term basis.

## **DISCUSSION AND RESULTS**

Investment pattern refers to a regular sequence of events happened due to the investors in investment decision-making. It is a repeated investment decisions. A study on the investment pattern throws light on the general nature and common portfolio practices of the investors based on the following:

- Type of investor
- Category of investor
- Type of market operated
- Various investments in the investor's portfolio
- Various sectoral stocks held
- Market experience
- No. of companies in which investment is made
- Approximate size of investment in shares
- Sources of investment information
- % of investors' savings invested in shares
- Reliability of investment information
- Trading volume
- Indices frequently referred

The investment pattern of the equity investors has been identified and analyzed with the help of descriptive analysis and average rank analysis.

**Type of Investor:** Investors have been classified into two groups based on their type as 'Hereditary investor' and 'New generation investor'. It is observed from the collected data that 20 % of the investors are hereditary investors and 80% of the investors are new generation investors.

**Category of Investor:** Investors have also been classified into three groups based on their category i.e., period of holding stocks as, 'Long term investor' ' Day trader' and ' Both' who invest as well as trade. It is evident from the data that 45% of the investors are long term investors, 11% of the investors are day traders and 44% of the investors are both long term investors as well as day traders.



**Type of Market Operated:** Investors have been classified into three groups based on the type of market in which they operate as 'Primary market operators', 'Secondary market operators' and 'Both' Primary as well as Secondary market operators. The distribution of investors based on the type of market operated by them shows that 12% of the investors are primary market operators, 50% of the investors are secondary market operators and 38% of the investors are both primary as well as secondary market operators.

**Variou Investments in the Investors' Portfolio:** Investments have been classified into 10 categories for the analysis, viz., Shares, Debentures/Bonds, Stock Futures and Options, Mutual Funds, NSC/PPF/PF, Fixed Deposits, Insurance Policies, Real Estate, Gold/ Silver and others. The computed data of the various investments in portfolio of investors reveals that 60% of the investors have invested in shares, 58% of the investors in insurance policies and 48% of the investors in mutual funds.

**Variou Sectoral Stocks Held:** The sectoral stocks that have been considered for the study are IT, Banking Sector, FMCG, PSE, MNC, Energy, Pharma, Infrastructure, Capital Goods industry and others. It is obvious from the computed data that 76% of the investors have invested in banking sector stocks, 54% of the investors have invested in IT industry stocks, 50% of the investors have invested in infrastructure, capital goods and pharma sector.

**Investors Market Experience:** Investors have also been classified into 3 categories based on their market experience as 'Low' (less than 1 year) 'Moderate' (1 – 3 years) and 'High' (3 years and above) for the analysis of the study. The distribution of investors based on their market experience indicates that 20% of the investors have low experience, 30% of the investors have moderate experience and 50% of the investors have high experience in the market.

**No. of Companies in which Investment is made:** No. of companies in which investment is made has been classified into 3 groups such as 'Less' than 10, '10 – 20', and '20 and above'. The No. of companies in which investment made by the investors indicates that 56% of the investors have invested in less than 10 companies, 33% of the investors have invested in 10 – 20 companies, and 11% of the investors have invested in 20 or more than 20 companies.

**Approximate size of Investment in Shares as on date:** Another classification of the investors is based on the size of investment, it has been categorized into three classes as 'below Rs.1 lakh', 'Rs.1 lakh – Rs.2 lakhs' and 'Rs.2 lakhs and above' for the study. The investors' approximate size of investment in shares as on date revealed that 55% of the investors have invested below Rs. 1 lakh, 23% of the investors have invested between Rs. 1 lakh - 2 lakh and 22% of the investors have invested Rs. 2 lakh and above.

**Sources of Investment:** Sources of investment have been classified as 'Own savings' 'Borrowings' and 'Both' own funds and borrowings. It indicates that 75% of the investors invest from their own funds, 6% of the investors borrow and invest, and 19% of the investors invest their own savings as well as borrowings.

**% of Savings Invested in Shares:** Percentage of savings invested in shares is another way of classification of investors into three classes, viz., 'Less than '15%', '15 %– 30%' and '30%' and above' for the study. It observes that 45% of the investors invest less than 15% of their savings in shares, 40% of the respondents invest 15%-30% of their savings in shares and 15% of the respondents invest 30% and above of their saving in shares.

**Reliable Sources of Investment Information:** The computed data reveals that out of the total investors, 22.8 % of respondents have given high priority (Rank1) for newspapers,

journals and magazines, followed by 20.0 % of investors for technical analysis, and 18.00 % of investors for investment related websites. Further, it is identified that 22% of investors have given priority for the newspapers, journals and magazines, 21.4% investors for TV channels and so on. It is also found from the analysis that the least preference is given to investor forum and other source of information for their investment decisions. It can be concluded from the discussion that, among the various sources of investment information, newspapers, journals and magazines have been considered as more reliable sources of information by the investors than others.

**Trading Volume Per Month:** Trading volumes have been classified for the long-term investors as 'less than Rs.1 lakh', 'Rs 1lakh – Rs 2 lakh', and 'Rs. 2 lakh and above'. For the day trader it has been classified into 'less than Rs.50 lakh', 'Rs.2 lakh and above'. It is Clear that 60% of the long-term investors trade for less than Rs. 1 lakh, 23% of the long-term investors trade between Rs. 1 lakh-Rs 2 lakh and only 17% of the long-term investors trade for Rs. 2 lakh and above per month.

**Indices Frequently Referred:** The indices that have been considered for the study are - Sensex, S&P CNX Nifty, CNX Nifty Junior, CNX 100, S&P CNX 500, CNX Midcap and CNX Midcap 200. The indices frequently referred by the investors found that 90% of the investors frequently refer Sensex and 60% of the investors used S&P CNX Nifty as reference followed by others.

## **FINDINGS**

1. It is found from the analysis that majority (80%) of the investors are new generation investors. It is also observed that about fifty percentage of the investors are long term investors and operate in secondary market.
2. It is identified that majority of the investors have invested in Shares, Insurance Policies and Mutual Funds. It is also found from the analysis that majority of the investors have invested in Bank, IT, Infrastructure, Capital Goods Sector and Pharma sector stocks and half of the investors have High market experience.
3. It can be concluded that majority (56%) of the investors have invested in less than 10 companies. It is found that more than half of the investors have invested below Rs. 1 lakh as on daily trade of business.
4. It is known that one third of the investors invest from their own savings, about 6% of the investors borrow and invest, and 19% of the investors invest their own savings as well as borrowings.
5. It is also found from the analysis that 45% of the investors invested less than 15% of their savings in shares, 40% of the respondents invest 15%-30% of their savings in shares and 15% of the respondents invest 30% and above of their saving in shares.
6. It can be concluded from the study that among the various sources of investment information, newspapers, journals and magazines have been considered as more reliable sources of information by the investors than others. It is also found that the least preference is given to investor forum and others.
7. It is also observed from the data that about two-thirds of the long-term investors trade for less than Rs. 1 lakh per month and one-fourth of the day traders trade for Rs.1 lakh – Rs.2 lakh and the rest are trade for more than 2 lakh per month. Further,

it is also found that majority of the investors frequently refer Sensex and S& P CNX Nifty.

### **SUGGESTIONS**

It is mainly suggested that to improve the awareness among the equity investors about stock trading and let them benefit from investment in securities. Thus, it is purely based upon the investors' awareness towards share trading and stock investments can be improved. When the investors avail the accurate information then one can enjoy the taste of success from the share trading in the stock market. The authorities, like SEBI, NSDL etc., may consider the following suggestions.

1. To create confidence in the hereditary investors' section also.
2. To increase the number of customers both in day trading and long term trading.
3. To enhance the knowledge of the investors regarding primary market operations.
4. To improve the awareness regarding the avenues of investment on the investors side.
5. To make the availability of different sectors of shares so as to make the portfolio of investors goal oriented.
6. To induce more number of investors, who have low and moderate market experience.
7. To make use of the investment opportunities properly, so as to increase the amount of investment.
8. To conduct investment awareness campaigns regarding stock market operations through seminars, lectures, etc.
9. To increase the availability of sources of investment information from different means to reach the investors properly.
10. To provide the knowledge not only on indices like Sensex and S& P CNX Nifty but also about other indices.

Understanding the investment pattern of small retail equity investors in Investment decision is important for the entire stakeholder involved in stock trading. The present study is confined to a limited area only; there is a scope for further research in other regions of the country.

### **CONCLUSION**

The Indian stock market is subject to many unexpected fluctuations but at the same time for tactful and foresighted investors, it provides huge gains in terms of returns and capital appreciation. The attitude of the investors has been changing due to the changes in the stock market scenario. The investor can make the share trading as a beneficial investment arena. It is purely based upon the investors' awareness towards the share trading and stock investments. When the investors avail the accurate and reliable information, then he can enjoy the taste of success from the share market. The authorities, like SEBI, NSDL etc., should organize more seminars and awareness programs for these under privileged retail investors.

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## **A COMPARATIVE ANALYSIS OF BUYING BEHAVIOR OF URBAN AND RURAL INVESTORS FOR INSURANCE**

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### **ABSTRACT**

*This paper aims to examine the buying behavioral pattern of urban and rural investors for the insurance. 900 investors (450 urban and 450 rural\*) were taken as a sample from Gujarat state. The study assesses the impact of various demographic factors like age, gender, education, income and category etc. on the buying behavioral pattern of both Investors. The survey was conducted during September/October/Nov. 2012. The study revealed that Age Gender, Occupation, Educational Qualification, Income etc. have significance impact on the buying behavioral pattern on rural and urban investors for buying insurance and financial advisor plays crucial role in determining decision for investors.*

**Keywords:** Buying Behavior; Urban & Rural; Investors; Insurance

### **INTRODUCTION**

The Investor behavior is the process by which Investor tends to satisfy his/her needs by showing their choices. Behavioral economics and the related field, behavioral finance, study the effects of social, cognitive, and emotional factors on the economic decisions of individuals and institutions and the consequences for market prices, returns, and the resource allocation. The fields are primarily concerned with the bounds of rationality of economic agents.

The insurance sectors has undergone basic changes as a part of financial reforms in the country. Up to 2000, the insurance market was not open for everyone, LIC had monopoly. With enactment of IRDA –Insurance Development Regulatory Act, private entity were allowed to enter into Indian Insurance market, and Monopoly of LIC was abolished. In life segment of insurance, Life Insurance Corporation of India (LIC) had a dominant role, while in non-life business segment, New India, United India, National and Oriental General Insurance Corporations were having monopoly. Since the inception of reforms in financial sector, almost all financial sectors witnessed great vicissitudes, which had ultimately increased competitive spirit and generated efficiency in the same sector.

The investor buying behavior affected by many factor i.e. social, demographical etc. i.e. investor tend to invest in insurance according to his age, gender, educational qualification and most important income. As many researches have been conducted to identify the buying

behavior of investor for the insurance, this paper would focus on the factors determining selection, investment amount, premium paying pattern etc. of rural and urban investor.

### **REVIEW OF LITERATURE**

The consumer selects the product that is judged to have the largest number of positive attributes. This is a relatively simple rule used most often when motivation or ability is limited (Alba and Marmorstein 1987).

An initial empirical study is conducted by Hsee and Kunreuther (2000), who investigate the influence of effect on decisions regarding the purchase of insurance and regarding the motivation of going through a claim in case of a damage. They show that the more affection people feel towards an object, the more they are willing to purchase the insurance or file a claim.

Krishnamoorthi.C (2006) bank deposits and followed insurance products which were known to 81 percent of the sample investors.

Huber and Schlager (2011) developed casual model to identify the antecedent of consumer buying behavior of long-term savings specifically ULIPS. The model was emphasizing on two aspects risk as analysis and risk as feelings. They identified pivotal role risk avoidance and uncertainty avoidance.

Wakker, Thaler, and Tversky 1997; Zimmer, Schade, and Gründl (2009) suggested that even very small probability of insolvency, broadly affects that consumers choice and reduces the customer willingness to pay.

ĆURAK, DŽAJA and PEPUR (2013) made analysis of 95 respondents and found that the Age, Education and Employment does have significant impact on the selection of insurance, while gender, marital status and no. of family member do not have statistically significant association in Croatia.

Truett & Truett (1990) found that there is positive relationship between age and life insurance demand.

Gandolfi & Miners (1996) there is no influence of age on life insurance demand by wives, while husbands' age negatively affects life insurance consumption. It was believed that men live shorter than women and that is why they ask for insurance more than women. Insurance is mainly taken to cover financial loss if any unfavorable incident occurs generally called risk. With the increasing level of risk, the demand of insurance also increases. Educated individual seems to be much risk aware and managing Outreville (1996).

### **RESEARCH OBJECTIVES**

Primary Objectives- Primary objective of the research to identify whether any demographical factors does have impact on the decision making of urban and rural investors while selecting-product of LIC and Private life insurance besides that, the paper also attempt to identify is there any significant relationship between buying behavioral pattern of both urban and rural investor

Secondary Objective- Secondary objective of the research is to find out the relative importance of advice of insurance advisor while making selection of product of insurance.

**SOURCE OF DATA**

Primary data is collected with help of structured questionnaire. And secondary is collected from IRDA web site and various research paper.

**SIGNIFICANCE OF THE STUDY**

The investment is a process by which an investor invests some amount in monetary instruments for growth, but it is not always the case. Many times it happens that investor incur loss. Improper financial planning, high rate of inflation and other factors influence the buying decision of an individual.

Almost all investors believe that they have invested money at good rate of return financial assets, but in actual manner they are not earning, but they are losing present value of money. The inflation is absorbing all the benefits of investment, thus, there is strong need of study investors buying behavior and suggest them appropriate path. By analysis of behavior of investor we can suggest appropriate investment options to invest and investment company will also get some sort of idea how investor react in different situation. In simple sense we can say that “Right Plan at Right Time”. The focus of this study would be on, to suggest financial assets to investors for investment with due consideration of risk, return and other demographical factors.

**HYPOTHESIS FOR THE STUDY**

The broader Hypothesis for the research will be as under:-

- There is no significant difference between Urban and Rural investors buying behavior for insurance.
- There is no significant impact of demographical factors of investors for their purchase and selling decision.

**Research Type**

Descriptive Research

Descriptive research refers to research that provides an accurate portrayal of characteristics of a particular individual, descriptive research situation, or group. (*en.wikipedia.org/wiki/Descriptive\_research*)

**Sampling Plan**

**Sampling method:** Quota sampling method under Non probability sampling will be used to elicit information.

**Quota sampling** is a method for selecting survey participants. In quota sampling, a population is first segmented into mutually exclusive sub-groups, just as in stratified sampling. Then judgment is used to select the subjects or units from each segment based on a specified proportion. (*en.wikipedia.org*)

**Determination of Urban or Rural region**

For the Census of India 2011, the definition of urban area is as follows:

1. All places with a municipality, corporation, cantonment board or notified town area committee, etc.
2. All other places which satisfied the following criteria:

3. A minimum population of 5,000;
4. At least 75% of the male main working population engaged in non-agricultural pursuits; and
5. A density of population of at least 400 persons per sq. km.

**Source:** A PDF file named '1. Data Highlight' accessed on 11 April 2012 from Census of India, 2011

**Sampling unit:** Gujarat

**Table 1**

<b>Rural</b>	<b>Quota %</b>	<b>Urban</b>	<b>Quota %</b>
Vapi	10	Veraval	10
Visavadar	10	Valsad	10
Una	10	Vadodara	10
Talaja	10	Surat	10
Sidhpur	10	Anand	10
Sarigam	10	Ahmedabad	10
Sanand	10	Rajkot	10
Pardi	10	Navsari	10
Mandvi	10	Jamnagar	10
Himatnagar	10	Dwarka	10

**Sample size:** sample size is was estimate to 1000 (500 urban+500 rural) but around 100 (50 urban + 50 rural) investors responses were not found up to the mark or was not properly responded.

#### **DATA COLLECTION**

**Primary data collection:-**Primary data will be collected using structured questionnaire.

**Secondary data collection:-** Secondary data will be collected from Book, Magazines, Research Papers, Articles, Newspapers, Internet etc.

**Survey Method Employed:** The survey shall be performed in brokerage houses, Insurance Offices and One Stop financial services shops.

**Research Instrument:** Structured Questionnaire will be prepared with close ended questions.

**Data Analysis:** Gathered data will be analyzed with the help of SPSS/Excel/Minitab/SAS to get some meaningful result. The data collected will be analyzed through a series of tools and procedures. The data will be interpreted with the help of various statistical tools like Frequency analysis, Cross Tabulation for nominal scale data, Chi-Square test.

**Statistical Tool Applied:** For analytical purpose chi-square test would be applied. A chi-squared test, also referred to as chi-square test or  $X^2$  test, is any statistical hypothesis test in which the sampling distribution of the test statistic is a chi-squared distribution when the null hypothesis is true. Also considered a chi-squared test is a test in which this is *asymptotically* true, meaning that the sampling distribution (if the null hypothesis is true) can be made to approximate a chi-squared distribution as closely as desired by making the sample size large enough.



**Table 2.** Data Analysis and Interpretation

Group	Number	%	Group	Number	%
Area			Area		
Urban	450	50	Rural	450	50
Age Groups (In Years)			Age Groups (In Years)		
1. Below 30	110	24.44	1. Below 30	98	21.78
2. 30-50	130	28.89	2. 30-50	160	35.56
3. Above 50	210	46.67	3. Above 50	192	42.67
Gender			Gender		
1. Male	280	62.22	1. Male	297	66
2. Female	170	37.78	2. Female	153	34
Education			Education		
1. U.G.	120	26.67	1. U.G.	96	21.33
2. Grad.	180	40	2. Grad.	153	34
3. PG % above	150	33.33	3. PG % above	201	44.67
Income P.A.			Income P.A.		
1. Below 3 lakh	120	26.67	1. Below 3 lakh	76	16.89
2. 3 lakh - 5 lakh	160	35.56	2. 3 lakh - 5 lakh	165	36.67
3. Above 5 lakh	170	37.78	3. Above 5 lakh	209	46.44
Category			Category		
1. Serviceman	210	46.67	1. Serviceman	163	36.22
2. Business person	135	30	2. Business person	140	31.11
3. retired	31	6.89	3. retired	51	11.33
4. Others	74	16.44	4. Others	96	21.33

**Age Group:** In the urban area, 24.44% investor were in the age group of below 30 years, 28.89% investor were in the age group of 30 years to 50 years while 46.67% investor were in the age group of above 50 years.

In rural Area, 21.78% investor were in the age group of below 30 years, 35.56% investor were in the age group of 30 years to 50 years while 42.67% investor were in the age group of above 50 years.

**Gender:** In the urban area, 62.22% of the investor were male while 37.78% of the investor were female.

In the rural area, 66% of the investor were male while 34% of the investor were female.

**Education Group:** In the urban area, 26.67% of the investor were in the category of U.G., 40% of the investors were in the category of Graduate and remaining 33.33% were having education of PG & above.

In the rural area 21.33% of the investor were in the category of U.G., 34% of the investors were in the category of Graduate and remaining 44.67% were having education of PG & above.

**Income Group:** In the urban area, 26.67% of the investor were in the category of below 3 lakh PA, 35.56% of the investor were in the income category of 3 lakh – 5 lakh, while 37.78% of the investor were in the category of above 5 lakh.

In the rural area, 16.89% of the investor were in the category of below 3 lakh PA, 36.67% of the investor were in the income category of 3 lakh – 5 lakh, while 46.44% of the investor were in the category of above 5 lakh.

**Category Group:** In the urban area, 46.67% of the investor were in the category of serviceman, 30% of the investor were in the category of business person, 6.89% of the investors were in the category of retired person while 16.44% of the investor were in the category of others consisting of household lady and other service professionals

In the rural area, 36.22% of the investor were in the category of serviceman, 31.11% of the investor were in the category of business person, 11.33% of the investors were in the category of retired person while 21.33% of the investor were in the category of others consisting of household lady and other service professionals

As 900 (450 urban + 450 rural) investors were analyzed, the 253 out of 450 in urban and 272 out of 450 in rural, were investing in equity market.

**Table 3.** Explorative Analysis - A comparison between factors affecting investment decision of investors in insurance sector

Question/Variables	Area	Broker	%	Fin. Adv.	%	word of Mouth	%	Market Sentiment	%	Total
How do you invest in Insurance?	Urban	49	38.24	139	54.94	48	18.97	17	6.72	253
	Rural	104	38.24	94	34.56	44	16.18	30	11.02	272

From the above table it can be seen that, in urban region 19.37% of the respondents contacted are investing through broker advice, 54.94% of the investors are investing through advice of financial advisor, and 18.97% investors are investing with word of mouth, while 6.72% in Investors are investing according to market sentiment.

While in the rural region, 38.24% of the respondents contacted are investing through broker advice, 34.56% of the investors are investing through advice of financial advisor, and 16.18% investors are investing with word of mouth, while 11.02% investors are investing according to market sentiment.

**Table 4.** Chi-Square Analysis

Chi-square Analysis			
Chi-Square	df	Assy. Signi.	H0
31.586	3	0	Reject

The above calculation suggest that, there is no significant difference between urban and rural investors for factors affecting investment decision in insurance sector.

**Table 5.** Explorative Analysis – A comparison between amounts of investment invested by investors in insurance sector

Question/Variables	Area	Below 15000	%	15000-30000	%	Above 30000	%	Total
How much amount do you invest in insurance?	Urban	30	11.86	57	22.53	166	65.61	253
	Rural	62	22.79	112	41.18	98	36.03	272

Table no. 5 figure out that, in the urban region, 11.86% of the respondents contacted are investing below Rs.15000 PA, 22.53% of the investors are investing in the range of Rs.15000-30000 PA while 65.61% investors are investing above Rs.30000 PA

While, in the case of rural area, 22.79% of the respondents contacted are investing below Rs.15000 PA, 41.18% of the investors are investing in the range of Rs.15000-30000 PA while 36.03% investors are investing above Rs.30000 PA.

**Table 6**

Chi-square Analysis			
Chi-Square	df	Assy. Signi.	H0
45.918	2	0	Reject

The above calculation suggests that, there is significant difference between urban and rural investors for investment amount (Premium) to be invested in insurance sector.

**Table 7.** Explorative Analysis – A comparison between investment patterns of investors of insurance sector.

Question/Income	Area	SIP	%	STP	%	One time	%	Mkt. Sentiment	%	Total
What is your pattern of your investment?	Urban	103	40.71	29	11.46	32	12.65	89	35.18	253
	Rural	134	49.26	32	11.76	30	11.03	76	27.95	272

The above table shows that, in the urban region 40.71% of the respondents contacted are investing monthly, 11.46% of the investors are investing quarterly while 12.65% investors are investing half yearly and 35.18% of the investors are investing yearly.

While in the case of rural region, 49.26% of the respondents contacted are investing monthly, 11.76% of the investors are investing quarterly while 11.03% investors are investing half yearly and 27.95% of the investors are investing yearly.

**Table 8**

Chi-square Analysis			
Chi-Square	Df	Assy. Signi.	H0
4.61	3	0.203	Accept

The above calculation suggest that, there is no significant difference between urban and rural investors for premium paying pattern in insurance sector.

**Table 9.** Explorative Analysis – A comparative analysis of intension behind

Question / Income	Area	Retirement	%	Financial Stability	%	Save Tax	%	All of the above	%	Total
Why did you plan for insurance?	Urban	84	33.2	98	38.74	47	18.58	24	9.48	253
	Rural	104	38.24	94	34.56	44	16.18	30	11.02	272

Table 9 shows that in the urban region, 33.20% of the respondents contacted are investing retirement purpose, 38.74% are investing for the purpose of future/present financial stability (in case of physical disability or death etc.), 18.58% of the investors are investing for the purpose of saving tax only while 9.48% investors used to invest in insurance for the all of the above purpose.

In the case of rural region, 38.24% of the respondents contacted are investing retirement purpose, 34.56% are investing for the purpose of future/present financial stability (in case of physical disability or death etc.), 16.18% of the investors are investing for the purpose of

saving tax only while 11.02% investors used to invest in insurance for the all of the above purpose.

**Table 10.**

Chi-square Analysis			
Chi-Square	Df	Assy. Signi.	H0
2.292	3	0.514	Accept

In the chi-square calculation, it was found that both in urban and in rural, there was no significant difference in the case of intension behind investment in insurance sector.

**Table 11.** Explorative Analysis – A comparison between selections of service providing company for investment

Question/Income	Area	Only Public	%	Only Private	%	Both	%	Total
Which insurance co. do you prefer?	Urban	124	40.01	53	20.95	76	30.04	253
	Rural	124	45.59	70	25.74	78	28.67	272

Table 11 provides insights that in the urban region, 40.01% of the respondents contacted are investing through public limited firm i.e. LIC, While 20.95% investors used to take service of private life insurance and 30.04% of the investors were found in both i.e. private as well as public life insurance.

While in the case of rural region, 45.59% of the respondents contacted are investing through public limited firm i.e. LIC, While 25.74% investors used to take service of private life insurance and 28.67% of the investors were found in both i.e. private as well as public life insurance.

**Table 12**

Chi-square Analysis			
Chi-Square	df	Assy. Signi.	H0
1.69	2	0.430	Accept

The chi-square analysis suggest that, there is no significant difference between selections of service providing company.

**Table 13.** Explorative Analysis – A comparative analysis between believes of both investors regarding following belief

Question/Income	Area	Yes	%	No	%	Total
Do you believe that ULIPS are better than traditional plans?	Urban	126	49.8	127	50.2	253
	Rural	134	49.26	138	50.74	272

The above table suggest that in the urban region, 49.80% of the respondents contacted do believe that ULIPs are better than traditional plan, while 50.20% of the investors believed that ULIPs are no better than traditional Plan.

While in the rural region, 49.26% of the respondents contacted do believe that ULIPs are better than traditional plan, while 50.74% of the investors believed that ULIPs are no better than traditional Plan.

**Table 14.**

Chi-square Analysis			
Chi-Square	Df	Assy. Signi.	H0
0.015	1	0.902	Accept

In the chi-square calculation, it was found that, there is no significant difference in belief of urban and rural investor for insurance sector.

### CONCLUSION

In the insurance sector, it was found that all the demographical factors were having significant impact on the factor that determine investment in insurance. From the study, it was revealed that urban investor gives more priority to financial advisor while rural investors used to invest with brokers advice. There was significant association between behavioral pattern of both urban and rural investor when it comes to investment in insurance. Buying behavioral pattern is not similar for urban and rural investors. In the investment amount, urban investor used to invest Rs. 30,000 PA while rural investor used to invest between Rs.15000-30000 PA. Mostly. There is significant difference in investment amount to be invested in insurance sector, there is dissimilarities in behavioral pattern for investment amount. In the premium paying pattern, it was observed that, all the demographical factor have similar type of influence for the premium payment. There is insignificant difference between premium paying pattern of urban and rural investors i.e. monthly

When investors were asked about, intension behind investing in insurance, majority of the urban investors (38.74%) replied that they intend to invest in insurance for financial stability and rural replied that they intend to invest in insurance for retirement planning, however, in calculation of chi-square it was not found significant at 5%. Thus intension was more or less similar for investment in insurance sector.

Selection between govt. and private sector is always been controversial issue. But in this study both investor rural and urban clearly entrusted on govt. sector (LIC). Although, both sectors have been regulated by IRDA, still due to imaginary differences investors can't trust private sector companies. With introduction of ULIPS plans, insurance sector has witnessed ultimate growth, both urban and rural investor used to believe that ULIPS are better than traditional plan as far as return is concern in long term.

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## RECESSION AND INDIAN ECONOMY

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### ABSTRACT

*India is developing into an open-market economy, yet traces of its past autarkic policies remain. Economic liberalization, including industrial deregulation, privatization of state-owned enterprises, and reduced controls on foreign trade and investment, began in the early 19<sup>^</sup>0s and has served to accelerate the country's growth, which has averaged more than 7% per year since 1997.*

*The worst affected countries are one developing economies where a sharp fall in the export earnings and further pressure on current account and balance of payments were recorded, besides decline in workers' remittances, liquidity crunch and loss of confidence of consumers and investors. The most worrying offshoots of the crisis were the lower investment and growth rates and significant loss of employment.*

*Indian economic and production growth was suffering an artificial boom that reached the height in 2008 and it caused a situation of bust. Indian middle class and poor citizens were sacrificed twice. Firstly, the economic stimulus and bailout money was provided to industrialist by borrowing and that money is to be paid back by the common Indian citizen.*

*Given the increasing integration of Indian economy with rest of the world, the slowdown of Indian economy is expected to be reversed only with the recovery of global markets. Until then, the only policy option before the Government of India and RBI is to stimulate the domestic demand through fiscal and monetary measures.*

**Keywords:** Financial Crisis; Developing Economies; GDP; Recession; Government Stimulus; Fiscal Measures

### INTRODUCTION

It took some time for policymakers and analysts in India to recognize both the speed and the intensity of the effects of the global crisis on India. Indeed, there were arguments that India, along with China, is “decoupled” from the global system and capable of becoming an autonomous growth pole, based on its recent high growth from a low per capita income base, and a young population leading to falling dependency ratios. In addition, the “strong” domestic financial sector was also seen to be immune to shocks from the international financial system. In addition, it has sharply affected food insecurity which was already a problem in the country.

A recession is when your neighbor loses his job.

A depression is when you lose your job.

The difference between the two terms is not very well understood for one simple reason: There is not a universally agreed upon definition. If you ask 100 different economists to define the terms recession and depression, you would get at least 100 different answers. I will try to summarize both terms and explain the differences between them in a way that almost all economists could agree with.

On Jan. 21, 2008, stock prices tumbled around the world. Most analysts pointed to fears surrounding the United States economy and a possible recession as the reason for the drop. Ironically, economic conditions in the United States were affecting the world economy on a day when its own markets weren't even in session -- they were closed for the Martin Luther King Jr. Day holiday. Three days later, news outlets were already reporting a new economic stimulus package, designed in part to try to prevent a recession.

This isn't the first recession news in recent memory. On Nov. 26, 2001, the news media announced the United States was officially in a recession and had been since March of that year. To most Americans, this wasn't all that surprising: Rising unemployment and a weak stock market had been in the news for months.

Recent high economic growth in India was fundamentally dependent upon greater global integration and related to the deregulation of finance combined with fiscal concessions that spurred a consumption boom among the top two deciles of the population, especially in urban areas, even as deflationary fiscal policies, poor employment generation and agrarian crisis kept mass consumption demand low. The impact of the crisis on agriculture is much more severe than has been recognized. Exposure to global price volatility was associated with a growing reliance on private debt, because of the lack of extension of institutional credit, coupled with growing inability to meet debt service payments because of the combined volatility of crops and prices. Official sources suggest that there has already been a sharp fall in employment in the export-oriented sectors. Many newly unemployed are migrant workers, often short-term migrants with casual contracts whose very existence tends to be ignored by official statistics. As opportunities for paid employment have dwindled, even during the boom, home-based subcontracting activities to women workers, or work in very small units that do not even constitute manufactories, and often on piece rate basis and usually very poorly paid and without any known non-wage benefits, substituted to some extent.

The drop in inflation which is seen across primary articles, fuel and manufactured products, is likely to be because of the high base value in 2009/10 and a good kharif (summer) crop production in 2010, it said.

India's economy will grow at over 7 per cent this fiscal despite being hit by the global slowdown and would clock a decent 8 per cent in the next fiscal, Planning Commission Deputy Chairman Montek Singh Ahluwalia said.

Noting that India is looking good, Ahluwalia said "the economic growth will be above 7 per cent this year against 6.7 per cent in 2008-09."

Speaking on 'The Indian Economy: The Outlook 2010 Business Interaction' organised by the Confederation of Indian Industry and the Confederation of British Industries at Crown Plaza here, he said, "We hope to get 8 per cent in 2010-11 and 9 per cent in 2011-2012."

He said but for the global decline, India would have grown at 9 per cent.



Referring to the country's emphasis on developing its infrastructure, including airports, telecommunications, power, railways, road and ports, Ahluwalia said, "We are on the right track but we need to do it much faster. The pace of approval of projects have improved considerably and it should be possible to pursue foreign investors to invest in India as India is a good place to invest."

On raising the FDI investment ceiling in the medical insurance sector from 26 per cent to 49 per cent, Ahluwalia said, "The government is very clear that it should go up to 49 per cent and the issue is before a select committee of Parliament."

### **OBJECTIVES**

- To study about depression is when you lose your job.
- To study recession is why your neighbor loses his job.
- To summarize both terms and explain the differences between them in a way that almost all economist could agree with.

### **Cultivators**

The impact of the crisis on agriculture is much more severe than has been recognized. Cultivators in India have already been through more than a decade of agrarian crisis, which persisted even through the period of rising international crop prices. The problems of farming in India are both deep and varied. They include weather problems such as less reliable monsoons, more frequent droughts or floods, soil degeneration, lack of institutional credit and insurance leading to excessive reliance on private moneylenders, problems in accessing reliable and reasonably priced input, difficulties in marketing and high volatility of crop prices.

### **Migrant Workers**

Official sources suggest that there has already been a sharp fall in employment in the export-oriented sectors like textiles and garments and gems and jewellery, and even in industries catering more to the domestic market like metal products, automobiles and construction. Many newly unemployed are migrant workers, often short-term migrants with casual contracts whose very existence tends to be ignored by our official statistics. The economic boom of the past decade relied heavily on such workers: Not just in the sectors mentioned above but in labour-intensive services, such as cleaning, maintenance, private security, driving and related services. These were not simply informal activities, many of them catered to the requirements of the expanding corporate sector, and in effect subsidized it by providing a cheap and flexible external labour force.

### **Home-based Workers**

As opportunities for paid employment have dwindled, even during the boom, home-based subcontracting activities, or work in very small units that do not even constitute manufactories, often on piece-rate-basis and usually very poorly paid and without any known non-wage benefits, substituted to some extent. There are estimated to be more than 15 million women workers in the unorganised sector, and more than half of them are women involved in homebased work for different types of industry, dominantly on a piece-rate basis. This includes zari, charkha or other handloom work; bindi, labels, stitching; food processing; and also potentially hazardous work involving acids and chemicals.

**Food security and the price of essentials**

Much has been made of the slowdown in inflation rates to almost zero, and there are those who have pointed out that this reflects the declining rate of economic growth and could even lead to a deflation that is damaging for growth. But what is often not noted is that even within this overall stagnation in prices, food prices have continued to increase. Foodgrain prices have gone up the most, by more than 10 percent in the year April 2008 to March 2009. This cannot be blamed on higher procurement prices alone, since the prices of pulses, which are not covered by public procurement, have also gone up just as much.

What is immediately required is significantly increased public expenditure, directed towards particular areas— expansion of the employment guarantee scheme within rural areas and extension to urban areas, creative use of NREGS, especially in urban areas, to enable productive use of the tremendous wealth of labour resources available, especially women workers; more resources provided to state governments to enable them to meet basic development and social expenditures; and a package for agriculturalists to protect them from volatile crop prices and to deal with the burden of debt. In the medium term, the government needs to encourage moves towards more sustainable patterns of consumption and production, both through newer technologies and by re-orienting demands. If this can be done, the current crisis might even be worth the pain that it is now delivering to so many millions.

**CONCLUSION**

Economic indicators are Gross Domestic Product, Consumer Price Index, the Producer Price Index, Employment Indicators, the Retail Sales Index, the National Association of Purchasing Management Index, the Consumer Confidence Index, and more.

Now it is shown every where there is improvement. The rates of interest increasing for housing, good opportunities are there. People are getting good jobs.

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## **HUMAN RESOURCES DEVELOPMENT SYSTEM IN CHANGING GLOBAL ENVIRONMENT - A CHALLENGING TASK**

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### **ABSTRACT**

*Management is concerned with the accomplishment of organisational objectives by utilizing its physical and financial resources through the efforts of human resources is a challenging Task in organisations in these days face various risks and challenges. The competitive business environment of the 21st century is highly global, customer centric, talent dependent, information based, fast paced, continually changing, technology driven, forging new partnerships and alliances, increasing organisational vulnerability, unstoppable capital flow, continuous learning and open to everyone. Against this backdrop, business organisations have to grapple with acquisition, support, development and retention of human resources, increasing productivity and quality service and build appropriate culture, leadership, innovation, accountability, commitment and readiness of human resources.*

**Keywords:** Human Resources; Changing Environment; Task

### **INTRODUCTION**

Management is concerned with the accomplishment of organisational objectives by utilizing its physical and financial resources through the efforts of human resources. The term 'Human Resources' is quite popular in India with the institution of 'Ministry of Human Resource Development in the Union Cabinet'. According to Leon C. Meggionson, the term 'human resources' can be thought of as, "the total knowledge, skills, creative abilities, talents, and aptitudes of an organisation's workforce, as well as the value, attitude and beliefs of the individuals involved". (1) Human Resource refers to the talents and energies of people who are available to an organisation as potential contributors to the creation and realization of the organisation's mission, vision, values and goals. Development refers to a process of active learning from experience, leading to systematic and purposeful development of the whole person: body, mind and spirit. Human Resources Development can be viewed fundamentally as an approach or strategy to achieve integration between the individual employee and the organisation by developing an appropriate mutual relationship. The problem of integration arises from the fact that organisational interests and

individual interests do not automatically coincide. In their drive to fulfill objectives such as growth and profits, organisations normally tend to function in ways that neglect or violate the interests and needs of individuals. Integrating the individual with the organisation, therefore, requires conscious and deliberate organisational and managerial action to bridge the gap.

Although development of human beings has been in existence in one form or the other since the dawn of civilization, a planned and systematic approach to Human Resource Development (HRD) began mainly in the 20<sup>th</sup> century. HRD means an organized learning experience aimed at matching the organisational need for human resources with the individual need for career growth and development. It involves a series of learning activities designed to produce behavioral changes in human beings in such a way that they acquire a desired level of competence for present and future roles. HRD is not a set of techniques but a process of helping people to acquire necessary competencies. It is based on the belief that everybody has a potential and a valuable asset that can be developed in an appropriate environment and support.

According to Prof. T.V. Rao, a well-known authority on HRD, “HRD is a process in which the employees of an organisation are continually helped in a planned way:

- Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles.
- Develop their general capabilities so that they may be able to discover their own inner potentialities and exploit them to fulfill for their own and organisational development purposes, and
- To develop an organisational culture where superior-subordinate relationships, teamwork and collaboration among different sub-units are strong, and contribute to organisational wealth (or professional well-being) and motivation and pride of the employees”

### **OBJECTIVES OF THE STUDY**

To be precise, the study has undertaken the following objectives:

- To examine the HRD System in Global Changing Environment, and,
- To make appropriate suggestions for successful implementation of HRD practices in Indian industrial Organisations in order to get effective HRD system.

### **REVIEW OF THE LITERATURE**

Arif Hassan, Junaidah Hashim & Ahmad Zaki Hj Ismail (2006) have conducted a study on Human Resource Development Practices as Determinant of HRD Climate and Quality Orientation with the aim to measure employees' perception of human resource development (HRD) practices.

Guchait and Priyanko (2007) in their study on Human resource development practices and organisational commitment and intention to leave, examined the influence of HRD practices as a critical tool to make the employees more committed to their organisation which in turn would affect employee intention to stay or leave the organisation.

Smith and Catherine A (1995) in their research on Human resource development practices and policies as antecedents of organisational commitment a model linking Human Resource

(HR) practices and organisational commitment was proposed. Specifically, HR practices from five HR functions (performance appraisal, benefits, training, career development, and incentive pay) were linked to the three components of organisational commitment (affective, continuance, and normative) outlined in the Meyer and Allen (1991) model

Niedz and Barbara Ann (1996) have conducted a study on the relationship of nurses' perceptions of Human Resource Development practices and autonomy in practice and patients' perceptions of satisfaction with nursing care and organisational climate for service. This study developed and tested theory to better understand the marketing construct of service quality, in a hospital setting.

## **DISCUSSIONS AND RESULTS**

In a larger context HRD refers to empowering the people and enabling them to use their power for development of the organisation to which they belong and society at large. It refers to developing pro-activity and capacity to embrace larger issues. Considering the vital importance to human resources, they are now being treated as assets, which are most precious for the survival of the organisation. New values are being added. There has been shift from traditional master-slave relationship to the modern trusteeship system (in which employers and employees are considered as partners investing their wealth and labour respectively) and from traditional salary administration to the new Human Resource System (HRS). Human resources being a part of the organisation, HRD are a sub system of larger system i.e., the organisation. And HRD is the center of HRS and most vital for the organisational advancement. HRD includes both the development of the people and development of the organisation.

HRD has three fundamental component areas such as individual development (personal), career development (professional), and organisational development. The importance of each component will vary from organisation to organisation according to the complexity of the operation, the criticality of human resources to organisational efficiency, and the organisation's commitment to improve human resources. Organisational development was directed at developing new and creative organisation solutions to performance problems by enhancing congruence among the organisation's structure, culture, processes, and strategies within the human resources domain. The ultimate goal of organisational development is therefore to develop the organisation's self-renewing capacity. As a result, the organisation will be able to regenerate itself over and over again as it confronts new and ever-challenging circumstances.

**Growth of HRD:** Set of factors which draw attention of HRD in organisations stem from changing organisational environment and organisational necessities to adapt and innovate in response to these changes. Some of these factors are:

**Increasing competition:** Increasing competition requires higher efficiencies as well as better human resources to meet the challenges. Such competition also makes it difficult to recruit the right kind of people.

**Expansion and Growth:** Organisational growth and expansion leads to increased complexity of operation, Managers of these organisations need a higher level of managerial skills. As such the organisations require more sophisticated systems for optimum utilization of its large human resource pool.

**Rapid Technological change:** Rapid change in technology demands frequent changes in organisational structure and systems as well as change in the required skills. All these

changes create conflict, stress and obsolescence of skills and the need to innovate solutions related to these problems.

**Lack of suitable manpower:** Due to lack of sufficient industrialization, increasing competition and changing technologies, many organisations face the problem of getting suitably trained and skilled people at various levels. This necessitates the organisation to develop its own human resources.

**Changing needs of people:** Due to various sociological changes, the needs and aspirations of the employees change from time to time. These needs are related to work benefits, career growth etc. Organisations need to develop ever – new response to these changing needs through more suitable human resource management policies and systems.

**Findings on Impact of HRD on Success of the organisation:** The success of an organisation depends to a large extent upon the capabilities, competence, efficiency and effectiveness of its human resources. The HRD system is an essential tool for management in order to develop a strong capability, competence and responsibility among the employees of a concern. It is now a firm belief that the organisations can improve their effectiveness and productivity through the development of human beings. Thus, HRD is the core of existence and strength of an organisation, no organisation is immune to the need of HRD to acquire and increase its capabilities for stability and renewal.

#### **Some of the important HRD sub-systems are**

1. Management's Policy on HRD
2. Potential Appraisal
3. Organisational development (OD)
4. Employee Development
5. Redressal of Grievances
6. Performance appraisal
7. Career planning
8. Employee Development
9. Training

Although any systematic or formal method which facilitates in increasing employee competency or helps in employee motivations and organisation's climate development can be considered as HRD instrument or sub-system. Accordingly, there can be various other HRD sub-systems including review Discussions, feedback and counseling, communication policies job rotation, rewards, job enrichment programs etc.

#### **Suggestions on HRD System**

1. HRD system should help the company to increase enabling capabilities which include: development of human resources in all aspects, organisational health, improvements in problem solving capabilities, diagnostic skills, capabilities to support all the other systems in the company, etc.
2. It should help individuals to recognize their potential and help them to contribute their best towards organisational development.

3. The various organisational roles they are expected to perform.
4. It should help maximize individual autonomy through increased responsibility.
5. It should facilitate decentralization through delegation and shared responsibility.
6. It should facilitate participative decision-making.
7. It should attempt to balance the current organisational culture with changing culture.
8. There should be a balance between differentiation and integration.
9. There should be a balance between specializations of the function with its diffusion into the others.
10. HRD system should ensure responsibility for the function.
11. It should build upon feedback and reinforcement mechanisms.
12. It should maintain a balance between quantification and qualitative decisions.
13. There should be a balance between external and internal help.
14. It should plan the evolution of the function.
15. There should be a continuous review and renewal of the function.

## **CONCLUSION**

Dynamic and growth-oriented organisations do require HRD to succeed in a fast- changing environment. Organisations flourish only through the efforts and competencies of their human resources. Personnel policies of the organisation do provide the morale and motivation of employees high, but these efforts are not enough to make the organisation dynamic and take it to new directions. Employee capabilities must continuously be acquired, sharpened and used. When employees use their initiative on task risks, experiment, innovate, and make things happen, the organisation may be said to have a 'good' culture. Even an organisation that has reached its peak has to adapt to the changing environment. HRD is not an activity carried out in an isolated environment. It basically aims at developing the individual for his own growth. In turn he also contributes to the fulfillment of the company objectives. Therefore, the HRD does not keep the individual from his normal area of activities. It goes towards him places in the very context of life at his work-place, home and society. Among other things, HRD gives attention towards creating a home environment in the work-place where the worker gains and assurance of being cared for in the most personalized manner. The worker should not carry the worries of the work-place to his home. HRD pursuit of quality improvement in work life has to be a planned, systematic and consistent concentration on these specific areas.

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## **ENVIRONMENTAL IMPACTS OF THE SUGAR INDUSTRY- AN ECONOMIC EVALUATION**

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### **ABSTRACT**

*Environmental pollution has a great impact on men and society. It adversely affects on the human health or public health, animals and plants. Environmental pollution decreases the efficiency and performing capacities of human beings and it increases the mental depression and decreases the average age of level of men and animals.*

*The principal object of the Environmental Impact Assessment may be said to be an attempt to internalise environmental costs of a project so that development duly considers environmental preservation besides economic and other factors.*

*Environmental Impacts may be positive (beneficial) or negative (adverse). Further it may be tangible or intangible. Tangible impacts are found on health, recreation, water quality etc. these impacts are to be valued by using certain market prices using techniques such as 'change in productivity', loss of earnings' etc. on the other hand intangible impacts are related to habitat change, bio-diversity loss etc. and these are to be valued through surrogate market techniques such as Hedonic prices or travel cost methods etc. Similarly, people's willingness to pay for an environmental preservation is to be measured by using contingent valuation technique. In this paper effort has been made to analyse environmental impacts and applicable valuation techniques.*

**Keywords:** Sugar Industry; Environmental Impact

### **INTRODUCTION**

Increasing urbanisation and industrialisation resulted in destruction of forests and wild life in India. India has a land area 2.4% of the world but our forests are disappearing at a very fast rate, giving way to man's need for development and to his greed. Large tracts of forests are destroyed to make way for habitation industries and big river valley projects.

The environmental pollution in large industrialised cities like Calcutta, Mumbai, Bangalore has reached dangerous levels and is growing due to careless disregard for its far reaching effects. Industrial wastes are dumped in open places and the industrial effluents are discharged in open drains and rivers. In India during 1992 the amount of loss due to environmental pollution was ₹1000 crores which represented more than 4.5 per cent of total internal production. One interesting feature is that the users of resources are not necessarily the ones who suffer the damage. Persons suffering the most are generally the poor and illiterate. Though large number being dispersed over a wide area they are not able to take collective action.

The Environmental Impact Assessment (EIA) is a widely recognized study to assess environmental impacts of developmental projects. Decisions on proposed environmental projects are made based on the findings of an EIA study. An extension of the environmental Impact Assessment could be a cost benefit analysis where the value of economic gains and environmental losses and vice-versa can be suitably compared to establish a sound basis for the choice of a particular project. To enable a cost benefit analysis to be performed, the environmental damage costs have to be ascertained, a task that requires a variety of specialized economic valuation techniques.

This paper outlines the applicability of some of the environmental valuation methods for a hypothetical sugar mills project.

The term ‘ Environmental Impact Assessment’ and its associated acronym, EIA, initially came to be used with the enforcement of the National Environmental Policy Act on January 1, 1970, in the USA. Since then EIA vocabulary has gained world-wide acceptance and is used in a number of countries. The Environmental Impact Assessment (EIA) is now a widely accepted tool to help the decision making process for developmental projects. Environmental Impact Assessment may be described as a process designed to ensure that potential environmental impacts are satisfactorily assessed and taken into account in planning, design, authorization, and implementation of all types of developmental projects. Internalisation of environmental costs of a project is one of the objectives of the EIA. In addition to the project’s financial costs and benefits that determine the economic feasibility of the project, the environmental costs of impacts should also be known and incorporated in the overall financial analysis of the project. A composite cost benefit analysis incorporating the project as well as environmental costs and benefits would enable a judicious decision to be made based on the findings of the EIA. While project costs are easily available from prevailing material, labour and other market prices, environmental costs are often rather difficult to estimate and require specialized valuation techniques for their quantification.

Sugar industry- a hypothetical case study, is regarded as one of the 29 categories of polluting industries by the EIA notification of the government of India 1994 (MOEF, 1994). Sugar industry making operations have the potential to cause a variety of impacts on the environment. These impacts depend on the process stage, the size and type of operation, the technology employed, the nature and sensitivity of the surrounding environment and the effectiveness of the planning, pollution prevention, mitigation and control techniques adopted (UNEP-IISI Report,1997). The various environmental impacts that could be caused by a hypothetical sugar industry together with the methods of cost evaluation applicable are outlined below:

### **Air Pollution and Health Effect**

The pollution generated from various sugar mills in air is very dangerous for the health of the people in the surrounding area and the overall environment. Dust pollution is generated by almost all sugar mills. A variety of air pollutants are emitted such as SPM(suspended particulate matter), NO<sub>x</sub>(Nitrogen oxide), SO<sub>2</sub>(sulphur dioxide). These are highly toxic. The value of the health effect from the pollutants can be estimated by the use of “loss of earnings” approach. This estimation is made from the actual loss of earnings from chronic exposure to these pollutants and the medical costs from the poor quality of the air environment.

Surrogate market value technique such as “property value” can also be used to value the air pollution, particularly to the dirty and polluted residential areas. This methods relies on the

assumption that among other factors, the local environmental quality will influence the property prices.

### **Preservation of Forest**

A potentially significant ecological impact on the forest cover due to the emission from the sugar mills could cause damage to valuable trees and animals. One of the methods of economic valuation to address impacts on ecology is to apply the “dose response” approach. The extent of ecological degradation due to a certain quantum of environmental pollution has been established scientifically for a large class of pollutants and ecological resources. These relationships can be used (dose response) to quantify the extent of harm possible. Besides this the “contingent valuation” method is another tool for monetising value of forest land. The local people willing to pay to preserve the forest ecosystem can be found by a survey.

### **Water Pollution**

In the case of water pollution, Bio Oxygen Demand (BOD), Chemical Oxygen Demand (COD) and Suspended Solids (SS) are regulated and the firm cannot freely dispose of them.

There are three inputs: capital, labor, and materials and three outputs: good output, Sugar and bad outputs, BOD, COD, and SS. In India, the water pollution standards

(MINAS) for BOD, COD, and SS are respectively given as 30mg/l, 250mg/l, and 100mg/l. If any sugar mills exceeds this limit then tax method can be applied.

Surface as well as ground water resources may be polluted from the discharge of suspended solids, NO<sub>x</sub> etc. it may cause a serious health hazard. Sugar Industry wastes are dumped in open places and the sugar mills effluents are discharged in open drains and rivers. This induces the sugar mills authorities to treat the effluents before discharging to nearby streams or to prevent the contamination of groundwater by the use of effluent treatment plant (ETP). In this case “preventive expenditure” can be used as an environmental cost. Groundwater resources are often contaminated by un-treated industrial effluent and adequate finance for their clean-up is not available, specially in developing countries like India.

### **Effect on Fisheries due to Water Pollution**

Fisheries are more at risk due to the discharge of sugar mills effluents which may arise the temperature of the water in addition to adding toxic pollutants to the stream. Serious pollution causes reduction in fish yield and disruption of fish spawning leading to loss of income to fishermen. It also spoils the quality of fish because in polluted water, fish is contaminated and not good for health. The valuation can be estimated by the “change in productivity” method. Possible improvement of the river water quality from the boat to a level of fishing could be estimated using the “contingent valuation” method.

### **Recreational and Heritage Values**

Impacts on the recreation, heritage and local amenity in and around the forest land surrounding the unsightly, dirty and noisy sugar mills can be monetised. The travel cost method (TCM) can be applied to estimate the recreational value. This technique primarily involves collecting data on the number of visitors arriving at recreational sites and expenditure incurred in reaching the place through on-site questionnaire survey.

**Location and Technology Options**

Sugar mills usually take a lot of land as the industry by its heavy nature needs several utilities and ancillary units. The change in land use brought about by the setting up a sugar mills can be studied by means of an “opportunity cost” approach where the opportunity cost of not choosing a sugar mills but other development pattern can be computed. Similarly choice of technology options for meeting the same production pattern can be analyzed by the opportunity cost technique. With this technique it is possible to quantify the extra costs involved in choosing an environmentally better, but more expensive solution and thus arrive at an optimum trade-off between capital expenditure and environmental protection.

An assessment matrix of environmental components and valuation techniques has been presented in table 1

**Table 1.** A matrix of economic evaluation techniques based on the major impacts of the sugar industry

<b>Environmental Components</b>	<b>Impacts</b>	<b>COP</b>	<b>LE</b>	<b>PE</b>	<b>RC</b>	<b>TCM</b>	<b>LVC</b>	<b>CVM</b>
Health and safety	Environment related diseases due to air and water pollution	×	✓	✓	×	×	✓	×
Ecology	Loss of habitat & species due to air pollution, water pollution, forest clearing etc.	×	×	×	✓	×	✓	✓
Environmental resources	Renewable fish resource, surface and ground water resource raw materials like sugar cane etc.	✓	×	✓	✓	×	×	✓
Recreational / Heritage and amenity	Degraded air quality due to gaseous emission/ dust and their impact	×	×	×	×	✓	×	×
Human values	Rehabilitation, employment pattern, cultural changes	×	✓	×	✓	×	✓	×

**Note:** COP: change in productivity, LE: loss of earnings, PE: preventive expenditure and cost-effectiveness analysis, RC: Replacement and relocation cost method, TCM: travel cost method, LVC: land value change methods, CVM: contingent valuation methods

**CONCLUSION**

Environmental pollution has a great impact on men and society. It adversely affects on the human health or public health, animals and plants. Environmental pollution decreases the efficiency and performing capacities of human beings and it increases the mental depression and decreases the average age of level of men and animals. The principal object of the Environmental Impact Assessment may be said to be an attempt to internalise environmental costs of a project so that development duly considers environmental preservation besides economic and other factors. Environmental Impacts may be positive (beneficial) or negative (adverse). Further it may be tangible or intangible. Tangible impacts are found on health, recreation, water quality etc. these impacts are to be valued by using certain market prices using techniques such as ‘change in productivity’, loss of earnings’ etc. on the other hand

intangible impacts are related to habitat change, bio-diversity loss etc. and these are to be valued through surrogate market techniques such as Hedonic prices or travel cost methods etc. Similarly, people's willingness to pay for an environmental preservation is to be measured by using contingent valuation technique. All these techniques require some form of database or a detailed survey to arrive at an estimate of the impact.

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## **A STUDY ON STUDENTS SATISFACTION TOWARDS EDUCATIONAL LOAN FROM STATE BANK OF INDIA - WITH SPECIAL REFERENCE TO COIMBATORE CITY**

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### **ABSTRACT**

*Education has a significant role in the Indian Economy. Higher education is increasing with the new paradigm. Higher education involves creation of intellects of world standards and also training of skilled human power at mass level without compromising on quality. Education has become a costly affair recently. There are different fee structures, followed by different institutions. Most of the students find it difficult to just enter in to the field of education. The problem of finance for education has been prevailing matter now. It is met by the nationalized and private sector banks through educational system. The study has been approached from the point of view students/customers in Coimbatore, who intended to avail the education loan offered by the State Bank of India. The study discusses on detail about the factors motivating the students to borrow their money from state Bank of India.*

**Keywords:** Importance of Education; Educational Loan

### **INTRODUCTION**

Education is the teacher, who guides the seeker to the righteous path, by kindling the inherent light of the soul, as it has two facets one which showers the divine bliss and the other, material prosperity. The word “Education” is derived from the Latin educate, meaning “to nourish” or “to raise”. Schooling occurs when society or a group or an individual sets up a curriculum to educate people, usually the young. It is systematic and complete. Sometimes educational systems can be used to promote doctrines or ideals as well as knowledge.

Education is the process, which enables an individual to adjust himself to the environment. A present day economist is inclined to think “Education” as a process which makes man economically a creative member of the society. The subject matter of education is to develop one’s personality, for which education is more important. Twenty first century society is knowledge society. In this age of knowledge it is the intellectual capital, trained man power rather than financial and physical capital, which will give the society strength and prosperity. Almost all third world nations believe that it is the rapid expansion of education opportunities that holds the basis key for national development.

### **Importance of Education**

University provides not only trained manpower but also improve functional efficiency of more, engaged in different kinds of productive work, that is, it makes valuable contribution to the acceleration of development. University education strengthens the pillars of national integration. In a country like India, which has multi-religions, multi-classes and multi-

sectors, there is a strong need for such education planning, which comprises the heterogeneous components.

Education has become a very expensive proposition. Now a day's higher education has inaccessible to the poorest groups of the population. Most of the students find it difficult to just enter into the field of education from which they can gain more knowledge. The problem of finance for education has been a prevailing matter now. It is met by the nationalized and private sector banks through educational loan system.

Today banks have become a part and parcel of our life. There was a time when the dwellers of city alone could enjoy their services. Now banks offer access to even a common man and their activities extend to areas hitherto untouched. Apart from their traditional business oriented functions, they have now come out to fulfill national responsibilities. Banks cater to the needs of the students for their higher education agriculturists, industrialists, traders and all other sections of the society.

### **SCOPE OF THE STUDY**

Education has become a costly affair recently. The problem of finance, which prevails among the students, is solved the State Bank of India by granting the educational loan. The study has been approached from the point of view students/customers in Coimbatore, who intended to avail the education loan offered by the State Bank of India. The study discusses on detail about the factors motivating the students to borrow their money from state Bank of India. Higher education increasing with the new paradigm.

The State Bank of India is one of the biggest providers of the educational loan. The basic purpose of this study is to identify the procedure of State Bank of India Educational loan and give suggestions for improving the bank services among the students.

### **REVIEW OF LITERATURE**

Amarjit Singh Lall (1999) <sup>1</sup> an official said in his article, lending public sector banks here started effective floating interest rates on loans to the infrastructure sector to pledge against the long tenure of these loans. Bank officials said banks continue of follow this practice in most sectors. But within fracture loans extended for long tenures lenders are more comfortable with the floating interest rate commercial lending at floats help a bank maintain spreads in times of interest rate volatility.

Nagaraj Mylandla (2001) <sup>2</sup> in his article "Corporate Reports" stated" we have slogged for a decade in developing the market. Now that most private banks have computer networks and an increasing number of nationalized banks are getting computerized, our business will grow faster in the coming years.

S.S.Kohli (2004)<sup>3</sup> concluded in his study bank can revised their fixed rate loans higher, this is a risk management exercise to safeguard their asset, liability management. But a firming up to lending rates can only be witnessed of the RBI increases the bank rate.

National Development – our Hon'ble president A.P.J.Abdul Kalam<sup>4</sup> rightly said at the U.G.C. Golden Jubilee Celebration function in Delhi on 28<sup>th</sup> December 2003, any country's development depends on the development of education in the country. The greatest impact of WTO control over higher education would occur in developing countries need for academic in situations that contribute to national development, produce research relevant to local needs and participate in the strengthening of civil society.

**OBJECTIVES OF THE STUDY**

- To study the personal profile of the respondents
- To understand the satisfaction level of the respondents in availing education loan from SBI.

**METHODOLOGY OF THE STUDY**

The study is based on primary data collected from 200 students from various colleges, by the way of questionnaire. Random Sampling Technique was applied and Statistical tools like Percentage Analysis, Chi-Square test were carried out. The findings are given in the following paragraphs.

**ANALYSIS AND INTREPRETATION**

Table 1 shows the distribution of the respondents based on age, number of the family members, number of earning members in the family, occupational status of the father, and monthly income.

It is inferred from Table 2 that, Majority 30% of the students are in Professional Colleges and 14% of the students are in Arts & Science Colleges, 21% of the students are in Teacher Training colleges, 25% of the students are in Polytechnic Colleges and the remaining 10% of the students are in other type of colleges.

**Table 1.** Personal Information

		No.	%
Age	21 yrs	40	20
	21-23 yrs	74	37
	23-25 yrs	56	28
	Above 25 yrs	30	15
Number of family members	3 members	26	13
	4 members	60	30
	5 members	68	34
	More than 5 members	46	23
Earning members of family	one	70	35
	two	86	43
	More than two	44	22
Occupational status of the father	Profession	22	11
	Employed	60	30
	Business	40	20
	Agriculture	78	39
Monthly income of the family	Less than 3000	64	32
	Rs.3001 – Rs.6000	50	25
	Rs.6001 – Rs.9000	48	24
	Above Rs.9001	38	19

**Source:** Primary Data



**Table 2.** Type of the College

	No.	%
Professional College	60	30
Arts & Science College	28	14
Polytechnic College	50	25
Teacher Training College	42	21
Other types (Nursing , Paramedical etc..)	20	10

**Source:** Primary Data

The above table no 2 reveals that, among the selected samples 30% of the students are in Professional colleges. 14% of the students are in Arts and Science colleges, 21% of the students are in teacher training colleges, 25% of the students are in Polytechnic colleges and the remaining 10% of the students are in other type of colleges.

**Table 3.** Nature of the College

	No.	%
Government Colleges	28	14
Aided Colleges	30	15
	100	50
Private Colleges	42	21

**Source:** Primary Data

The above table no 3 portrays that, among the selected sample students 50% of the students study in Self – Finance Colleges, 21% of the students in Private Colleges, 15% of them from Aided colleges and remaining students study in Government Colleges.

### CHI-SQUARE TEST

The Chi-square test is one of the simplest and most widely used non-parametric test in statistical work.

It has been applied for testing the significant relationship between Number of earning members, Loan amount Monthly income and satisfactory Level of students.

**Table 4.** Chi-square test Satisfactory level based on Age of the sample students

Age Group	Level of Satisfaction							
	High		Medium		Low		Total	
	No.	%	No.	%	No.	%	No.	%
Below 23 years	32	26.67	54	45	34	28.33	120	100
Above 23	14	17.50	48	55	18	22.50	80	100
Total	46	44.17	102	23.13	52	32.7	200	100

**Source:** Primary Data

### Chi-square test

	value	df	Sig
Chi-square	4.48	2	Not significant

**Hypothesis**

There is no significant relationship between the age of the respondents and the level of satisfaction.

**Result**

The calculated chi-square value is 4.48 which had been lower than the table value of 5.991 at 5% level of significance. Since the calculated value is lower than the table value it is inferred that there is no significant relationship between the age of the students and their level of satisfaction.

**Table 5.** Chi-square test - Number of family members and satisfactory level

Family members	Level of Satisfaction							
	High		Medium		Low		Total	
	No.	%	No.	%	No.	%	No.	%
Less than 4 members	13	15.13	50	58.13	23	26.74	86	100
More than 4 members	33	28.94	52	45.61	29	25.45	114	100
Total	46	33.07	102	29.33	52	37.6	200	100

Source: Primary Data

**Chi-square test**

	value	df	Sig
Chi-square	0.0827	2	Not significant

**Hypothesis**

There is no significant relationship between the number of family members and the level of satisfaction.

**Result**

Since the calculated value is lower than the table value it is inferred that there is no significant relationship between the number of family members and their level of satisfaction.

**Table 6.** Chi-square test - Number of Earning members and satisfactory level

Earning members	Level of Satisfaction							
	High		Medium		Low		Total	
	No.	%	No.	%	No.	%	No.	%
Less than 2 members	31	15.13	62	58.13	30	26.74	123	100
More than 2 members	15	28.94	40	45.61	22	25.45	77	100
Total	46	29.33	102	37.6	52	33.07	200	100

Source: Primary Data

**Chi-square test**

	value	df	Sig
Chi-square	0.988	2	Not significant

**Hypothesis**

There is no significant relationship between the number of earning members in the family and the level of satisfaction.

**Result**

Since the calculated value is lower than the table value it is inferred that there is no significant relationship between the number of earning members in the family and their level of satisfaction.

**Table 7.** Chi-square test – Monthly income and satisfactory level

Monthly Income	Level of Satisfaction							
	High		Medium		Low		Total	
	No.	%	No.	%	No.	%	No.	%
Below 6000	29	15.13	89	58.13	8	26.74	126	100
Above 6000	23	28.94	20	45.61	31	25.45	74	100
Total	52	39.33	109	27.6	39	33.07	200	100

Source: Primary Data

**Chi-square test**

	value	df	Sig
Chi-square	80.03	2	*****

Note: \*\*\* Significant at 1% level

**Hypothesis**

There is significant relationship between the number of earning members in the family and the level of satisfaction.

**Result**

Since the calculated value is more than the table value it is inferred that there is significant relationship between the monthly income of the family and their level of satisfaction. Hence the hypothesis rejected.

**FINDINGS**

## Percentage Analysis

- Most of the students belong to the age group of 21-23 years.
- Most of the respondents come under the category of 5 members in their family.
- Most of the respondents have two earning members in their family.
- Most of the respondents have a monthly family income more than Rs.3000.
- Most of the students are studying in self-finance colleges
- Most of the students are studying in professional colleges.

**Chi-square test**

1. There is no significant relationship between the age of the respondents and the level of satisfaction.

2. There is no significant relationship between the family members of the respondents and the level of satisfaction.
3. There is no significant relationship between the number of earning members in the family of the respondents and the level of satisfaction.
4. There is significant relationship between the monthly family income of the respondents and the level of satisfaction.

**SUGGESTIONS**

- Students of self-financing college have got the highest benefit when compared to the students of Government and Aided colleges. Hence it is suggested that is necessary for creating awareness and providing services about Educational Loan for Aided and Government college students.
- The students studying in the professional colleges avail the highest amount of the Educational Loan. Therefore the bank should make some new initiatives for providing loans for the other courses.
- The banker should maintain their service, dealing with their customer and period for loan repayment.

**CONCLUSION**

Now-a-days education plays a vital role in human life and also it is an expensive proposition, because the Aided, the Government and the Self-financing colleges follow different fee level from their students. At the same time all the students are not supportive of this fee structure. Therefore there is a need of Educational loan for their studies. For this purpose, the study offers some constructive suggestions for improving the students satisfaction level.

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## LECTURER'S MORALE AND CHANGE PRONENESS

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### ABSTRACT

*The aim of the research is to study the relationship between Morale and Change Proneness among Lecturers, who are worked in Government Degree Colleges in Srikakulam, Vizianagaram, Visakhapatnam, East Godavari and West Godavari districts besides testing whether the correlations obtained for the comparable sample differ significantly and concludes that both the aspects are significant statistically. The variables like Gender, Dwelling Background, Qualification, Age, Marital Status and Subjects Area (Science, Commerce and Arts) in respect of Lecturers Change Proneness are statistically significant, while the variables like Dwelling Background, Experience, Subject Area (Science and Arts) and Qualification in respect of Lecturer Morale are differed significantly. The Lecturer Morale and Change Proneness aspects are independent but they are inter-dependent. The investigation shows that there is significance of relationship between the Dimensions of Lecturer Morale and Change Proneness.*

**Keywords:** Morale; Change Proneness

### INTRODUCTION

Change is order of day. Everyone should accept this truth and those change too. From ancient times, whenever a new discovery, a strange concept and novel theory has proposed, there has been an 'upsurge' among others. As Vivekananda rightly quoted 'every new activity evidently has to pass through the three stages – better ridicule, severe opposition and final acceptance'. Morale is also play predominant role to bring overall development of the society.

Morale is the health of a social organism. It is a person's reaction to the social situation as a whole. Morale is a condition affected by or dependent upon such moral or mental factors as zeal, spirit, hope, confidence, mental state and the like. Khalil has defined 'morale is the outcome of attitudes and feelings in a group, which are conducive to the members working harmoniously and effectively with each other and with the administration'. By achieving the organizational goals many of the individual goals will be achieved.

Moral is a person's reaction to the social situation as a whole. The investigation with the Lecturer morale that improvement of Lecturer morale is one of the most significant steps to improve the quality of education and quality of democracy depends on quality of education. Potter and Lawler consider morale as involvement in one's job. Mathis (1959) described that morale is a feeling of general well being and psychological comfort relative to attitudes about oneself and the environment in which one works. Sharma (1972) said that in operational terms moral can be defined in terms of specific human needs and individual perception of the environmental source for satisfaction of their needs.

Change-proneness, through quite recent in origin, with astonishing rapidity has become almost a catchword. It is the tendency to accept anything, which is new novel, to be imbibed in their style of work. It is the state of flux and dilemma brought about by devotion to a cause, which may promote and result at expected rewards or fail to produce unexpected revolts. Everybody should accept this truth and those changes too. From ancient times, whenever a new discovery, a strange concept and a novel theory has proposed, there has been an 'upsurge' among others.

Sudden change but not slow transition, revolution but not evolution, out right change but not graded stepwise modification is the predominant nature of change proneness. Many scientific truths, which emerged as a result of eminent thinking by great scientists, told to replace established facts up to the day and required long time to be accepted. Change proneness means inclination or readiness one has to change or alter his behavior, attitude, feelings and thoughts by being flexible rather restraining oneself to be rigid.

### **REVIEW OF LITERATURE**

Campbell Elizabeth (1997) describe that moral education of Teachers is necessary for halting the weakening of the present generation's moral fiber. Zhu Xiaoman and Liu Cilin (2004) disclosed that moral education as a concept of very comprehensive in China and it is implemented in two ways, one of which is through subject-based moral education as well as the other is by means of all kinds of extra-curricular activities. Maryann Castelli Kalis in his study stated that the attitudes and feelings of Teachers having different lengths of experience. Thorton et al. (2002) showed students held deep concerns about their subsequent pay, workload, media image, status, hours, paperwork and stress. Dean (2001) pointed that the low level of morale throughout the profession, the record number of vacancies advertised and the high wastage and morbidity rates.

Shelat's (1974) study that the staff morale and academic motivation show a very queer relationship, it shows that average morale goes well with high academic motivation. Purushothaman (1978) found that the higher the morale of the Teacher of system better is its operational efficiency in terms of innovative standards. Mehta (1992) explored the relationship between Teachers' morale and their perception of supervisor behavior.

According to Miller (1967) the change proneness is the congregational effect of curiosity open mindedness and mental flexibility. Andy Hargreaves (2000) conclusions are drawn regarding new directions in Teaching professionalism and the link of professional projects to wider social movements for public education and its transformation. Aggarwal (1974) stated that innovative proneness as related significantly to various dimensions of Teachers' morale. Mukhopadhyaya and Sexena (1980) concluded that change proneness has been found to be related significantly and positively to urban background, Lecturers relation with principal, satisfaction in teaching, rapport among Lecturers, perceived leadership behavior of the principal, attitude towards teaching profession.

Based on the above review of literature the parameter of moral is identified as:

1. Individual characteristics, 2. Behavioural characteristics, 3. Group spirit, 4. Attitude towards the job and 5. Community involvement.

However, change proneness parameters are:

1. Innovativeness, 2. Hesitating Nature, 3. Consideration and 4. Acceptance of help.

**OBJECTIVES OF THE STUDY**

1. To study the significance relationship between Lecturer Morale and Lecturer Change Proneness.
2. To study the significance of relation between the parameters of Lecturer Morale.
3. To study the significance of relation between the parameters of Lecturer Change Proneness.
4. To identify the Significance of difference between demographic and professional variables like Sex, Locality, Qualification, Age, Marital Status, Experience and Type of Institution in respect of Lecturer Morale and Lecturer Change Proneness.

**HYPOTHESES**

1. There is no significance of relationship among the selected sample of Lecturers in their Morale and Change Proneness
2. There is no significance of relationship between the dimensions of Lecturer Morale and Lecturer Change Proneness Scales.
3. There is no significance of difference between the Lecturers in their Morale and Change Proneness taking the Variables like Sex, Locality, Qualification, Age, Marital Status, Experience and Type of Institution.

**SAMPLE**

The sample selected for the present investigation is covering with 178 Lecturers from different Government Degree College in Srikakulam, Vizianagaram, Visakhapatnam, East Godavari and West Godavari districts. Random sampling technique is followed to draw the sample for the present study.

**Tool Description**

The Stress tool was originally devised and standardized by Dr.Mrs. Dekthawala for her research study, this scale is used for the present study. The study conducted with five dimensions viz., Individual characteristics (20 items), Behavioural characteristics (20 items), Group spirit (20 items), Attitude towards the job (20 items) and Community involvement (20 items).

Whereas, the Job Satisfaction tool was constructed and standardized by Dr.Mukhopadhyay for the purpose of his research study in which four dimensions have been incorporated viz., Innovativeness (10 items), 2. Hesitating Nature (09 items), 3. Consideration (07 items) and 4. Acceptance of help (04 items).

**Procedure**

In order to test the hypotheses the investigator is planned and executed in four phases. In the first phase developing and standardization of Lecturer Morale and Lecturer Change Proneness self-rating scales. In the second phase measure the Lecturers' opinion with the help of above two self-rating scales. In the third phase using appropriate statistical procedure is adopted to find out the significant relationship between Lecturer Morale and Lecturer Change Proneness. However, in the fourth phase appropriate statistical procedures are used to find out the significant difference between the different demographic variables of Lecturers in relating to their Morale and Change Proneness.



**ANALYSIS OF DATA**

The following statistics are calculated for arriving at conclusions like co-efficient correlation to find the relationship between Morale and Change Proneness factor and also obtained the Critical Ratio values variables wise.

**Table 1.** Table showing significance of 'r' between Lecturer Morale and Lecturer Change Proneness

Variable category	N	df	'r'	Probability
Lecturer Morale & Lecturer Change Proneness	402	400	0.71	Significant at 0.01 Level

It is observed from the Table-1 that the verification of 'r' value is 0.71, which is significant at 0.01 level. Hence, the hypothesis is rejected. It clearly indicates that there is positive and significant relation between the variables of Lecturers Morale and Lecturers Change Proneness.

**Table 2.** Table showing the inter-correlation Matrix of various Dimensions of Lecturer Morale of Dekthawla's Scale

	Individual Characteristics	Behaviour Characteristics	Group Spirit	Attitude towards Job	Community Involvement	Total Lecturer Morale
Individual Characteristics	1.00	0.69	0.42	0.53	0.61	0.56
Behaviour Characteristics		1.00	0.54	0.52	0.49	0.61
Group Spirit			1.00	0.45	0.40	0.56
Attitude towards Job				1.00	0.47	0.52
Community Involvement					1.00	0.57
Total Lecturer Morale						1.00

Table -2 shows that the relationship between the dimensions of the Lecturer Morale. This clearly shows that there is positive and significant correlation. Hence, H1 is accepted i.e., there is a significant difference between the dimensions of Lecturer Morale.

**Table 3.** Table showing the inter-correlation Matrix of Various Dimensions of Change Proneness of Mukhopadhyay's Scale

	Innovativeness	Hesitating Nature	Consideration	Acceptance of Help	Total Lecturer Change Proneness Satisfaction
Innovativeness	1.00	0.69	0.69	0.58	0.51
Hesitating Nature		1.00	0.71	0.59	0.67
Consideration			1.00	0.63	0.59
Acceptance of Help				1.00	0.61
Total Lecturer Change					1.00

The 'r' value of all the dimension of the table-3 are having positive and highly correlated. Hence, the null hypothesis 'there is no significant relationship between the dimensions of change proneness among the selected Lecturers' is rejected. This implies that there is a strong inter-relationship among the dimensions of change proneness.

**Table 4.** Table showing the significance of difference of Mean Between Lecturers taking the various variable into consideration in their Morale

Variable category	Mean	S.D	N	C.R
Male Lecturers	370.72	40.44	298	1.22@
Female Lecturers	364.53	45.76	104	
Rural area Lecturers	371.42	41.52	236	2.45*
Urban area Lecturers	360.38	46.51	166	
Lecturers with NET/Ph.D	341.17	42.37	117	2.49*
Lecturers without NET/Ph.D	329.26	38.91	199	
Below 10 years Experience	365.73	45.81	192	2.06*
Above 10 years Experience	374.88	42.96	210	
Married Lecturers	352.98	44.53	209	4.57**
Unmarried Lecturers	373.97	47.32	193	
Below 50 years Age	249.74	41.53	196	1.62@
Above 50 years Age	256.39	40.29	206	
Science Lecturers	253.59	41.34	161	1.69@
Commerce Lecturers	261.38	41.69	165	
Science Lecturers	253.59	41.34	161	2.12*
Arts Lecturers	266.78	46.21	76	
Commerce Lecturers	261.38	41.69	165	0.86@
Arts Lecturers	266.78	46.21	76	

**Note:** \*\*Significant at 0.01 level, \*Significant at 0.05 level, @Not Significant at any level

Based on the gender there is no significant difference between male and female respondents Lecturers. The obtained 't' values is 1.22. The mean value obtained by the rural area Lecturers is greater than the mean value of urban area Lecturers. The obtained 't' value is 2.45, it is more than 1.96 but less than 2.58, which is significant at 0.05 level. Based on the education qualification, the mean value obtained by the Lecturers without NET/Ph.D qualification is grater than the Lecturers with NET/Ph.D qualification. The 't' value is 2.45, which is significant at 0.05 level. The different Lecturers experience is disclosed that the value of mean of Lecturers with above 10 years experience is greater than Lecturers with below 10 years experience, but it is also significant at 0.05 level. The Lecturers marital status is taken into consideration, the mean value of unmarried Lecturers is grater than married Lecturers and obtained value of 't' is 4.57, which is significant at 0.01 level. Based on the age of the respondents there is no significant difference between above 50 years of age respondents and below 50 years of age respondents. Based on the subject of the respondents there is no significant difference between science and Commerce respondents and Commerce and Arts respondents, but there is a significant different between science and Arts Lecturers at 0.05 level.

**Table 5.** Table showing the significance of difference of Mean Between Lecturers taking the various variable into consideration in their Change Proneness

Variable category	Mean	S.D	N	C.R
Male Lecturers	71.82	9.44	298	5.24**
Female Lecturers	65.63	10.76	104	
Rural area Lecturers	70.47	9.63	236	4.62**
Urban area Lecturers	65.43	11.51	166	
Lecturers with NET/Ph.D	51.17	9.37	117	7.49**
Lecturers without NET/Ph.D	59.26	9.31	199	
Below 10 years experience	50.68	10.81	192	0.98@
Above 10 years experience	53.33	9.96	210	
Married Lecturers	52.98	9.53	209	2.01*
Unmarried Lecturers	54.97	10.32	193	
Below 50 years Age	59.74	11.53	196	3.20**
Above 50 years Age	56.39	9.26	206	
Science Lecturers	53.59	9.74	161	2.08*
Commerce Lecturers	51.38	9.69	165	
Science Lecturers	53.59	9.74	161	2.00*
Arts Lecturers	53.78	12.21	76	
Commerce Lecturers	51.38	9.69	165	3.41**
Arts Lecturers	53.78	12.21	76	

**Note:** \*\*Significant at 0.01 level, \*Significant at 0.05 level, @Not Significant at any level

Table-5 examines the difference of mean value between the respondents based on gender. The mean value obtained by male Lecturers is greater than female Lecturers and the obtained value of 't' is 5.24, which is significant at 0.01 level. Whereas there is a significant difference between the respondents based on their rural and urban background and it is significant at 0.01 level. Lecturers with NET/Ph.D and without NET/Ph.D qualifications also significant difference is shown at 0.01 level. However the Lecturers with above 10 years of experience are greater than Lecturers with below 10 of experience but there is no significant difference between Lecturers. This is clearly indicated that there is 0.05 level significant differences between the marital status of the respondents. The mean value obtained by the Lecturers with below 50 years age is greater than their counterparts and which is significant at 0.01 level. Based on the subject of the respondents there is significant difference between science and Commerce respondents and science and Arts respondents at 0.05 level. However, there is a significant different between Commerce and Arts Lecturers at 0.01 level.

## RESULTS AND DISCUSSION

1. There is highly positive significant relationship between Lecturer Morale and their Change Proneness among the selected sample Lecturers.
2. These are also positive relationship between the dimensions of Morale as well as Change Proneness.
3. Similarly, there is a positive significance relationship between inter and intra relationship among the Lecturer Morale and Lecturer Change Proneness.
4. In respect of Lecture Morale, there is a significant difference between variables- Marital Status, Dwelling Background, Experience, Science and Arts and

Qualification, whereas the Lecturers in respect of Gender, Age, Science and Commerce as well as Commerce and Art do not differ significantly.

5. However, in case of Lecturer Change Proneness there is a significant difference between all the variables except Lecturer Experience.

## CONCLUSION

The result of the study disclosed that the Morale aspect influenced in respect of variables Marital Status, Dwelling Background, Qualification, Experience, Science and Arts, whereas in case of Change Proneness all the aspect are influenced except Experience. There is significance of difference between the Lecturers in their Morale and Change Proneness in respect of variables – Marital Status, Dwelling Background, Experience, Science and Arts and Qualification. From the above findings it is concluded that the Lecturer Morale and Change Proneness aspects are independent and interdependent.

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## **CUSTOMER AWARENESS AND PERCEPTION ABOUT DTH SERVICES IN KANCHIPURAM DISTRICT TAMIL NADU INDIA**

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### **ABSTRACT**

*DTH is the acronym for Direct To Home television services. DTH service is the reception of satellite, programmed with a personal dish in every individual home. It is basically a satellite service that would provide the subscribers to view the television services through satellite transmission anywhere in the country. DTH provides uninterrupted signal reception with reduced amount of service breakdowns. DTH offers high picture fineness and sound quality. A customer's behavior is influenced by the perception and beliefs that he holds of issues and events. This study has attempted to study the perception and beliefs of the customers about the DTH brands and services provided. From the analysis and interpretations it is very clear that as far as the awareness, perception, belief and acceptance is concerned DTH has won an Oscar, but with certain areas of concerns and improvements such as., Packages, choice of channels and charges, Prompt information about the services, High quality signal, Continuity of service etc., DTH offers highly customized packages and add-ons of channels. DTH is a direct competitor of the cable TV since it puts the broadcaster directly in touch with the consumers. Thus this paper explains about list of players in the broadcasting industry as on 2013 and also comparative performance of DTH vs Cable. This paper also analyses the awareness about DTH services in Kanchipuram city and DTH brands and services provided in this regard.*

**Keywords:** Customer; Perception; Direct To Home (DTH); Services; Awareness; Brands

### **INTRODUCTION**

#### **DTH Services in India**

Right from its inception during January 2001, DTH is growing throughout India with continuously with expanding technology, reliable infrastructure, trustworthy customer service, interactive services, price-competitive offerings etc. After ten years of the beginning of the LPG Era in 1991, following the liberalization of broadcasting industry there were many networks which are based on the other country's network STAR TV Network, a Hong

Kong-based DTH for instance, coming into our Mother India. This was followed by launch of ZEE TV, first privately owned Indian channel to broadcast over cable. Indian cable network was Cable TV which was the dominant pay-TV distribution platform in India, with a 75% market share while comparing with the Satellite TV Network with that of 25%. However, the average revenue per satellite subscriber is set to overtake cable TV's average revenue per satellite. DTH services have proved as a perfect competitor of the Cable TV network. With the increase in the disposable income of the Indian customers, choice for having wide channels options and at the same time to have customized packages by the television households encouraged the growth of DTH services in India from 2001. In the year 2004, Dish TV network was the first private-owned DTH service provider to get the recognition from the Government. Customers gave a overwhelming response to the DTH services. Thus preference, beliefs and perception of the customers on the DTH services had been so important that it has decided its inception, growth and sustainability.

List of players in the Broadcasting industry as on 2013:

- Doordarshan – DD Direct of Prasar Bharati comprising of 33 FTA channels and 12 All India Radio Channels,
- Dish TV of ZEE group,
- Tata Sky – Joint venture between Tata and Rupert Murdoch 's Sky TV,
- Sun Direct of Sun Network,
- BIG TV of Reliance Anil Dhirubhai Ambani Group,
- Airtel digital TV of Bharati telemedia and
- Videocon d2h of Videocon Industries.

This research paper attempts to measure consumer preference for DTH services over cable operators in Kanchipuram District of Tamil Nadu state.

### **OBJECTIVES OF THE STUDY**

1. To explain the awareness level of people for DTH services in Kanchipuram District.
2. To compare the performance of DTH services and Cable TV Connections.
3. To analyze the customer preference for DTH services in Kanchipuram District.
4. To examine the awareness about various DTH brands.

**Research Design:** Descriptive Research Design

**Sampling Methods:** Non probability convenience sampling technique

**Sample Size:** 240

**Method of Data Collection:** Survey Questionnaire method and Personal Discussion

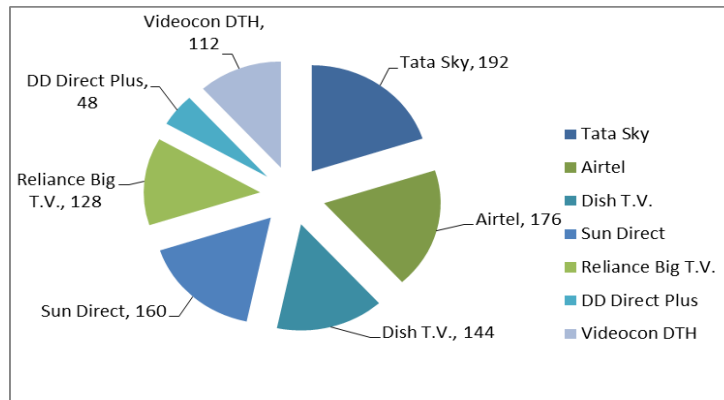
### **SCOPE AND LIMITATIONS OF THE STUDY**

- All the respondents of this survey are based from Kanchipuram District only.
- The sample size is limited to 240.

**ANALYSIS AND INTERPRETATIONS**

In an attempt to measure the awareness about the DTH services in Kanchipuram District, 93.33% of the people are aware about the DTH brands and services provided in this regard. This shows that through various medium of communication, people are able to know about the DTH services and service providers.

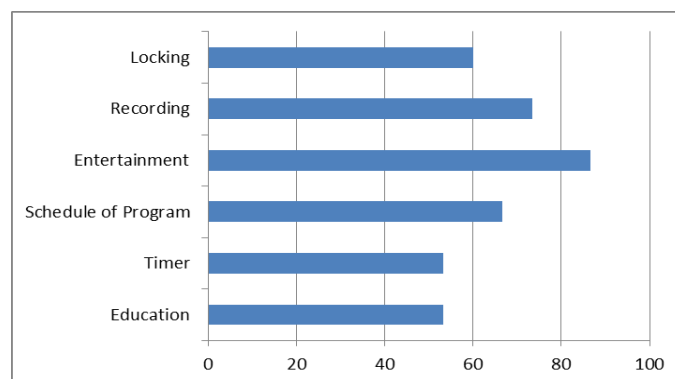
In addition to the above, 73.33% of respondents use DTH television service and strongly agree to continue with the existing television service.

**Awareness about various DTH Brands**

Above graph clearly explains that all the Customer are aware about various DTH service brands available in the industry. Tata Sky tops the list followed by Airtel, Sun Direct and Dish TV.

As far as awareness is concerned, almost all the brands have created it but the percentage of it differs. It differs according to the geographical area, channels offered, advertisement, publicity etc.,

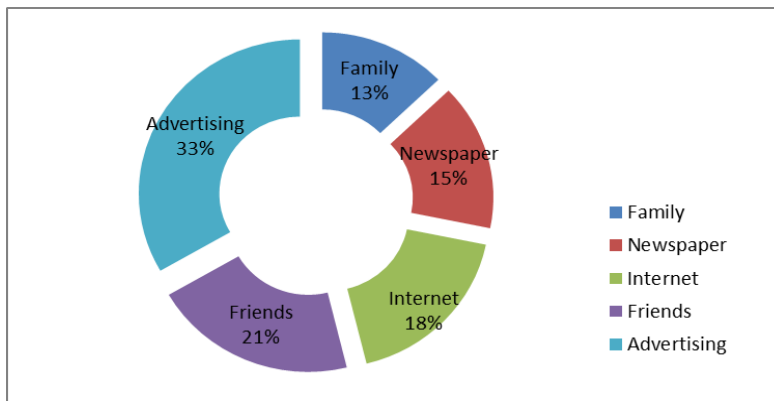
Respondents were expressing their views that, the preference for brands varied due to various reasons such as Region-based packages and offers, add-ons services, interactive services, high picture quality, ease of installation and connection, after sales services, dual connection facilities and discounts offered. In addition, respondents are also of the view that, Videocon d2h is gaining advantage of increased customer perception and preference. Reliance BIG TV is reaching above average performance.

**Awareness about the Interactive services of DTH services**

At the very first outset, we are able to understand that people are very well aware about the DTH services provided. They are aware about various added features and advantages provided by the DTH services over and above the services provided by the Cable TV channels.

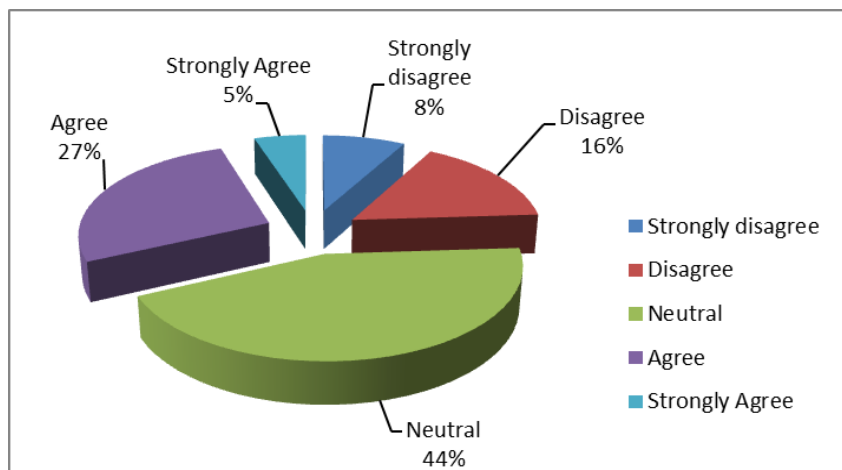
When queried whether they will be willing to stick on to the Cable TV just because to watch the Local channels 75.46% of the respondents have said that they would not prefer that. So we are able to understand that people have started adopting the new technology for more benefits and higher utility.

### Sources of Data and Information about DTH services



While attempting to understand wherefrom the respondents get information about various DTH brands and Services, 33% of the respondents get from Advertising in Television, Mobile phones, Bill boards etc., 21% of them get the information from their Friends and relatives. Through Newspaper 15% and Internet 18% of them are getting to know about DTH services. The sources of information and publicity chosen by the DTH service providers are right choices but they can increase the intensity for better awareness. This shows that most of the people are getting information from Advertising and Internet. So the DTH market players shall concentrate on these two medium intensely, so as to remove regional imbalances.

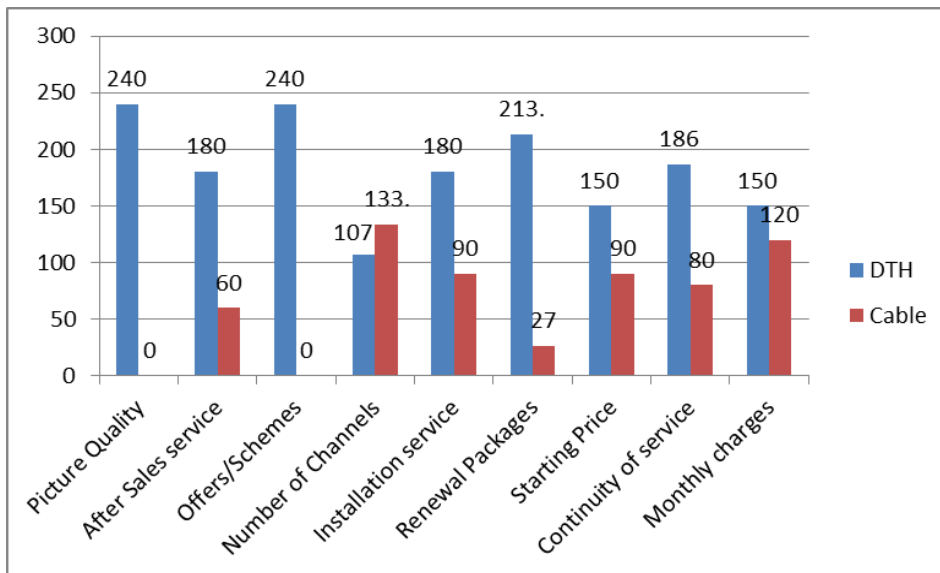
### DTH Services are Affordable, Economical and Reasonable for its Service





From the above analysis, we could understand the more that 40% percent of the respondents are not sure whether DTH services are cost—effective or not. More than ¼ of the respondents agree that it is economical to invest in DTH services. Only 5% of the respondents are sure that it is cost effective and beneficial to use DTH services. In the other query to compare monthly charges collected by DTH and Cable TV services, both the options have secured 50% of responses which clearly states that on the Cost grounds, DTH services have to improve more to attract more customers into their market. DTH market players have to attempt to reduce cost to change this Customer perception.

### Comparative Preference of DTH vs Cable



- **Picture Quality:** DTH has got a very strong place in the minds of the customers regarding the Quality of the television services, picture quality, entertainment, Infotainment and all the other added benefits in DTH.
- **After Sales services:** Nearly 80% percent of the respondents are of the opinion that DTH service providers are extending best After sales services.(This does not consider any particular DTH Brand.)
- **Offers and Schemes:** Cable TV service providers does not provide any other add-on services to the customers, on the other hand, DTH service providers extend seasonal discounts, add-on channels, movies, etc.,
- **Number of Channels:** As far as the number of channels are concerned both DTH and Cable has scored a equal score. But this does not take into consideration the 3D and HD channels offered by the DTH service providers. Though channels offered by the DTH service providers are pay channels, these kind of services has a high opinion in the minds of the customers.
- **Installation service:** More than 75 percent of the respondents agree that the installation service provided by the DTH service is good.

- Renewal packages and Starting price: As far as the packages and prices are concerned, the DTH customers are highly satisfied with wide variety of options they are provided with.
- Continuity of services: This factor measures the continuity of services during rainy seasons or even monsoons in summer. Cable TV service will be interrupted by even particular area's power shut down. Most of the respondents perceive that DTH service would be the better choice for continuity of services.
- Monthly Charges: As far as the monthly charges are concerned, respondents are of the view that both DTH and Cable TV connections charge them with the same amount. This is an Area of concern for DTH service providers.

As far as publicity is concerned, cost-effective services but it need not consider 'creating awareness about DTH' as an objective. As per the analysis, 94 percent of the people of Kanchipuram district are aware about the DTH services and its peculiarity.

In addition to the above, nearly 75 percent of the respondents are promising to continue using DTH services. This shows that there is a strong Customer group for the Broadcasting industry. Specifically, Tata Sky and Airtel DTH are topping the list in awareness among the customer and have won their preference too.

## **CONCLUSION**

A customer's behavior is influenced by the perception and beliefs that he holds of issues and events. This study has attempted to study the awareness, perception and beliefs of the customers about the DTH brands and services provided. This Satellite TV network which connects every drawing room of the Homes in India directly has won loads of success that it has slowly invaded the Cable TV market too. The school of thought typified by Joan Woodward says that, "Technology is the most critical determinant of structure of the organization." Technology has acted as the prime factor to determine the structure of the broadcasting industry. Customers have started demanding for better technology and

As per the this study it is very clear that as far as the awareness, perception, belief and acceptance is concerned DTH has won an Oscar, but with certain areas of concerns and improvements such as., Packages, choice of channels and charges, Prompt information about the services, High quality signal, Continuity of service etc., The DTH service brands should increase the awareness for DTH services and outlets and help the customers believe that DTH services are cost-effective. This perception will change into belief, then to demand and finally to loyalty.

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## **ASSESSMENT OF GOVERNMENT POST MATRIC SCHOLARSHIP SCHEME FOR TRIBES AND EVALUATION OF SUCCESS: A STUDY OF NANDED DISTRICT**

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### **ABSTRACT**

*A scholarship is an award of financial aid for a student to further his or her education. Scholarships are awarded based upon various criteria, which usually reflect the values and purposes of the donor or founder of the award. Scholarship money is not required to be repaid. Scheme covers professional, technical as well as non-professional and non-technical courses at various levels including correspondence courses covering distance and continuing education. The Scheme was introduced during the year 1944-45 and has since been revised from time to time. The last revision of the scheme has been made w.e.f. 01.04.2013. A Centrally Sponsored Scheme implemented by the State Governments and Union Territory Administrations. 100% Central assistance over and above the committed liability of the States Governments/UTs Admn. from the Government of India. The Scheme provides financial assistance to the Scheduled Tribe students studying at post matriculation or post-secondary stage. Scholarships are available for studies in India only. The State Government and UT to which the applicant actually belongs awards the scholarship. The scheme also covers central assistance to States/UTs for setting up Book Banks.*

**Keywords:** Post Matric Scholarship; ITDP (Integrated Tribal Development Project); Government Policy

### **INTRODUCTION**

The post matric scholarship Scheme was introduced during the year 1944-45 by central govt. The objective of the scheme is to provide financial assistance to students belonging to Scheduled Tribes pursuing Post-Matriculation recognized courses in recognized institutions. A scholarship is an award of financial aid for a student to further his or her education. Scholarships are awarded based upon various criteria, which usually reflect the values and purposes of the donor or founder of the award. Scholarship money is not required to be repaid.

Scheme covers professional, technical as well as non-professional and non-technical courses at various levels including correspondence courses covering distance and continuing education. The Scheme was introduced during the year 1944-45 and has since been revised from time to time. The last revision of the scheme has been made w.e.f. 01.04.2013.

The objective of the scheme is to provide financial assistance to students belonging to Scheduled Tribes pursuing Post-Matriculation recognized courses in recognized institutions. The scheme covers professional, technical as well as nonprofessional and non-technical

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courses at various levels and the scheme also includes correspondence courses including distance and continuing education. The scheme is implemented by the State Government and UT Administrations, which receive 100% Central Assistance over and above the committed liability which is required to be borne by them from their own budgetary provisions.

### **RESEARCH METHODOLOGY**

This study is based on the only secondary data. The data is collected through Wikipedia and various search engine through internet. And also from some authors research papers, ITDP yearly report and literature also. Government policies about post matric scholarship are also involved in this paper.

### **RESEARCH OBJECTIVE**

Research objective are following

1. To find out government policy about post matric scholarship.
2. To know the benefit of the post matric scholarship in Nanded district.
3. To find out problems to tribes in the scholarship scheme.

### **RESEARCH HYPOTHESIS**

For this study research hypotheses are as follows

1. Scholarship amount is the survival to the tribal students.
2. Mostly students are getting problem in the scholarship whole procedure.

### **Features of the Scheme**

- A Centrally Sponsored Scheme implemented by the State Governments and Union Territory Administrations.
- 100% Central assistance over and above the committed liability of the States Governments/UTs Admn. from the Government of India.
- The Scheme provides financial assistance to the Scheduled Tribe students studying at post matriculation or post-secondary stage.
- Scholarships are available for studies in India only.
- The State Government and UT to which the applicant actually belongs awards the scholarship.
- The scheme also covers central assistance to States/UTs for setting up Book Banks.

### **Eligibility provisions under Post Matric Scholarship**

- Scholarships are paid to students whose parent's/guardian's income from all sources does not exceed Rs. 2.50 lakh per annum.
- All children of the same parents/guardian are eligible.
- Scheduled Tribe candidates who have passed the matriculation or higher secondary or any higher examination of a recognized University or Board of Secondary Education are eligible.

- The scholarships are available for the study of all recognized post matriculation or post-secondary courses in recognized institutions except certain identified training courses like Aircraft Maintenance Engineer's Courses, Private Pilot License courses etc.
- Students studying through correspondence courses are eligible.
- Employed students on leave without pay for the entire duration of a full time course are eligible for course.
- The scholarship holder under this scheme will not hold any other scholarship / stipend.
- Students who have received coaching in any of the pre-examination training centres with financial assistance from the Government will not be eligible.

**Advantage to the Student with Terms and Condition****Scholars are Paid**

Fees for enrolment/registration, tuition, games, Union, Library, Magazine, Medical Examination and such other fees compulsorily payable by the scholar to the Institution or University / Board.

- Study tours charges up to a maximum of Rs. 1600/- per annum.
- Thesis typing and printing charges up to a maximum of Rs. 1600/- for the research scholars.
- Additional allowances to the ST students with disabilities at the prescribed rates for different degree of disability.
- Annual allowance of Rs.1200/- for essential/prescribed books, besides reimbursement of course fees to correspondence course students.

**Maintenance and Allowance**

Groups		Rate of Maintenance allowance (in Rs. per month)	
Group	Courses	Hostellers	Day Scholars
<b>Group - I</b>	(i) Degree and Post Graduate level courses including M.Phil., Ph.D. and Post-Doctoral research in Medicine (Allopathic, Indian and other recognized systems of medicines), Engineering, Technology, Planning, Architecture, Design, Fashion Technology, Agriculture, Veterinary & Allied Sciences, Management, Business Finance / Administration, Computer Science/ Applications. (ii) Commercial Pilot License (including helicopter pilot and multiengine rating) course. (iii) Post Graduate Diploma courses in various branches of management & medicine. (iv) C.A./I.C.W.A./C.S./I.C.F.A. etc. (v) M.Phil., Ph.D. and Post-Doctoral Programmes (D. Litt., D.Sc. etc.) – a) In existing Group II courses b) In existing Group III courses (vi) L.L.M.	<b>1200</b>	<b>550</b>

Contd....

Groups		Rate of Maintenance allowance (in Rs. per month)	
Group	Courses	Hostellers	Day Scholars
Group – II	(i) Graduate/ Post Graduate courses leading to Degree, Diploma, Certificate in areas like Pharmacy (B Pharma), Nursing (B Nursing), LLB, BFS, other para-medical branches like rehabilitation, diagnostics etc., Mass Communication, Hotel Management & Catering, Travel/Tourism/Hospitality Management, Interior Decoration, Nutrition & Dietetics, Commercial Art, Financial Services (e.g. Banking, Insurance, Taxation etc.) for which entrance qualification is minimum Sr. Secondary (10+2). (ii) Post Graduate courses not covered under Group-I e.g. M.A./M.Sc./M.Com./M.Ed./M.Pharma etc.	820	530
Group – III	All other courses leading to a graduate degree not covered under Group I & II e.g. BA/B Sc/B Com etc.	570	300
Group - IV	All post-matriculation level non-degree courses for which entrance qualification is High School (Class X), e.g. senior secondary certificate (class XI and XII); both general and vocational stream, ITI courses, 3 year diploma courses in Polytechnics, etc.	380	230

Central assistance to States/UTs for setting up of Book Banks is given @ prescribed rates. For the degree courses maximum limit is Rs. 7500/- for a set of books for two students and for Post-Graduate course @ Rs. 5000/- per student.

**In Nanded District Number of colleges and Number of beneficiaries in 2 years:**

Year	Total Colleges	Total Beneficiaries
2012-2013	229	2785
2013-2014	212	2882

**FINDINGS**

1. Most of the tribal students are get the scholarship benefits.
2. With the help of post matric scholarship tribal students gets the higher education.
3. All tribal students are eligible to post matric tribal scholarship.
4. Students are face the problems in form filling procedure through information technology.

**CONCLUSION**

A scholarship is an award of financial aid for a student to further his or her education. Scholarships are awarded based upon various criteria, which usually reflect the values and purposes of the donor or founder of the award. Scholarship money is not required to be repaid. Scheme covers professional, technical as well as non-professional and non-technical courses at various levels including correspondence courses covering distance and continuing education.

The scheme is provided by ITDP from the form filling procedure to disbursement of amount. All the data about the beneficiaries and the amount sanction for that scheme is also maintain by ITDP. Overall with the help of scholarship tribal students are get the benefit in studying higher education.

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## **A COMPARATIVE STUDY OF HUMAN RESOURCE DISCLOSURE AND REPORTING PRACTICES OF SELECTED PUBLIC AND PRIVATE SECTOR BANKS IN INDIA**

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### **ABSTRACT**

*Human Resources (HR) are the energies, skills, talents and knowledge of people which are, or which potentially can be applied to the production of goods or rendering useful services. HRA is the process of identifying and measuring data about human resources and communicating this information to interested parties. Human Resource disclosure is the process of identifying and reporting the Investments made in the Human Resources of an Organization that are presently not accounted for in the conventional accounting practices. For the purpose of the study ten banks had been selected, out of which five banks were from the public sector and five banks were from the private sector. Banks were selected on the basis of judgment sampling approach. All ten banks were listed in Bombay Stock Exchange or National Stock Exchange. Human resource disclosure practices were adopted in all the selected banks and banks was aware to the HR practices. Results reveals that public sector banks were disclosed more information related to the human resource practices than the private sector banks. Public sector banks were also disclosed some quality information of human capital related information.*

**Keywords:** Human Resource; Disclosures; Public Sector; Private Sector; Banks

### **INTRODUCTION**

Human Resources (HR) are the energies, skills, talents and knowledge of people which are, or which potentially can be applied to the production of goods or rendering useful services. HRA is the process of identifying and measuring data about human resources and communicating this information to interested parties. Human Resource disclosure is the process of identifying and reporting the Investments made in the Human Resources of an Organization that are presently not accounted for in the conventional accounting practices. In simple terms, it is an extension of the Accounting Principles of matching the costs and revenues and of organizing data to communicate relevant information. The Quantification of the value of Human Resources helps the management to cope up with the changes in its quantum and quality so that equilibrium can be achieved in between the required resources and the proves Human Resource Accounting provides useful information to the management, financial analysts and employees as stated below:-

1. Human Resource Accounting helps the management in Employment and utilisation of Human Resources.
2. It helps in deciding transfers, promotion, training and retrenchment of human resources.
3. It provides a basis for the planning of physical assets vis-a-vis human resources.
4. It helps in evaluating the expenditure incurred for imparting further education and training of employees in terms of the benefits derived by the firm.
5. It helps to identify the causes of high labour turnover at various levels and taking preventive measures to contain it.
6. It helps in locating the real cause for low return on investment, like improper or under-utilisation of physical assets or human resources or both
7. It helps in understanding and assessing the inner strength of an organisation and helps the management to steer the company well through the most averse and unfavourable circumstances.
8. It provides valuable information for persons interested in making long term investments in the firm.
9. It helps the employees in improving their performance and bargaining power. It makes each employee understand his contribution towards the betterment of the firm vis-a-vis the expenditure incurred by the firm on him.

## REVIEW OF LITERATURE

S.Kesavan and P.Fathimanancy Dyana (June, 2013) “Disclosure of Human Resource Accounting (HRA) in Selected Indian Companies- An Empirical Analysis”

In this study reveals that to ensure growth and development of any organization, the efficiency of people must be accounted in the right perspective. Normally the expenses for procurement, development and maintenance of human resources are treated as revenue expenditure. In the contemporary days some of the Indian companies have realized the real value of human resource and these expenses are incurred for the future benefit and should be capitalized and reflected in the balance sheet. Hence an attempt is made to analyze the Human Resource accounting disclosure In Selected Indian companies 20 companies were selected for the study out of that, only 6 companies (3 Public And 3 Private sector companies) were following Human Resource Accounting and Independent 't' test was used to find the difference in the disclosure of human resource variables in selected Indian companies.

Lee Miin Huui, (October 2012) “Human Resource Disclosure: The Current Practice and Its Association with Corporate Characteristics in Malaysia”

The purpose of this research paper is to identify the current practice of human resource disclosures in annual report of Malaysian public organizations and to identify the correlations of five different variables to the level of disclosure of human resource in annual report. Findings show that the most common terms used by organizations in Malaysia to disclose human resource in the annual report are “Employee”, follow by “Staff”, “Labor”, “Human”, “People”, “Workforce”, “Workers” and “Recruit. In the analysis on the level of

disclosure, the results show the overall extent of human resource disclosure was higher in labor intensive industries.

Raunak Narayan(2010) “Human resource accounting: A new paradigm in the era of globalization”

In this paper the author has elaborately discussed about the objectives and process of HRA in the Indian context. The basic objective of the paper is to study the Human Resources Accounting practices, to identify the issues and challenges, to examine these issues and challenges and lastly, to give suggestions based on the findings of the study.

Syed Abdulla Al Mamun (2009) “Human Resource Accounting (HRA) Disclosure of Bangladeshi Companies and its Association with Corporate Characteristics”

This study reports the relationship between corporate characteristics and Human Resource Disclosure (HRAD) level in fifty five randomly selected companies of Bangladesh. The relationships were determined using a HRAD Index (HRADI) under a number of hypotheses. The results of the study show that companies averagely disclose 25% of the total HRAD items. In this study, HRAD has been found significantly related with the size of the company, category of the company (financial or non-financial) and profitability. However, HDAD had no influence on the age of companies.

#### **OBJECTIVES OF THE STUDY**

- To examined the human resource disclosure practices followed by selected banks in India.
- To find out the human resource disclosure practices are followed in banks in qualitative or quantitative term.
- To make a comparative study of human resource disclosure practices in selected public and private sector banks.

#### **RESEARCH METHODOLOGY**

In India the total number of banks are 49 in which 26 (19 Nationalized, 6 SBI group, 1 Others) are in public sector and 23 (15 Old, 8 New) are in private sector. In their effectiveness in terms of substance & quality reported in annual reports researcher had selected total 10 Indian banks out of 50 banks.5 banks taken from public sector and 5 banks taken from private sector. The list of the banks is given below:

**Table 1**

S.NO.	PUBLIC SECTOR BANKS	PRIVATE SECTOR BANKS
1.	State Bank of India	HDFC Bank Ltd
2.	Bank of India	ICICI Bank Ltd
3.	Bank of Baroda	Axis Bank Ltd
4.	Punjab National Bank	Kotak Mahindra Bank Ltd
5.	Union Bank of India	ING vysya Bank Ltd

#### **Justifications of Selection of Samples**

The selected banks are reputed and established banks. These banks are having branches all over in India covering the huge market share in this sector in the country.

The selection of banks has been made on the following ground:

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1. These banks are listed in BSE & NSE
2. International rating given by the Agencies (ICRA, CRISIL)

**Sampling Approach-** These banks were selected on the basis of judgment sampling approach.

**Sources of Data-** The study was based on the secondary information that was collected from the annual reports of the banks.

**Scope of the study-** The study has covered 16 items of the human resource disclosure practices as a wholly voluntary in nature.

**Period of the study-** The financial disclosure practices of the selected banks was examined for the one financial year i.e. 2010-11.

### HYPOTHESIS

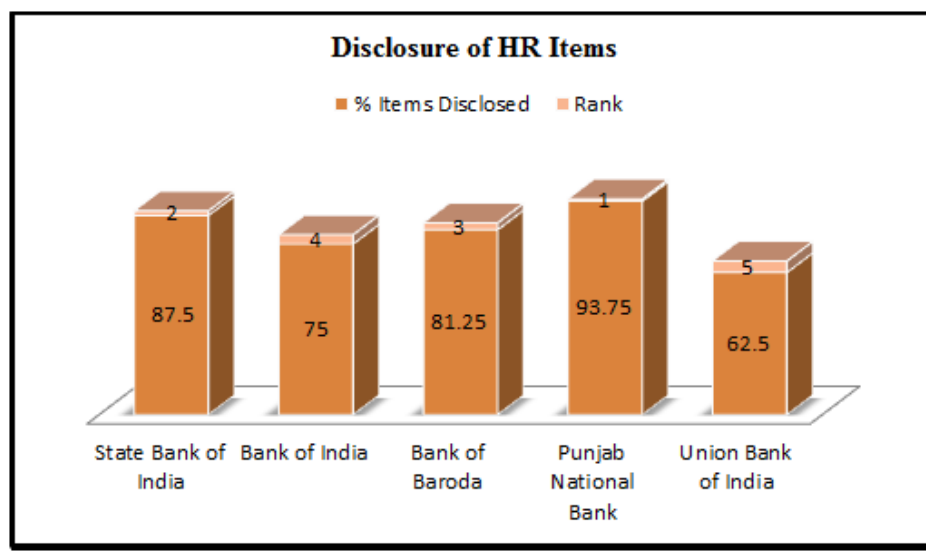
**H0-:** There is no significant difference between the average of human resource disclosure practices of public and private sector banks.

**H1-:** There is significance difference between the average of human resource disclosure practices of public and private sector banks.

**Table 2.** Disclosure Of Selected Items For Hr Related Information By Selected Public Sector Banks

1=Disclosed 0=Not Disclosed

Human Resource Disclosure Items (16)	Public Sector Banks					Total
	S.B.I	B.O.I	B.O.B	PNB	U.B.I	
Separate HRA statement	1	1	1	1	1	5
Number of employees	1	1	1	1	1	5
Human resource policy	1	1	1	1	1	5
Training & development	1	1	1	1	1	5
Management succession plan	1	1	1	1	1	5
Employees value creation	1	1	1	1	0	4
Employment report	1	1	1	1	1	5
Human resource development fund	1	1	1	1	0	4
Employees /workers fund	0	0	0	0	0	0
Employees categories	1	1	1	1	1	5
Managerial remuneration	1	0	1	1	0	3
Retirement benefits	1	0	0	1	0	2
Awards/ achievements	1	1	1	1	1	5
Performance recognition	1	1	1	1	1	5
Information on welfare of employees	1	1	1	1	1	5
Pension fund	0	0	0	1	0	1
<b>TOTAL DISCLOSURES</b>	<b>14</b>	<b>12</b>	<b>13</b>	<b>15</b>	<b>10</b>	<b>64</b>
<b>RANK</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>5</b>	
<b>% DISCLOSE HRA ITEMS</b>	<b>87.5</b>	<b>75</b>	<b>81.25</b>	<b>93.75</b>	<b>62.5</b>	<b>80</b>
<b>MEAN VALUE OF ITEMS DISCLOSED</b>	<b>12.8</b>					



**Chart-1**

In this table and chart it has been observed that State Bank of India disclosed 87.5% of selected Human Resource Disclosure Practices Items and it has assigned 2<sup>nd</sup> rank in all selected Public Sector Banks. Bank of India disclosed 75% selected items and it assigned 4<sup>th</sup> rank. Bank of Baroda disclosed 81.25% selected human resource items and it assigned 3<sup>rd</sup> rank. Punjab National Bank disclosed 93.75% items it disclosed highest items and assigned 1<sup>st</sup> rank in all selected banks. Finally Union Bank of India disclosed 62.5% items and it assigned 5<sup>th</sup> rank in all selected items. And overall mean value of selected public sector banks are 12.8.

**Table 3.** Disclosure Of Selected Items For Hr Related Information By Selected Private Sector Banks

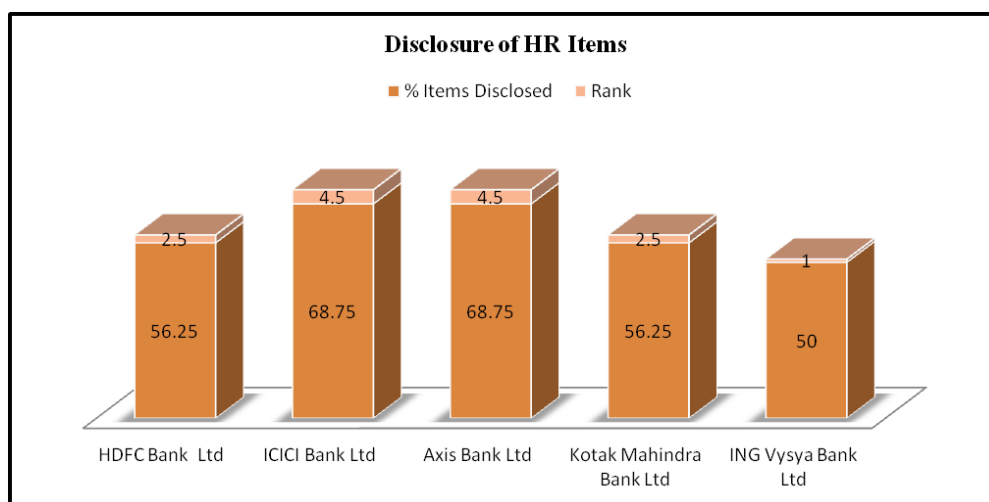
1=Disclosed 0=Not Disclosed

Human Resource Disclosure Items (16)	Private Sector Banks					Total
	HDFC Bank Ltd	ICICI Bank Ltd	Axis Bank Ltd	K.M Bank Ltd	ING vysya Bank Ltd	
Separate HRA statement	1	1	1	1	1	5
Number of employees	1	1	1	1	1	5
Human resource policy	1	1	1	0	0	3
Training & development	1	1	1	1	1	5
Management succession plan	0	1	0	0	0	1
Employees value creation	0	0	0	0	0	0
Employment report	1	1	1	1	1	5
Human resource development fund	0	1	1	0	0	2
Employees /workers fund	0	0	0	0	0	0
Employees categories	1	1	1	1	1	5
Managerial remuneration	0	0	1	1	0	2
Retirement benefits	0	0	0	0	0	0
Awards/ achievements	1	1	1	1	1	5

**Table 3.** Disclosure Of Selected Items For Hr Related Information By Selected Private Sector Banks (Contd....)

1=Disclosed 0=Not Disclosed

Human Resource Disclosure Items (16)	Private Sector Banks					Total
	HDFC Bank Ltd	ICICI Bank Ltd	Axis Bank Ltd	K.M Bank Ltd	ING vysya Bank Ltd	
Performance recognition	1	1	1	1	1	5
Information on welfare of employees	1	1	1	1	1	5
Pension fund	0	0	0	0	0	0
<b>TOTAL DISCLOSURES</b>	<b>9</b>	<b>11</b>	<b>11</b>	<b>9</b>	<b>8</b>	<b>48</b>
<b>RANK</b>	<b>2.5</b>	<b>4.5</b>	<b>4.5</b>	<b>2.5</b>	<b>1</b>	
<b>% OF DISCLOSED HRA ITEMS</b>	<b>56.25</b>	<b>68.75</b>	<b>68.75</b>	<b>56.25</b>	<b>50</b>	<b>60</b>
<b>MEAN VALUE OF ITEMS DISCLOSED</b>	<b>9.6</b>					



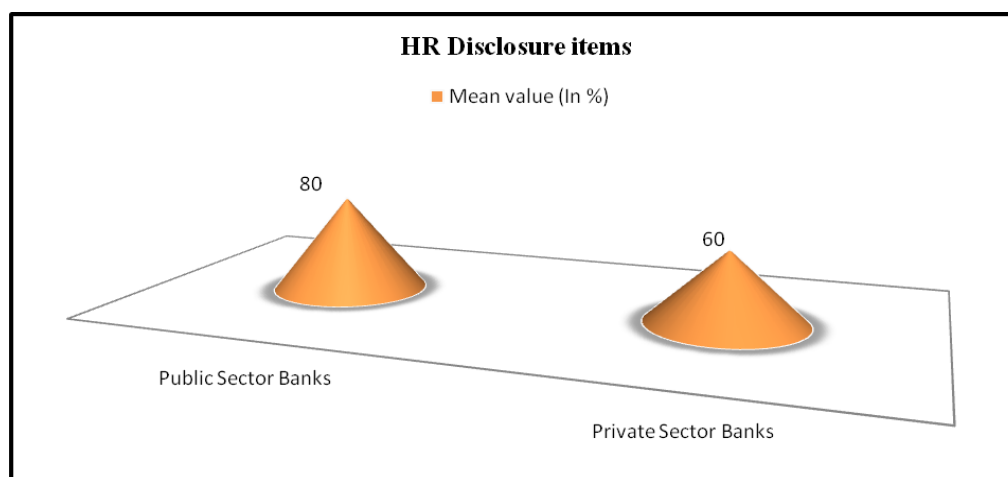
**Chart-2**

In this table and chart it has been observed that HDFC Bank disclosed 56.25% selected Human Resource Disclosure Practices Items and it has assigned 2.5<sup>th</sup> rank in all selected Private Sector Banks. ICICI Bank disclosed 68.75% selected items and it assigned 4.5<sup>th</sup> rank. Axis Bank also disclosed 68.75% selected human resource items and it also assigned 4.5<sup>th</sup> rank. Kotak Mahindra Bank disclosed 56.25% items and also assigned 2.5<sup>th</sup> rank in all selected private sector banks. Finally ING Vysya Bank disclosure is lowest disclosed less in all selected private sector banks it disclosed 50% items and it assigned 5<sup>th</sup> rank in all selected items. And overall mean value of selected private sector banks are 9.5.

Comparison of Human Resource Disclosure Practices between the Public and Private Sector Banks

<b>t-Test: Two-Sample Assuming Equal Variances</b>		
	<b>Variable 1</b>	<b>Variable 2</b>
Mean	80	60
Variance	144.53125	70.3125
Observations	5	5
Pooled Variance	107.421875	
Hypothesized Mean Difference	0	
df	8	
t Stat	3.051080286	
P(T<=t) one-tail	0.007897548	
t Critical one-tail	1.859548033	
P(T<=t) two-tail	0.015795096	
t Critical two-tail	2.306004133	

**Note:** Assumed 95% level of significance, Variable 1: Public Sector Banks; Variable 2: Private Sector Banks



**Chart-3**

In this table and chart it has been observed that public sector banks have disclosed the 80% selected human resource related items. And a private sector bank has disclosed 60% human resource related information. For the purpose of testing hypothesis two sample t test has been applied. As the P value of two tails on 0.015 it is less than 0.05, therefore, we accept the alternate hypothesis i.e there is significant difference between the average disclosure of selected banks, and null hypothesis has been rejected on the 95% level of significance.

### **FINDINGS**

- Public sector banks have disclosed more information of human resource related information than the private sector banks.
- In public sector banks disclosure of Punjab national bank is highest disclosed the human resource reporting items.

- In private sector ICICI Bank and Axis Bank have equally disclosed the human resource related information.
- Employees/workers fund information not provides any banks public as well as private sector banks.

**LIMITATIONS**

- In this study only one year data has been taken into consideration.
- Only ten banks are taken for the purpose of study if some other banks have also been taken for this purpose result may be varied.

**CONCLUSION**

A human resource disclosure practice is the very useful practice in the present scenario. Today's human capital is treated as a important asset in the organization. Without satisfaction of human being organization cannot be success in the competitive environment. In India public as well as private sector banks are giving priority to the human resource disclosure practice. Government should provide opportunities to the organization for more disclosure human resource reporting information and also some part of human resource related information would be mandatory in future.

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## **A COMPARATIVE STUDY OF FOREIGN BANKS AND PUBLIC SECTOR BANKS WITH REFERENCE TO NON-PERFORMING ASSETS**

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### **ABSTRACT**

*The stability and viability of commercial banking is critical for economic growth and development. Non-performing asset management is a vital function to ensure that profitability is not compromised. This paper studies the core parameters in this context which are Gross Advances, Gross Non-performing assets, Net Advances and Net Non-performing asserts. The study has been done in respect of Foreign Banks and Public Sector Banks. The analysis is focused on comparing the performance of these two categories of banks with respect to Non-performing assets. Financial data for the years 2007-2012 has been used for this purpose.*

**Keywords:** Gross Advances; Gross Non-performing Assets; Net Advances; Net Non-performing Assets; Foreign Banks; Public Sector Banks

### **INTRODUCTION**

A bank is said to be efficient when it is able to overcome both its external and internal challenges and also keeps itself updated with the technological advancements. Every country's economy requires a sound banking system to function smoothly.

The genesis of the Indian banking system can be found from 1786 (source: <http://www.ftkmc.com/banking.html>). The journey of our banking system has been an impressive one, wherein, today one can boast of its several outstanding achievements and its strong fundamental backbone which shields us from international shocks/perils.

Post 1991, India witnessed a whirlwind change in its economy. The banking system reflected this change, too. The Narasimham committee initiated the liberalization of the banking practices. This led to the entry of foreign and new private sector banks which not only brought about an enriching competency in the nationalized banks, but also has been a favorable boon for the customers. The latest entry of mobile and net banking combined with the core banking system has not only been beneficial for the banks to earn higher revenue, but also, for the customers who enjoy a wide variety of easy services available a click away in this fast paced life.

**Banking Structure in India**

The commercial banking structure consists of scheduled commercial banks and unscheduled commercial banks.(RBI report)

(a) Scheduled Commercial Banks are grouped under following categories:

1. State Bank of India and its Associates
2. Nationalized Banks
3. Foreign Banks
4. Regional Rural Banks
5. Other Scheduled Commercial Banks. (Private Banks)

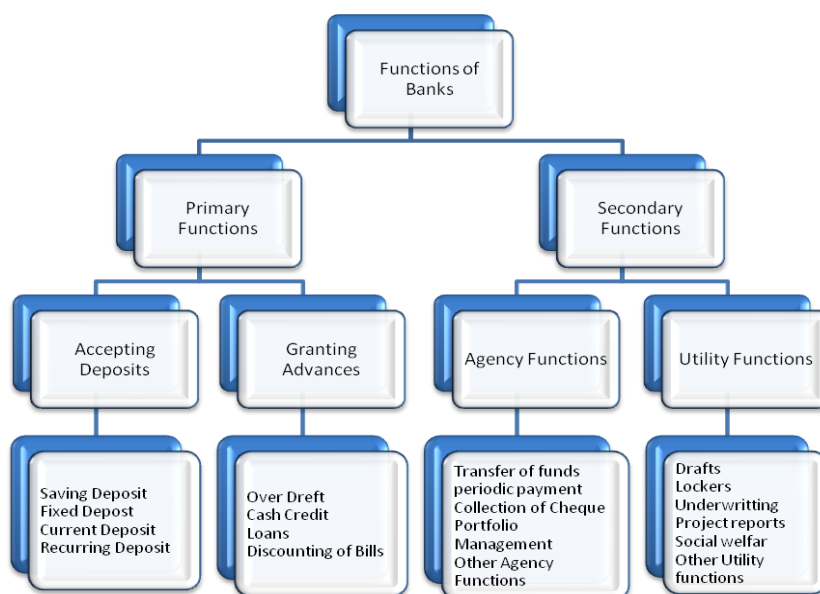
(b) Non-Scheduled Commercial Banks

As per the 2011-12 data, there are 40 foreign banks, 20 nationalized banks and 6 of SBI group. Total number of private banks is 20 with 13 old private sector banks and 7 new private sector banks.

As on March 2012, there are 67466 branches of public sector bank, which consists of 48636 nationalized banks and 18830 belonging to the SBI group. There are 13452 branches of private sector bank and 322 of foreign banks. The total number of scheduled commercial branches is 81240.

The spread of ATMs in the country has been showing an increasing trend , with a total of 95686 machines and still counting, consisting of 58193 public sector, 36079 of private sector and 1414 of foreign banks. (Source : Master office file (latest updated version) on commercial Banks.

Note: 1) Nationalised Banks include IDBI Bank Ltd.  
2) Branches data exclude administrative offices).

**Functions of Commercial banks**

The functions of commercial bank can be classified into primary and secondary functions. The primary functions consist of accepting deposits and lending advances. The banks accept money in the form of deposits from customers and are kept in savings, fixed or recurring as per the choice and interest of the customer. Advances are granted to these customers from the deposits that the bank keep. However they are charged a higher percentage for the same, which is the primary source of income for the banks.

The bank has a set of rules and regulation that the customer needs to observe while taking a loan from the bank; Primarily being, payment of the loans EMIs in the stipulated time frame, with a previously agreed upon rate of interest.

### **LITERATURE REVIEW**

In their paper on 'Evaluation of Private Sector Banks in India' , Dharmendra Singh and Garima Kohli (2006) provided a survey of private sector banks. In this study, they identify the cause of better performance as the use of technology and predicted greater scope of mergers.

K.K.Siraj and P.Sudarsanan Pillai provided a survey of the efficiency of NPA management by Indian commercial banks. They highlighted that Nationalized Banks rank better than Foreign Banks and Private Sector Banks.

A decrease in NPA indicates that banks have improved their credit appraisal processes over the years while an increase indicates a lowering of profitability(Prasad and Veena , 2011).

The efficiency of NPA management by way of recovery measures such as SARFAESI , Debt Recovery Tribunals , etc is studied by Siraj and Pillai (2012).Since post –liberalization period, various studies have utilized NPA statistics while assessing the relative efficiency of banks in India (Prabhakar , et al , 2012).Rawlin and Saran (2012) observed that that there is a strong correlation between Gross Advances and NPA of banks and that NPA can be predicted based on its relationship with Gross advances.

Pradhan Tanmay Kumar,2013 , in a comparative study between Old Private Sector Banks and Foreign Banks , concludes that Gross Advances as well as Gross NPA of both generally continued to rise from 2007 to 2011.

### **OBJECTIVE OF STUDY**

- To determine Gross Advances and Gross NPAs of Public sector Banks and Foreign Banks.
- To determine Net Advances and Net NPAs of Public sector Banks and Foreign Banks.
- To assess the performance of Public Sector Banks vis a vis Foreign Banks.

### **DATA AND VARIABLES**

#### **Data**

The data used for this study is taken from Reserve Bank of India's annual statistical publication titled "Handbook of Statistics of the Indian Economy". The report contains statistical data pertaining to Scheduled Commercial Banks, Public Sector Banks, Old and New Private sector banks and Foreign Banks in India. In this paper, we have concentrated on Public sector banks and Foreign Banks in India.

**Variables**

The various variables taken into consideration while preparing this paper are the Gross Advances, Net Advances, Gross Non Performing Assets, Net Non Performing Assets, Gross NPAs as percentage of Gross Advances, Net NPAs as percentage of Net Advances. The percent of increase/decrease in Gross and Net NPAs and Gross and Net Advances.

**Non-Performing Asset**

The loan is an asset for the bank and as per the definition given by RBI, an asset becomes a Non-performing asset when it ceases to generate income for the bank.

A non performing asset (NPA) is a loan or an advance where; (RBI report)

1. interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan,
2. the account remains 'out of order' as indicated at paragraph 2.2 below, in respect of an Overdraft/Cash Credit (OD/CC),
3. the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
4. the installment of principal or interest there on remains overdue for two crop seasons for short duration crops,
5. the installment of principal or interest there on remains overdue for one crop season for long duration crops,
6. The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.
7. in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.
8. Banks should, classify an account as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

**Asset Classification****Classification**

Banks categorize their assets as follows

- (i) Standard Assets
- (ii) Sub-standard Assets
- (iii) Doubtful Assets
- (iv) Loss Assets

**Definitions**

**Standard Assets:** In simple words, an asset which does not classify as a Non-performing asset is known as a standard asset. It does not exhibit any problem in the normal course other than the risk it faces in business.



**Sub-standard Assets:** Sub-standard asset is an asset class drawn within the broader and much-known non-performance asset category of banks on the basis of term for which the asset class has not performed and extent of dues realization from collateral security with banks.

More specifically, according to RBI circular, with effect from March 31,2005 those assets which remain an NPA for a period less than or equal to 1 year, would be known as sub-standard asset. The liquidation of the debt would be difficult and the banks would have to sustain some losses if the dearth of interest and principal amount payment are not corrected.

When the terms and conditions of the loan account are altered, there are chances that a loan account is classified as a sub-standard asset. Moreover, depending on the

And depending on the satisfactory performance basis the revised terms, the account has to be classified within the sub-standard asset category for a minimum of 12 months. Thus, mere revision of terms of the account with no proper compliance does not result in the up-gradation of the asset category.

**Doubtful Assets:** Earlier a doubtful asset was one, which remained NPA for a period exceeding two years. With effect from 31 March 2001, an asset is to be classified as doubtful, if it had remained NPA for a period exceeding 18 months. With effect from March 31, 2005(RBI Report); the norms have been further tightened, and an asset would be classified as doubtful if it remained in the sub-standard category for 12 months.

A loan classified as doubtful has all the weakness inherent in assets that were classified as sub-standard, with the added characteristic that the weaknesses make collection or liquidation in full, - on the basis of currently known facts, conditions and values – highly questionable and improbable.

**Loss Assets:** A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

However, only those advances are classified as loss assets where no security is available. In accounts where some security/ ECGC/ DICGC cover is available, these accounts are not reported under loss assets.

### **Provision Norms of NPA**

**Table 1**

<b>TYPES OF ASSETS</b>	<b>PROVISIONS</b>
Standard asset	0.25% for all type of standard advances
Sub-standard asset	10% for all types of standard advances
Doubtful asset	
-up to 1 year	100% of unsecured advances and 20% of secured advances.
1 to 3 years	100% of secured advances and 30% of secured advances
More than 3 years	100% of unsecured advances and 100% of secured advances
Loss asset	100% of unsecured advances and 100% of secured advances

**Source:** RBI Handbook\*

**Reasons for Growing NPAs**

Banks revise their interest rates time and again in order to curb inflation. When the interest rates are increased the cost of the funds for the borrowers also increase, which affects their repayment capacities. The borrower finds it difficult to manage his finances according to the changing rates of interest by the banks, and thus ends up as a defaulter of the said loan. This is one of the major causes that augment the NPAs in the banks. The domestic economic activity in India has witnessed a decline both in manufacturing and the services sectors. A sluggish economy will have a direct impact on the balance sheets and profitability of many firms who have availed of loans from the banking sector.

Krishna Chaitanya V. in his paper “Causes for non-performing assets in public sector Banks” has mentioned that there are several internal and external factors leading to an account becoming an NPA. Some of the internal factors are failure of business, projects not being completed on time, funds borrowed for a particular purpose and not being used for the same, poor recovery of receivables among others. External factors include scarcity of raw materials, change in government policies, non-payment of dues from other countries, industrial recession etc.

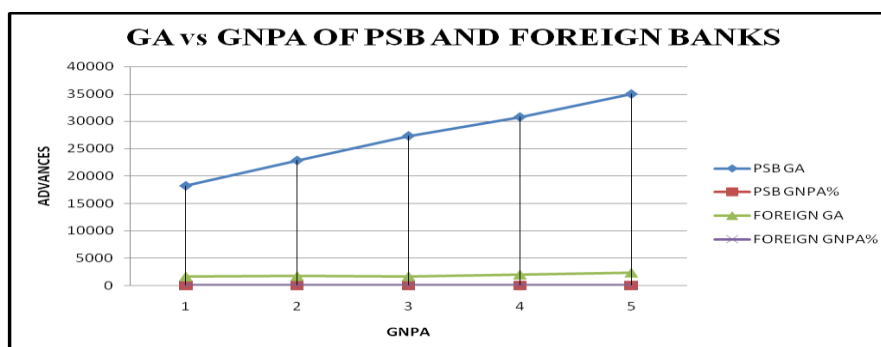
One of the primary reasons for a bank to face a NPA is a wrong lending decision (Source: <http://www.hindu.com/biz/2003/09/08/stories/2003090800060200.htm>). A major portion of the advances given by banks are for industries and for trade, which majority of the time is not analyzed rightly by the bankers and therefore result in bad loans. It is through these experiences that a banker learns new ways of appraisals and assessments of a credit borrower.

**NPA ANALYSIS AND FINDINGS****Gross Advances and Gross Non-Performing Assets**

(Amount in Rs. Billion)

	PSB		FOREIGN	
	GROSS ADVANCES	GNPA%	GROSS ADVANCES	GNPA%
2007-2008	18190.74	2.2	1629.66	1.8
2008-2009	22834.73	2	1697.16	3.8
2009-2010	27334.58	2.2	1674.37	4.3
2010-2011	30798.04	2.4	1993.21	2.5
2011-2012	35003.89	3.3	2347.1	2.6

**Source:** Calculated from RBI website – Table 64: Gross and Net NPAs of Scheduled Commercial Banks



Year 2007-2012 of Public Sector Banks (Amount in Rs. Billion)

Year	Gross Advances	GNPA	Gross % Of Ga
2007-2008	18190.74	404.52	2.2
2008-2009	22834.73	449.57	2
2009-2010	27334.58	599.26	2.2
2010-2011	30798.04	746	2.4
2011-2012	35003.89	1172	3.3
	<b>correlation</b>	<b>0.927104993</b>	

Year 2007-2012 of Foreign Banks (Amount in Rs. Billion)

Year	Gross Advances	GNPA	Gross % Of Ga
2007-2008	1629.66	28.59	1.8
2008-2009	1697.16	64.44	3.8
2009-2010	1674.37	71.33	4.3
2010-2011	1993.21	50.00	2.5
2011-2012	2347.10	62.00	2.6
	<b>correlation</b>	<b>0.208359456</b>	

## FINDINGS

As per the data given by the RBI, the Gross Advances given by the banks have increased over the years. However, they have shown a percent of decrease from 25.52% to 13.65% from 2007-2008 to 2011-2012.

Public sector banks show a steady GNPA percentage over the years from 2007-2010, it does increase from 2010-11 onwards with a high jump in the year 2011-2012 at 3.3%. The percent of increase/decrease of the GNPA to Advances has been highly variable ranging from -0.09 to 0.9 to 0.37 over the past five years. This goes on to show that, though the percentage of GNPA in regard to advances has been steady over the years, its rate in comparison to the swelling loans given by the banks is highly fluctuating.

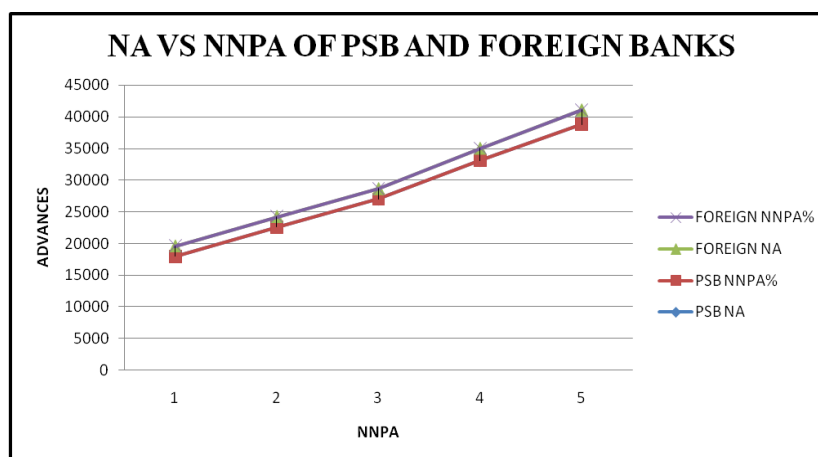
The correlation of Gross advances of Public sector Banks at the rate of 0.92 shows it to be very strong, it depicts that the rate at which the advances provided by the banks have increased, the GNPA of those banks have also increased at the same rate.

The foreign banks give a steady picture of Gross advances from 2007 to 2010; however their GNPA percentage does increase from 1.8 % to 2.5%. The percent of increase/decrease has been highly uneven for this bank with a 4.14% in the year 08-09, it falls down to -1.34% in 09-10, nevertheless; it does grow back to 17.75% by the year 2011-2012. The percent of increase/decrease of the GNPA to Advance is like a roller coaster ride, which is seen dipping from 1.11% to -0.65% and seen again gaining to 0.04% by the year 2011-2012.

The correlation of the Foreign banks are weak at the rate of 0.20 as compared to the Public sector banks. This proves to show that the Gross NPAs do not move at the same rate as their Advances do, which is a good point, considering the fact that though their advances have increased, NPA seems to be under control.

**Net Advances and Net Non-Performing Assets**

	PSB		Foreign	
	Net Advances	NNPA %	Net Advances	NNPA%
2007-2008	17974.01	1	1611.33	0.8
2008-2009	22592.12	0.9	1653.85	1.8
2009-2010	27013	1.1	1632.6	1.8
2010-2011	33056.32	1.2	1955.39	0.6
2011-2012	38783	1.7	2298	0.6



**Source:** Calculated from RBI website– Table 64: Gross and Net NPAs of Scheduled Commercial Banks

Year 2007-2012 of Public Sector Banks (Amount in Rs. Billion)

Year	Net Advances	NNPA	NET % OF NA
2007-2008	17974.01	178.36	1
2008-2009	22592.12	211.55	0.9
2009-2010	27013	293.75	1.1
2010-2011	33056.32	360	1.2
2011-2012	38783	591	1.7
	<b>correlation</b>	<b>0.954357117</b>	

Year 2007-2012 of Foreign Banks (Amount in Rs. Billion)

year	NET ADVANCES	NNPA	NET % OF NA
2007-2008	1611.33	12.47	0.8
2008-2009	1653.85	29.96	1.8
2009-2010	1632.6	29.77	1.8
2010-2011	1955.39	12	0.6
2011-2012	2298	14	0.6
	<b>correlation</b>	<b>-0.525844485</b>	

**FINDINGS**

The Net Advances provided by the Public Sector banks have increased over the years 2007 - 2012 from Rs.17974.01 to Rs.38783; nonetheless it shows a decrease in percent from

25.69% to 22.37% from the year 2007 to 2011 with a further fall to 17.32% in the year 2011-2012. In similar lines with the PSB, the foreign sector banks show a decrease in percent in the advances provided. In the case of foreign banks the net advances provided by them show an increase in percent from 2.63% to 17.52% from the year 2007 to 2012, where the Net advances have increased from Rs.1611.33 to Rs.2298 billion.

The Net NPA percentage of PSBs in regard to the Net advances has seen an increase from 1% to 1.7% with an increase in percent average of 0.15%. In the case of foreign banks records show the Net NPA percentage consistent for a period of at least two years. Hence, there has been no percent in increase or decrease for the years 2009-2010 and 2011-2012. It witnessed a decrease in percent in the year 2010-2011 at the rate of -0.66%. This demonstrates the fact that it has a good control over their transactions especially during the recession years.

The correlation of the Net advances of the public sector banks show a very strong picture at the rate of 0.95, which show that their Net NPAs have increased at the same rate as that of the Net Advances over the years. This proves the fact that the public sector banks have not been vigilant enough to keep a watch over their increasing NPAs in regard to their escalating advances.

In the case of foreign sector banks it shows a negative correlation of -0.52. This shows that as the advances of the banks were increasing, their NPAs were decreasing. This is a good picture that the foreign banks have showcased, presenting a fact that they have been able to control their NPAs and even managed to reduce them over the years.

## **CONCLUSION**

RBI governor D Subbarao in his 5<sup>th</sup> R Venkataraman Endowment lecture, stated that RBI is concerned about the increasing bad loans and that they will be taking more measures to control the NPA levels across the asset quality of banks. It was observed that the public sector banks have a higher NPA level than that of private sector banks, as the public banks have different decision variables. The gross NPA of the public sector banks stood at 3.8% of the system at March 2013 quarter, followed by the foreign banks. Their recovery rate is at 9.1 %.( Source: [http://articles.economicstimes.indiatimes.com/2013-08-01/news / 40962785\\_1\\_psb-public-sector-banks-more-measures](http://articles.economicstimes.indiatimes.com/2013-08-01/news / 40962785_1_psb-public-sector-banks-more-measures))

Public sector banks have to play out their role in the Indian economy, ensuring that credit is available for the right purposes. Foreign banks too, are trying to bridge the gap of credit requirement and disbursement. The problem, however, arises from the rising NPAs in tandem with the increase in advances. Banks have to therefore focus on risk assessment and credit appraisal processes more stringently. Controls at all levels should be adequate and there should be continual monitoring of the advances. Developments in the recent past such as the introduction of the Basel II norms and SARFESI Act (for recovery from secured assets) should aid the banks in their quest for lowering the levels of NPAs.

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**ANNEXURE**

**Table 1.** Gross and Net NPAs of Scheduled Commercial Banks - Bank Group-Wise  
Public Sector Banks (Amount in Rupees Billion)

Year (End- March)	Advances		Non-Performing Assets					
	Gross	Net	Gross			Net		
			Amount	As % of Gross Advances	As % of Total Assets	Amount	As % of Net Advances	As % of Total Assets
<b>1996-97</b>	2442.14	2209.22	435.77	17.8	7.8	202.85	9.2	3.6
<b>1997-98</b>	2849.71	2604.59	456.53	16.0	7.0	212.32	8.2	3.3
<b>1998-99</b>	3253.28	2977.89	517.10	15.9	6.7	242.11	8.1	3.1
<b>1999-00</b>	3794.61	3527.14	530.33	14.0	6.0	261.87	7.4	2.9
<b>2000-01</b>	4421.34	4152.07	546.72	12.4	5.3	279.77	6.7	2.7
<b>2001-02</b>	5093.68	4806.81	564.73	11.1	4.9	279.58	5.8	2.4
<b>2002-03</b>	5778.13	5493.51	540.90	9.4	4.2	248.77	4.5	1.9
<b>2003-04</b>	6619.75	6313.83	515.37	7.8	3.5	193.35	3.1	1.3
<b>2004-05</b>	8778.25	8489.12	483.99	5.5	2.7	169.04	2.1	1.0
<b>2005-06</b>	11347.24	11062.88	413.58	3.6	2.1	145.66	1.3	0.7
<b>2006-07</b>	14644.93	14401.46	389.68	2.7	1.6	151.45	1.1	0.6
<b>2007-08</b>	18190.74	17974.01	404.52	2.2	1.3	178.36	1.0	0.6
<b>2008-09</b>	22834.73	22592.12	449.57	2.0	1.2	211.55	0.9	0.6
<b>2009-10</b>	27334.58	27013.00	599.26	2.2	1.3	293.75	1.1	0.7
<b>2010-11</b>	30798.04	33056.32	746.00	2.4	1.4	360.00	1.2	0.7
<b>2011-12</b>	35003.89	38783.00	1172.00	3.3	1.9	591.00	1.7	1.0

**Table 2.** Gross and Net NPAs of Scheduled Commercial Banks - Bank Group-Wise  
Foreign Banks in India (Amount in Rupees Billion)

Year (End- March)	Advances		Non-Performing Assets					
	Gross	Net	Gross			Net		
			Amount	As % of Gross Advances	As % of Total Assets	Amount	As % of Net Advances	As % of Total Assets
1996-97	275.25	268.53	11.81	4.3	2.1	5.16	1.9	0.9
1997-98	309.72	296.52	19.76	6.4	3.0	6.66	2.2	1.0
1998-99	310.59	294.92	23.57	7.6	3.1	8.66	2.9	1.1
1999-00	374.32	355.43	26.14	7.0	3.2	8.55	2.4	1.0
2000-01	453.95	430.63	31.06	6.8	3.0	7.85	1.8	0.8
2001-02	506.31	487.05	27.26	5.4	2.4	9.20	1.9	0.8
2002-03	541.84	521.71	28.45	5.3	2.4	9.03	1.7	0.8
2003-04	626.32	605.06	28.94	4.6	2.1	9.33	1.5	0.7
2004-05	770.26	753.54	21.92	2.8	1.4	6.39	0.8	0.4
2005-06	989.65	975.62	19.28	1.9	1.0	8.08	0.8	0.4
2006-07	1278.72	1263.39	22.63	1.8	0.8	9.27	0.7	0.3
2007-08	1629.66	1611.33	28.59	1.8	0.8	12.47	0.8	0.3
2008-09	1697.16	1653.85	64.44	3.8	1.5	29.96	1.8	0.7
2009-10	1674.37	1632.60	71.33	4.3	1.6	29.77	1.8	0.7
2010-11	1993.21	1955.39	50.00	2.5	1.0	12.00	0.6	0.3
2011-12	2347.10	2298.00	62.00	2.6	1.1	14.00	0.6	0.2

**Note:** 1. Data for 2011-12 are provisional. 2. Data on Scheduled Commercial Banks & Public Sector Banks for 2004-05 include the impact of conversion of a non-banking entity into a banking entity.

**Table 3.** Percentage Change (Increase Or Decrease) Of Public Sector Banks And Foreign Banks – Gross Advances

	PSBs			FOREIGN BANKS	
	Percentage Change			Percentage Change	
	GROSS ADVANCES	GNPA		GROSS ADVANCES	GNPA
2008-2009	25.52	-0.09	2008-2009	4.14	1.11
2009-2010	19.7	0.1	2009-2010	-1.34	0.13
2010-2011	12.67	0.9	2010-2011	19.04	-0.14
2011-2012	13.65	0.37	2011-2012	17.75	0.04



**Table 4.** Percentage Change (Increase or Decrease) of Public Sector Banks and Foreign Banks – Net Advances

	<b>PSBs</b>			<b>FOREIGN BANKS</b>	
	Percentage Change			Percentage Change	
	NET ADVANCES	NNPA		NET ADVANCES	NNPA
2008-2009	25.69	-0.1	2008-2009	2.63	1.25
2009-2010	19.56	0.22	2009-2010	-1.28	0
2010-2011	22.37	0.09	2010-2011	19.77	-0.66
2011-2012	17.32	0.41	2011-2012	17.52	0

## **STRATEGIES FOR RESOLVING CLIMATE CHANGES AND FOOD INSTABILITY CHALLENGES**

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### **ABSTRACT**

*To adapt to climate change and ensure food security, major interventions are required to transform current patterns and practices of food production, distribution and consumption. The change agent has an essential role to play in informing concurrent, strategic investments to establish climate-resilient agricultural production systems, minimize greenhouse gas emissions, make efficient use of resources, develop low-waste supply chains, ensure adequate nutrition, encourage healthy eating choices and develop a global knowledge system for sustainability.*

**Keywords:** Climate Changes; Food Instability

### **INTRODUCTION**

#### **Issues Associated with Climate Change and Food Instability**

The world faces multiple challenges to food security including under nutrition and overconsumption, rising food prices, population growth, rapid diet transitions, threats to agricultural production, inefficient production practices and supply chains, and declining investment in food system research. In addition to causing widespread human suffering, food insecurity contributes to degradation and depletion of natural resources, migration to urban areas and across borders, and political and economic instability. Food insecurity afflicts communities throughout the world, wherever poverty inhibits purchasing power and prevents assured access to food supplies. Global food prices have risen dramatically in the last few years and are forecast to rise further and become more volatile disrupting assumptions that stable or declining food prices and assured supplies can be taken for granted. The estimated number of hungry people in the world rose from 800 million to over 1 billion following the 2007/08 food price spike. It is estimated that an additional 44 million people have since fallen into extreme poverty due to the rise in food prices since June 2010. Globally, diets are shifting towards higher consumption of calories, fats and animal products. A growing number of low-income and middle-income countries are facing a double burden of malnutrition: a persistence of both macronutrient and micronutrient under nutrition, notably among children, along with a quick rise in the number of overweight and obese people, and diet-related chronic diseases. The food system faces additional pressure as the global population grows to around 9 billion by 2050. This dramatic increase in global population will be accompanied by major shifts in the regional distribution of our planet's inhabitants. From 2010 to 2050, the population in Asia is estimated to grow from 4.2 billion to 5.1 billion and Africa's population to grow from 1 billion to 2.2 billion. From 1950 to 2050, the population ratio for developing countries to developed countries is projected to shift from 2:1 to 6:1. As the world population has grown, the land available per capita has shrunk from

13.5 ha/person in 1950 to 3.2 ha/person in 2005, and is projected to diminish to 1.5 ha/person in 2050. Agriculture continues to be the economic mainstay of most low-income countries, employing the majority of the population in these countries. The importance of agricultural research and development for food security and poverty reduction has been recognized, yet recent decades have seen declining investment from both donor partners and low-income country governments. In low-income countries with agriculture-based economies, domestic public support to agriculture is, on average, about 4% of the gross domestic product, and official development assistance provides the balance. At the beginning of the 21st century, only 6% of total spending on agriculture research and development in low-income countries came from private companies. In the coming decades, climate change and extreme weather events will exacerbate the fragility of food production systems and the natural resource base, especially in places affected by soil degradation, water stress or desertification. While the overall effect on agriculture will vary among geographic regions, it will be harder for farmers to plan and manage production and prevent crop losses from storms or pests wherever planting seasons and weather patterns change. Already heightened by globalization, a warming climate is likely to increase the incidence and geographic spread of human, animal and plant diseases.

While no legally binding agreement was reached at the United Nations Framework Convention on Climate Change (UNFCCC) 15th Conference of the Parties in 2009, the Copenhagen Accord provided a commitment to hold the increase in global temperatures below 2°C. Over 70 countries submitted emissions reduction targets under the Copenhagen Accord, and more formal UNFCCC agreement on the 2°C limit was achieved at the 16th Conference of the Parties in Cancun in 2010. The 17th Conference of the Parties produced the Durban Platform for Enhanced Action, which commits parties to reach a legal framework for reducing global emissions by 2015. Despite the agreed 2°C target, greenhouse gas emissions are still rising. Even a 2°C rise is predicted to be problematic owing to increased floods and storms, a shortage of water resources, impacts on food production at low latitudes, greater depth of seasonal permafrost thaw and other changes. Yet greater change in global temperature would be disastrous. A 4°C change in average global temperature (estimated by the Intergovernmental Panel on Climate Change's A1F1 scenario for the end of this century) is predicted to bring about a much greater temperature increase in the Arctic, a substantial impact on major crops in all regions, around 1 billion additional people experiencing water scarcity by 2080, extensive coastal flooding as sea levels rise and other negative impacts. Despite the aforementioned points that serve as challenges affecting food security and abnormal climate change, the following strategies will help to curb such disaster associated with climate change and food security. These are:

### **Eco-Friendly Practices While Reducing Greenhouse Gas Emissions and Other Negative Environmental Impacts of Agriculture**

To enable more productive and resilient livelihoods and ecosystems, with emphasis on closing yield gaps and improving nutrition, multi-benefit farming systems should be developed and rewarded. This includes introducing strategies for minimizing ecosystem degradation and rehabilitating degraded environments, with emphasis on community-designed programs. To empower marginalized food producers and increase crop productivity, improvements are needed in land and water rights, access to markets, finance and insurance and local capacity. Subsidies that provide incentives for farmers to deplete water supplies or destroy native ecosystems should be modified. To prevent further loss of forests, wetlands and grasslands, the economic incentives for sustainable intensification of

agriculture should be coupled with stronger governance of land tenure and land zoning. There is great variety in the pattern of agricultural productivity and land use in different regions. For example, cereal yields in Asia in 2001 were 240% higher than they were in 1961 with minimal change in land use (that is, increased production per unit land area), while in the same period in sub-Saharan Africa land use increased by 80% with only moderate increase in cereal yields. Strategic investments can make an important difference. The agricultural potential in Africa is substantial and existing technologies can be used to create the necessary transformations in increasing productivity. Through international, regional, national and local collaborations, researchers have a critical role to play in defining the practical meaning of sustainable intensification and elucidating forms of low-emissions agriculture that support long-term productivity and resilience (that is, decoupling increase in yield from emissions). There is a wide array of opportunities to investigate the suitability of sustainable agricultural practices (for example, diversified rotations, agro-ecological processes, improved nutrient and water-use efficiency, agro forestry, minimum tillage) in different regions and farming systems. To boost productivity while reducing greenhouse gas emissions, greater global coordination on research and implementation is needed. Some promising areas include improved breeding and input for crops, livestock and aquatic organisms, diversification of agricultural systems (for example, agro forestry), soil management to sequester carbon and resource-efficient practices for crop production. To promote public trust and inform debate on new advances, scientists must become adept at articulating the benefits and dangers of new technologies in an open and transparent way.

### **Curbed Post Harvest Loss in Farming Practices, Processing, Distribution and Household Habits**

In all sustainable agriculture development programs, research and investment components focusing on reducing waste, from production to consumption, by improving harvest and postharvest management and food storage and transport should be included. Integrated policies and programs should be developed to reduce waste in food supply chains (for example, economic innovation to enable low-income producers to store food during periods of excess supply). Dialog and working partnerships across food supply chains (producers, processors, retailers, consumers, regulators and researchers) can help to ensure that interventions to reduce waste are effective and efficient (for example, redirecting food waste to other purposes), and do not create perverse incentives. Research and innovation will be needed to improve understanding of the causes of food loss and waste and support experimentation with reduction strategies. This should include development of effective technological advancements in production, harvesting, and postharvest handling systems, drawing on expertise across plant biology, engineering, agricultural economics, food processing, nutrition, food safety and environmental conservation. Agencies and organizations that fund food systems research should prioritize work on optimizing yield, nutritional quality and postharvest life as well as characterizing the sociological dimensions of food consumption in different cultural and economic settings, including home food management, which is important for designing effective education campaigns. There is a range of opportunities for reducing consumer and food service sector waste in middle-income and high-income countries using public campaigns, advertising, taxes, and regulation, purchasing guidelines and improved labelling. Raising awareness of food waste and promoting the use of efficiency strategies among food businesses, retailers and consumers will probably need to be targeted at specific economic and cultural characteristics.

**Integrate Food Security and Sustainable Agriculture into Global and National Policies**

As a first step to inclusion of agriculture in the mainstream of international climate change policy, negotiators should establish a work program on mitigation and adaptation in agriculture under the UNFCCC. Similarly, country representatives to global policy processes should integrate sustainable, climate-friendly agriculture into 'early action' climate finance schemes. To enable coherent dialogue and policy action related to climate change, agriculture, crisis response and food security, at global, regional and national levels, governments and global donors should develop common platforms at global, regional and national levels. The global food system is managed through a complex mix of public and private-sector action, across local to global scales. Collectively, the policy choices within national governments, United Nations bodies, global treaties and conventions, regional economic communities, political forums (for example, G8, G20) and standard-setting bodies shape the way food is produced, distributed and consumed. The scientific evidence base is an essential foundation for public policies and programs as well as for systems of market and industry governance and of civil society influence and agenda setting. Global climate change policy is a critical arena for solidifying international support for sustainable agriculture development programs that adapt to and mitigate against climate change. National climate change action plans can also usefully integrate the agriculture sector in country-specific ways. Without a global commitment to reducing greenhouse gas emissions from all sectors, including agriculture, no amount of agricultural adaptation will be sufficient under the destabilized climate of the future. The scientific community can support evidence-based policy-making by quantifying vulnerability of agriculture to climate change and forecasting outcomes under a broad range of potential mechanisms for agricultural adaptation and mitigation. By working across disciplinary boundaries, researchers can develop a pragmatic, multi-disciplinary understanding of what it means to reduce poverty and food insecurity within the context of the planet's boundaries. Scientists can help to mobilize increased investment by detailing how multiple benefits can be achieved through sustainable farming practices and by clarifying geographic and sectoral potential for greenhouse gas mitigation.

**Reshape Food Access and Consumption Patterns to Ensure Basic Nutritional Needs Are Met and To Foster Healthy and Sustainable Eating Patterns Worldwide**

Chronic under nutrition and hunger should be addressed by harmonizing development policy and coordinating regional programs to improve livelihoods and access to services among food-insecure rural and urban communities. Positive changes in the variety and quantity of diets should be promoted through innovative education campaigns and through economic incentives that align the marketing practices of retailers and processors with public health and environmental goals. A coherent set of evidence-based sustainability metrics and standards should be developed to monitor and evaluate food security, nutrition, health, agricultural productivity and efficiency, resource use and environmental impacts, and food system costs and benefits. The research community can deliver better knowledge about the variety of food combinations that can deliver a nutritionally appropriate and environmentally low-impact diet. To improve overall food supply, scientists should investigate opportunities to improve agricultural productivity and resilience to climate change through effective deployment of existing and new technologies for producing, processing and distributing food. Research is needed to understand the impact and cost-effectiveness of a range of interventions on dietary behaviour among different socioeconomic groups. The toolbox for

promoting sustainable diets includes economic interventions (for example, taxation of specific food types), retailers' purchasing guidelines (for example, to restrict consumer choices), public education campaigns (for example, advertising and programs in schools and workplaces) and labelling.

### **Create Comprehensive, Shared, Integrated Information Systems That Encompass Human and Ecological Dimensions**

Increased, sustained investment in regular monitoring, on the ground and by public-domain remote-sensing networks, is essential to track changes in land use, food production, climate, the environment, human health and well-being worldwide. Spatially explicit data and decision-support systems that integrate biophysical and socioeconomic information and that enable policy-makers to navigate tradeoffs among agricultural intensification, nutritional security and environmental consequences should be developed, validated and implemented. To address food price volatility, improved transparency and access to information in global food markets as well as investment in interlinked information systems are needed. The threats posed by climate change to food supplies and livelihoods are likely to be spatially variable. We will need to identify global hotspots where the threats are greatest and to develop specific, practical interventions to boost resilience in these areas. We also need a more robust understanding of our dynamic and increasingly globalized food system if we are to make headway on moderating food price volatility and increasing overall efficiency of the food system. From 1961 to 2003, world food trade increased from 1,500 Gkcal/day to > 7,000 Gkcal/day. There is growing integration of global supply chains and the emergence of large economies like Brazil, China and India as major sources of both demand and supply of agricultural products. In many low-income countries, rural and urban areas are ever more interconnected although imperfect connectivity between global and domestic markets inhibits price transmission across global, national and local markets.

### **CONCLUSIONS**

The growing threat of global climate change greatly amplifies the urgent need for food systems to shift to better meet human needs and align with planetary resources. This will demand major interventions, at local to global scales, to transform current patterns of food production, distribution and consumption. Investment, innovation and a deliberate effort to empower the world's most vulnerable populations will be required to construct a global food system that adapts to climate change and ensures food security while minimizing greenhouse gas emissions and sustaining our natural resource base. Greatly expanded investments in sustainable agriculture, including improving the supporting infrastructure and restoring ecosystems, are an essential component of long-term economic development. The sooner these investments are made, the greater the benefits will be. The change agent has an essential role to play in meeting the global challenge of moving the world into a safe operating space in which agriculture can meet global food needs while reducing its greenhouse gas emissions. Given the already intolerable conditions for many livelihoods and ecosystems, and the time lag between research and development and widespread application, we need to take urgent action.

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## **CURRENT ACCOUNT DEFICIT AND FISCAL DEFICIT A CASE STUDY OF INDIA**

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### **ABSTRACT**

***Purpose/originality/value:** This study is an attempt to examine the relationship between current account deficit and fiscal deficit in India from 2000-01 to 2012-13.*

***Design/methodology/approach** – Quarterly data have been taken to test the stationarity of two variables by using ADF unit root test and cointegration regression and also applies VAR techniques to test the existence and direction of causality.*

***Findings** –The study reveals the presence of stationary linear combination between CAD and FD, impulse response shows the positive impact of Fiscal deficit to CAD whereas causality test shows the unidirectional relationship i.e. FD as a granger cause of CAD but not vice-versa.*

***Research limitations/implications** – This study is limited to India only and based on CAD and FD as the percentage of GDP. Therefore, a larger empirical study would be useful to replicate the results of this study.*

***Practical implications** – In order to improve the large amount of CAD and FD, it is very necessary to increase in the amount of foreign investment, leads to increase in the budget surplus and current account surplus by improving the value of currency.*

***Keywords:** Current account deficit (CAD); Fiscal deficit (FD); India*

### **INTRODUCTION**

In recent years, the Indian economy has been characterized by soaring fiscal deficits and deteriorating current balances. Fiscal deficit happen when government spending is higher than tax revenue. It represents a negative value in national saving, which will reduce the whole value of national saving and raise the real interest rate and encourage foreigners to invest in the domestic economy, leading to exchange rate appreciation. This makes domestic goods and services more expensive relative to foreign goods. So the country imports more and exports less, increasing the trade deficit.

Many analysts suspect that the fiscal deficit and current account balance are closely, and perhaps even causally, related. Indeed, national income accounting identities guarantee that fiscal deficit must create either an excess of private saving over investment or an excess of imports over exports. It is suggested by Standard economic reasoning that government borrowing decreases the domestic supply of funds available to finance new investment, which creates an inflow of funds from overseas. According to the hypothesis called as a twin or double deficits hypothesis, fiscal deficit lead to the current account deficit. On the other hand, according to the reverse hypothesis of twin deficits, the current account

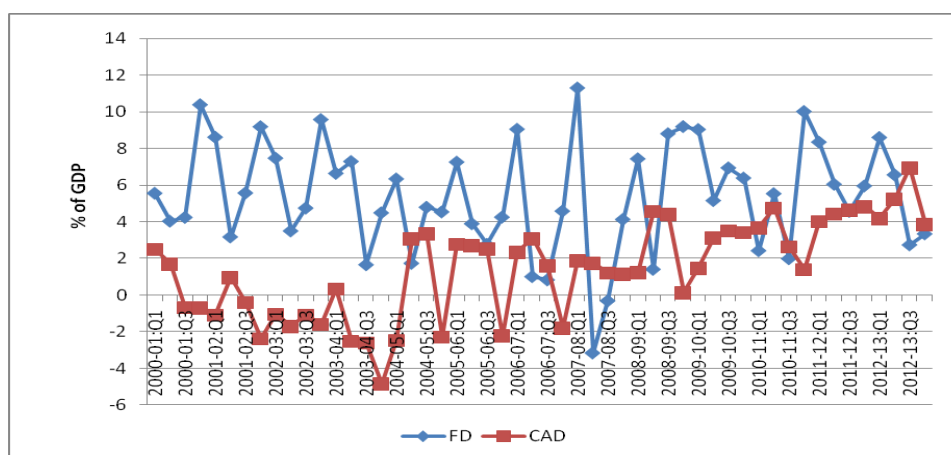


imbalance leads to the fiscal deficit. Moreover, in accordance with the Ricardian equivalence hypothesis, fiscal deficit does not affect or affects negatively the current account balance but in accordance with the hypothesis of Feldstein-Horioka (1980) fiscal deficit and current account balance interact mutually. Therefore I have taken this study to know the relationship between twin deficit i.e. fiscal deficit and current account deficit.

### The India's Current Account Balance & Fiscal Deficit

The figure 1 shows that the current account deficit has been widening, especially after 2004 and consistently faces the situation of growing the deficit with so many fluctuations. The large amount of CAD was occurring in the 3<sup>rd</sup> Quarter of 2012-13 i.e. 6.9 which is again come to 3.8 % in the last quarter. In fact, during the last 8 years of the selected period, the deficit on the current account grew with 3.9 % of GDP from 2004 to 2012.

The figure 1 also depicts the path of India's fiscal deficit since 2000-01, which was not always consistent with the trends in the current account. The figure shows the higher fiscal deficit as the percentage of GDP in the 1<sup>st</sup> quarter of 2007-08 i.e. 3.77 % and come to 1.11% in 2012-13.



Source: own calculation based on IMF world outlook

Figure 1. Current Account Deficit And Fiscal Deficit In India

### LITERATURE REVIEW

Empirical analysis on the relationship between the balance of state budget and the balance of current account can be divided in three groups. In the first group of analysis treats the current account deficit as the causes of the budget deficit (Anoruo, Ramchander 1998; Khalid, Guan 1999; Alkswani 2000; Kim, Kim, 2006; Marinheiro 2008). In the second group of study the researcher analysis the budget deficit as the cause of the current account deficit (Abell 1990; Bachman 1992; Cash 1994; Islam, 1998; Piersanti 2000; Leachman, Francis 2002, Cavallo 2005, Erceg, Guerrieri, Gust 2005; Misala 2007). And in the third group of study indicate the bi-directional causal relationship between budget balance and current account balance, where both variables is affected to each other (Laney, 1984; Miller, Russek 1989, Boucher 1991, Evans 1993; Papaioannou, Yi 2001; Kaufmann, Scharler, Winckler 2002; Baharumshah, Lau 2007).

Lau, Baharumshah and Khalid (2006)<sup>1</sup> analyzed the relationship between budget deficit and current account deficits in reference to four Asian countries (Indonesia, Malaysia, Philippines and Thailand) for the period 1976-2000. Namely, they have proved the presence of long-run relationship between budget deficit and current account deficit. They confirmed the existence of the twin deficits hypothesis in the case of Thailand, the perverse hypothesis of twin deficits in the case of Indonesia and the Feldstein-Horioka hypothesis in the other two countries.

Marinheiro (2008)<sup>2</sup> examined the relationship between the fiscal deficit and the current account deficit in Egypt during the period 1974-2002 and using a vector autoregressive model. Summing up, the vast majority of empirical studies concerned the relationship between the budget deficit and the current account deficit indicates that there are significant causal links between these deficits. Thus, the authors of such studies reject the possibility of the Ricardian equivalence hypothesis in practice.

Hakro (2009)<sup>3</sup> used multivariate time series on data from Pakistan. The estimates of vector autoregressive (VAR) model demonstrate that causality link of deficits is flowing from budget deficits to prices to interest rate to capital flows to exchange rates and to trade deficits.

Dillon Alleyne, Beverly and LugayMichele Dookie (October de 2011)<sup>4</sup> addressed the question as to whether the current account balances cause the fiscal balance or vice versa, Granger causality tests and (VARMA) framework were employed. The study support the hypothesis that causation runs from the current account to the fiscal balance in which case the solution to the fiscal problem is only partially addressed by expenditure adjustment.

Rita Lénárt-Odorán Zoltán Reppa (September 8, 2011)<sup>5</sup> examined whether fiscal policy contributed to external imbalances and the accumulation of external debt in the past and also in the future, whether fiscal caution can help resolving external vulnerability. And find that most of the mean impulse responses have the “correct” sign, but are statistically not significant. There is important exclusion, however: the current account responds negatively to fiscal loosening, while at the same time private consumption increases. This suggests that fiscal policy contributed to the outdoor imbalances, which is most likely occurred through the non-Ricardian behavior of households.

Suchismita Bose And Sudipta Jha (DECEMBER.2011)<sup>6</sup> “India’s Twin Deficits: Some Fresh Empirical Evidence” examined the causal linkages between the government budget deficit and the current account deficit for India, within a multi-dimensional system with the exchange and interest rates acting as the interlinking variables. The study concludes that Bringing in oil prices helps complete the chain of reverse causation in the twin deficit hypothesis for India, as the direction of causation is unambiguously seen to run from oil prices to the external deficit to the fiscal deficit.

### **Research Gap**

After analysing some empirical studies, researcher fined that Current Account Deficit and Fiscal Deficit has a bidirectional relationship which affects to whole economy and the value of currency also. Current account balance in India has a lot more potential to study. Furthermore, many researchers work on it but still the fiscal deficit and current account deficit in India is not as much focused earlier. So this is the main starvation of the course.

**RESEARCH METHODOLOGY & DESIGN****OBJECTIVE**

To examine the relationship between current account deficit and fiscal deficit in India over a period of 2000-2001 to 2012-2013.

**SCOPE OF THE STUDY**

The current account deficit and fiscal deficit as the percentage of GDP in India from 2000-2001 to 2012-2013 have been taken for the study purpose

**HYPOTHESIS**

For the purpose of this study, the following null hypothesis is formed

**H<sub>0</sub>:** The current account imbalance or deficit and fiscal deficit in India are independent to each other.

**RESEARCH METHODOLOGY**

Economic theory provides ample explanations of the possible interrelationships between current account and Fiscal balances which have been become an empirical issue. Following the recent literature we investigate the twin deficits hypothesis by employing a number of econometric techniques. First, we test the stationarity of the variables using Augmented Dickey Fuller (ADF) test. Second, we test cointegration of the variables using Johansen method. Then we go further with the Vector Autoregression (VAR) methodology to estimate the relationship between the variables of interest. This model treats all variables on an equal footing, and there is no priori distinction between endogenous and exogenous variables. From the VAR model, we will derive the Impulse Response Function (IRF). Finally, we will determine the Granger-causality directions

**Data**

The analysis uses monthly data of CAD and the FD from 2000-01 to 2012-13. Data on the CAD and the FD were extracted from the World Bank and IMF database.

**EMPARICAL RESULTS****Unit Root Test Results**

The test for a unit root is based on the t-statistics on the coefficient of lagged dependent variable. This has to be compared with specific calculated critical values. If the calculated value is greater than critical value, then the H<sub>0</sub> of a unit root is rejected, and the variable is taken to be stationary.

Null Hypothesis: CAD and FD has no stationarity

**Table 1.** Unit Root Test Results (with intercept)

VARIABLES	ADF(level)	P value	ADF(first difference)	P value
CAD	-4.184553[0]	0.0017***	-8.002044[2]	0.0000***
FD	-1.981155[3]	0.2940	-11.17134 [2]	0.0000***

**Table 2.** Unit Root Test Results (with intercept and time trend)

VARIABLES	ADF(level)	P value	ADF(first difference)	P value
CAD	-5.131873[1]	0.0006***	-8.064330[2]	0.0000***
FD	-1.951747 [3]	0.6124	-11.05347 [2]	0.0000***

1. The results of Table 1-a are based on assuming the existence of a constant in the regressions, while the results of Table 1-b are based on assuming the existence of a constant and a time trend in the regressions.
2. The \*, \*\*, and \*\*\* indicate rejection the null hypothesis of unit root at 10%, 5%, and 1% significant levels, correspondingly.
3. The lag length of the ADF unit root test is specified in [ ] brackets.

Stationarity of the variables - current account deficit (CAD) and Fiscal deficit (FD) - was tested using Augmented Dickey-Fuller (ADF) test. Tables (1-a) and (1-b) report the results which suggest the rejection of the unit root null hypothesis of no stationarity for CAD at the level at 5% level of significance, However, all variables were found stationary at their first differences.

### Cointegration Test Results

Cointegration test is used to know the stationary of a linear combination of two or more time series despite being individually nonstationary.

Null Hypothesis- CAD and GBD has no Cointegration

**Table 3.** Johansen Cointegration Test Results

Hypothesized No. of CE(s)	Eigen value	Trace Statistic	Critical Val. (5%)	Prob.	Eigen value	Maximum Eigenvalue	Critical Val. (5%)	Prob.
None *	0.469651	38.40829	15.49471	0.0000	0.469651	32.34525	14.26460	0.0000
At most 1 *	0.112088	6.063040	3.841466	0.0138	0.112088	6.063040	3.841466	0.0138

**Note:** Johansen Cointegration test indicates 2 cointegrating equations at the 0.05 level of significance, \* denotes rejection of the hypothesis at the 0.05 level

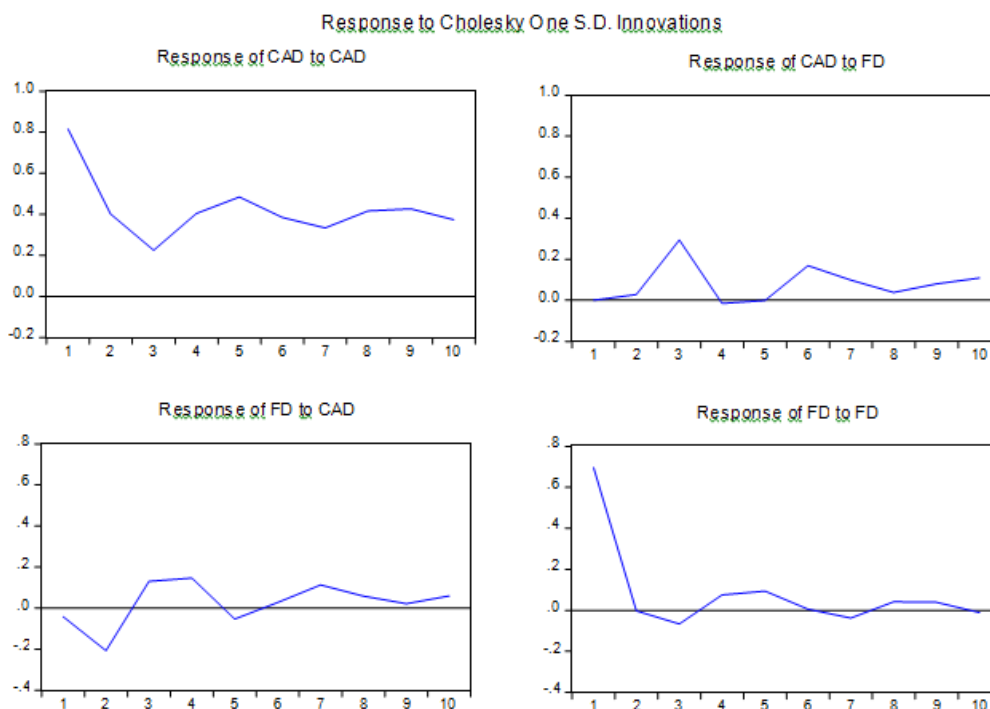
### Interpretation

The results of trace and maximum Eigenvalue Statistic are reported in Table (2). They suggest the rejection of the null hypothesis of no Cointegration at 5% level indicates the presence of stationary linear combination between CAD and FD.

### VAR and IRF Specifications Results

IRF is another way to check the relationship between current account deficit and fiscal deficit as it particularly explains how a shock in one of these variables would affect the course of the other variable.

First, this paper estimates VAR model that includes all variables that help estimating the shocks to each variable. Based on that, the IRF can be constructed. The impulse response function traces the effect of a one-time shock to one of the innovations on current and future values of the endogenous variables.



**Figure 2.** Responses of each variable to shocks in other variables

In figure 2, Row 1 shows the response of current account deficit to shocks to the variable itself and to shocks in Fiscal deficit, Current account deficit responds negatively to a shock in itself and positively fluctuate to a shock in fiscal deficit. The reason for that is because an increase in the FD involves more spending on the foreign sectors (importing more) causing a decrease in the budget balance surplus and therefore a decrease in the current account Surplus.

In figure, Row 2 shows the response of fiscal deficit to shocks to the variable itself and to shocks in current account deficit, Fiscal deficit responds negatively in initially period then slowly responds positively to CAD and it responds negatively to itself which is falling down slowly in the first quarter and then remains constant till the last quarter of selected period.

The results of the IRF do not support the hypothesis; which requires no relationship between current account balance and Fiscal balance. However, the relationship between CAD and FD has been found positively for the India data.

**Granger Causality Test Results**

The researcher is investigating the bi-directional causality relationship between current account deficit and budget deficit through Granger – causality test

**Table 3.** Pairwise Granger Causality Test Result

Null Hypothesis:	Obs	F-Statistic	Prob.	Hypothesis
FD does not Granger Cause CAD	51	2.38987	0.1029	Accepted
CAD does not Granger Cause FD		3.39464	0.0422	Rejected

Also, the result of Granger causality does not support to hypothesis, which requires independency of variables to each other. The figure shows that fiscal deficit is the granger cause of Cad but not vice-versa indicates unidirectional relationship between CAD and fiscal deficit.

### **CONCLUSION**

The results of this paper confirm the existence of the long-run equilibrium relationship between current account and fiscal deficit. This relationship has been found positive that CAD responds positively to fiscal deficit. In other words, an improvement in the fiscal deficit (usually driven by the increase in the surplus of the trade balance) will cause to decrease current account surplus and to increase its deficit. The results of granger causality test show unidirectional causality relationship between current account and fiscal deficit. These results prove that the twin deficit hypothesis (as presented by the theoretical model) was confirmed for the Indian economy over the time period of our analysis.

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## **CONSUMER'S BUYING BEHAVIOUR TOWARDS ONLINE SHOPPING A CASE STUDY OF FLIPKART.COM USER'S IN LUCKNOW CITY**

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### **ABSTRACT**

*The purpose of this study is to examine and analyse the consumer's buying behavioural pattern towards online shopping (specially in case of flipkart.com users in Lucknow city). Also tried to find out various attitudes of flipkart users of Lucknow city towards the online shopping. For this study survey was conducted during 1<sup>st</sup> Sep. to 28<sup>th</sup> Oct. 2013. The data will be collected from respondents through a scheduled containing questions. The study result concluded that future of e-tailers in India specially in cities looking very bright. Flipkart.com offering best prices, good products and completely hassle-free shopping experience for our customers. The success of any e-tailer company in India is depending upon its popularity, its branding image, its unique & fair policies, and its customer relations etc.*

**Keywords:** Consumer Buying behaviour; E-tailing; E-commerce; Flipkart.com; Lucknow City; Online Shopping

### **INTRODUCTION**

Recently at present time online shopping or E-tailing is the new trend (Transformative Change) of shopping in India, that is used to refer to computer-based-shopping or E-shopping same like Internet banking or E-banking. Over that past few years, online shopping or E-tailing has increased percentage of online buyer's in India. New concept of the online shopping is a great example of the business revolution in India. We can say that E-tailing in India is currently experiencing a period of rapid development. E-tailing in India is a rich segment waiting to be explore. Actually, E-tailing is a form of E-commerce. In online shopping, buyers (consumers) purchase the products (Like :- Apparel, electronic appliances, footwear, Home & Kitchen Appliances, etc.) directly from the E-tailers by using a web browser. I think in India E-shopping or online shopping is the new buzzword.

Online shopping consumer behaviour is also called E-shopping consumer buying behaviour. The research or case studies of online consumer buying behaviour is important because it helps to know about consumers demands, it helps to understand and analyse that when consumers buy products online ? and who buy products online ? and how consumers mindset for purchasing the products online ? I think the whole concept of online shopping has altered in terms of consumer's purchasing or buying behaviours and the success of E-tailers is depending upon its quality, its branding image, its uniqueness and its popularity etc.

Flipkart.com is an Indian E-tailer. It is considered as a E-commerce company. Flipkart.com founded in year 2007. and its main head office is located in Bangalore city (Karnataka State).

According to a survey, flipkart.com is the India's largest E-commerce company that made online shopping. as a online shopping company flipkart.com is very popular among Indian online shoppers. Flipkart.com offering some of the best prices and a completely hassle-free shopping experience. Flipkart.com offers free home delivery, cash on delivery options, 24 x 7 customer case service, Interest-free EMI options, payment through Debit or Credit cards of their customers. Flipkart.com a E-tailer company is growing at a phenomenal pace in India. Here in this case study I want to know about online consumer's buying behavioural pattern towards online shopping (specially in case of flipkart users in Lucknow city). This Manuscript aims to identify the respondents perception about online shopping. The paper also analyses awareness of consumers towards online shopping. Nature of study is exploratory as well as descriptive in this study both primary & secondary data have been used.

### **RESEARCH METHODOLOGY**

Research Methodology states what procedures were employed to carry out the research study. The technical facts about the study are given below:-

### **RESEARCH OBJECTIVES**

To achieve the goal of the study, the following research questionnaire addressed as primary research objectives :

1. The primary objective of this studies is to know about online consumer's buying behaviours towards online shopping (specially in case of flipkart users in Lucknow city).
2. To identify the respondents perception about online shopping.
3. To find out various attitudes of flipkart users of Lucknow city towards the online shopping.

### **Research Design**

In case of research design we used exploratory as well as descriptive research design for this study.

### **Sampling Technique**

The convenience sampling method was applied in this case study. Source of the sample is Limited to Lucknow city. Keeping in mind the objectives of the study, a structured questionnaire was prepared for the purpose of collecting the primary Data. A part from variables like : Gender, Age and overall customer satisfaction were collected and percentage method used for this study.

### **Sample Size**

The present study was conducted in a Lucknow city. In case of sample size we take 40 consumers (Respondents) of flipkart.com Out of the total 40, 25 were females and rest 15 were males and the age group of the respondents between 20 to 70.

### **Research Instrument**

For this study we used structured questionnaire as a research instrument.



**Data Types**

In the context of the current study we used both primary & secondary data.

**Method of Data collection**

Primary data have been collected with the help of structured questionnaire by respondent field survey method. In case of secondary data we used internet websites, journals, newspaper etc. For this study collected data has been processed and tabulated by the way of tables & graphs and the data was presented with the helps of Bar-Diagram, Pie-Chart and Tables. The data was collected over a months in September – October, 2013.

**LIMITATION OF THE STUDY**

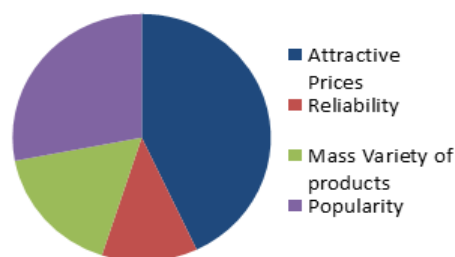
The result of the study are specific to the sample selected and dimensions used. Hence, they may not be generalized for overall population. Actually this study is limited in sample size.

**DATA FACTS, ANALYSIS AND INTERPRETATION**

1. Why did you choose flipkart.com for online shopping?

**Table 1.** Preferences wise Analysis

Particular	Frequency	Percentage
For Attractive prices	17	42.50%
For Reliability	05	12.50%
For Mass variety of products	07	17.50%
For popularity	11	27.50%
Grand Total	40	100.00%

**Figure 1.** Preferences wise Analysis

**Source:** Primary Data, Field Survey Method

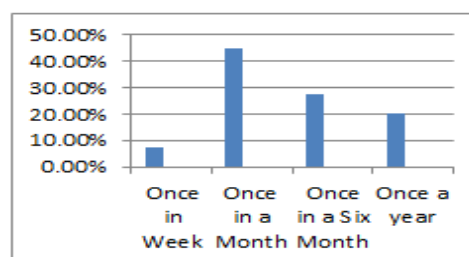
**Interpretation**

From the above Table 1 and Figure 1, We try to interpret that why respondents choose flipkart.com for online shopping. It is clear that maximum 43% respondents said that they choose online shopping with flipkart.com for attractive prices, 28% choose flipkart.com for its popularity, 17% (Approx.) respondents choose flipkart.com for mass variety of products and rest minimum 13% (Approx.) respondents said that they choose flipkart.com for its reliability.

2. How frequently do you buy products/items from flipkart.com ?

**Table 2.** Frequently wise Analysis

Particular	Frequency	Percentage
Once in a week	03	7.50%
Once in a Month	18	45.00%
Once in a six months	11	27.50%
Once a year	08	20.00%
Grand Total	40	100.00%

**Figure 2.** Frequently buy online Analysis

**Source:** Primary Data, Field Survey Method

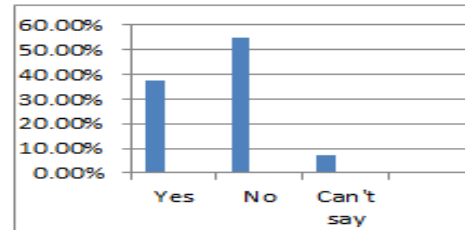
**Interpretation**

From the above Table 2 and Figure 2, We can analyze that majority of the respondents i.e. 45% of respondents have bought products online once a month. 28% of respondents bought online items once in a six months. 20% of the respondents bought online product once in a year, and least 8% (approx..) of the respondents bought products online in a week.

3. Do you visit retail stores first before online purchasing with flipkart.com?

**Table 3.** Visit retail stores before online purchasing

Particular	Frequency	Percentage
Yes	15	37.50%
No	22	55.00%
Can't say	03	7.50%
Grand Total	40	100.00%



**Figure 3.** Visit retail stores before online purchasing

**Source:** Primary Data, Field Survey Method

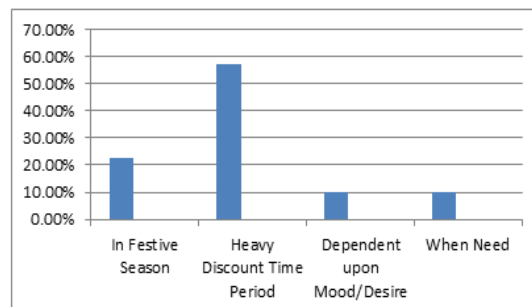
**Interpretation**

From the above Table 3 and Figure 3, 38% of the respondents said that they visit retail stores before online purchasing with flipkart.com to see and check actual product face, Prices etc, maximum 55% of the respondents do not visit retail stores before online purchasing with flipkart.com as they believe in flipkart.com prices, quality etc. Least 8% (Approx.) Respondents can't say for this regard.

4. When did you like online shopping with flipkart.com?

**Table 4.** Buyer's online shopping timings

Particular	Frequency	Percentage
In Festive Seasons	09	22.50%
Heavy Discount Time Period	23	57.50%
Dependent upon mood /desire	04	10.00%
When Need	04	10.00%
Grand Total	40	100.00%



**Figure 4.** Buyer's online shopping timings analysis

**Source:** Primary Data, Field Survey Method

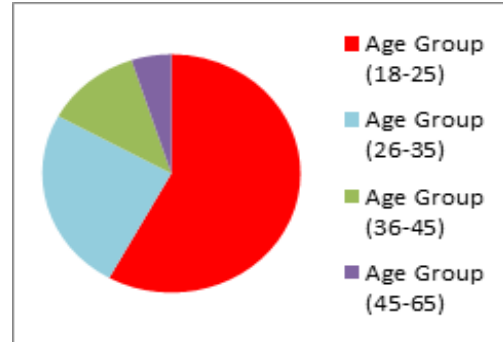
**Interpretation**

Above table 4 and figure 4 clearly shows that most of the 58% of the respondents do like online shopping with flipkart.com in a heavy discount time period. Whenever 22% (Approx.) of the respondent do shopping with flipkart.com in festive seasons and 10% of the respondents like shopping with flipkart.com when they have need and same 10% respondents do shopping when they have desire.

5. Which age group of people in your family do most online shopping with flipkart.com?

**Table 5.** Family age group wise Analysis

Particular	Frequency	Percentage
Age Group (18-25)	23	57.50%
Age Group (26-35)	10	25.00%
Age Group (36-45)	05	12.50%
Age Group (45-65)	02	5.00%
Grand Total	40	100.00%



**Figure 5.** Family age group wise Analysis

**Source:** Primary Data, Field Survey Method

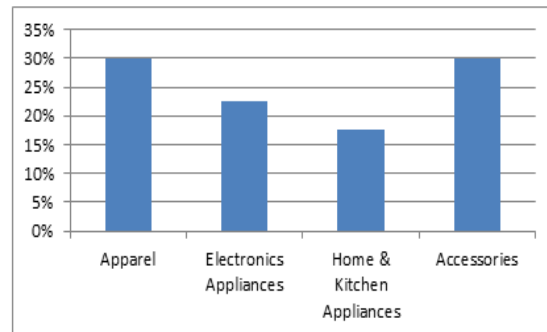
### Interpretation

From above table 5 and figure 5, we can easily analyze that most of the 58% of the respondent said, that (18-25) Age group of family members like do most online shopping with flipkart.com. 25% of the respondents says that (26-35) Age group of family members like online shopping with flipkart.com. Whenever 12% respondent said that (36-45) Age group of family members like buy products via flipkart.com and least 5% of the respondents said that in (45-65) Age group of family members like do online shopping with flipkart.com

6. What would you like buy on online shopping with flipkart.com?

**Table 6.** Buy online products segmentation

Particular	Frequency	Percentage
Apparel	12	30.00%
Electronics Appliances	09	22.50%
Home & Kitchen Appliances	07	17.50%
Accessories	12	30.00%
Grand Total	40	100.00%



**Figure 6.** Product Segmentation Analysis

**Source:** Primary Data, Field Survey Method

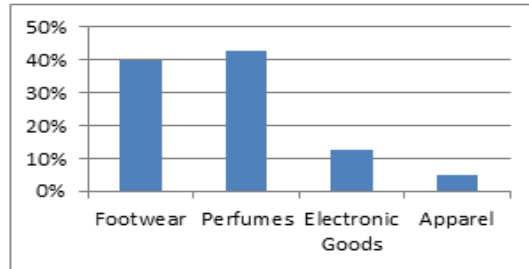
### Interpretation

From the above table 6 and figure 6, it is clear that 30%, 12 Respondents bought Apparel from flipkart.com and same percentage & no. of respondent purchased Accessories (Like : perfumes, make-up kit, watches etc.) from online shopping via flipkart.com, 23%, 09 Respondents like to purchase Electronic goods and Least 17%, 07 Respondents like to buy home & kitchen appliances from flipkart.com

7. What will you dislike to buy on online shopping with flipkart.com?

**Table 7.** Dislike buy product online

Particular	Frequency	Percentage
Footwear	16	40.00%
Perfumes	17	42.50%
Electronic Goods	05	12.50%
Apparel	02	5.00%
Grand Total	40	100.00%



**Figure 7.** Disliking wise Analysis

**Source:** Primary Data, Field Survey Method

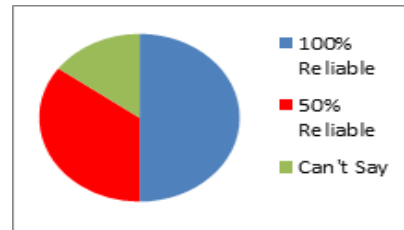
### Interpretation

From the table 7 and figure 7, it is clear that most of the respondents i.e. 17 respondents (43%) dislike buy perfumes on online shopping with flipkart.com. Whenever 16 respondents (40%) dislike buy footwear on online shopping with flipkart.com 12% and 5% respondents dislike buy electronic goods and apparel from flipkart.com respectively.

8. According to you how much reliable is flipkart.com for online shopping?

**Table 8.** Reliability Check Analysis

Particular	Frequency	Percentage
100% Reliable	20	50.00%
50% Reliable	14	35.00%
Can't Say	06	15.00%
Grand Total	40	100.00%



**Figure 7.** Reliability Check Analysis

**Source:** Primary Data, Field Survey Method

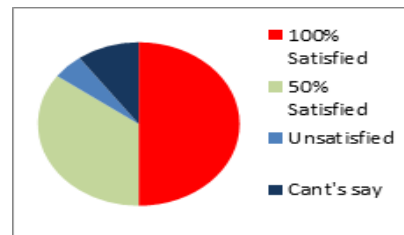
### Interpretation

From the above table 8 and figure 8, try to find out online consumer reliability status among the flipkart.com users. Majority of the 20 respondents (50%) are said that flipkart.com is 100% reliable for online shopping. 14 respondents (35%) said that flipkart.com is 50% reliable for online and rest 06 respondents i.e. 15% respondents can't say for this purpose.

9. How much satisfied are you online shopping with flipkart.com ?

**Table 9.** Check satisfaction level analysis

Particular	Frequency	Percentage
100% satisfied	20	50.00%
50% satisfied	14	35.00%
Unsatisfied	02	5.00%
Can't say	04	10.00%
Grand Total	40	100.00%



**Figure 9.** Satisfaction level analysis

**Source:** Primary Data, Field Survey Method

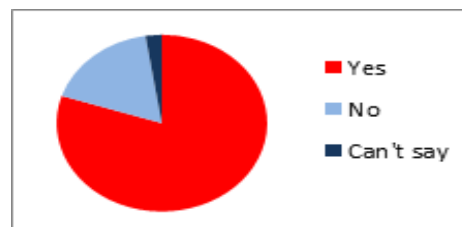
**Interpretation**

Above table 9 and figure 9, clearly shows that majority of the respondents i.e. 20 respondents (50%) are agree that they are 100% satisfied from online shopping with flipkart.com, 35% respondents are 50% satisfied, 10% respondents can't say anything for this purpose and rest 5% respondents i.e. 02 respondents are unsatisfied from online shopping with flipkart.com

10. Would you like to continue online shopping with flipkart.com?

**Table 10.** Continue online shopping status

Particular	Frequency	Percentage
Yes	32	80.00%
No	07	17.50%
Can't say	01	2.50%
Grand Total	40	100.00%



**Figure 10.** Continue online shopping status

**Source:** Primary Data, Field Survey Method

**Interpretation**

Above table 10 and figure 10 clearly shows that majority of 80% of the respondents are like to continue online shopping with flipkart.com. Whenever 18% respondents are not like to continue online shopping with flipkart.com and 2% (i.e. 1 respondent) can't say anything for this purpose.

**FINDINGS AND CONCLUDING REMARKS**

On the basis of information collected from the users of flipkart.com in Lucknow city, some important facts which come as a result of this research are as follows-

- The first and foremost finding of this study is that most No. of users are happy on online shopping with flipkart.com because most of the users responses are in favour of flipkart.com
- Most respondents (users) are satisfied for online shopping with flipkart.com. So most respondents want to continue online shopping with flikart.com, they believed in flipkart.com reliability, its policies and they said that flipkart.com is reliable e-tailer in the field of online shopping.
- On the basis of user responses we can easily analyze that users of flipkart.com (Lucknow city) mainly interested in buy online apparel- Like mens, womens and kids clothes, watches, home & kitchen appliances etc. and they dislike buy online perfumes & footwear etc. they bought products online once in a week and like to do online shopping mostly on discounted time period and festive seasons.
- Users of flipkart.com believes that flipkart.com products prices is lesser than the prices in the market.
- Mostly youngsters and youth generation (18-25 Age group) are very much interested in online shopping with flipkart.com because they know about technology,

they know about e-shopping, and they know about very well when and how purchase products from this e-tailer.

- In case of various parameters for loyalty, commitment, and reliability e-tailer most of the respondents (User's) give positive responses/view for this e-tailer (flipkart.com).

From the above discussion, it is concluded that future of e-tailers in India looking very bright. E-tailers give us the best way to save money and time through purchasing online within the range of budget. Flipkart.com offering some of the best prices and completely hassle-free shopping experience. I think the whole concept of online shopping has altered in terms of consumer's purchasing or buying behavior and the success of E-tailers in India is depending upon its popularity, its branding image, its unique policies.

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## INDIAN RUPEE'S ROLE AS AN INTERNATIONAL CURRENCY

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### ABSTRACT

*This paper is an attempt to understand the current position of The Indian Rupee as an international currency. The characteristics of an international currency such as reserve currency, hand to hand currency, currency for invoicing, currency for financial market, currency for pegging, currency for government intervention etc. are analyzed for rupee, to find its current standing as international currency. The future potential of The Indian Rupee to become an international currency is also explored, in the light of Indian authority's effort to increase Rupee settlement trade.*

*Further ,structural factors essential for making Rupee as international currency such as convertibility of rupee, open and developed financial market, less volatility of rupee, less inflation, trade dominance, share in world GDP, foreigner confidence in rupee, liquidity or availability to non-resident etc., are theoretically analyzed. Descriptive approach is followed, along with data from different sources.*

**Keyword:** Indian Rupee; International currency

### INTRODUCTION

A currency or money has its three basic functions as unit of account, medium of exchange and store of value within a nation's boundaries. An international currency performs these functions at global level. It is used for international trade invoicing, payment for international transactions, international financial assets denomination, kept as foreign reserve, government's intervention in exchange market and pegging of currency. First three of these, are private transactions done by traders, investors, financial institutions, general public etc. Last three are the official uses of an international currency.

ECB (2009) explain that there is a difference between international currency and global currency. Global role of a currency refers to general importance of a currency in the world economy, its standing and significance in international monetary system. It refers to status of an economy. On other hand cross boarder use of a currency, is called as currency's international role. But both of these concepts are related. Currency that is used outside its home country, are more likely to play an important global role. Same way a global currency is likely to be used more heavily outside its own country. In this paper, it is assumed that there is no difference between these two concepts.

Historically, international currency came from the economies, which had domination in world trade and large in size. In 17<sup>th</sup> century, when trade and commercial activity happened in Europe, guilders denominated notes issued and deposited by the Bank of Amsterdam for most of trade in the western world. So, guilders became an international currency at that

time, until Napoleon's army occupied Amsterdam. In 18<sup>th</sup> century action shifted to London as Britain became exporter of manufactured goods and biggest importer of raw materials. So, British pound became dominate international currency. This continues up to First World War, when pound's domination reduced. And after Second World War US dollar became leading global currency, as it became net lender and dominating economy. The era of US dominance in world trade and GDP still continues. Thus, historically pattern of international currency changed due to war or with the change in international trade pattern (Blinder, 1996).

In past few years, there is lots of discussion on future perspective of dollar as an international currency and other possible currencies which can become as international currency. Klaus Regling (2012) CEO of European Finance Stability Facility (EFSF) said that, "Indian Rupee, Chinese Renminbi and Brazilian Real are likely to become part of a future multipolar currency system along with US Dollar and Euro. As their economies grow and integrate more closely with the world, the developing countries like China and India will perforce have to hasten their reforms to build deep and liquid financial markets. This makes their currency fully convertible to widen their acceptability in globe."

Indian economy is an emerging economy, along with high growth rate except last one or two years. India's share in world trade is also increasing, but at a slow rate. Because of its size and future perspective it cannot be ignored. India is also preferred destination for FDI and FII. Indian Rupee's demand is also increasing in international financial market in last few years. Some international institution has also started to issue bonds in Indian rupee. Thus, there is some possibility of Indian rupee to become an international currency. The main problem with Indian rupee is its continuously falling against US dollar. In 2013, exchange rate between rupee and dollar reached almost 70 rupee per dollar. To reduce dollar dependence and rupee volatility, Indian authorities are seeking local currency trade and currency swap with its trading partners. These are the countries, with which India has two way trade and currencies of these countries is also affected by dollar.

RBI's governor Raghuram Rajan (septemember, 2013) said that, "This might be a strange time to talk about rupee internationalization, but we have to think beyond the next few months. As our trade expands, we will push for more settlement in rupees." So, Indian authorities are thinking to increase more rupee settlement trade. If it comes true, then rupee's role as an international currency for invoicing and settlement will increase. Currently, rupee role as an international currency is very small. Most of Indian trade's invoicing take place in dollar. Indian rupee's share in foreign exchange market is small. Most of the foreign reserve is held in dollar, pound, euro and yen. Indian rupee's role as hand to hand currency is also small. Very few rupee denominated debt securities has issued in international financial market. All these are discussed in details, in the next part of this paper.

This paper has been divided in eight parts. First part is introduction, which includes the meaning, characteristics and brief history of international currency. It also includes brief look of rupee's possibility as international currency. Second part includes the main objectives of this study. Third part includes literature review of some studies which defines the international currency. Fourth part studies the current position of Indian rupee as international currency. Fifth part analyses the factor helpful to make a currency international. Sixth part discusses the government effort to increase trade in rupee. Seventh part includes main findings and recommendations. Eighth part is the conclusion of the study.



**OBJECTIVES OF STUDY**

The main objectives of this study are followings:-

1. To find out the current status of Indian's rupee as an international currency, by analyzing the characteristics of international currency in case of Indian rupee.
2. To find out the factors, those are helpful in making a currency international. And analyzing the future prospective of Indian rupee as an international currency in the light of these factors.
3. To find out rupee's future role as off shore currency because of Indian authorities' efforts to increase local currency trade.

**LITERATURE REVIEW**

There are lots of studies which have defined the international currency. Some definitions of international currency are discussed here. A.S.Blinder (1996) defines international currency with four characteristics which includes all three functions of money. These characteristics are: - 1. Currency should constitute a large share of official reserve of central banks. 2. Currency should use as hand to hand currency at large scale in foreign nations. 3. It should denominate large scale of international trade. 4. It should have dominant role in international financial market as preferred currency. Robert Mundell (1999) defines seven features of great international currency. These features are as follows: - 1.Currency has large trade area. 2. Stable monetary policy. 3. Absence of control or fuller convertibility. 4. Strong central area. 5. Past strong currency were initially backed by gold or silver. 6. Sense of permanence or confidence in currency. 7. Low interest rate.

Chinn and Frankel (2007) define function of international currency for official and private purposes. The official uses of an international currency include international reserve currency, vehicle currency for foreign intervention, and anchor for pegging local currency. The private functions of international currency include currency substitution or dollarization, for trade and transactions payment and denomination of transactions. Stephan Schulmeister (2000) define that dollar serves as international currency by performing as numeraire for super national flows as well as super national stocks. Dollar has numeraire functions as follows: - 1. All standard commodities are traded and priced in dollar. 2. Most international assets and liabilities are held in dollar (dollar stocks). 3. Dollar represents the vehicle currency in foreign exchange market.

Goldberg and Tille (2006) stress that transaction cost matter for invoicing of international trade. A currency is used for invoicing when transaction costs are small. They also point that, for homogeneous goods currency of competitor are used. So, making both together, all exporters will invoice in less transaction cost currency. ECB (2009) points that international debt market show the importance of a currency as international currency. International debt market reflects the international role of currency as financial and investment currency.

**Current Position of Indian Rupee as an International Currency**

In this section, the characteristics of international currency are analyzed in the case of Indian rupee. International currency's characteristics: - invoicing currency, reserve currency, international financial market denomination currency, pegging currency, hand to hand currency, all of these are discussed one by one.

**(a) Invoicing Currency**

This is an important characteristic for an international currency. International currency is used for invoicing or pricing of international trade. It is used for invoicing even when none of the trade partner is the origin country of that currency. For example trade between India and Indonesia may be invoiced in US dollar. Indian rupee's role as invoicing currency is very neglecting. Even India's own exports and imports mostly invoiced in dollar. The table below shows India's exports and imports and its invoicing currency.

Summary of table is that most of the invoicing of exports and imports happen in dollar. Dollar's denominated invoicing is continuously increasing for exports. For imports also, dollar's invoicing is continuously high. Euro's denominated invoicing is reducing for exports and imports. Invoicing in other currencies (including rupee) also increasing for exports and imports, but at a small scale. As, most of India's own exports and imports invoiced in dollar, then certainly rupee is not used as invoicing currency at global scale. So, rupee does not fulfill invoicing currency characteristic of international currency.

**Table 1.** Currency wise invoicing of India's exports and imports (in percentage)

Currency	Exports					Imports				
	2008-09	2009-10	2010-11	2011-12	2012-13	2008-09	2009-10	2010-11	2011-12	2012-13
Pound	2.77	2.81	2.47	2.31	2.31	0.89	0.66	0.71	0.5	0.42
US Dollar	84.06	84.75	86.41	87.01	88.41	86.06	83.91	85.38	88.67	86.06
Japanese Yen	0.48	0.35	0.22	0.26	0.15	2.3	1.98	1.73	1.41	1.47
Euro	10.85	10.13	8.8	8.14	6.97	9.82	12.61	11.13	8.29	9.44
All other currencies	1.84	1.96	2.02	2.28	2.16	0.93	0.84	1.05	1.13	2.61

**Source:** Reserve Bank of India (RBI) Data

**(b) Reserve Currency**

This is another important characteristic of reserve currency. International currency is used for keeping official reserve by central banks of countries. Reserves are kept in a currency which is more stable and respected one. Otherwise with the change in exchange rate there will change in the amount of official reserve. This may result as a loss for the central banks. So, it is advisable to keep reserve in strong currency. Dollar and euro has dominated as reserve currency. This is shown in table no. 2 below. Data taken from International Monetary Fund (IMF) is converted in percentage term to give a quick look about reserve pattern. Total reserve with IMF, is divided in two parts: - 1 Unallocated reserve. 2. Allocated reserve. Allocated reserves are allocated in different currencies. Only allocated part of reserve is shown in below table.

**Table 2.** Currency wise allocated reserve pattern (In Percentage)

Currency	Year							
	2005	2006	2007	2008	2009	2010	2011	2012
US Dollar	0.665	0.651	0.639	0.638	0.620	0.618	0.624	0.612
Euro	0.239	0.250	0.261	0.262	0.277	0.260	0.247	0.242
Australian Dollar	-	-	-	-	-	-	-	0.015
Canadian Dollar	-	-	-	-	-	-	-	0.015

**Table 2.** Currency wise allocated reserve pattern (In Percentage) {Contd....}

Currency	Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Pound Sterling	0.038	0.045	0.048	0.042	0.042	0.039	0.038	0.040
Japanese Yen	0.040	0.034	0.032	0.035	0.029	0.037	0.036	0.040
Swiss Franc	0.001	0.001	0.001	0.001	0.001	0.001	0.0008	0.003
All other currencies	0.017	0.018	0.018	0.022	0.030	0.044	0.055	0.033

**Source:** IMF Data

As shown in table US dollar is used around 65% of official reserve. But over the time its share is reduced a little bit. Euro's share is around 24% to 26% most of the time. Other currencies share has increased, but it is still a small part of total allocated reserve. Two currencies Australian dollar and Canadian dollar get 1.5% share each in 2012. Share of Indian rupee is not separately shown in IMF data. It might have very small share or may not have any share. Because of this result, rupee is not fulfilling second criteria of international currency. So, rupee is not used as reserve currency.

### (c) Currency for International Financial Market

International currency is used for denominating international financial market's securities. Most of international securities are issued in lead international currency. International currency's role in international financial market is measured by foreign exchange turnover of a currency, cross border claims in currency, international debt or bond securities denominated in that currency. All of these are explained one by one in case of Indian rupee.

### Foreign Exchange Turnover

Foreign exchange market refers to process by which currencies are sold and purchased. It does not necessary that transaction happen at particular place. It can be executed over the counter market or telephone. Transactions of currency future take place in a particular exchange called as Pits .Different participants such as traders, financial institutions, speculators, hedgers, investors, government purchase or sale currency according to their need. A number of contracts as spot, outright forward, currency swap, options etc. take place in foreign exchange market. Daily turnover of these markets is more than a trillion dollar. A currency which is more used in international market, foreign exchange turnover of that currency will high. Bank for International Settlement (BIS) does a Triennial Central Bank Survey in interval of three years. Data from these surveys is used to show share of different currencies in daily turnover of foreign exchange market. The table below shows percentage share of some currencies for different years.

As shows in table, dollar is the leading currency in foreign exchange turnover. Indian rupee's share is less than one percent most of the time. Triennial bank survey 2013 shows that Indian rupee has slipped from 15<sup>th</sup> to 20<sup>th</sup> place in foreign exchange market turnover. On the basis of foreign exchange turnover rupee cannot considered as international currency because its share in exchange turnover is very small in comparison to many other currencies. Currencies of many emerging economies are also getting more turnover than Indian rupee.

**Table 3.** Currency wise daily turnover in foreign exchange market (In Percentage)

Currency	Year					
	1998	2001	2004	2007	2010	2013
Euro	-	37.9	37.4	37	39.1	33
US Dollar	86.8	89.9	88	85.6	84.9	86
Pound Sterling	11	13	16.5	14.9	12.9	12
Japanese Yen	21.7	23.5	20.8	17.2	19	23
Australian Dollar	3	4.3	6	6.6	7.6	9
Swiss Franc	7.1	6	6	6.8	6.4	5
Indian Rupee	0.1	0.2	0.3	0.7	0.9	1

**Note:** Because in each transaction two currencies are involved, total sum of percentages is 200% in place of 100%.

**Source:** BIS, Triennial Bank Survey Data

### **Cross Border Claims**

Cross border claims involve investment made by an economy in other economy. Investment is done in an economy which has strong economic fundamentals. According to IMF coordinated portfolio investment survey (CPIS) 2005, 32.2% of total debt and 19.3% of equity investment take place in United States. CPIS 2012 shows that India's share in total investment of world is 0.72% only. This includes 1.5% of total equity and 0.23% of total debt securities of world. In US 16.13% of world equity and 23.48% of world debt securities is invested. In US more investment is done in debt securities than equity, but there is more equity investment in case of India. India's share in getting world investment is small in comparison to many economies.

### **International Debt Market**

International debt market means when debt securities are issued outside the home country or beyond nations boundaries. These securities are generally denominated in respected international currency. In Past, these securities were rarely issued in Indian rupee. But now there are few example of issuing debt securities in rupee. Inter American Development Bank (IADB) issued three year bond for Rs. 1 billion in February 2007. IADB again issued ten year bond for Rs. 1.5 billion in May 2007. World Bank issued three year bond for Rs. 1.25 billion in June 2007. European Bank for Reconstruction & Development issued five year bond for Rs. 1 billion in July 2007 (RBI, 2010). IFC issued its first rupee bonds for 160 million dollar, part of new 1 billion dollar off shore rupee bond scheme. There is some progress for rupee denominated bond issue, but it is still very small.

### **(d) Pegging Currency**

Pegging refers to fixing of exchange rate between two currencies. When a country pegs its currency with another currency, then it tries to maintain a fixed exchange rate between two currencies. It is done by intervention of central bank or government in foreign exchange market. Peg is generally done either to major trade partner's currency to maintain volatility of exchange rate or done with strong currency so that monetary and fiscal policies remain in some certain boundaries.

Two currencies are pegged to Indian rupee. One is Nepali rupee and other is Bhutan ngultrum. In late 1950's after the establishment of Nepal Rastra Bank, Nepali rupee was

pegged to Indian rupee for 160 Nepali rupees for 100 Indian rupees. Bhutan ngultrum was introduced in 1974 and was immediately pegged to Indian rupee. It was pegged to Indian rupee for 1: 1. India was key in assisting these economies in past. But after the sharp fall of Indian rupee against dollar in 2013, people in both countries are arguing whether peg should be removed. Former chief of research department in Nepal central bank said that, “the time has come to rethink the peg system. The peg means suffering the adverse impact of a weakening Indian economy.” As Indian rupee is not able to save itself, it cannot consider as good currency for peg.

#### **(e) Hand to Hand Currency**

A currency is said hand to hand currency at international level when it is used by non-resident for their international trade payment and for their local uses also. In highly inflated country, even local trading is done in foreign currency. It may be done officially or privately. When it is done officially it is called as dollarization. In many countries dollar is either used as second currency or it has completely replace the local currency.

Indian rupee is used as hand to hand currency in some countries at low scale. Rupee and Ngultrum both are accepted in Bhutan. Indian rupee is also accepted in some town of Nepalese side of Nepal- India border. There is some evidence that rupee is accepted in Singapore, Indonesia, Sri Lanka, Malaysia and UK. Central bank of Nepal also holds Government of India's treasury bills. Non deliverable forward market for rupee is increasing in Middle East and Southeast Asia (RBI, 2010). Thus Indian rupee is used as hand to hand currency at some places, but its role is very small, as international currency used for medium of exchange.

#### **Factors Helpful to Make a Currency International**

There are number of factors which help a currency to become international. These are explained one by one in this section.

- **Gross Domestic Product (GDP) size:** For becoming an international currency, size of local economy should large. Because only then the currency and economy will be important for the world. Indian economy is one of the emerging economies of the world. In past it grows at 8 to 9 percent, except last few years when it grow at 5%. If it is able to grow at a rate equal to past, then it will help rupee to become international currency.
- **Large share in world trade:** Economy's share in world trade should large. According to IMF, India's share in exports of services was 3.2% and in imports was 3.1% in 2012. India's rank was 7<sup>th</sup> for exports and imports in case of services. India's share was 1.6% for exports and 2.6% for imports of goods. India's rank for imports was 10<sup>th</sup> and for exports was 19<sup>th</sup> for goods. So India is not currently dominating in trade.
- **Developed money and financial market:** It includes size and depth of market, disclosure and supervision etc. These factors are considered as structure factors. ECB (2009) gave India 92 score for disclosure, 67 for supervision, 53 for access to equity, and 79 for market sophistication out of 100. So, India's financial and reporting system is quite developed.
- **Confidence in Currency:** People's confidence (especially non-resident) in a currency depends on its volatility. People have more confidence in a less volatile currency. Volatility depends on inflation, current account deficit and fiscal deficit. All of these

are the main problems of Indian economy. Because of this people has less confidence in rupee.

- **Openness of Economy:** For an international currency, economy should be opened. Non-resident should allow for invest in assets and securities in local currency and resident should allowed to hold assets outside the country. Currency should liquid so that it is available to non-resident when needed. But Paola Subacchi (2010) point that full capital account convertibility is neither an essential nor a sufficient condition for substantial off shore use of a currency. Indian rupee is not fully convertible currency. Capital account convertible is not fully allowed in India. This is also a restriction in making rupee as an international currency.
- **Transaction Cost of a Currency:** A currency which is often used for international transactions, have lower cost in transaction because there are many sellers and buyers for that currency. So, there is more chance that currency will continuously used for international transactions. Indian rupee is very less used for international transactions and its transaction cost is higher.
- **Political Power:** Political power of a nation is also helpful in internationalization of currency of that country (Elias and Richard, 2008). Politically powerful nation can push for more local currency use and settlement. India is not currently much politically powerful nation.
- **Government's Intention:** There are both advantages and disadvantages of an international currency. So it also depends on government, whether it tries to make currency international or not. Japanese's central banks had done many measures to make Japanese yen an international currency. Currently Indian government also trying to increase local currency trade with its trade partners.

### **Indian Government's Effort to Increase Rupee Trade**

To reduce dependence on dollar and to reduce volatility of rupee, Indian government is trying to increase local currency trade with its major trade partners. Government's effort to make rupee more active at international level are discussed in this section.

- The commerce ministry has drawn up a list of 23 countries for trading in local currency. With these countries India has large parts of its trade. The list includes oil exporting nations such as Angola, Algeria, Oman, Iraq, Iran, Nigeria, Venezuela, Qatar, Yemen and Saudi Arabia. Other countries such as Russia, Japan, Singapore, Australia, Indonesia, South Korea, Malaysia, Mexico, South Africa and Thailand. Mainly with other dollar affected countries.
- To increase rupee denominated trade, non-resident exporters and importers are allowed to hedge their currency risk if export and import is invoiced in Indian rupee. For hedging, forward foreign exchange contract and options are allowed, when one side of trade is rupee.
- Japan has recently agreed to extend an emergency swap facility with India to 50 billion dollar from 15 billion dollar.
- Iran has also settled all oil trade payment in rupee for 1.53 billion dollar.

If India becomes able to agree above countries to settle in local currency, then rupee's share in international trade settlement will certainly increase.

**MAIN FINDINGS AND RECOMMENDATIONS**

The result of analyzing international currency's characteristics in case of Indian rupee is that rupee is not an international currency at present. Indian rupee is not an invoicing currency of international trade. Most of the Indian trade is also invoiced in dollar. It is also not a reserve currency for official reserves of central banks. Rupee's foreign exchange turnover is also very small. It has slipped from 15<sup>th</sup> to 20<sup>th</sup> place in foreign exchange turnover's rank. It is also not a preferable currency for international debt market. It's off shore use as medium of exchange is also very small. Indian economy also does not have essential factors for making rupee international. It is not currently dominating economy as GDP and trade. Because of high inflation, current account deficit and fiscal deficit rupee is more volatile. People have less faith in this. It is also not fully convertible at current time. So, there is less chance of becoming Indian rupee as international currency at least in near future. But it can become as invoicing currency at least for Indian trade, if India makes its trading partner agree for local currency trade.

Main recommendation is that government should try to control the inflation. It should also control current account and fiscal deficit. To increase rupee's off shore use it should make fully convertible. Government has to increase GDP growth rate and India's share in trade by focusing more on trade of services.

**CONCLUSION**

After analyzing characteristics of international currency in case of Indian rupee, it is certainly clear that it is not an international currency currently. It does not fulfill any characteristic of international currency. It is not an invoicing currency even for Indian trade. Rupee is not used as reserve currency for central banks reserve. It is not a dominating currency in international financial market. It is not used as hand to hand currency at large scale.

The main problem with Indian rupee is its high volatility. Because of its volatility non-resident has less confidence in rupee, which is essential for an international currency. Its volatility is because of high inflation, current account deficit and fiscal deficit. One other problem is its less convertibility. India still has many restrictions, which reduce rupee off shore use. GDP growth is also slow down in current years. Positive point is that India's financial and money market is developing. India's supervision and disclosure standard is quite high. Despite this, rupee is far away from becoming international currency.

It will be interesting to see whether India make its trading partner agree for local currency trade. One other point is whether India tries to internationalization of rupee without fuller convertibility like China.

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## **GLOBAL FINANCIAL CRISIS: AN UNDERSTANDING ON VOLATILITY ACROSS INDIA AND SOME DEVELOPED EQUITY MARKETS**

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### **ABSTRACT**

*Economists have defined financial crisis as a situation in which the supply of money is outpaced by the demand for money. This implies that liquidity evaporates quickly because available money is withdrawn from banks, forcing banks to sell their investments to make up for the shortfall or to collapse. Mishkin defined financial crisis as a disruption to financial markets in which adverse selection and moral hazard problems become much worse, so that financial markets are unable to efficiently channel funds to those who have the most productive investment opportunities. As a result, a financial crisis can drive the economy away from equilibrium. The essence indicates that there will be serious liquidity crisis leading to banks selling of their investments and failure to channelize investment in most productive opportunities. Financial crisis have serious impact on the stock markets. The effect of crisis would be different for various stock markets across the globe. The crises will also have cross impact on various stock exchanges. The study covers impact on the stock exchange and cross impact five major stock exchanges namely DJIA, FTSE, Nikkie, Hang Seng and BSE.*

**Keywords:** DJIA; FTSE; Nikkei; Hang Seng; BSE; Financial Crises; Volatility

### **INTRODUCTION**

Economists have defined financial crisis as a situation in which the supply of money is outpaced by the demand for money. This implies that liquidity evaporates quickly because available money is withdrawn from banks, forcing banks to sell their investments to make up for the shortfall or to collapse. Mishkin defined financial crisis as a disruption to financial markets in which adverse selection and moral hazard problems become much worse, so that financial markets are unable to efficiently channel funds to those who have the most productive investment opportunities. As a result, a financial crisis can drive the economy away from equilibrium. The essence indicates that there will be serious liquidity crisis leading to banks selling of their investments and failure to channelize investment in most productive opportunities.

Financial crisis have serious impact on the stock markets. The effect of crisis would be different for various stock markets across the globe. The crises will also have cross impact on various stock exchanges. The study covers impact on the respective stock exchange and cross impact five major stock exchanges namely DJIA, FTSE, Nikkie, Hang Seng and BSE. Further the study covers financial crises from 1994 onwards are covered by the study.

**OBJECTIVE OF THE STUDY**

The objective of the study is to understand the reactions of the markets to financial crises and to analyze the cross impact of the volatility with BSE as dependent variable.

**METHODOLOGY**

For the purpose of the study five financial crises starting from 1994 to 2008 have been studied. Data for the purpose is collected from yahoo finance and websites of respective stock exchanges. The observations were done for five major stock exchanges that include DJIA, FTSE, Nikkie, Hang Seng and BSE. The returns and volatility of the various stock exchanges during crises is studied to understand how the market reacted to crises. Further correlation and 7 day and 15 day regression analysis have been used to analyze the correlation among the select stock exchanges and the cross impact of the volatility with BSE as dependent variable. The results tested at five percent level of significance.

**Brief Note on Global Financial Crisis****Mexican Crises**

The 1994 crisis which is popularly known as Mexican crisis was caused by sudden devaluation of the Mexican peso. This crisis was stabilized after the US president Mr. Clinton in consent with the International Organization granted loans and guarantees amounting to \$ 50 billion to Mexico.

**Asian Crises**

The Asian crises 1997 were marked by high short-term interest rates in ASEAN countries which encouraged foreign investors to invest into this region. Asset prices increased and growth rates were as high as 12 percent of GDP. The higher US interest rates have increased the dollar value. During the same period Thailand, South Korea, and Indonesia had huge deficits. Regional currencies depreciated, economic sectors melted down, stock markets were affected and there was political instability in the region. All these factors contributed to the Asian crisis 1997.

**Russian Crises**

The Russian crises 1998 had its root causes in the issue of inflation free short-term treasury bills known as GKO's to finance the country's deficit. One-third of this was funded by foreign speculators. The Government used the proceeds to pay-off interest on its matured bills. In the verge of raising more capital the Government increased the interest rates. The interest payments constituted more than half of the Government's revenue. The Government also had a liability of un-paid wages of \$12.5 billion. The Russian market collapsed with the investor's fear of debt default and depreciation of ruble. The markets dropped by 65 percent, major banks were closed and inflation decreased.

**Argentine economic crises**

The Argentine economic crises 1999 were marked by inflation and loss of confidence in currency. Brazil devalued its currency and at the same time dollar was revalued. The crises became even worse as the Government neither devalued its currency nor un-pegged its currency from dollar. The crises further deepened as investors ran on banks for dollars. These dollars were sent abroad for safety. As a response to this the Government had more or less frozen the bank accounts. People protested and the Government collapsed.

**Global Crises**

The global crises 2008 started with the investor's loss of confidence in the value of sub-prime mortgages. The home owner's who had taken sub-prime loans were unable to meet their mortgage repayments. The banks were facing huge defaults and the assets repossessed by them were worthless. The fall of Lehman Brothers further worsened the situation and the stock markets collapsed.

**Table 1.** Returns and Volatility of Select Indexes during the Crisis Period

Index	Returns 1994	Volatility 1994	Returns 1997	Volatility 1997	Returns 1998	Volatility 1998	Returns 1999	Volatility 1999	Returns 2008	Volatility 2008
<b>DJIA</b>	-0.0151	0.6885	0.0834	1.1816	0.0625	1.284	0.0947	1.0204	-0.112	2.39
<b>FTSE</b>	-0.0387	0.8476	0.098	0.9492	0.0586	1.34	0.0719	1.132	-0.1186	2.3714
<b>Nikkei</b>	0.058	1.132	-0.0835	1.7575	-0.017	1.7151	0.1494	1.28	-0.2513	2.8604
<b>Hang Seng</b>	-0.14	1.8754	-0.0532	2.5472	0.0141	2.8104	0.2369	1.6824	-0.2087	3.21
<b>BSE</b>	0.0669	1.4263	0.098	1.599	-0.061	1.887	0.21	1.822	-0.2681	2.3714

**Source:** Calculated from information available on yahoofinance.com

During 1994 crisis in Mexico Hang Seng, FTSE and DJIA reported negative returns and highest volatility was observed for Hang Seng, BSE and Nikkei. During 1997 Asian financial crisis Hang Seng and Nikkei reported negative returns. The highest volatility was seen for Hang Seng, Nikkei and BSE. The Russian crisis during 1998 has seen negative returns for BSE and Nikkei. During the same period highest volatility was observed for Hang Seng, followed by BSE and Nikkei. The Argentina crisis did not show much impact on the markets. None of the markets reported negative returns. The volatilities were between 1.822 and 1.0204. The markets were worst hit by US crisis 2008. All the markets reported negative returns during the period. Highest negative returns were reported for BSE, Nikkei, and Hang Seng. The volatilities were highest for Hang Seng, Nikkei and BSE. The volatilities for all the markets were above 2.

**US Financial Crisis – 2008****Table 2.** Descriptive Statistics of Returns

INDEX	MEAN	MEDIAN	STANDARD DEVIATION	MINIMUM	MAXIMUM
DJIA	-0.1143	-0.0451	2.4214	-7.8732	11.080
FTSE	-0.1350	-0.1413	2.4036	-8.8483	9.8387
NIKKEI	-0.2513	-0.0850	2.9518	-12.8749	12.3962
HANG SENG	-0.1945	-0.0755	3.243	-12.70	14.3470
BSE	-0.2681	-0.3373	2.8604	-10.9564	8.221

The analysis of the above table indicates that the highest average negative returns were reported for BSE, followed by Nikkei and Hang Seng. The lowest average negative returns were for DJIA followed by FTSE. The standard deviation was highest for Hang Seng followed by Nikkei and BSE. The standard deviation for DJIA and FTSE are almost the same. The minimum lowest values were recorded for Nikkei, Hang Seng and BSE. DJIA and FTSE had a minimum return of -7.87 and -8.85. The maximum returns were for Hang Seng, followed by Nikkei, DJIA and FTSE. BSE had lowest maximum returns.

**Correlation of Returns****Table 3.** Correlation of Returns

INDEX	RETURNS DJIA	RETURNS FTSE	RETURNS NIKKEI	RETURNS HANG SENG	RETURNS BSE
DJIA	1				
FTSE	0.376	1			
NIKKEI	-0.0448	0.0073	1		
HANG SENG	0.0137	-0.069	-0.110	1	
BSE	0.0779	0.068	0.0072	0.0635	1

The correlation of the returns with DJIA was positive for all indexes except for Nikkei which reported a negative correlation. BSE had positive correlation with all the indexes. Of all the indexes BSE had more positive correlation with DJIA.

**7 Day Volatility Regression**

7 day volatility regression is calculated with BSE as a dependent variable and other indexes as independent variables.

**Table 4.** 7 Day Volatility Regression

	CO-EFFICIENT	P-VALUE
DJIA	-0.0627	0.358
FTSE	0.4442	0.000
NIKKEI	0.0091	0.754
HANG SENG	0.2761	0.000
BSE INTERCEPT	1.041	0.000
R SQUARE	0.62	
OBSERVATIONS	237	
LEVEL OF SIGNIFICANCE	0.05	

The regression co-efficient with BSE as dependent variable has shown that FTSE, Nikkei, Hang Seng had positive impact on BSE volatility. DJIA had negative impact on BSE volatility. The results have been tested at 5 percent level of significance with the following hypothesis.

H<sub>0</sub>: Has no significant impact on BSE

H<sub>a</sub>: Has significant impact on BSE

**15 Day Volatility Regression****Table 5.** 15 Day Volatility Regression

	CO-EFFICIENT	P-VALUE
DJIA	-0.205	0.0048
FTSE	0.34	0.000
NIKKEI	0.0049	0.80
HANG SENG	0.346	0.000
BSE INTERCEPT	1.013	0.000
R SQUARE	0.80	
OBSERVATIONS	229	
LEVEL OF SIGNIFICANCE	0.05	

The p-values for DJIA and Nikkei were outside the alpha values therefore the null hypothesis is accepted for DJIA and Nikkei indicating that there is no significant impact on

BSE volatility. For other indexes FTSE and Hang Seng the p-values are within the alpha values hence the null hypothesis is rejected. Both FTSE and Hang Seng had significant impact on the volatility of BSE.

15 day volatility regression is calculated with BSE as a dependent variable and other indexes as independent variables.

The analysis of the table indicates that FTSE, Nikkei, and Hang Seng had positive impact on BSE volatility. DJIA had negative impact on BSE volatility. The same was tested at 5 percent level of significance with the following hypothesis.

H0: Has no significant impact on BSE

Ha: Has significant impact on BSE

The p-values except for Nikkei were within the alpha values. Therefore the null hypothesis was rejected for DJIA, FTSE and Hang Seng, indicating that they have significant impact on BSE. Nikkei did not report to have significant impact on BSE.

### Argentina Crisis – 1999

**Table 6.** Descriptive Statistics

INDEX	MEAN	MEDIAN	STANDARD DEVIATION	MINIMUM	MAXIMUM
DJIA	0.0863	-0.0148	1.0256	-2.595	2.8379
FTSE	0.0617	0.0765	1.141	-3.0413	3.199
NIKKEI	0.1494	0.1005	1.2772	-3.385	5.0097
HANG SENG	0.2305	0.114	1.683	-4.221	4.894
BSE	0.210	0.1787	1.818	-4.736	8.971

FTSE and DJIA and Nikkei had lowest average returns. Volatility was highest for BSE, Hang Seng and Nikkei. The lowest minimum return was reported for BSE, Hang Seng and Nikkei. The maximum returns reported during the period were seen for BSE, Nikkei and Hang Seng.

### Correlation of Returns

**Table 7.** Correlation of Returns

INDEX	RETURNS DJIA	RETURNS FTSE	RETURNS NIKKEI	RETURNS HANG SENG	RETURNS BSE
DJIA	1	0.1748	-0.0014	0.199	
FTSE		1	-0.075	0.169	
NIKKEI	-0.0013	-0.075	1		
HANG SENG	0.199	0.169	0.1601	1	
BSE	-0.0347	-0.0692	0.0376	0.0254	1

BSE had negative correlation with DJIA and FTSE. Positive correlation was observed for Nikkei and Hang Seng. Nikkei also had negative correlation with DJIA and FTSE. However, Hang Seng had positive correlation with all the indexes.

**7 Day Volatility Regression**

7 day volatility regression is calculated with BSE as a dependent variable and other indexes as independent variables

**Table 8.** 7 Day Volatility Regression

	CO-EFFICIENT	P-VALUE
DJIA	0.916	0.000
FTSE	-0.0736	0.66
NIKKEI	0.1651	0.165
HANG SENG	-0.3164	0.0003
BSE INTERCEPT	0.1578	0.000
R SQUARE	0.139	
OBSERVATIONS	231	
LEVEL OF SIGNIFICANCE	0.05	

All the indexes had positive impact on BSE. The p-values expect for FTSE were outside the alpha values. So the null hypothesis was rejected only for FTSE, indicating that only FTSE had significant impact on BSE. R square value was low. The goodness of fit to predict the values is also low.

**15 Day Volatility Regression**

15 day volatility regression is calculated with BSE as a dependent variable and other indexes as independent variables.

**Table 9.** 15 Day Volatility Regression

	CO-EFFICIENT	P-VALUE
DJIA	0.154	0.341
FTSE	0.3617	0.0039
NIKKEI	0.179	0.0512
HANG SENG	0.1445	0.192
BSE INTERCEPT	0.6846	0.0035
R SQUARE	.083	
OBSERVATIONS	238	
LEVEL OF SIGNIFICANCE	0.05	

The 15 day volatility showed that DJIA and Nikkei had positive impact on BSE. While, FTSE and Hang Seng showed positive impact on BSE. The p-values were outside the alpha value for FTSE and Nikkei accepting the null hypothesis. For DJIA and Hang Seng the null hypothesis rejected, indicating that the impact was significant on BSE.

**Russian Crisis -1998****7Day Volatility Regression**

7 day volatility regression is calculated with BSE as a dependent variable and other indexes as independent variables. The Russian crisis showed negative impact of DJIA and FTSE on BSE. The Asian markets on the other hand had positive impact on BSE. The p-values for DJIA, FTSE and Nikkei were outside the alpha values, indicating the null hypothesis true. Thus the result was only Hang Seng had significant impact on BSE.

**Table 10.** 7Day Volatility Regression

	<b>CO-EFFICIENT</b>	<b>P-VALUE</b>
DJIA	-0.2	0.069
FTSE	0.123	0.39
NIKKEI	0.043	0.67
HANG SENG	0.157	0.000
BSE INTERCEPT	1.41	0.000
R SQUARE	.08	
OBSERVATIONS	228	
LEVEL OF SIGNIFICANCE	0.05	

**15 Day Volatility Regression****Table 11.** 15 Day Volatility Regression

	<b>CO-EFFICIENT</b>	<b>P-VALUE</b>
DJIA	-0.159	0.122
FTSE	-0.163	0.19
NIKKEI	0.044	0.62
HANG SENG	0.142	0.000
BSE INTERCEPT	1.453	0.000
R SQUARE	0.043	
OBSERVATIONS	236	
LEVEL OF SIGNIFICANCE	0.05	

15 day volatility regression is calculated with BSE as a dependent variable and other indexes as independent variables. The analysis of the table indicates that only DJIA had negative impact on BSE. The p-values of all the indexes are outside the alpha, indicating that, the impact was not significant on BSE. Only Hang Seng had significant impact on BSE.

**Asian Financial Crisis - 1997****7Day Volatility Regression**

7 day volatility regression is calculated with BSE as a dependent variable and other indexes as independent variables

**Table 12.** 7 Day Volatility Regression

	<b>CO-EFFICIENT</b>	<b>P-VALUE</b>
DJIA	0.02	0.83
FTSE	-0.56	0.000
NIKKEI	0.37	0.000
HANG SENG	-0.06	0.03
BSE INTERCEPT	1.49	0.000
R SQUARE	0.15	
OBSERVATIONS	230	
LEVEL OF SIGNIFICANCE	0.05	

All markets except Nikkei had negative impact on BSE. The null hypothesis is accepted for DJIA and FTSE. The null hypothesis is rejected for Nikkei and Hang Seng.

**15 Day Volatility Regression**

15 day volatility regression is calculated with BSE as a dependent variable and other indexes as independent variables.

**Table 13.** 15 Day Volatility Regression

	<b>CO-EFFICIENT</b>	<b>P-VALUE</b>
DJIA	-0.061	0.54
FTSE	-0.093	0.55
NIKKEI	0.23	0.000
HANG SENG	-0.061	0.033
BSE INTERCEPT	1.29	0.000
R SQUARE	0.061	
OBSERVATIONS	238	
LEVEL OF SIGNIFICANCE	0.05	

FTSE and Hang Seng had negative impact on BSE. The null hypothesis is rejected for FTSE, Nikkei and Hang Seng.

**Mexican Crisis - 1994****7Day Volatility Regression**

7 day volatility regression is calculated with BSE as a dependent variable and other indexes as independent variables.

The analysis of the table indicates that only DJIA had negative impact on BSE volatility. The null hypothesis is rejected in all the cases.

**Table 14.** 7 Day Volatility Regression

	<b>CO-EFFICIENT</b>	<b>P-VALUE</b>
DJIA	-0.39	0.001
FTSE	0.42	0.008
NIKKEI	0.52	0.000
HANG SENG	0.26	0.000
BSE INTERCEPT	0.18	0.27
R SQUARE	0.46	
OBSERVATIONS	224	
LEVEL OF SIGNIFICANCE	0.05	

**15 Day Volatility Regression****Table 15.** 15 Day Volatility Regression

	<b>CO-EFFICIENT</b>	<b>P-VALUE</b>
DJIA	-0.68	0.000
FTSE	0.84	0.000
NIKKEI	0.6	0.000
HANG SENG	0.30	0.000
BSE INTERCEPT	0.09	0.64
R SQUARE	0.65	
OBSERVATIONS	216	
LEVEL OF SIGNIFICANCE	0.05	



15 day volatility regression is calculated with BSE as a dependent variable and other indexes as independent variables. Only DJIA had negative impact on BSE. The null hypothesis is rejected indicating that all markets had significant impact on BSE.

## CONCLUSION

During 1994 crisis in Mexico Hang Seng, FTSE and DJIA reported negative returns and highest volatility was observed for Hang Seng, BSE and Nikkei. During 1997 Asian financial crisis Hang Seng and Nikkei reported negative returns. The highest volatility was seen for Hang Seng, Nikkei and BSE. The Russian crisis during 1998 has seen negative returns for BSE and Nikkei. During the same period highest volatility was observed for Hang Seng, followed by BSE and Nikkei. The Argentina crisis did not show much impact on the markets. None of the markets reported negative returns. During 2008 crises all the markets reported negative returns highest negative returns were reported for BSE, Nikkei, and Hang Seng.

The returns correlation analysis showed that BSE had positive correlation with all the indexes. The regression co-efficient with BSE as dependent variable has shown that FTSE, Nikkei, Hang Seng had positive impact on BSE volatility. DJIA had negative impact on BSE volatility during 2008 crises. During Argentina crises, FTSE and DJIA and Nikkei had lowest average returns. Volatility was highest for BSE, Hang Seng and Nikkei. The lowest minimum return was reported for BSE, Hang Seng and Nikkei. The maximum returns reported during the period were seen for BSE, Nikkei and Hang Seng. BSE had negative correlation with DJIA and FTSE. Positive correlation was observed for Nikkei and Hang Seng. Nikkei also had negative correlation with DJIA and FTSE. However, Hang Seng had positive correlation with all the indexes. DJIA and Hang Seng had significant impact on BSE. During Russian crises, Hang Seng had significant impact on BSE. During Asian financial crises, FTSE, Nikkei and Hang Seng had significant impact on BSE. During Mexican crises, all markets had significant impact on BSE.

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## **WOMEN EMPOWERMENT THROUGH MGNREGA: A CASE STUDY OF BLOCK SHAHABAD OF DISTRICT ANANTNAG, JAMMU AND KASHMIR**

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### **ABSTRACT**

*Empowerment brings betterment, improvement or tremendous changes in the present position compared to previous position. Earlier women, especially the rural poor women second consideration behind women. With the passage of time the position and condition of women changed. Literacy programmes, awareness programmes and different kinds of employment generating programme the condition of women has improved a lot. The concept of women empowerment got wider popularity and acceptance with launching of decentralized planning in Jammu and Kashmir. Rural women are traditionally homebound; the employment guarantee act played a significant role for curbing gender discrimination and empowering rural women. The national rural employment guarantee act 2005 or NREGA was brought into force by the union government in February 2006 a different scheme for the betterment of women empowerment and development of rural population. The scheme is attractive especially for women because it stipulates that one third of the total workers should be women. Hence this study aims at analyzing the women participation on MGNREGA special reference to Shahabad block of Anantnag Districts, J& K.*

**Keywords:** Woman Empowerment; Gender Discrimination; MNREGA

### **INTRODUCTION**

*“Only through empowerment of women can the nation become strong. We have to start dreaming today about the success of our nation. We are born with such capacity and we will fulfil it.” - Dr. APJ Abdul Kalam*

Economic security is one of the main components of human and national as well as global security. Economic security requires employment and an assured source of basic income adequate for meeting one's basic needs. The primary objective of state policy is to generate adequate productive work opportunities in the growth process itself. Today the biggest challenges before the world are poverty, unemployment and pollution. The unemployment problems in developing countries, especially India sharply differs from that which prevails in developed nation. In India, the more serious problem is unemployment or disguised unemployment. To improve the above cited conditions of workers, at Panchayat level several schemes are introduced by the both central and state governments. The national rural employment guarantee act 2005 or NREGA was brought into force by the union government in February 2006. The act is far-reaching in its intent and scope. It is the first nation-wide employment scheme that guarantees employment legally to India's rural population. Naturally, it has been generated employment rate and enhanced lifestyle of rural population,

especially women population. This flagship programme of the government aims at enhancing livelihood security of house hold in rural areas by providing at least one hundred days of guaranteed wage employment in a financial year to every household whose adult members volunteered to do unskilled manual work with the stipulation of one-third participation of women. The MGNREGA provides wage employment while also focusing on strengthening natural resources management through works that address the chronic poverty like drought, deforestation, and soil erosion and thus encourage sustainable development

The main aim of the scheme is to reduce poverty through providing extra employment and income to the poorest in rural areas. All the schemes are self-targeting that is it not allows the non-poor to do such work and also help poor people to stick on the same job even if they get better job. The bargaining power of poor people in the labour market can be improved and also helps to bring a change in their living condition. A scheme will provide vulnerable insurance against different kinds of risks faced by rural poor in their daily lives. Another programme tries to address some of the causes of poverty in rural India. By its bottom-up demand driven nature, it aims to empower the rural poor to help them take actions in various domains that help them to escape from poverty.

The revolutionary scheme envisages the right of economically weaker sections living in rural India. Clearly the scheme will go a long way in the furthering human development in the villages across India. The government is vigilant on the issue of development priorities of the rural India. With this intension government is introduced a different scheme known as NREGP- which is a unique experiment in the provision of rural employment and is an enforceable legal entitlement.

NREGP is a revolutionary step for India's poor. It is currently the biggest self-targeting programme in India, open to all rural people who are willing and able to undertake manual labour in their village. The work guarantee can also serve the objective like generating productive assets, protecting the environment, empowering rural women, reducing rural to urban migration, forestry and social equity etc. The scheme provides equal wages to men and women has been shown the major characteristics of the scheme.

The paid employment opportunity under NREGP holds that women's ability to earn outside their households increased. The act mandates that at least one third of the workers should be women, so there is ample scope for women's participation. It provide child care facilities at the worksite. NREGP have been most focusing rural India development and women empowerment.

### **THE RESEARCH PROBLEM**

Several poverty alleviation and employment generation programmes were introduced by the various Indian states government, UT's and Government of India. But those schemes are not effectively and efficiently had worked to reduce poverty and increase the living standard of the people in rural India especially women population. Hence 2005 onwards government of India had introduced NREGP a different scheme for the betterment of women empowerment and development of rural population. Under this scheme has been guaranteed to 100 days wok providing every family in a financial year in rural India. The scheme is attractive especially for women because it stipulates that one third of the total workers should be women. Hence this study aims at analyzing the women participation on MGNREGA special reference to Shahabad block of Anantnag Districts, Jammu and Kashmir. The present study has been undertaken with reference to the following objectives.

**OBJECTIVES OF THE STUDY**

- To identify the growth rate of women participation under NREGP
- To know the extent to which NREGP is successful in achieving women empowerment.
- To examine the beneficial advantages acquired by the rural poor people through this programme on the basis of various parameters.

**METHODOLOGY**

The study is made by using primary survey. Primary data were collected from 100 NREGP card holders drawn from a selected villages of block Shahabad. Random sampling method was used for selecting the sample. Direct personal investigation along with scheduled questionnaire was used for collecting primary information. All appropriate conventional statistical tools have been used for analyzing the data.

**RESULTS AND DISCUSSION**

The following section provide information about table prepared by using the collected information, diagrams and pie charts are used to substantiate the information drawn through the tables.

**Table 1.** Social Conditions of the Respondents

Category	Number of respondents
Sex	
Female	79
Male	21
Marital Status	
Married	56
Unmarried	34
Widow	10
Age Group	
Below 30	8
31-50	77
Above 50	15
Educational Qualification	
Below 5 <sup>th</sup>	23
5 <sup>th</sup> -8 <sup>th</sup>	25
8 <sup>th</sup> -10 <sup>th</sup>	41
Above 10 <sup>th</sup>	11
Categorization of Workers	
APL	35
BPL	65
Type of House	
Concrete	60
Tile	29
Sheeted	11
Health problems	
Yes	20
No	80

Source: Survey data

Male are not the neglected category under this scheme. Under the surveyed sample 21 per cent of the respondents are males (table 1), 79 per cent of the sample are females, which shows the greater participation of women in this job. Due to low wages (₹ 150 per day) male workers are not attracted towards this job. Females prefer this job due to more security in the wage and lower risks etc. Table also shows that 56 percent are married, 34 percent are unmarried and 10 percent are widow. Majority of the surveyed persons are married and they prefer this job only for earning an extra income to maintain their family. The security provided by this job and the intention of getting a better status in the society compared to earlier period. The extra income in addition to widow pension, earned through this job helped the widows to improve their living condition. The table further indicating that, the majority of the female workers who engaged in this programme belongs to the age group of 31-50 i.e., 77 percent and 15 percent belongs to the age group of above 50. The old women especially of 40-50 age groups prefer this job due to comparatively easy work and able to share the work with younger members of their group, who are assigned a particular job. According to types of job the registered employees are classified into different groups. Even though the old people are not able to do the work alone the NREGP scheme helped them to join in a group of workers and do something instead of sitting idle in their home. From above table were found that 66 percent are with SSLC as their qualification and 23 percent of the workers got only fifth standard education. From this information it is derived that workers are with very low educational qualification. This shows that no basic qualification or skill is required for getting job under the scheme. Table also reveals that, 65 percent of the surveyed persons are from BPL families and only 35 percent are from APL families. The scheme is mainly intended for the up liftmen of the poor people, which are satisfied to a greater extent by increasing the participation of poor people. Table also depicts that out of the total surveyed people most of them are from concrete houses (60 percent); 29 percent of them possess tiled houses and 11 percent of the samples possess sheeted houses. Among the total surveyed samples 20 percent are suffering from health problems and these 30 per cent are old age workers. Remaining 80 percent are not suffering from any kinds of serious health problems.

**Table 2.** Economic Conditions of the Respondents

Category	Number of respondents
Spouse is employed	
Yes	79
No	11
Number of days employed	
Below 10	13
11-30	28
31-50	40
Above 50	19
Earnings of NREGP workers	
NREGP ( employment)	40
Agriculture	20
Non-agriculture	25
Others	15
Change in income	
Yes	70
No	30

**Table 2.** Economic Conditions of the Respondents

Category	Number of respondents
Main areas of expenditure	
Meeting home needs	35
Medicine	20
Repayment of loan	25
Travelling	13
Others	7
Saving	
Below 500	40
500-750	30
Above 750	Nil
No Savings	30

**Source:** survey data

Out of the total surveyed samples majority of the worker's spouses are employed in different jobs (79 percent, table 2) and 11 percent of the worker's spouses are not working and the remaining workers are widow. Majority of the worker's spouses are working as coolies so their income is not sufficient to meet their daily needs. Income earned through this job is providing an additional support for these workers. Table also shows that 40 percent of respondents take this as a side job. If they do not get any other high wage work they come to do job under NREGA scheme. 40 percent of the people get 31-50 days of work, 28 percent get 11-30 days of work and only 19 percent get more than 50 days of work. Hence this table indicates very few samples were participated fully in this scheme, because of availability of work and low wages compare to private sector. The source of lively hood of the worker from NREGP work and from other works. The 40 percent of the workers earn income from job under NREGP only. Twenty percent get income from agricultural activities. The 15 percent of are going for other works when work under NREGP is not available. Among the total surveyed people, 70 percent of the workers were felt that their income has increased after joining under in this scheme. And the remaining 30 percent felt that their income remains the same as before. Thus, the collected data shows that NREGP played a significant role in increasing the earnings of the rural poor.

It is evident that, the main areas of expenditure of samples 20 per cent of samples are using their wages for buying medicine. 30 percent of the people are using their wages for meeting day to day expenditure, 13 percent are using wages for travelling and 30 percent are using their wages for repaying loan. Most of the surveyed samples are old age people ,they are suffering from different kinds of body pains, veasing, back pain, leg pain etc. therefore, they have to buy medicines- ayurvedic, allopathy or homeopathy for getting relief from these diseases . In the case of married women (64 percent) before joining in this Scheme these expenses were met with their husband's income only, but now they are able to support their husband. With ₹ 164 per day, the workers able to earn ₹ 4264 per month even if they got work all days in a month (except Sundays). With income the members are utilizing a lower portion for saving purpose that is, 40 percent of samples have a saving of below ₹ 500, 30 per cent of samples got a saving between ₹ 500 and ₹ 750. These surveyed samples are also a member of SHGs and 6 per cent of them have no saving because the income earned is just sufficient to meet their daily expenses.

**Table 3.** Satisfaction level of the workers

Category	Number of respondents
Satisfaction level	
Yes	9
No	91
Source of information	
News paper	24
Panchayat member	36
SHGs	40

**Source:** survey data

Table 3 proves workers are not satisfied with the current wage rate and source of information etc. It is clear from the table that nearly nobody is satisfied with the current wage rate. The wage rate provided under NREGP is ₹ 150 per day, which is very low as compared to the wage rate in other daily jobs. But there is more job security compared to other private daily jobs. In this scheme card holders have been demanding for a wage increment. It is important that the information about availability of work under NREGP correctly and timely available to the workers through various ways. Table also presents SHGs playing a very important role for providing information about the availability of work under NREGP. Forty percent of the workers are getting information from SHGs and 36 percent of the workers are getting information from Panchayat members. Thus SHGs and Panchayat are helping for the successful implementation of NREGA scheme in rural areas.

**Table 4.** Reason for selecting work under NREGP

Category	Number of respondent
Reason for selecting the job	
Other work is not available	10
Scope for doing less work	30
Work suit women of different age group	60
Relatives engaged in NREGP	
Yes	28
No	72
Opinion of family members	
Supporting	68
Not supporting	32
Social status	
Increased	90
Not increased	10

**Source:** survey data

Table 4 is evident that the reason for preferring job under NREGP even with a lower wage rate. It is because of the possibility of doing less risky work. The work provide under this scheme require less hard work and do not involve any risk (30 percent). Sixty percent of the surveyed respondent likes this job, because it suit women of different age groups. Old people (age in between 50-75) can do this work because of the comparative easiness of the work. The NREGP card is available only to one person in a family. Therefore, one person in a family gets the job under NREGP. But relatives of some of the NREGP workers are also



engaged (28 percent) in different jobs under the NREGP scheme. The family members of the respondent provide all support to do the work under NREGP. Sixty-eight percent of the surveyed respondents are getting support from their family. This is one of the important factor for which women are showing interest to do job under this scheme. Thirty two percent are not supportive, it is not because of any defects of NREGP but because of they are old aged and therefore, their relatives are reluctant to send them to do the work. But the attitude of the old age respondents is to be encouraged because they prefer jobs due to an independent existence at their old ages. The table also depicts that, 90 per cent of the surveyed respondent believe that their social status is improved after joining in this programme, especially from widows. They got more self-respect than earlier period. People are able to mingle with others, share their feelings, and increase their participation in Gram Sabha. All this happened only after joining in this programme. In conclusion, even though there are several draw backs in the implementation of the programme, it succeeded in bringing some changes among a group of the rural people.

### **SUGGESTIONS**

The following are the suggestions for making changes in the implementation of the programme:

- The amount of employment provided by this scheme is limited in the agricultural sector. Some extent in agricultural sector, it is help to be growth rate on generation of employment and agricultural production in rural India.
- There is need to motivate the small and marginal farmers to register under NREGA, so more projects may be started for the development of agricultural sector.
- Social audit under MGNREGA should be strengthened. More creative useful of information technology should be made. This can greatly strengthen social audit and reduce chances of fraud and leakage.
- Facilitate speedy registration, job card and application of programme for improvement of this scheme in prospect.
- Allocation of fund for the purpose of promotion in a campaign made with the support from media and other agencies. It will be help to reduce corruption while the fund allocation.

### **OBSERVED CONCLUSION**

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), a scheme of Central government is unique in the sense that it provides adequate guarantee for the job. In this programme women are benefited most as a worker, than as a community. They are found to take this opportunity as freedom from their routine and tiresome family activities. Thus empowerment of women has emerged as an unintended consequence of MGNREGA. SHGs become a part of its successful implementation, which helped to increase the number of workers under this programme. Payment of wages through bank helps the workers to increase their deposits in the bank which helps the bank in financial inclusion process. Equal wages for men and women helps to reduce the gender inequality to some extent. And payment of unemployment allowances in the event that the local administration fails to provide work, is also an attracting feature of this programme. The old people, widows are the benefited group of this job. They get more respect from their family and society. The women become an earning member of the family. Any person, who is a NREGP card holder, gets

this job. No basic qualification is required for it. Therefore the programme benefited all the rural people and women especially. Overall, it brings women empowerment to a greater extent compared to earlier schemes and programmes introduced by the central and state government in India.

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## **A COMPARATIVE STUDY OF HUMAN DEVELOPMENT INDEX OF SELECTED INDIAN STATES**

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### **ABSTRACT**

*The Human Development Index is a statistical tool used to measure countries overall achievements in its social and economic dimensions. The social and economic dimension of a country based on the people's health, education level of people and their standard of living. At present time the overall average of HDI score of India is 0.55 (approx.)*

*This paper tried to find out major factor of Human Development Index like health index, education index and income index. The objective of this study is found out the trend of human development of Indian states and to suggest measures for improving human development. In this paper researchers have prepared the human development index of states of India and providing the ranking on basis of human development index and also providing the ranking on the basis of sub index. Conclusion of the study as follows: In this study researcher found that some states have good health index and highest ranked like Kerala then Punjab, Maharashtra. Some states have good education index and highest ranked like Himanchal Pradesh has taken highest rank, Tamil Nadu then Kerala. Some states have good income index and highest ranking like Haryana, Maharashtra, and then Gujarat.*

**Keywords:** Human Development Index; Health Index; Education Index; Income Index; GDP

### **INTRODUCTION**

“Human development is concerned with what I take to be the basic development idea: namely, advancing the richness of human life, rather than the richness of the economy in which human beings live, which is only a part of it. Human development is a concept within the scope of the study of the human condition, specifically international development, relating to international and economic development. (AmartyaSen, Nobel Laureate, 1998)

HDI is the abbreviated as Human Development Index. It was developed and launched by Pakistani economist Mahbub-ul-Haq, followed by Amartya Sen, an Indian economist, in 1990. Human Development Index, HDI, is a comprehensive tool devised by the United Nations for measuring the levels of social and economic developments of the different countries and ranking them accordingly. It is a comparative measure of life expectancy, education, literacy and standard of living. Essentially, Human Development Index, HDI, makes use of four parameters for measuring and ranking countries according to their social and economic development which includes the Life Expectancy at Birth, Expected Years of Schooling, Mean Years of Schooling and Gross National Income per Capita.

There are six basic pillars of human development: equity, sustainability, productivity, empowerment, cooperation and security.

- Equity is the idea of fairness for every person, between men and women; we each have the right to an education and health care.
- Sustainability is the view that we all have the right to earn a living that can sustain our lives and have access to a more even distribution of goods.
- Productivity states the full participation of people in the process of income generation. This also means that the government needs more efficient social programs for its people.
- Empowerment is the freedom of the people to influence development and decisions that affect their lives.

Accumulation of commodities & financial wealth is important for the development. Several Philosophers, economists and political leaders have long emphasized human wellbeing as the purpose of development. As Aristotle said in ancient Greece, "Wealth is evidently not the good we are seeking, for it is merely useful for the sake of something else."

Developed countries are defined as those who have a continuous progress in the indexes of life. The developed countries which are specific having better policies than those who have remain stagnant.

### **About The United Nations Development Programme**

UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in 177 countries and territories, we offer global perspective and local insight to help empower lives and build resilient nations. World leaders have pledged to achieve the Millennium Development Goals, including the overarching goal of cutting poverty in half by 2015. UNDP's network links and coordinates global and national efforts to reach these Goals. Our focus is helping countries build and share solutions to the challenges of:

- Poverty Reduction and Achievement of the MDGs
- Democratic Governance
- Crisis Prevention and Recovery
- Environment and Energy for Sustainable Development

UNDP helps developing countries by giving aid and it's used effectively. It encourages the protection of human rights, empowerment of women and capacity development. And it also focuses the global debate on key development issues, innovative analysis, providing new measurement tools and sometimes controversial policy proposal. The global analytical framework and inclusive approach carryover into national, regional and local Human Development are well supported by UNDP.

### **STATEMENT OF THE PROBLEM**

Now a day's several recent model of development have given lot of importance to human development. It can take place through education, health and family welfare and also influenced by legal, political and social environments in the society. It's very much required for economic, social and cultural developments in society.

A government of new emerging states is incapable of social regulatory services in rural areas. Many economic policies are besieged by the cost of servicing their foreign debt and thus the government is under stringent requirement from international financial institution to reduce spending. To achieve the greater cost effectiveness the government must have active support and greater contribution from the people. Thus the government is obliged to seek new unfamiliar partners like local leaders and people from non- governmental organization.

**OBJECTIVES OF THE STUDY**

- To analyze the trend of human development of Indian states.
- To suggest measures for improving the human development.

**RESEARCH DESIGN AND METHODOLOGY****HYPOTHESIS**

<b>Data:</b>	Secondary
<b>Data source:</b>	Research papers, Books, Periodicals, Journals and Government websites etc.
<b>Period of study:</b>	2001 to 2012
<b>Type of Research:</b>	Combination of descriptive and explorative research
<b>Tools:</b>	Simple statistical tools such as time series cross section analysis etc.
<b>Universe size:</b>	East zone, West zone, South zone, North zone, north east zone ,Central zone
<b>Sample size:</b>	20 States (Andhra Pradesh, Assam, Bihar, Gujarat, Karnataka, Kerala, M.P, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, U.P, West Bengal, Himanchal Pradesh, Goa, Jharkhand, Chattisgarh, Uttaarakhand, Arunachal Pradesh)
<b>Parameters:</b>	Human Development Indicators ( education, income, health )

**Present State of Knowledge**

Gustav Ranis (2004): In his study entitled that Human Development and Economic Growth

Recent literature has contrasted Human Development, described as the ultimate goal of the development process, with economic growth, described as an imperfect proxy for more general welfare, or as a means toward enhanced human development. This debate has broadened the definitions and goals of development but still needs to define the important interrelations between human development (HD) and economic growth (EG).

To the extent that greater freedom and capabilities improve economic performance, human development will have an important effect on growth. Similarly, to the extent that increased incomes will increase the range of choices and capabilities enjoyed by households and governments, economic growth will enhance human development. This paper analyzes these relationships and the two-way linkages involved.

Rajarshi Majumder (2005) in his study entitled that Human Development in India: Regional Pattern and Policy Issues

Development literature in the past decade has become more people centric with human development being projected as one of the 'ends' of development planning. The present paper tries to explore the trends, patterns and regional dimension of human development (HD) in

India through construction of alternate HD indices for the districts of India. The association between HD indices and conventional measures like per capita income has been explored. Substantial inter-regional disparity in HD is observed. Probable reasons for such disparity have been inquired. Suggested policies to enhance HD include greater role of the State in provisioning of social infrastructure, especially to the hitherto marginalized groups.

Purusottam Nayak (2009) in his study entitled that Human Development in Northeastern Region of India: Issues and Challenges

The paper is a brief account of findings of various human development reports and studies undertaken by individual researchers on the states of northeast India. The findings reveal that achievement of northeastern region is quite satisfactory in comparison to all India average achievements in some dimensions of human development but it has miserably failed in bringing commensurate economic growth and equitable distribution. There exists wide spread disparity of socioeconomic achievements across different states and within, from urban to rural areas and between male and female. If the problems of poor economic growth, poverty, gender disparity and general health of the people are not properly addressed the region may fall into the trap of vicious quadrant instead of moving to a virtuous one. The way out from this trap is through achievement of a productive, balanced and sustainable economy with appropriate intervention in health sector and poverty alleviation programs.

Santanu Ray and Purusottam Nayak (2010) in his study entitled that Human Development in North East India

The paper is an attempt to make a critical assessment of the process of expansion of human capabilities in northeastern states of India by examining reports published by Planning Commission and Ministry of Women and Child Development, Govt. of India in 2002 and 2009 respectively. The N.E. States are compared not only among themselves but also with the corresponding performance at the national level using various indices such as HDI, HPI, GPI, GDI and GEM. The paper concludes that a parallel expansion of economic opportunities for both the sexes and different sections of the society is necessary to achieve sustainable expansion of human capabilities.

Akbar Khodabakhshi (2011) in his study entitled that Relationship between GDP and HDI in India

The Human Development Index is a composite index to measure his development of human resources in each country and four indicators of life expectancy; income per capita, the average number of years studying and hope to the number of years of education will be formed. Countries, according to the Department of Human Development Index, with high human development, countries with high human development, and human development countries with medium and low human development are divided.

The development goal is to create conditions where people can live a long and healthy life and benefit in knowledge. The Human Resource Development Index is one of the important indicators of economic development for each country and is considered to have an effective role in economic development. The importance of the Human Development Index is put to review on the Indian economy. Trends change each of the three human resource development indexes during the 30-year period from 1980 to 2010. In this article, we will consider the relationship between GDP and three indicators of human resources in India.

In addition, we will evaluate the relationship and mutual effects of each of the three indicators of human resource development in the Indian economy using the latest (2010)

formula provided by the United Nations. In this study, GDP or income act as the dependent variables and the three indicators of long life, health and education act as independent variables

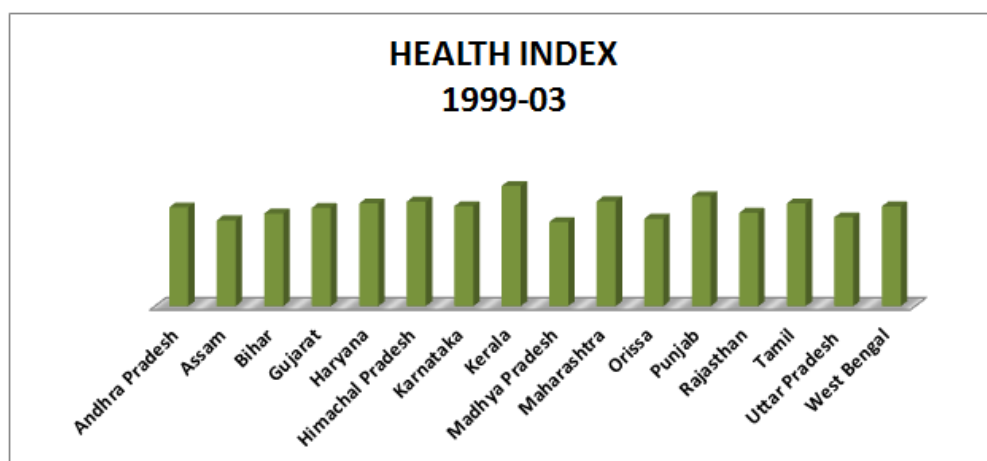
**ANALYSIS****Human Development Index**

- Health Index
- Education Index
- Income Index

**Table 1.** Health Index

Indian States	HEALTH INDEX			
	1999-03	2000-04	2002-06	2006-10
Andhra Pradesh	0.691455696	0.694620253	0.702531646	0.724684
Assam	0.601265823	0.606012658	0.615506329	0.662975
Bihar	0.648734177	0.651898734	0.658227848	0.724684
Gujarat	0.688291139	0.691455696	0.69778481	0.740506
Haryana	0.71835443	0.721518987	0.731012658	0.743671
Himachal Pradesh	0.731012658	0.735759494	0.743670886	-0.31646
Karnataka	0.699367089	0.710443038	0.716772152	0.746835
Kerala	0.841772152	0.849683544	0.85443038	0.857595
Madhya Pradesh	0.588607595	0.591772152	0.601265823	0.670886
Maharashtra	0.734177215	0.737341772	0.746835443	0.789557
Orissa	0.612341772	0.615506329	0.626582278	0.68038
Punjab	0.768987342	0.773734177	0.78164557	0.780063
Rajasthan	0.653481013	0.65664557	0.664556962	0.735759
Tamil	0.71835443	0.723101266	0.731012658	0.773734
Uttar Pradesh	0.621835443	0.626582278	0.632911392	0.675633
West Bengal	0.69778481	0.702531646	0.710443038	0.775316

**Source:** National Health Profile 2009

**Figure 1**

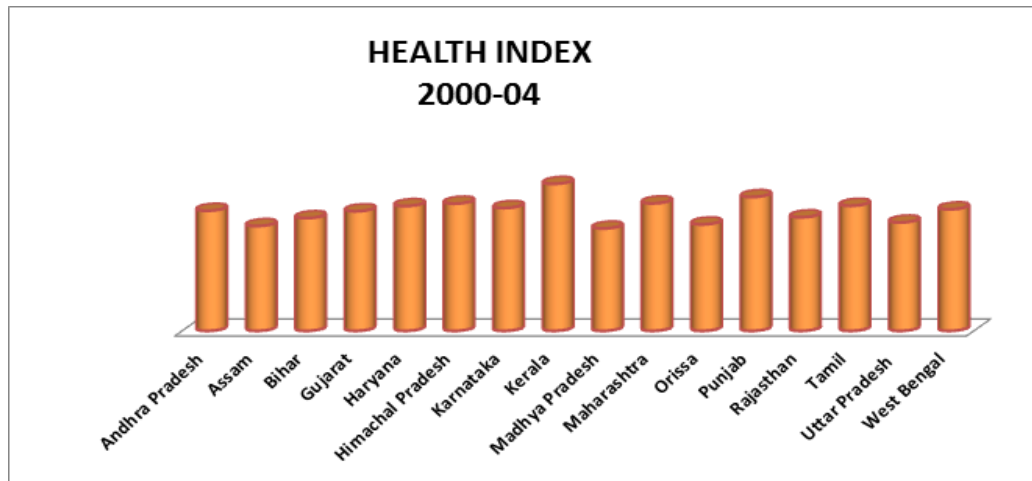


Figure 2

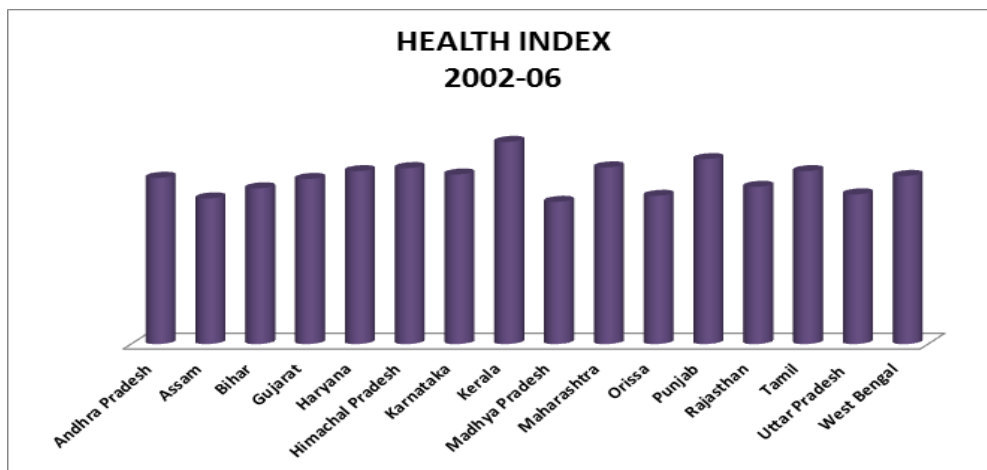


Figure 3

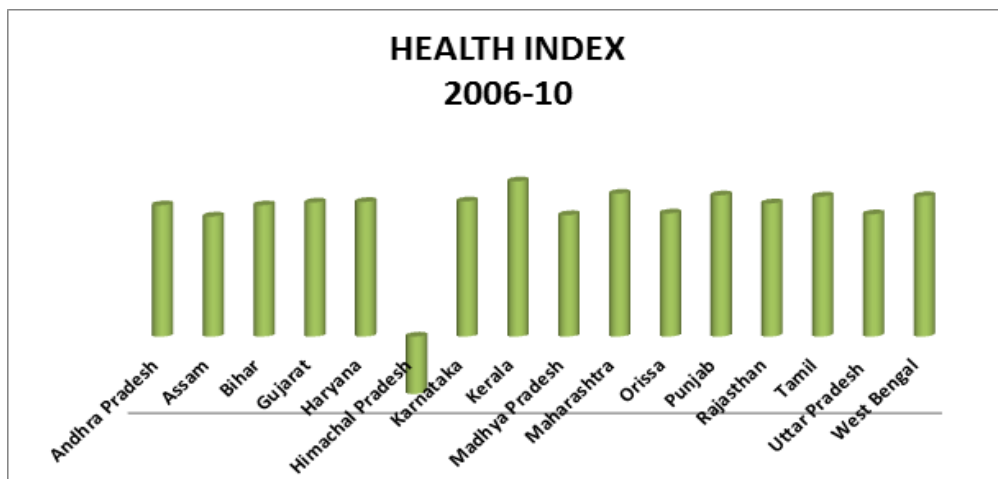


Figure 4



**Table 2.** Ranking

INDIAN STATES	RANKING			
	1999-03	2000-04	2002-06	2006-10
ANDHRA PRADESH	10	9	9	10.5
ASSAM	14	15	15	14
BIHAR	11	12	12	10.5
GUJARAT	9	10	10	8
HARYANA	5	5	5	7
HIMACHAL PRADESH	4	4	4	15
KARNATAKA	7	7	7	6
KERALA	1	1	1	1
MADHYA PRADESH	15	16	16	13
MAHARASHTRA	3	3	3	2
ORISSA	13	14	14	11
PUNJAB	2	2	2	3
RAJASTHAN	10	11	11	9
TAMIL	5	5	6	5
UTTAR PRADESH	12	13	13	12
WEST BENGAL	8	8	8	4

**Interpretation**

In this study using the data of life expectancy at birth researchers prepare the health index and providing the ranking on the basis of health index. Kerala has taken highest rank following Punjab, Maharashtra, then and Madhya Pradesh, Andhra Pradesh, Assam and Bihar. But the Karnataka, Tamil Nadu has obtained moderate rank.

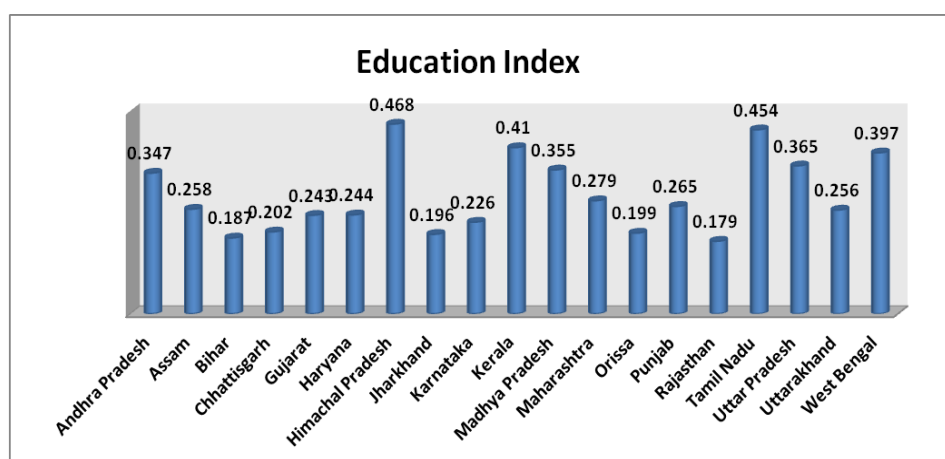
**Education Index****Table 3.** Education Index

State	Mean Years Of Schooling (Years) (2004/05)	School Life Expectancy (Years) (2007/08)	Education Index	Rank
Andhra Pradesh	3.06	9.66	0.347	7
Assam	3.96	9.54	0.258	10
Bihar	2.97	9.58	0.187	18
Chhattisgarh	3.39	9.31	0.202	15
Gujarat	4.54	8.79	0.243	13
Haryana	4.74	9.68	0.244	12
Himachal Pradesh	4.88	11.05	0.468	1
Jharkhand	3.32	9.68	0.196	17
Karnataka	3.95	9.75	0.226	14
Kerala	6.19	11.33	0.41	3
Madhya Pradesh	3.47	8.95	0.355	6
Maharashtra	5.12	9.86	0.279	8
Orissa	3.34	8.74	0.199	16
Punjab	5.12	9.8	0.265	9

**Table 3.** Education Index (Contd....)

State	Mean Years Of Schooling (Years) (2004/05)	School Life Expectancy (Years) (2007/08)	Education Index	Rank
Rajasthan	2.96	9.19	0.179	19
Tamil Nadu	4.79	10.57	0.454	2
Uttar Pradesh	3.56	9.19	0.365	5
Uttarakhand	4.97	10.23	0.256	11
West Bengal	4.36	8.87	0.397	4

Source: UNDP Report 2011

**Figure 5.****Interpretation**

After perusal of the data obtained from UNDP report of HDI 2011 on education index, it is clear that Himachal Pradesh has taken highest rank followed by Tamil Nadu and Kerala. Assam, Jharkhand, Bihar and Rajasthan have taken consistently lowest rank. Whereas Punjab, Orissa, Uttarakhand then Maharashtra has a moderate rank in education Index.

**Income Index****Table 4.**

STATE	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Andra Pradesh	2.761	2.025	2.08	2.21	2.152	2.263	0.605
Arunachal Pradesh	1.998	2.018	2.037	2.147	1.936	2.227	0.569
Assam	1.798	1.835	1.855	1.94	1.722	1.979	0.321
Bihar	1.472	1.492	1.572	1.676	1.953	1.772	0.114
Jharkhand	1.841	1.833	1.857	2.006	2.688	1.974	0.315
Goa	2.46	2.498	2.537	2.648	2.295	2.711	1.052
Gujarat	2.079	2.147	2.198	2.311	2.383	2.343	0.685
Haryana	2.153	2.196	2.253	2.367	2.252	2.447	0.789
Himachal Pradesh	2.096	2.138	2.166	2.255	2.034	2.294	0.635
J & K	1.91	1.936	1.959	2.05	2.236	2.067	0.409

STATE	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Karnataka	2.003	2.065	2.116	2.239	2.279	2.258	0.599
Kerala	2.077	2.13	2.167	2.271	1.955	2.32	0.662
Madhya Pradesh	1.762	1.791	1.84	1.932	2.09	1.996	0.338
Chhattisgarh	1.842	1.874	1.955	2.08	2.35	2.086	0.427
Maharashtra	2.129	2.189	2.255	2.369	1.948	2.41	0.751
Manipur	1.844	1.879	1.891	1.975	2.159	1.977	0.318
Meghalaya	1.955	1.99	2.051	2.146	2.14	2.193	0.535
Mizoram	1.965	1.996	2.019	2.123	2.219	2.178	0.52
Nagaland	2.057	2.099	2.123	2.213	2.051	2.234	0.576
Odisha	1.82	1.845	1.907	2.054	2.297	2.076	0.418
Punjab	2.093	2.129	2.182	2.305	2.049	2.337	0.678
Rajasthan	1.842	1.877	1.941	2.041	2.226	2.084	0.426
Sikkim	2	2.051	2.068	2.173	2.288	2.377	0.719
Tamil Nadu	2.051	2.117	2.186	2.289	2.105	2.343	0.685
Tripura	1.977	1.996	2.024	2.104	1.864	2.142	0.483
Uttar Pradesh	1.998	1.723	1.765	1.861	2.259	1.909	0.251
Uttarkhand	1.798	2.039	2.106	2.241	2.104	2.313	0.655
West Bengal	1.472	1.963	2.005	2.111	2.394	2.162	0.503

Source: Central Statistics Office (CSO)

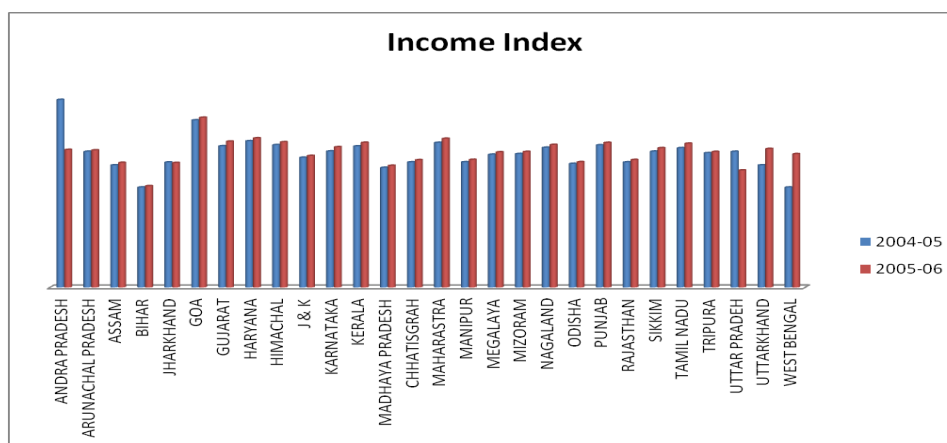


Figure 6.

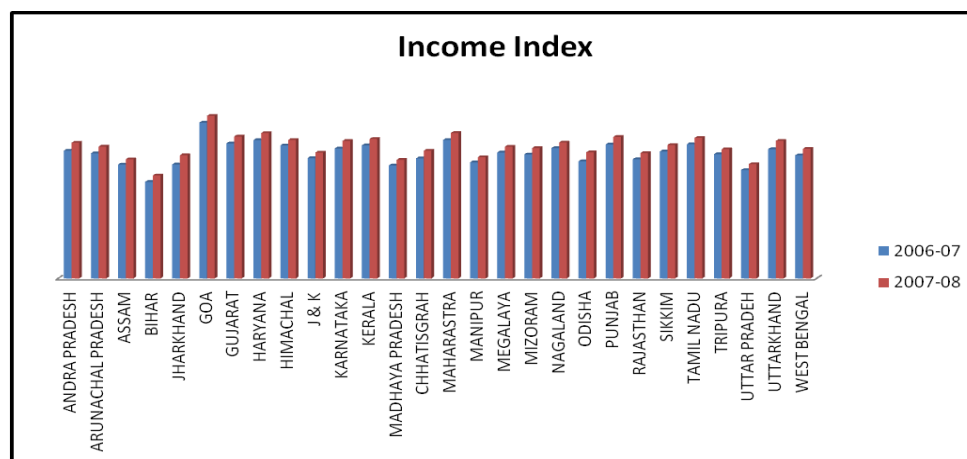
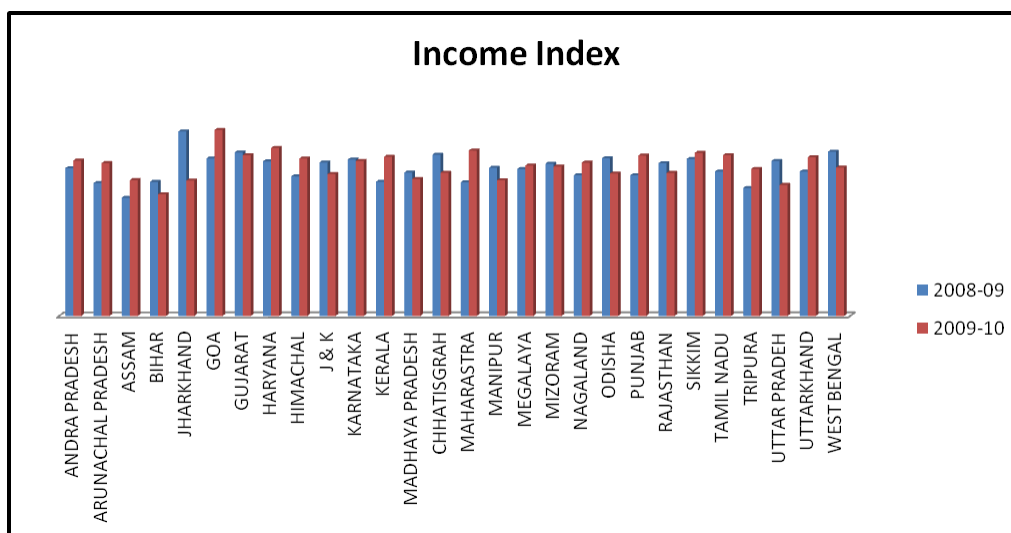
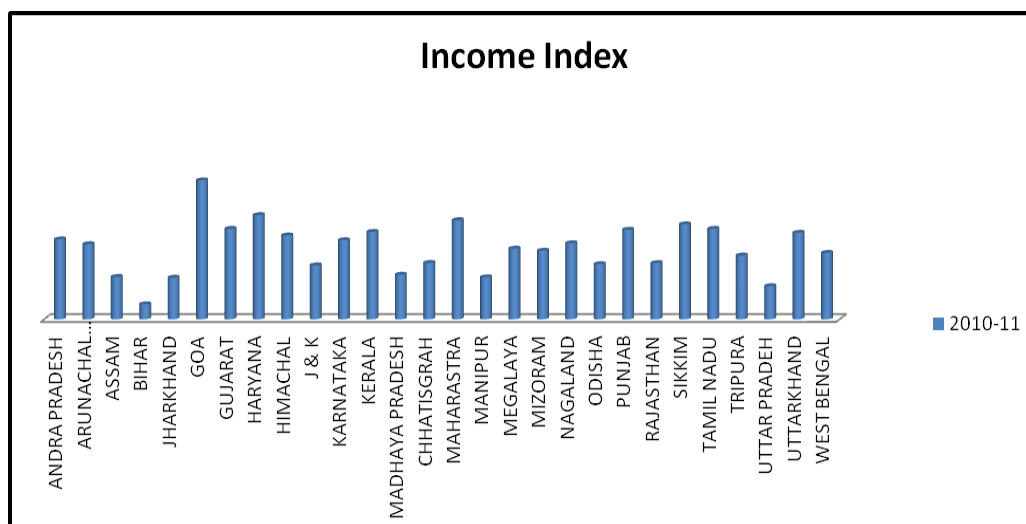


Figure 7.



**Figure 8.**



**Figure 9.**

**RANKING**

State	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Andhra Pradesh	1	13	12	12	15	11	11
Arunachal Pradesh	14	14	15	14	26	14	14
Assam	24.5	24	25	25	28	24	24
Bihar	27.5	27	28	28	24	28	28
Jharkhand	22	25	24	23	1	26	26
Goa	2	1	1	1	6	1	1
Gujarat	7	4	4	4	3	5	5.5
Haryana	3	2	3	3	10	2	2
Himachal Pradesh	5	5	8	8	22	10	10
J & K	18	19	19	21	11	22	22
Karnataka	11	10	10	10	8	12	12

Contd....

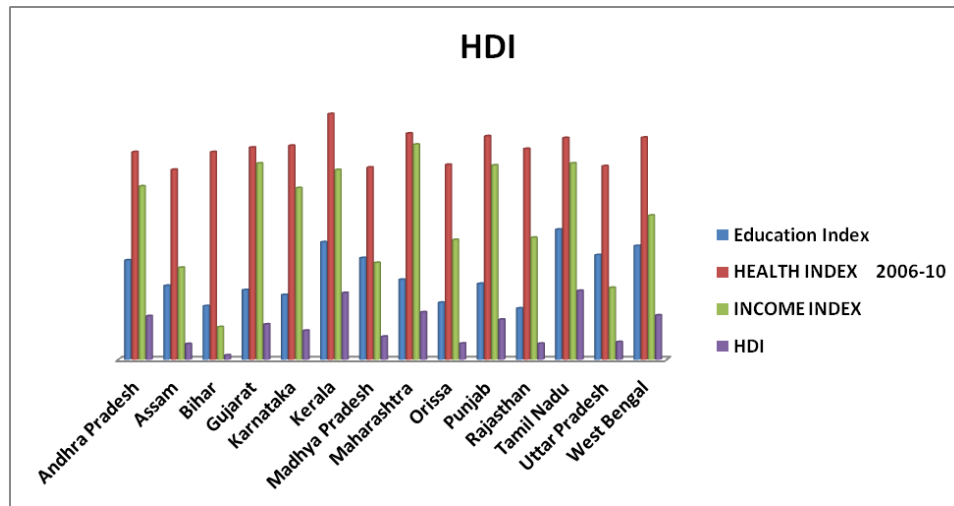
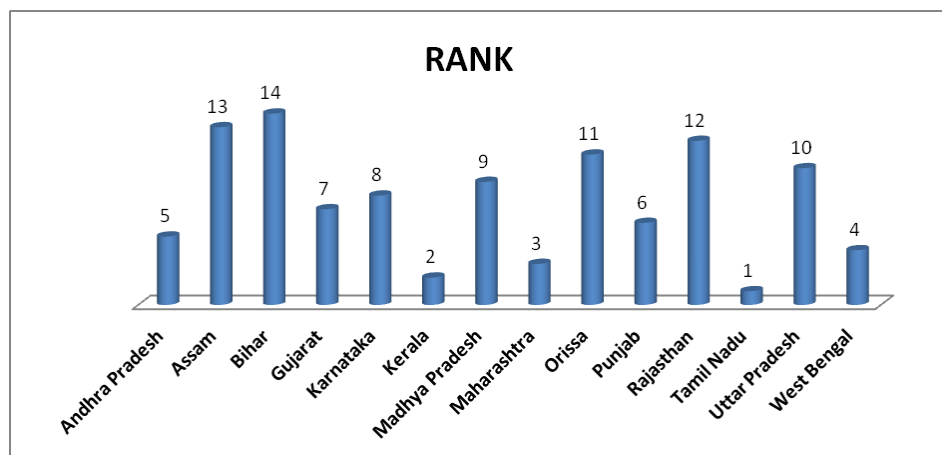
State	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Kerala	8	6	7	7	23	8	8
Madhya Pradesh	26	26	26	26	19	23	23
Chhattisgarh	20.5	22	20	19	4	19	19
Maharashtra	4	3	2	2	25	3	3
Manipur	19	20	23	24	14	25	25
Meghalaya	17	17	14	15	16	15	15
Mizoram	16	15.5	17	16	13	16	16
Nagaland	9	9	9	11	20	13	13
Odisha	23	23	22	20	5	21	21
Punjab	6	7	6	5	21	7	7
Rajasthan	20.5	21	21	22	12	20	20
Sikkim	12	11	13	13	7	4	4
Tamil Nadu	10	8	5	6	17	6	5.5
Tripura	15	15.5	16	18	27	18	18
Uttar Pradesh	14	26	27	27	9	27	27
Uttarakhand	24.5	12	11	9	18	9	9
West Bengal	27.5	18	18	17	2	17	17

**Interpretation**

On study the income index data obtained from planning commission, it is clear that GOA has obtained top rank following Haryana and Maharashtra whereas Gujarat, Madhya Pradesh, Jharkhand, Assam and Bihar have taken consistently lowest rank. Karnataka, Tamil Nadu and Andhra Pradesh has taken moderate ranking in income index.

**Human Development Index****Table 5.** Human Development Index

State	Education Index	Health Index 2006-10	Income Index 2010-11	HDI	Rank
Andhra Pradesh	0.347	0.724684	0.605	0.152137	5
Assam	0.258	0.662975	0.321	0.054906	13
Bihar	0.187	0.724684	0.114	0.015449	14
Gujarat	0.243	0.740506	0.685	0.123261	7
Karnataka	0.226	0.746835	0.599	0.101102	8
Kerala	0.41	0.857595	0.662	0.232768	2
Madhya Pradesh	0.355	0.670886	0.338	0.0805	9
Maharashtra	0.279	0.789557	0.751	0.165435	3
Orissa	0.199	0.68038	0.418	0.056595	11
Punjab	0.265	0.780063	0.678	0.140154	6
Rajasthan	0.179	0.735759	0.426	0.056105	12
Tamil Nadu	0.454	0.773734	0.685	0.240624	1
Uttar Pradesh	0.365	0.675633	0.251	0.061898	10
West Bengal	0.397	0.775316	0.503	0.154824	4

**Figure 10****Figure 11****Interpretation**

On the basis of the health index, education index and income index researcher came on conclusion Tamil Nadu has taken highest rank followed by Kerala whereas Bihar, Assam is at lowest rank. The state like Punjab, Gujarat and Karnataka obtained moderate rank.

**FINDINGS**

- In this study researcher construct the health index and find the trend of health index from different states during different period of time.
- Researcher found that the Kerala has taken highest rank then Punjab, Maharashtra, Madhya Pradesh, Andhra Pradesh, Assam and Bihar has taken a consistency lowest rank. Karnataka, Tamil Nadu has obtained moderate rank in health index.
- According to UNDP report regarding education index Himachal Pradesh has taken highest rank, Tamil Nadu then Kerala. Rajasthan, Bihar, Jharkhand, Assam and Bihar have taken a consistency lowest rank. Punjab, Orissa, Uttarakhand, Maharashtra have obtained moderate rank.

- In this study researcher construct the income index and find the trend of income of different states from different period of time. And also scattered trend of states of India. Goa has taken highest rank then Haryana, Maharashtra and Gujarat. Madhya Jharkhand, Assam and Bihar has taken a consistency lowest rank. Karnataka, Tamil Nadu, Andhra Pradesh have taken moderate rank.
- According to the HDI Tamil Nadu has taken a highest rank followed by Kerala and lowest rank is taken by Bihar and Assam. Punjab, Gujarat, and Karnataka have taken moderate rank.

**SUGGESTION**

In this study researcher obtained that some states facing backward situation facing in major area like: education, health facility, low income etc. This study provide help to state government create an awareness activities regarding vocational skills, development for income generation, focus on education system and also providing medical facility and health insurance etc. it is compulsory for every people.

**CONCLUSION**

In this study researcher obtained that several states have good health index and highest ranked like Kerala then Punjab, Maharashtra. Some states have good education index and highest ranked like Himachal Pradesh has taken highest rank, Tamil Nadu then Kerala. Some states have good income index and highest ranking like Haryana, Maharashtra, and then Gujarat.

But some states have lowest health index and lowest ranked Madhya Pradesh, Andhra Pradesh, Assam then Bihar. Some states have lowest education index and lowest ranked Rajasthan, Bihar, Jharkhand, Assam then Bihar. Some states have lowest income index and lowest ranked Madhya Jharkhand, Assam then Bihar.

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## **DEVELOPMENT IN COOPERATIVE BANKING AND FINANCIAL INCLUSION**

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### **ABSTRACT**

*The financial position of Urban Cooperative banks showed a varied performance in terms of important indicators such as profitability and non-performing assets. The net profits of UCB's also reduced due to the slowdown of the Indian Economy, but their asset quality showed good performance which helped in the strengthening prudential norms and regulations.*

*Financial Inclusion though says, to provide access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections at an affordable cost from mainstream financial institution, though succeeded in achieving some milestones like opening of no frill account, relaxation of KYC norms for small account holders, engaging business correspondents for providing financial services, upgrading technology, for delivery of social welfare schemes providing Direct benefit transfer etc., but has a long way to go in adopting an integrated approach for financial education, issue of new bank licenses, review of the cash management practices and so on.*

**Keywords:** Cooperative Banking; Financial Inclusion

### **INTRODUCTION**

The cooperative banking system forms an integral part of Indian Financial system. It comprises urban cooperative banks and rural cooperative credit institutions. Urban Cooperative banks have a single tier structure whereas rural cooperatives have a two or three tier structure.

The single tier Urban Cooperative Banks (UCB's) also referred to as primary cooperative banks play an important role in meeting the growing credit needs of urban and semi-urban areas of the country. The UCB's which grew rapidly in the early 1990's showed certain weaknesses arising out of lack of sound corporate governance, unethical lending, comparatively high levels of non-performing loans & their inability to operate in a liberalized environment. Accordingly, some of the weak UCB's have been either liquidated or merged with other banks.

Cooperative banks in India are more than 100 years old. The banks came into existence with the enactment of the Agricultural Credit Cooperative Societies Act in 1904. Cooperative banks operate mainly for the benefit of rural areas, particularly the agricultural sector. Cooperative banks mobilize deposits and supply agricultural and rural credit with a wider outreach. They are the main source of institutional credit to the farmers. Cooperative banks are primarily responsible for breaking the monopoly of moneylenders in providing the credit

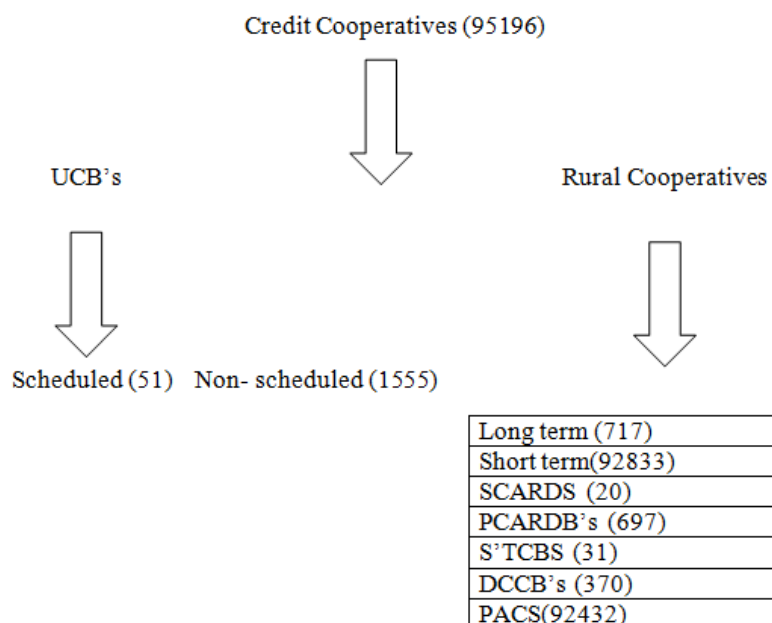
to agriculturists. They have also been an important instrument for various development schemes, particularly subsidy based programmes for the poor. Cooperative banks operate for non agricultural sector but their role is small.

Though much smaller as compared to scheduled commercial banks, cooperative banks constitute an important segment of the Indian banking system. They have an extensive branch network and reach out to people in remote areas. They have traditionally played an important role in creating banking habits among the lower and middle income groups and in strengthening rural credit delivery system. Urban Cooperative banks play an important role in meeting the growing credit needs of the urban and semi-urban areas. UCB's mobilize savings from the middle and lower income groups and provides credit to small borrowers including weaker sections of the society. Scheduled UCB's are under closer regulatory and supervisory framework of the Reserve Bank of India. Unfortunately, financial reforms have not impacted the functioning of cooperative banks. The financial reforms process initiated in 1991 has tried to achieve regulatory convergence among various financial intermediaries in view of their systematic importance. Therefore the basic objectives and instruments of reforms for cooperative banks have been the same as for State Cooperative Banks (SCB's). However given the special characteristics of cooperative banks, they have been extended certain dispensations in terms of pace and sequencing of reforms. UCB's have grown rapidly since the early 1990. During the phase of rapid expansion, however the sector showed certain weaknesses arising out of

1. Lack of sound corporate governance.
2. Unethical lending
3. Comparatively high level of loan defaults.
4. Inability to operate in a liberalized and competitive environment.

The RBI therefore has been striving to harness the growth of UCB's with appropriate application of prudential regulation and supervision to safeguard the interest of depositors. Keeping in view the weak financial position of many UCB's the RBI has undertaken a series of measures directed towards strengthening of the UCB's. Since 1993, the UCB's have been advised to adhere to the prudential norms which include the following:

1. Applying capital adequacy standards
2. Prescribing an asset-liability management framework
3. Enhancing the proportion of holding of government and other approved securities for the purpose of (SLR) stipulation
4. Restriction on bank finance against the security of corporate shares and debentures.
5. Limiting the exposure to capital market Investments.



Scheduled bank has 25 Multistate and 26 Single State banks.

Non Scheduled bank has 21 Multistate and 1534 Single State banks.

**Abbreviations:** DCCB's-District Central Cooperative Banks, PAC's-Primary Agricultural Credit Societies, StCB's-State Cooperative Banks, PCARDB's-Primary Cooperative Agriculture and Rural Development banks, SCARDB's-State Cooperative Agriculture and Rural Development Banks

### **Performance of Urban Cooperative Banks**

#### **Further consolidation of UCB sector**

The RBI adopted a multi layered regulatory and supervisory strategy aimed at the merger amalgamation of viable UCB's and the exit of unviable ones for the revival of the sector. As a result the total no of UCB's at the end of 2013 stood at 1606 as against 1618 in March 2012.

#### **Tier II UCB's dominate the business operations of UCB's**

There has been a stable growth in the B/S of UCB's were classified into Tier I & Tier II categories based on their deposit base. In recent years Tier II banks, which have a larger deposit base and wider geographical presence, have been grown considerably in terms of both number and asset size.

#### **Improvement in the financial strength of UCB's**

The RBI discontinued the erstwhile classification of UCB's into different grades for regulating & supervisory purposes with the introduction of CAMELS (capital adequacy, asset quality, management, earnings, liquidity, systems & control) rating model to gauge the financial soundness of UCB's. Under the new camels rating model, a composite rating of A/B/C/D/ in decreasing order of performance is given to a bank, based on the weighted average rating of individual components of camel rating model.

**Further increase in asset concentration within the UCB sector in 2012-2013**

There has been an increase in asset concentration within the UCB sector in recent years, partly as an outcome of consolidation. The no of UCB's with an asset size of more than 102 billion increased sharply between 2008 and 2013. Notably the percentage share of such UCB's in the total assets of UCB sector increased from about 37 to 50% during the period.

**Asset growth of UCB's remained stable in 2012-2013**

The assets of UCB's increased by 11.4% in 2012-2013. There was some moderation in their credit growth owing to sluggish demand in the economy.

**Scheduled UCB's account for nearly half of total assets of UCB's**

Schedule UCB's are banks included in the second schedule of the RBI Act 1934 and include banks that have paid up capital and reserves of less than 0.5m and which carry out their business in the interest of depositors to the satisfaction of the RBI. At the end of March 2013, there were 51 scheduled UCB's which had a share of nearly half of the total assets of UCB's.

**CD Ratio of UCB's contained to be lower than SCB's**

Although the Credit-Deposit (CD) ratio of UCB's hovered in the vicinity of the preceding year, the ratio continued to be lower than that of SCB's. However the investment deposits ratio was higher for UCB's than it was for SCB's primarily due to deposits of the former with StCB's and DCCB's as alluded earlier.

**Profitability indicators of UCB's remained stable in 2012-2013**

UCB's net profits witnessed a moderation during 2012-13. There was a sharp increase in both their interest and non-interest income. However UCB's total expenditure also rose during the year due to pick up in the interest component of expenditure.

**Sustained improvement in the asset quality of UCB's**

The asset quality of UCB's has witnessed sustained improvement in recent years. The gross NPA's of UCB's exhibited a decline in absolute terms as well as percent to total advances in 2012-13 vis-a vis 2011-12.

**Increase in Provisioning Coverage Ratio (PCR) for UCB's**

Provisions for NPA's of UCB's have increased over the years.

2008-09	60%
2009-10	70%
2012-13	78%

**About 88% of UCB's reported CRAR (Capital to Risk Weighted Assets Ratio) above the statutory minimum in 2012-13**

The CRAR was above the statutory minimum of 9% at the end of March 2013 with respect to 1415 UCB's. 191 UCB's both scheduled and non scheduled reported CRAR below the statutory minimum as at March end 2013. Among scheduled UCB's 4 had a negative CRAR.

**Credit to small enterprises and housing dominated priority sector advances by UCB's in 2012-13**

The credit to small enterprises and housing accounted for nearly 1/3<sup>rd</sup> of the total credit of these institutions in 2012-13. These institutions primarily cater to the requirement of urban consumers which explains the predominance of the two sectors in the UCB's portfolio.

**Increase in the provision of credit to weaker sections by UCB's**

Small enterprises, housing loans and micro credit are the 3 major constituents in terms of priority in providing credit to weaker sections by UCB's. The aggregate credit to weaker sections by UCB's has increased in 2012-13 as compared to 2011-12.

**Concentration of banking business of UCB's continued to be in the western region**

The banking business of UCB's comprising of deposits plus advances continued to be concentrated largely in the western region, followed by the southern region. These two regions together with 27% of the total districts in India accounted for about 91% of total banking business of UCB's.

So from the above discussion we can rightly conclude that:

1. UCB's exhibited improvements in the asset quality, moderation in profitability, however capital adequacy of some institutions remains a concern.
2. Under short term cooperatives the financial performance of State Cooperative banks and District Central Cooperative Banks exhibited improvements however PACS continued to be affected by financial weaknesses.
3. Financial soundness of long term cooperatives continued to be fragile.

**Financial Inclusion**

Before we look on financial inclusion, we will first see RBI panels 2016 vision with focus on Financial Inclusion.

1. Every adult Indian to have a universal electronic bank account.
2. Every resident would have access to an electronic payment system within 15 minutes of walking distance and it would allow resident to deposit and withdraw cash.
3. Each household would have access to suitable investment and deposit product providers at reasonable charges.
4. Each household would have access to formally regulated lenders.
5. Each household and business will have access to insurance and risk management product.
6. Each low income household and business would have a legally protected right to be offered only suitable financial services.

Financial Inclusion has been a much debated subject for several years now and over the last few years, it has gained a lot of momentum. The issue has been a subject of discussion and development of various financial services industries-banking, capital markets, mutual funds insurance and pension funds.

The RBI plans its developmental initiatives over the next few quarters on five pillars one important pillar being Financial Inclusion i.e expanding access to finance to small and

medium enterprises, the unorganized sector, the poor and remote and underserved areas of the country through technology, new business practices and new organizational structures. i.e we need Financial Inclusion. Taking into account their seasonal inflow of income to the workers and labourers from agricultural operations , migration from one place to another place , seasonal & irregular availability of work and income, the existing financial system needs to be designed to suit their requirements and to be more responsive to their needs. The mainstream financial institutions like banks have an important role to play in their effort not as a social obligation but as a pure business proposition.

In short we can say that Financial Inclusion is nothing but connecting people with the banking system. and not just credit. Financial Inclusion is mainly in two ways:

1. One is exclusion from the payment system i.e not having access to a bank account.
2. Second type of exclusion is from formal credit markets requiring the excluded to approach informal and exploitative markets.

Rajaram committee which first studied the issue of Financial Inclusion in depth have defined financial inclusion as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections at an affordable cost from mainstream financial institution.

**Need for Financial Inclusion:** Financial Inclusion and higher penetration of the formal banking system into the unbanked areas in the country will not only help in preventing investors from being lured by illegitimate collective investment schemes across the country. In the absence of the formal system, investors often fall for such products that collect money from them and thereby risk their life savings.

**What Needs to be Done:** While providing bank accounts to all adult individuals in the country is a dire need , various sectors in the financial services space have seen varied initiatives. While financial sector regulators RBI & SEBI have been running programmes on financial inclusion, the RBI panel chaired by Nachiket More has set a target to provide every adult Indian with a bank account in the next three years. It even proposed the creation of ten special category banks, including payment bank that would cater to small businesses and low income households with a relaxed entry level capital requirement of Rs. 50/-crores. It has also been proposed the formation of WHOLESALE BANKS which can be permitted to accept deposits of over Rs 5 crores. However it is to be noted that there is unanimity on the fact that financial inclusion is the need of the hour and RBI will have to be quick to take a decision on the manner it wants to push financial inclusion.

### **Achievements so far**

The government is successful in the implementation of the following activities so far:

#### **Openings of No-Frills A/C's**

No frills account means nil or very low min balance to be maintained to make such account accessible to vast sections of the population.

#### **Engaging Business Correspondents**

It was in January 2006, the RBI permitted banks to engage Business Facilitators (BF's)and Business Correspondents (BC's) as intermediaries for providing financial and banking services.

**Use of Technology**

Banks especially Commercial Banks are advised to implement CBS so as to enable them effective use of ICT to provide door step banking services through BC Model, wherein the accounts can be operated by even illiterate customers by using biometrics thus ensuring the security of transactions and enhancing the confidence in the banking system.

**Relaxation in the KYC Norms**

It is to be noted that KYC requirement for opening bank accounts were relaxed for small accounts in August 2005, thereby simplifying procedure. To facilitate of easy opening of accounts especially for small customers, KYC guidelines have been simplified to such an extent that small accounts can be opened without any documentation by just giving a self certification in the presence of bank officials. Aadhar i.e Unique Identification Number being issued to all citizens of India to be used as one of the eligible document for meeting the KYC requirement for opening a Bank Account.

**Simplified branch authorization**

To address the issue of uneven spread of bank branches in December 2009 domestic scheduled commercial banks were permitted to freely open branches in Tier III and Tier VI centres with population of less than 50000 under general permission. Now even branch authorization has been relaxed to the extent that banks do not require prior permission to open branches even in Tier I centres, subject to reporting.

**Opening of Branches in Unbanked Rural Areas**

To further step up the opening of branches in rural areas, banks have been mandated to open at least 25% of branches in Unbanked Rural Areas.

**Roadmap for providing banking services in unbanked villages with population more than 2000**

With Financial Inclusion gaining increasing recognition as a business opportunity and with all banks geared to increase presence we adopted a phase wise approach to provide banking services in all unbanked villages in the country.

**Direct Benefit Transfer**

The introduction of Direct Benefit Transfer validating identity through Aadhar will facilitate delivery of Social Welfare benefits by direct credit to the bank accounts of beneficiaries.

**Financial Literacy**

The banks have adopted an integrated approach where financial inclusion and financial literacy go hand in hand. Through financial literacy and education, banks disseminate information on general banking concepts to diverse target groups, including school and college students, women, rural and urban poor, pensioners and senior citizens to enable them to make financial decisions.

**New Bank Licenses**

To ensure that the banking system grows in size and sophistication to meet the needs of the modern economy and for improving access to banking services, RBI is in the process of evaluation of New Bank Licenses. These new banks is expected to bring new technology, new business and delivery models which would speed up financial services in the rural areas.

Financial Inclusion will work on the ACTA Model A/C's Cash in Cash out , transactions and adjacencies which will help to build a revenue stream.

**CONCLUSION**

Apart from what we had discussed about Financial Inclusion so far it cannot be achieved without the active involvement of RBI, All financial Regulators, Banks, Government, NGO's and Civil Societies. Banks alone will not be able to achieve this unless an entire support system participates in the mission. All the stakeholders need to join hands and make it possible. Governments, IT companies providing solutions and the public at large would bring a decisive metamorphosis in Indian Banking.

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## **ROLE OF CAPITAL MARKET IN INDIAN FINANCIAL SYSTEM - PAST, PRESENT AND FUTURE**

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### **ABSTRACT**

*Capital market is a market for long term funds. It refers to all facilities and institutional arrangements for borrowings and lending of medium term and long term fund. It deals not capital goods but concerned with rising of money capital for investment. In the capital market the supply of funds largely from individual savings, corporate savings, banks, insurance companies, specialized financing agencies and Government. The demand for long term capital comes mainly from private sector industries and Government. The researchers have presented Introduction and investment, Role of investment in economic development of the nation, Developments in the Indian capital markets, SEBI and the regulation of securities markets, Report of the committee under the chairmanship of Justice D.P. Wadhwa with a aim to know the role of capital market in India.*

**Keywords:** Capital Market; SEBI; Investment

### **INTRODUCTION**

Capital market is the key driver of wealth creation and growth in many countries. The regulators financial institutions and most importantly the investors keep trade of the development in the global capital markets. It is estimated that the growth of global financial stock is estimated to \$ 200 trillion by 2010. It is observed that the United States, Europe and Japan are the major contributors to the global financial stock. Due to the increasing depth in financial markets, both businessmen and investors are enthusiastic to enter capital markets and make profits. The U.S led the race with 37 percent share followed by the U.K, Japan and other developing countries. Capital market is a market for long term funds. It refers to all facilities and institutional arrangements for borrowings and lending of medium term and long term fund. It deals not capital goods but concerned with rising of money capital for investment. In the capital market the supply of funds largely from individual savings, corporate savings, banks, insurance companies, specialized financing agencies and Government. The demand for long term capital comes mainly from private sector industries and Government<sup>1</sup>.

The commercial banks, LIC and GIC are largely interested in Government securities, debentures and provident funds is another source of savings but their investments are mostly

in Government securities. The institutions like IFCI, ICICI, IDBI and UTI are providing long term capital to the private sector. The rapid expansion of the corporate and public sectors necessitates the development of capital market in India. Capital markets have observed volatility of capital flows, contributing of financial developments in India have played a critical role is promoting industrialization, facilitating the mobilization of capital for large investments. A financial market consists of investors or buyers, sellers, dealers and brokers and does not refer to physical location. The participants are linked with formal trading rules and communication networks for originating and trading of financial services. Financial investments can be used to raise resources in the capital market. High net worth individuals, investors and corporate entities are engaged in purchase and selling of financial instruments in the capital market<sup>2</sup>.

### **OBJECTIVES OF THE STUDY**

- To Review The Capital Market Developments In India,
- To make appropriate suggestions for strengthen of capital market in Indian Financial system

### **A REVIEW OF LITERATURE**

#### **Role of Investment in Economic Development in India-**

Though people tend to invest for numerous reasons, National Council of Applied Economic Research (NCEAR), India with the sponsorship of Securities and Exchange Board of India (SEBI) has conducted a research on household savings and investments. In their report for the year 2011, they have mentioned the following prime reasons for people to invest.

1. Securing post retirement life,
2. Children education and marriage,
3. Creation of wealth

Economic development of a nation will take place only when that nation is vibrant in at least in one of the sectors of Agriculture, Manufacturing and Service, if not in all of them. Along with men and machinery, investment in the form of capital is an important factor of production for an economic activity. In fact, it is not possible to arrange other factors of production without capital.

Some nations in this world are not blessed with abundance of natural resources. But still, only because of investment on industry and on technology, they became economic superpowers. One can take Japan as an example to prove this point. Japan is a tiny nation which is subjected to a variety of natural calamities like earth quake and tsunami. It does not have enough of fertile land due to atom bombs that were dropped on its soil. But due to the investments made on technology front, it is able to become world fourth largest economy. (World Bank Report 2012). Surprisingly, world's most two papules nations; China and India did not invest to the required levels. As a result, they have become the global destinations for outsourcing and making goods for the companies of other nations. As per the global brand index, which is compiled by brandinex.com, China and India put together did not have at least one global brand where as small nations like Finland and Denmark are having number of brands. India, at least able to realize this fact that it has global brand product and invested heavily on information technology education and infrastructure which helped it become one of the leading nations in the world on the front of information technology and the sector is

generating huge amount of revenues to the nation both in domestic as well as foreign currency. Some nations have immense potentiality to become global economic super powers by manufacturing goods and by creating their own brands. But, their economic policies which are not conducive for private investment are hampering their growth. Ruchir Sharma (2011) in his book Breakout Nations supported this point by taking examples of Russia and China. They both did not encourage private investment for long. They felt every business organization must be in the hands of Government. As a result, though these two nations are having manufacturing capabilities, they could not produce any global consumer brand products. He further added that only after opening up of economies for private investors, along with Brazil and India, these two became raising economic powers and together called as BRIC nations. East Asian nations like Malaysia and Thailand have invested on tourism infrastructure and as results they are able to attract domestic and foreign tourists which in turn developed their economies.

A similar observation was made by Easterly, W. and Rebelo, S., (2011) in their research on the role of investment on infrastructure and its impact of economic development. They stated that the investment on infrastructure by Singapore attracted not only tourists, but also many Multi National Companies to set up their offices which resulted in the economic development of Singapore. On the other hand, African most of the African nations like Nigeria, Uganda, Rwanda and other did not invest on any of the sectors and as a result, their people are not having any job to do in their hand and hence either they are suffering with internal wars or their people are turning into international pirates.

### **Where do people Invest?**

The Individuals may invest their money in

1. Land
2. Housing
3. Gold and Other Precious Metals
4. Portfolio diversification
5. Inflation hedge
6. Currency hedge
7. Risk management
8. Demand and supply
9. Financial Assets like in Cash or cash equivalent and in Bond, Debenture or any other Corporate Security

### **Developments in Indian Capital Markets**

The Indian securities market has a history of nearly 150 years. The Bombay Stock Exchange, the Ahmedabad Stock Exchange and the Calcutta Stock Exchange are among Asia's oldest stock exchanges. However, the modern era in the Indian securities market and its transformation began with the economic reforms in the early 1990s when the government initiated a systemic shift to a more open economy with greater reliance on market forces in which the private sector plays an important role. The Indian securities market gained greater importance and the SEBI Act, 1992 established the Securities and Exchange Board of India

(SEBI) as a statutory authority to oversee the securities market in India. SEBI is mandated with three principal objectives:

- (i) To protect the interests of investors in securities;
- (ii) To promote the development of the securities market; and
- (iii) To regulate the securities market.

Before the establishment of SEBI, activities in securities markets lacked a comprehensive regulatory framework and were opaque. Since the establishment of SEBI, the securities market in India has developed significantly. It led to a successful transition from a highly controlled merit based regulatory regime to market-oriented disclosure-based regulatory regime. SEBI's focus has been on developing a well regulated modern securities market in India by adopting global standards and international best practices. With the implementation of various rules and regulations prescribed by SEBI, access to information has increased; the risk of defaults has gone down and overall governance and ambience have become conducive for protection of investors' interests and the development of the securities market in India<sup>3</sup>.

### **Development of Primary Securities Market**

The development of primary markets in India has followed a unique pattern. While the number of issues in the early nineties was very high (more than 1,000), the aggregate resources mobilized was not significant. However, in the first decade of the 21st century the trend gradually reversed; the number of issues remained low (less than 200) but the amount mobilized increased significantly. The only exception to this trend was during 2008–09 when the US was hit by the subprime crisis leading to a global financial crisis and the cascading effect was felt in emerging markets. Where in 2007–08 an amount of 870.29 billion was mobilized through 124 public and rights issues, the amount mobilized fell to a mere 162.20 billion through 47 issues in 2008–09. With the gradual waning of the sub-prime crisis in 2009–10, the market regained confidence and an amount of 575.55 billion was mobilized through 76 issues.

Year	Public		Rights		Total	
	2	3	4	5	6	7
1991–92	206	23.58	257	38.57	463	62.15
1992–93	546	75.6	488	108.95	1034	184.55
1993–94	773	154.49	370	89.23	1143	243.72
1994–95	1342	210.45	350	65.88	1692	276.33
1995–96	1426	142.40	299	65.64	1725	208.04
1996–97	751	115.57	131	27.19	882	142.76
1997–98	62	28.62	49	17.08	111	45.70
1998–99	32	50.19	26	5.68	58	55.86
1999–00	65	62.57	28	15.60	93	78.17
2000–01	124	53.78	27	7.29	151	61.08
2001–02	20	65.02	15	10.41	35	75.43
2002–03	14	36.39	12	4.31	26	40.70
2003–04	35	222.65	22	10.07	57	232.72
2004–05	34	246.40	26	36.16	60	282.56
2005–06	103	232.94	36	40.88	139	273.82
2006–07	85	297.96	39	37.10	124	335.06

Year	Public		Rights		Total	
	1	2	3	4	5	6
2007–08	92	545.11	32	325.18	124	870.29
2008–09	22	35.82	25	126.37	47	162.20
2009–10	47	492.36	29	83.19	76	575.55
Total	5,779	3,091.88	2,261	1,114.78	8,040	4,206.66

### **Growth of Market Capitalization and Turnover**

Market capitalization has gone through ups and downs. In the earlier years of this decade, there was a sharp fall in the market capitalization of both exchanges. From 2003–04, the downtrend was reversed and the market value of listed stocks again started soaring. The market capitalization of the BSE increased exponentially by 575 per cent, from 9,128 billion at the end of March 2000 to 61,656 billion at the end of March 2010. During the same period, the market capitalization of the NSE also increased by 489 per cent, from 10,204 billion to 60,092 billion. The annual turnover in the cash segments of BSE and NSE reflected the same trend. After 2000–01, there was a sharp fall in the turnover and this trend continued for some years. Later, the situation gradually improved. By the end of March 2010, the annual turnover of the cash segment of the BSE was 13,788 billion and that of the NSE was 41,380 billion.

### **Growth of Intermediation Industry**

The quantitative transformation of the Indian securities market has happened with the help of a growing intermediation industry. While the number of brokers increased from 9,192 in 2000 to 9,816 in 2010, that of sub-brokers increased by more than fourteen-fold from 5,675 to 75,744 during the same period signifying the reach and expansion of the Indian securities market. Supplementing this expansion during the past decade, the number of depository participants increased from 205 to 758, the number of portfolio managers increased from 23 to 243, the number of venture capital funds increased from 22 to 160 and foreign venture capital funds emerged as a new class of participants in the market with their number increasing to 143 by 2010. On the other hand, dematerialisation led to a reduction in the number of registrars and transfer agents from 242 to 74 during the past decade.

### **Expansion and Globalisation of Indian Securities Markets**

India is home to more than 4,900 domestically-listed companies in the BSE, making India second only to the US in terms of number of domestically-listed companies. With the changed dynamics of global financial flows, emerging markets are attracting an increased amount of foreign funds. In India, the securities market has developed at a rapid pace. The domestic mutual fund industry has been expanding by introducing new products and has been receiving increased allocation of the financial savings of domestic households. The regulatory framework is in place for collective investment schemes, domestic venture capital funds and foreign venture capital investors. The transformation has manifested itself in the higher ranking of the Indian securities markets in the global arena.

### **Market Regulations**

The SEBI Act empowers SEBI to frame regulations to regulate intermediaries and to ensure disclosures and investor protection by listed companies. SEBI has framed a number of regulations for different intermediaries. Under these regulations, SEBI prescribes eligibility norms, viz., physical infrastructure, professional competencies and minimum capital requirements for registering intermediaries. SEBI also prescribes a code of conduct and

disclosure and compliance requirements. SEBI monitors the activities of registered entities and takes penal action if the regulations are violated. To ensure that the perimeter of SEBI's regulations are in tune with the dynamic nature of the securities market, SEBI reviews its regulations from time to time and prescribes new regulations to regulate new activities in the market. The regulatory framework for intermediaries, which has been evolving since 1992, has stood the test of time and has been able to ensure, by and large, quality intermediation services in the market.

### **SEBI and the Regulations of Securities Markets**

From its inception, SEBI has endeavoured to develop the securities markets and simultaneously set up a benchmark in market regulation. Following is a brief review of SEBI's achievements in the field of market regulation in the past decade.

#### **Streamlining Capital Raising**

SEBI over time has introduced a number of measures aimed at enhancing efficiency and optimizing the cost of raising capital from the securities market. The transformation of the primary securities market has been on account of the introduction of the book building route for public issues, margining and proportional allotment for all categories of investors in book-built issues, mandatory IPO grading, qualified institutions placements (QIPs), fast-track issues, Applications Supported by Blocked Accounts (ASBA) and significant reduction in the timeline for rights issues and bonus issues.

#### **Reduction in Transaction Costs**

The growth in the categories of investors in the market has kept pace with the types of products. Transaction costs have come down on account of the reduction in /rationalization of fees, commissions and market impact cost. The actual brokerage charged is as low as 0.10 per cent, suggesting a competitive brokerage industry. Entry load has been abolished for investment in mutual funds.

#### **Transparency**

SEBI's regulatory regime is primarily based on disclosures and transparency. To make the process of price discovery in the primary markets more transparent, SEBI introduced the book building process and mandated necessary disclosures in the offer documents. In the secondary markets, transparency is ensured by introduction of screen-based order matching system which makes the price and volume data instantly available to an investor in the remotest corner of the country.

#### **Disclosure-based Regulations**

The establishment of SEBI ushered disclosure-based regulation in the Indian securities market. Companies desiring to raise capital from the securities market through public issues are required to disclose all material information so as to facilitate informed investment decision-making. This mandate applies to companies that propose to list their securities, listed companies and all regulated entities.

#### **Promotion of Market Integrity**

The surveillance, investigation and enforcement capability of SEBI has been strengthened to deter violation of securities laws. To enhance the efficacy of the surveillance function, SEBI has put in place a comprehensive Integrated Market Surveillance System (IMSS) which generates alerts arising out of unusual market movements.

**Investor Assistance and Education**

SEBI has in place a comprehensive mechanism to facilitate redressal of grievances against intermediaries registered by it and against companies whose securities are listed or proposed to be listed on stock exchanges. SEBI has taken several steps to address structural weaknesses in the system to eliminate the root cause of complaints. SEBI has evolved a procedure where class action suits filed by investor associations in respect of violations will be reimbursed the cost of legal action. Investor education has received much attention in the recent past.

**Adoption of International Standards**

The legal and regulatory framework governing the Indian securities market complies substantially with the International Organization of Securities Commission's (IOSCO) Principles of Securities Regulation. The assessment of IOSCO Principles as regards regulation of the equity/corporate bond market by the Committee on Financial Sector Assessment (CFSA) has revealed an overall significant level of compliance.

**Indian Capital Market- Major Issues**

The Indian Capital Market has, over a period of time, undergone rapid structural transformation. During the last fifty years of 1947 to 1997, it has evolved itself from a dormant segment of the financial system to a highly active, dynamic, and volatile segment characterized by institutional buildup, technological advancement and modernization. With the vast and varied market reforms unleashed since 1992, primary market has emerged as a major source of funding for the corporate entities both in the public and private sectors and the secondary market has modernized itself through advance technology and transparent trading practices. The major issues confronting the Indian capital market are briefly presented below:

**Investor Protection**

Investors constitute the pillars of the capital market. It is imperative that adequate protection is provided to them. Some of the popular problems that are being faced by investors are as follows:

1. **Vanishing Companies:** Certain companies raised funds after taking advantage of market buoyancy and then desert investors as has happened in 1985-86. This menace of vanishing companies still haunts investors and has affected their psyche very much.
2. **Lack of commitment:** The incredibly lack of commitment shown by financial institutions and underwriters regarding the avoidance of project appraisal during the post-issue period in relation to mega issues in the eighties has considerably shaken the confidence of the investors.
3. **Stock scams** Series of share market scams arising out of irregularities in securities transactions in 1992-1993, wrongful disclosures as in 1994-1995 and share-switching episode of 1995-1996 have all exposed the vulnerability of the Indian capital market.
4. **Malasies** like share price rigging and insider trading continue to afflict the Indian Capital Market, affecting the investors adversely.
5. **Lack of necessary professional expertise** and integrity on the part of merchant bankers and other market intermediaries. In many cases merchant bankers act hand-in-glove with companies to attract the gullible investors.

6. **The defaults committed by some brokers** in different stock exchanges have also adversely affected the confidence of investors causing occasional suspension of trading.

### **Recent Trends in Capital Market**

Many instruments namely, secured premium notes, non convertible debentures, zero interest equity shares and fully convertible cumulative redeemable preference shares were introduced to suit the needs of investors and issuers/borrowers. The resources mobilized by these innovative financial instruments accounted for 38 percent of the total resource mobilization by non-government public limited companies in 2005.

The total amount of capital raised during 2004-05 through public and rights issues stood at Rs. 28256 crore indicate the revival of investors interest in the primary markets. The sector wise classification shows that the private sector dominated the resource mobilisation efforts in 2004-05 with 61 percent share in the total resource mobilized followed by the public sector with 39 percent. The abolition of capital issues control and the introduction of free pricing of issues made unprecedented upsurge of activity in the primary capital market. As a consequence, the public limited companies mobilised huge resources<sup>4</sup>.

The SEBI guidelines ensure that only quality issues enter the market. The primary market has shown qualitative changes since the nineties. The share of private placement issues in total resource mobilization from the primary capital market has been increased. Resources mobilized from the international capital markets by way of FDRs/ ADRs, foreign currency convertible bonds and external commercial borrowings were also increased considerably.

### **REPORT OF THE COMMITTEE UNDER THE CHAIRMANSHIP OF JUSTICE D. P. WADHWA, FORMER JUDGE OF THE SUPREME COURT OF INDIA ON REALLOCATION OF SHARES IN THE MATTER OF IPO IRREGULARITIES<sup>5</sup>**

This is an executive summary of the Report of the Committee on reallocation of shares in the matter of IPO irregularities

### **Background**

1. SEBI unearthed and investigated certain irregularities in Initial Public Offerings (IPO) from 2005.

The irregularities involved the following steps:

- Opening of a large number of DP (and bank) accounts in fictitious / benami names by certain individuals (“afferent accounts”)
- These accounts were controlled by and for the benefit of certain “key operators” and “financiers”.
- The funds used for subscription came from certain “financiers”.
- Applications were made using these afferent demat accounts and funds, in the retail quota of IPOs, so as to corner shares by using the favourable allotment chances for retail investors.

2. A Committee was set up under the Chairmanship of Justice D. P. Wadhwa, former Judge of the Supreme Court of India, to advise / recommend on the procedure of identification of persons who might have been deprived on account of such IPO irregularities and the manner in which reallocation of shares to such persons should take place.



**Principles**

The Committee after going through the terms of reference, background and analysis of the relevant data and facts came to a decision that the Committee needs to establish 3 principles as under:

- a. To quantify the amount of unjust enrichment that has taken place, and which is the subject of reallocation.
- b. To identify the genuine applicants who may be considered “deprived”.
- c. To decide a basis on which the unjust enrichment is to be reallocated amongst the “deprived” applicants.

**Unjust gains and holdings in frozen demat accounts.**

- The Committee has observed that the reallocation amount to the deprived applicants must be paid out of moneys that must first be recovered from those who unjustly benefited such as the key operators and financiers. The Committee has observed that the total unjust gains works out to about Rs. 95.69 Crores across the 21 IPOs under consideration. The Committee also observed that the quantum of unjust gains based on allotment to afferent accounts is approximately Rs. 95.69 Crores, of which Rs. 91.42 Crores were identified as belonging to shares that were transferred to key operators/financiers.
- The Committee observed that the value of the holdings in the frozen demat accounts in both NSDL and CDSL of the key operators and financiers.
- SEBI may like to decide based upon the status of legal proceedings whether this amount is immediately recoverable and if so whether it can be distributed among the deprived applicants.

**Deliberations and Recommendations**

The Committee deliberated over several sittings over a period of six months. The Committee invited relevant parties and experts from various organizations to update itself about facts and to take inputs on the various options available to fulfill the task. Based upon these deliberations and inputs received, The Committee makes these recommendations:

- All these afferent applications were made in the retail category of IPOs. To the extent these fictitious “afferent applicants” were allotted shares, genuine investors were deprived of their chance to secure allotment.
- It may not be possible to get the requisite number of shares from the market or available funds may not be sufficient to purchase the requisite number of shares at the current market price.
- The reallocation should therefore be quantified in monetary terms and the reallocation value for each “deprived applicant” should be initially computed based upon shares but subsequently converted into the amount of gains associated with such shares.
- The Committee recommends that for the purpose of reallocation or payment to these deprived applicants, the amount which is the difference of closing price of shares on the first day of listing / trading at NSE and the IPO issue price will be considered.

- All genuine applicants, whether successful or not, were deprived to some extent.
- On the question of reallocation of shares, the Committee recommends a “spillover” method of reallocation. Under this method, totally unsuccessful applicants shall be reallocated shares equally from the afferent pool, till they each receive the minimum shares allotted to the lowest category in the IPO.
- The Committee has also made certain operational suggestions in the body of the report to facilitate an efficient implementation.

### **Rebound in Indian Capital Market**

The factors that are responsible for rebound phenomenon in Indian Capital Market are as follows:

- Strong macro-economic aggregates.
- Active participation of retail investors with renewed vigor.
- Active FII buying.
- Active IIF (Indian Institutional Investor) buying.
- Favorable sovereign rating by leading credit rating agencies like S&P, Moody's, etc.
- Strong foreign exchange reserve position.
- Strong fundamentals of basic and other industrial segments such as steel, FMCGs etc.
- Favorable monsoons fuelling adequate demand for goods and services in the economy.
- Favorable political conditions.
- Forecasts of better prospects in future.

### **CONCLUSION**

Although Indian capital market suffered bruises in the last part of the nineties owing to the manipulative trade practices of unscrupulous brokers and other participants, it has been witnessing fine times in the recent past, thanks to many favorable conditions contributing to it. With the kind and the quality of human skills possessed by India's financial Industry, it is quite imperative that there is need to provide sound capital foundation for the stock market. However, the stock trading is not a panacea for all that ails the Indian stock market if the recent experience of some of corporate and banks abroad is of any indication. It is to be noted with happiness that Government of India has successfully introduced the derivative trading in the stock exchanges. In spite of the fact that the Indian Capital Market has made a marvelous dent both in primary as well as secondary markets, there are very many issues, which require immediate and urgent attention of the planners concerned.

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## **IMPACT OF JOINT VENTURES IN THE EMERGING AUTOMOBILE MARKETS CASE STUDY ON JOINT VENTURE OF VOLVO MOTORS AND EICHER MOTORS**

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### **ABSTRACT**

*The current scenario of business market has become dynamic and the continuous growth of the competition level has led the business organization to adopt the strategic moves which may provide them the competitive advantage over the others in the marketplace. From among the number of alternatives available to enhance the competency the most effective is the incorporation of joint venture. This strategy allows the organization to reap the benefits of the market as one by using the resources and the market of each other. The following study is based on understanding the impact of the joint venture in the automobile industry with regard to the joint venture that has been taken place between the Eicher and Volvo companies in the commercial vehicles. Thus the following research will focus on the impact of the joint venture and the various related issues.*

**Keywords:** Automobile Market; Volvo Motors; Eicher Motors

### **INTRODUCTION**

In the world of trade or business cycle increasing day by day, the popularity of the joint ventures have become elevated for gaining the advantages in the moving competition by accessing the resources of the partners, which also consists of the market places, and new innovations and technologies, people and the investment. In a period of time which has been already set by the two or more parties, work together on a planned project is known as the joint venture agreement. Both the parties have the same expectation with the intangible goals and set objectives in the joint venture. (Luo & Yan, 2001) The fifth largest markets of automobiles in the world, Eicher Company which is Delhi based and the AB Volvo which is Sweden based, have declared a joint venture in India. They both together proposed it a name as VE Commercial vehicles where the Volvo Company will help the Eicher for exporting its automobiles in the markets which are up-coming in Asia, Latin America and Africa. Due to this reason, at the period of their joint venture, the two companies Volvo and Eicher will produce the branded trucks and sell them independently. (BusinessStandard, 2007)

### **Company Background**

In the production of the large commercial automobile market, Volvo is considered as the world's best producers for producing the diesel engines and the commercial vehicles. It was founded in 1927. The main focus of the Volvo group is strategically based on the operational superiority, the growth which is profit giving, and on the renewal of the product. In South America, North America and Europe, the Volvo group stands on a very powerful position. In

Asia, the position of the group has been powered with the help of acquisitions of the UD trucks and the collaboration in the trucks with the help of Indian Eicher Motors. With the help of its production and the increase in sales and the channels of distribution among all the continents, the Volvo group has recognized a strong international industrial structure. (VolvoGroup, 2011)

To produce the profitable automobiles which are fuel effective, consistent, with modern technologies, Eicher Motors was introduced in 1982. With the market stake of 34 percent, Eicher Motors has been considered as the most effective leader producers of the profit making automobiles. A financially effective and technical cooperation with Mitsubishi Motors in Japan collaborate with Eicher to produce the Canter variety of automobiles in the year 1986. A very powerful network that consists of the authentic and reliable distributors and the private mechanics that are trained by the company helps in the functioning of the Eicher Motors. All over India, from start to end, a network of 577 authentic points of contacts helps to sell and service the automobiles, with the support of service centres in the excess of nearly 4510 trained private company mechanics. (Eicher, 2004)

### **OBJECTIVES**

1. To identify the need of joint ventures and how viable they are in the emerging automobile industry of the present era.
2. To analyze the challenges AB Volvo and Eicher Motors may come across while working together.
3. To identify the strategies that can be applied to overcome the problems in joint ventures.
4. To identify the deliverables and benefits, this joint venture may bring to both companies & strengthens their market position.

### **RESEARCH QUESTIONS**

1. Is there any reason for the formation of the joint ventures? Does it have any importance?
2. Do AB Volvo and Eicher have any issues forming the joint venture?
3. While working in a joint venture what type of modifications are needed in the management of Volvo and Eicher?
4. Are there any business benefits that joint ventures can bring for the Volvo and Eicher?
5. What can be done in order to avoid the failures in the joint ventures, if any?

### **LITERATURE REVIEW**

#### **Introduction of the Joint Venture of Volvo with Eicher Motors**

For manufacture of centre heavy engines in the Pitampur plant, Volvo Group's joint venture with Eicher Motors Limited in India broadcast a deal of SEK 480 M

According to sources secure to the development, the offer could consist of more than the distribution network itself as the total investment by AB Volvo into the venture is \$350 million, which also incorporates the dealer network valued at \$75 million and Volvo's Indian truck service. According to the sources both the industries have to sign an ultimate

agreement for this purpose on the way to the end of the month. The joint venture which has been proposed by the companies, AB Volvo will keep up 45.6 per cent stake while Eicher Motors will have the rest. (Scott, et al, 2008)

### **Theoretical Aspects of Joint Ventures**

For a definite time when the two industries sign a business agreement, new entity and new assets are formed by contributing the equity is known as a joint venture. They share the assets, incomes, and the expenses, and have complete execution control over the enterprise. Also, there are different kinds of industries such as JV limited by guarantee, joint ventures limited by guarantee with partners holding shares. On the other hand, when two or more persons come together to form a temporary partnership for the purpose of carrying out a particular project, such partnership can also be called a joint venture where the parties are "co-venturers". (Luo, et al, 2001) The venture can be only for single definite project when the JV is referred to more correctly as the continuing business relationship or the building of the Channel Tunnel. The grouping JV is called as the cooperative agreement is formed where one party searches for technical service arrangements technological expertise, management contracts, franchise and brand use agreements, rental agreements for one-time contracts. The JV is liquefied when that objective is reached. (Rosenbaum, et al, 2009)

### **Joint Ventures in India**

Principally, if there is a need then, only through the single autonomous entity, the Reserve Bank of India (RBI) have the right to repatriate not any other. India does not control the repatriation of dividends, investments, and profits. the Rupee, the Indian currency is convertible completely for the incomes at free market rates. The industry has been divided into three categories by the Industrial policy:

- one who are reserved for public sector development,
- one who are without State participation or under private enterprise with, and
- investment initiatives will would ordinarily originate from private entrepreneurs in them.

### **Automatic licensing and administered licensing**

For a short time, India facilitates investments both from beginning to end Foreign Direct Investment (FDI), As of April 2010 India's investment policy is presented at the site. Meant for long-term controlling investments and Portfolio Investment, likely short-term capital market operation taking a position by buying shares of a company. In the Indian capital markets the Foreign Institutional Investors from highly regarded institutions (like mutual funds, pension funds,) may participate. (Scott, et al, 2008) If we see the current policy highlighted above Industrial approvals are regular for most manufacturing industries with equity investment as of 1997 to 74% in certain select industries and up to 52% foreign control. For another 36 sectors there some are altering limits without productivity restrictions. For the invested entity RBI approvals come within two weeks. Previous to the approvals for such cases the Investments can stream to the country.

### **The joint venture of Volvo & Eicher**

In India, Volvo has been a secondary player in the profound manufacturing vehicle industry since, it has not been competent to build out a strong delivery association. In December 2007, Volvo and Eicher decided to set up a joint venture, and this was the best set of

decisions that the two could bring to each other for attaining major profits and become the leading giants of the automobile industry . In August 2008, a subsidiary called 'VE Commercial Vehicles' has been formed as it was officially approved by the courts. (Brubaker, 2000).

### **Indian Automotive Industry**

In India, commercial vehicle market is still under development stage and there is great scope of more development in the sector. Previously in India vehicle industry was only focused on low tonnage for the use of other industries in the country was lacking in quality national roadway system. With the time things got changed, after the establishment of the golden quadrilateral, a 6000 km roadway which linked all four corners of the country, transportation system got improved. High tonnage vehicles were used for the longer distance and this provided opportunity for development of better distribution and service. At that Eicher was having very strong distribution network but was lacking in right product mix. (Eicher, 2004)

### **RESEARCH METHODOLOGY**

#### **Research Method**

Researcher used exploratory and qualitative method because of the following advantages:

- It enables more complex aspects of a persons experience to be studied
- In the case questionnaire there are restriction over the response, but in the qualitative there is no restriction over the respondent to give answer and we can have deeper insight.
- It is not possible to quantify every thing (for example, individual experiences)
- Individuals can be studied in more depth
- Because fewer assumptions are placed on the thing being studied it is great for exploratory research and hypothesis generation
- The participants are able to provide data in their own words and in their own way

Main objective of this research is to analyse the role of joint venture in the growth of automotive industry. We will also try to analyse various benefits and risk associated with the joint venture strategies of the company. For the purpose of the study we will first review different relevant literature that is available. After the literature we will interview the 120 people who will include normal customer, Volvo customer and its employees. We will also use the secondary data of companies for the research.

#### **Data Collection**

Data can be categorized into two categories- primary data and secondary data. Primary data can be collected either through experiment or through survey. If the researcher conducts an experiment, he observes some quantitative measurements, or the data, with the help of which he examines the truth contained in his hypothesis (Goddard & Melville, 2004).

For this study we will use primary data which will be collected from the managers and customers of the company with the use of a questionnaire. We will also some other sources like different reports, journals, newspaper articles to collect other necessary data. This will help in developing better understanding of the problem. Quality control techniques will also be used to avoid the non-sampling error that can be from either respondents or interviewer.

**DATA ANALYSIS AND ITS INTERPRETATION**

Data analysis has various level and phases in which its initial level is data mining. Data mining is the initial and an important technique in conducting data analysis. In data analysis there are also various categories of the appliance these are: exploratory, descriptive and confirmatory analysis.

**Initial data analysis**

The term initial data analysis and primary analysis are often taken as one but this is not so because both are different aspects of analysis process having the distinct features. The initial data analysis is concerned on the filtering of the whole analysis process. The primary motive is to check the suitability of the data so collected in satisfying the research study questions. This will lead to the enhanced quality of the research and excellence provision of the data to take the research study in the proper and suitable manner. It can be done through various instruments being manage available to the researcher to ascertain the data so gathered will efficiently fulfill the requirements of the study so undertaken.

In carrying out the main data analysis phase the two widely used approaches will be taken that is exploratory and confirmatory approach. The selection of the approach is predefined before the data is collected.

Exploratory approach: this approach is used in order to examine the data that has been collected. It is one of the most vital tools used in data analysis. It is based on several kinds of graphical methods. The method used in the research study consists of a variety of graphs such as pie chart, histogram etc. and the information that is interpreted is discussed in the research report later.

Confirmatory approach: Confirmatory data analysis approach is such instrument which makes help in measuring the success of the research study. As the research study so undertaken is based on the impact of the joint venture in the automotive industry.

Automotive industry is the most comprehensive and established sector that has captured the major share of the market, also it is progressively more typify by the global joint ventures of the major giants in the rising developing economies. The automotive industry segment is facing the cut throat competition world wide that has ultimately led to increased competition and entry of numerous competitors. Being one of the major and fastest growing sectors in the world its dynamic and sustained growth stages are explained by the nature of competition in the industry, product life cycle and consumer demand. The turning point for the concerned industry is led through global joint ventures among major companies operating in the automobile industry.

As undertaking the joint venture is beneficial for the automotive giants in performing the operations and activities effectively and efficiently in a global competitive marketplace. The increased trade opportunities have made the competition in the industry to be fierce among the numerous automobile manufacturers operating worldwide. Automobile sector and the industries operating there in has to keep pace with the upcoming technology in order to enhance the production level and effectively face the competition in the market place. It is revealed that the global automotive industry has three major trends that are as follows:

Global Market Dynamics – under global market dynamics the major giants operating in the automobile manufacturers are increasingly investing the production facilities in rising and



promising markets in order to decrease the production costs and thus yielding increased in profits.

Global Alliances – with regard to dynamic scenario of the business environment, there is increased trend of joint venture in global automotive industry. Most of the giant automobile manufacturers are merging with each others. For example: The Chrysler Daimler-Benz merger, was undertaken by the European automotive firms in order to reinforce its position in the U.S. automobile market. Overall, there is also seen the trend by the world automakers in developing and incorporating ventures with other giant automotive companies in the international marketplace.

Consolidation of the industry – it has led to increased global competition amongst the global automobile manufacturers and thus allowing effective positioning of the firm in the global markets.

The joint venture has been undertaken by the major industries in the economy and has led to immense impact on the industry and its growth factor. However the venture undertaken by the Eicher and the Volvo in the automobile industry is beneficial to the two companies and the over all economy can be revealed from the analyzing both the companies internally and externally through their strengths and weaknesses, opportunities and threats in the business environment so that the effectiveness of the venture can be assessed in an effective manner.

Before carrying out the data analysis of the joint venture between the Eicher and the Volvo it is important to analyze the core strength and weaknesses of the two companies in order to evaluate the effectiveness of the joint venture so undertaken. For this purpose the SWOT analysis is undertaken which is as follows:

### **SWOT Analysis of Eicher Company**

#### **Strengths**

- One of the leading manufacturers having established brand and extensive dealer network
- Tie up with Volvo would enhance presence in CV market
- Sufficient Cash on balance sheet for funding capex
- Eicher has been enjoying the significant level of trust in terms of quality among its customers being spread globally. In terms of its financial resources it is able to maintain the low debt to equity ratio that means the company bears less risk component.
- Company is the quality conscious in terms of leveraging the satisfaction to its customers along with the carrying out the production at considerable competitive cost. Thus giving it the advantage and opportunity of maximizing the profitability by undertaking the strategic alliance through joint venture.
- As the automotive sector is the vast enough having immense opportunities to grab thus the joint venture so undertaken will be beneficial in facing the fierce competition and thus enhancing the core competency.

**Weakness**

- The weakness of the Eicher is that its production capacity is comparatively less to Volvo and to manage such a large business it is important to focus on the capacity management in order to leverage the benefits of the venture.
- Minimal presence in the fast growing LCV goods segment
- Having manufacturing presence in only one location
- Lack of captive financing

**Opportunities**

- Company will get access to the global market after incorporating this strategic alliance activity through joint venture and also will give the opportunity to explore in the market.
- It will assist in consolidation of the automobile industry which is the major and important sector in the economy thus making it able to fight for the cost advantage by becoming global without investing much in distribution and dealers.
- Use of Volvo overseas network to boost exports
- Increased sourcing by Volvo from VECV (e.g. engines)
- Increasing share of road in freight movement

**Threats**

- The prevalent fierce and aggressive competition in the automobile industry.
- Intense competition from existing players
- Global players entering the market would further aggravate competition

**Swot analysis of Volvo Company****Strengths**

Volvo is a fully owned subsidiary of the Ford Motor Company which is the major and leading automotive industry in the international market. This provides in grabbing the advantages of technological and innovative advancements from its parent company that is Ford. Due to its strong research and development activities being undertaken it is widely recognized in providing the quality and safe products to its consumers. In its domestic market it has the major market share where its sale is considerably high as compared to its competitors.

**Weaknesses**

It suffers from the optimum manufacturing facilities in the US market. This led to increased production costs. Also its bi-fuel products sale is also seen to decline over the years in spite of undertaking the significant marketing activities and considerable reduction in costs.

**Opportunities**

Volvo has the significant market share in the automotive industry and it has immense growth potential also to strengthen its share in the market it has been adopting the strategic alliance through incorporating the joint venture. Thus ultimately leading to enhancement in the sales and thus yielding the competitive advantage over the other in the market place.

**Threats**

There are various well recognized brands operating in the automotive sector such as Audi, Benz providing the premium product range to its customers are expected to increase their offering and making the competition level more stiff. Also increased production by various other Japanese companies can also be the threat to the company.

**However the strength of the eicher and volvo can be summed up as follows**

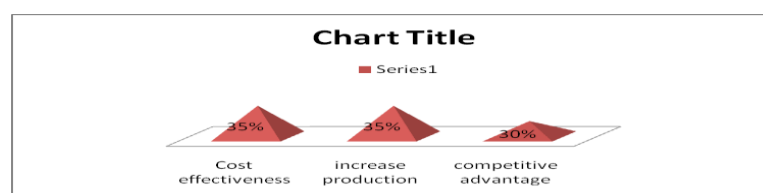
Eicher is the leading company in LD / MD segments with the Specialist skills and experience in developing low cost, better performance products. It also has the Wide dealer network along with the provision of after sales infrastructure for LD / MD performing Cost effective operations. On the other hand Volvo is the globally recognized company having expertise in the vehicle manufacturing along with the Leadership in product technology, Good infrastructure facilities, Well-defined processes and controls thus maintains and develops the effective Brand image and customer relationships. The joint venture of these two giants will lead to Most innovative products covering entire range, will be able to build Comprehensive network, Proactive solution / service provider, Best fuel economy, Reliable products, Superior service quality, Safety and comfort setting industry standards, Culture incorporating best of Eicher values and Volvo Way, Professionalism, honesty, people caring to attract best talents in industry.

Questionnaire: questionnaire is the most important tool that incorporates various kinds of questions that are being based on the research issue so concerned. The following questions were being asked from the respondents with regard to the research issue which are as follows:

- What can be the potential reasons behind formulation of the joint ventures?
- What are the key issues in joint venture that AB Volvo and Eicher may come across?
- What all benefits are attached with the joint venture?
- What strategies can be applied in order to face the problems if arises in the joint venture?
- Are the employees satisfied with the strategic decision taken by the management of incorporating the joint venture?
- Are the potential objectives and strategies of the organization behind undertaking the joint venture between the companies being conveyed to the employees?
- Is information flow effective and there is utilization of effective communication channels?

**Interpretation of the Results**

Q).1 what all benefits are attached with the joint venture? Cost effectiveness, increase production, competitive advantage



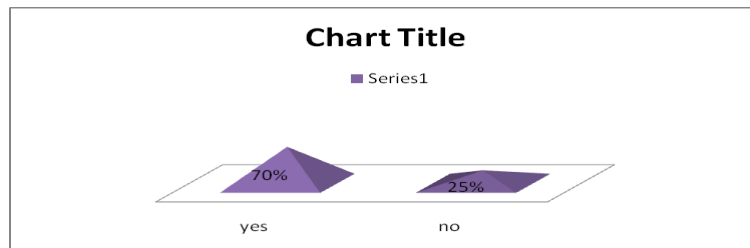
When the respondents were asked regarding the benefits attached to the joint venture of the two automobile giants the advantages revealed as it will lead to the cost effectiveness along with the increase production. Also both of the companies are performing well in their markets so it will be helpful to enhance the competitive advantage for both.

Q).2 Are the employees satisfied with the strategic decision taken by the management of incorporating the joint venture?



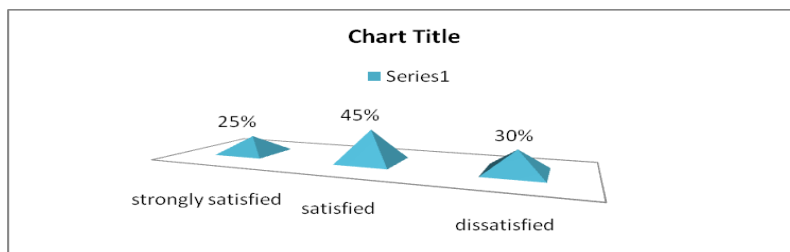
Regarding the major and the strategic decision taken by the management of incorporating the joint venture majority of the respondents were satisfied with the concerned decision.

Q).3 Are the potential objectives and strategies of the organization behind undertaking the joint venture between the companies being conveyed to the employees?



As both organization has the effective management system and the decision duly taken by the management or higher authority is being conveyed to the people of the organization.

Q).4 Is information flow effective and there is utilization of effective communication channels?

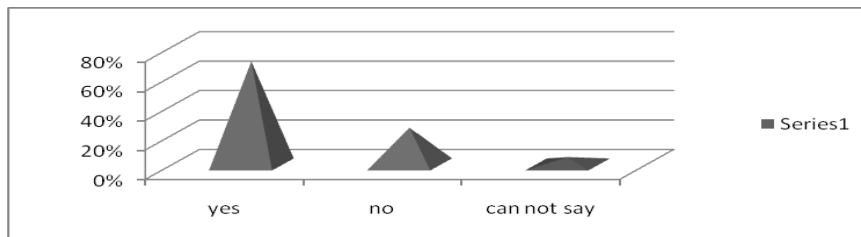


Regarding the flow of information majority of the employees were satisfied with the communication channel being used within the organization. However it is also found that the about 30% of the respondents were not satisfied with the communication channel so it should be given due concern.

Q).5 Is joint venture likely to affect the wealth of the shareholders of both the firms?

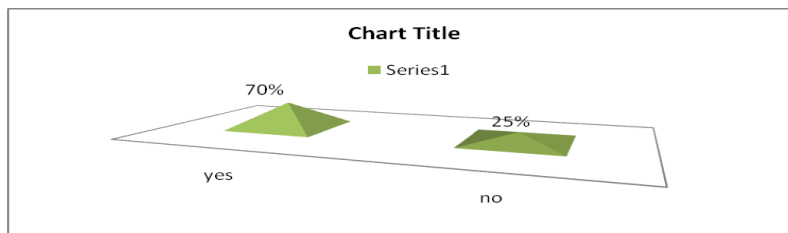
- Yes

- no
- cant say



Joint venture is the strategic decision being taken by the corporate heads of both giants and also they are the major market players so the responses so received revealed that it will duly affect the wealth of the shareholders.

Q).6 Is joint venture affected the working culture of the organization?



The organization culture is being influenced by the number of factors so the incorporation of the joint venture will obviously bring the work culture of the organization into one another.

## CONCLUSION AND RECOMMENDATIONS

Competition is an inseparable element in today's dynamic business environment. The competition does not only exist in the domestic country but has spread all over the globe. All the sectors operating in the economy are facing the cut throat competition and in order to lead in the current market situation it is important for the business to undertake the business activities that may enhance its profitability and growth in the market. There various strategies being adopted by the business houses in order to enhance the long term success. These strategies are diversification, integration etc but in order to face the competition at international level major strategies are being undertaken such as mergers and acquisitions, strategic alliance or joint ventures, takeovers etc. From among these Joint Ventures (JVs) are becoming more and more popular in order to gain competitive advantage by having access to the partner's resources, including markets, technologies, capital and people. However a joint venture is an agreement in which two or more businesses work together for particular period on the same project. Joint Venture participants share a common expectation regarding the nature and amount of the expected financial and intangible goals and objectives of the joint venture. The concerned research study was based on understanding the impact of the joint venture from various dimensions. For the following purpose the case study of joint venture of the Sweden-based AB Volvo and Delhi-based Eicher Motors is being studied. The joint venture company has been named as VE Commercial Vehicles. The joint venture has been incorporated in India a developing nation.

Also to analyze the success of the joint venture among the two corporate giants the strategic analysis tool were used. This include the analysis of the industry as a whole along with this

the SWOT analysis of both companies was conducted to ascertain the strengths, weaknesses opportunities and threats of both organization. Than the venture company so formed that is VE commercial vehicles SWOT analysis was performed to understand the potential benefits so arising. Also the analysis on the porter five force model was performed that has given the insight on the potentialities of the market and also the issues which should be duly considered. Thus it can be concluded from the analysis that the joint venture between the Eicher and Volvo so undertaken is beneficial for the both the companies and the economy as a whole. The companies are now in a situation to face the completion in an effective manner as it has made them more competitive and can having the reasonable share in the market globally.

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## **PERFORMANCE APPRAISALS RESEARCH: A STUDY OF PERFORMANCE APPRAISALS PRACTICES IN PRIVATE BANKS**

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### **ABSTARCT**

*Performance Appraisal is a concept that stated in the early 20<sup>th</sup> century. It is the process of obtaining, analyzing and recording information about an employee to evaluate and improve their performance. The success of the organization depends on the performance of the employees and it is the human tendency to judge everything and everyone around them. In the present study researcher investigated the existing status of performance appraisal of private bank employees. Primary research was done through questionnaire survey in Rohtak City using convenient sampling of 100 respondents. The study revealed that most of the private banks use 360 Degree Appraisal method for performance appraisal. Furthermore, it was again revealed that employees are satisfied with the current appraisal method and agreed that performance appraisal helps in achieving organization goals, helps in improving motivation & job satisfaction and employees performance.*

**Keywords:** Performance Appraisal; Private Banks; Job Satisfaction

### **INTRODUCTION**

Performance Appraisal is necessary to measure performance of the employees and the organization to check the progress towards the desired goals and aims. Performance appraisal includes all formal procedures used to evaluate personalities, contributions potentials of group members in a working organization. It is a continuous process to secure information necessary for making correct and objective decisions on employees. Performance appraisals help to rate the performance of employees and evaluate their contribution towards the organizational goals. Performance appraisals help develop individuals, improve organizational performance and feed into business planning. According to Jacobs et al. (1980) performance appraisal can be described as a systematic attempt to distinguish the more efficient workers from the less efficient workers and to discriminate among strength and weakness an individual has across many job elements. In short, performance appraisal is a measurement of how well someone performs job-relevant tasks (Parrill 1999). These measurements are normally done by the direct supervisor of the Ratee and can serve different organizational purposes. Performance appraisal in organization is considered as a key human resource management practices for measuring effectiveness and efficiency. Employee performance appraisal enables person to identify, evaluate and develop an individual's performance. It is a tool to encourage strong performers to maintain their high level of performance and to motivate poor performance to do better (Scott 2001). A



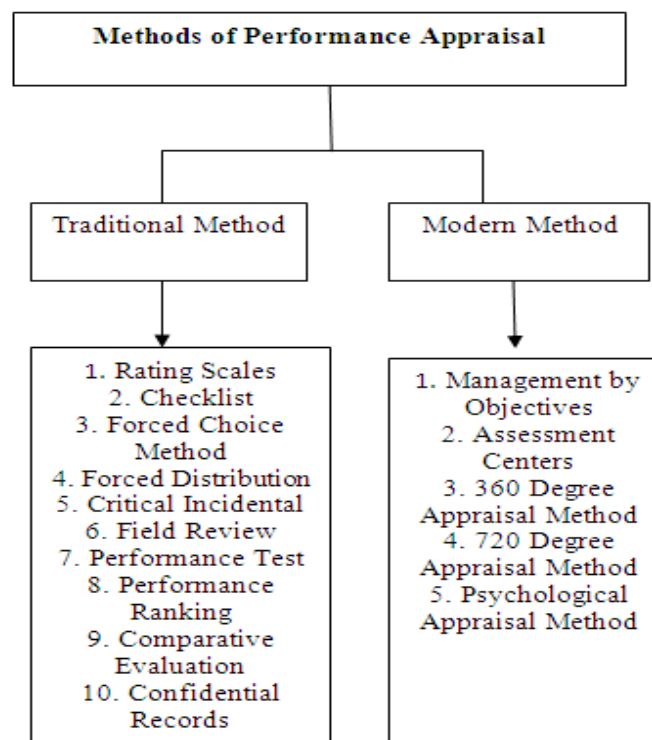
performance appraisal has two general uses in the organization and these roles often are potential conflicts. One role is to measure performance for the purpose of rewarding or otherwise making administrative decisions of individual potential. Emphasis is on identifying potential and planning employee's growth opportunities and direction.

For an appraisal system to be effective, employee must believe that they have an opportunity for meaningful input into the appraisal process (Weick 2001). Such input may range from the opportunity to challenge the evaluation one receives to judging one's own performance through self-appraisal. Performance appraisal system helps to promote better understanding of an employee's role and clarity about his or her functions, give a better understanding of personal strengths and weaknesses in relation to expected roles and functions, identify development needs of an employee, establish common ground between the employee and the supervisor, increase communication, provide an employee with the opportunity for self-reflection and individual goal setting, help an employee internalize the culture, norms and values of the organization. This helps develop an identity with and commitment to the organization and prepares an employee for higher-level positions in the hierarchy and also assist in a variety of personnel decisions.

### Methods of Performance Appraisal

There are two types of measures are used in performance appraisal: Objective measures which are directly quantifiable and Subjective measures which are not directly quantifiable. Performance Appraisal can be broadly classified into two categories: Traditional Methods and Modern Methods. The performance appraisal methods are:

1. Traditional Method
2. Modern Method



**REVIEW OF LITERATURE**

Suhaimi Sudin (2011) conducted a study on “Fairness of and satisfaction with Performance Appraisal process” to determine how perceived fairness in performance appraisal process affects employees satisfaction. Data were collected from companies in Malaysia to test these relationships. The findings showed that distributive and informational justice are significantly related to satisfaction with the last appraisal ratings, distributive, interpersonal and informational justice are significantly related to satisfaction with supervision, and distributive and informational justice are related to satisfaction towards the performance appraisals system.

Omboi Bernard Messah (2011) in their study investigated on the effectiveness of performance appraisal system in Kenya Tea Development Agency. A total of 70 respondents were included in this study. Data were analyzed by using multiple regression analysis. Results revealed that competence, assessment and development, management by objectives, performance based pay and employee training all had an effect on employee performance in Kenya Tea Development Agency.

Shikh Abdur Rahim (2012) conducted research on performance appraisal systems in private banks of Bangladesh to evaluate the existing performance appraisals system of Mercantile Bank Limited. Data were collected from 80 respondents. Results revealed that bank is suffering from uniform policy of performance appraisal because in some branch employees are evaluated by the Head of the respective department and in some branches employees are evaluated by the Head of the branch.

Pallavee Shrivastva (2012) conducted a study on “Performance Appraisal Practices in Indian Banks” to understand the role of performance appraisal as one of the key factors for enhancing organizational ability. Results revealed that performance appraisal is one of the key factors of the organization ability and usually reviews past behaviour and so provides an opportunity to reflect on past performance of the bank employees.

**RESEARCH METHODOLOGY****OBJECTIVE OF THE STUDY**

- To study the performance appraisal practices in different private banks.
- To study the existing Status of Performance Appraisal in Private Banks.

**Data Source and Type**

The study is mainly based on primary data. The required data has been collected from the response of the selected private banks employee of Rohtak City.

**Sample Size and Sampling Technique**

In this study the target sample size was 100 respondents from Rohtak City. Simple random sampling technique was used for the purpose of selecting the respondents.

**Data Collection and Tools for Analysis**

A simple Questionnaire consisting 12 questions are framed for the purpose of collection of data. The collected data were tabulated for the purpose of analysis. Data is analyzed in percentages.

**LIMITATIONS OF THE STUDY**

- Research was generated for small sample size only.
- The research was limited to Rohtak city only.

**FINDINGS OF THE STUDY**

The survey included respondents from different age groups. The table below shows the classification of the age groups and gender of the respondents.

**Table 1.** Profile of the Respondents

Particulars	Category	Frequency	Percentage
Gender	Male	52	52%
	Female	48	48%
Age Group	Below 30	32	32%
	30-39	38	38%
	40-49	21	21%
	Above 50	09	9%

Above table shows that male employees are more than female employees and most of the employee's respondents are of the age group 30-39.

**Table 2.** Current Appraisals Methods Used

Performance Appraisal Method	Frequency	Percentage
360 Degree Appraisal Method	31	31%
Management By Objectives	26	26%
Rating Scale	23	23%
Checklist	20	20%
720 Degree Appraisal Method	0	0%

Table 2 indicates that most of the Private Banks uses 360 Degree Appraisal Method and Management by Objectives (26%). Only 20% banks use Checklist method for performance appraisal of employees. 720 Degree Performance Appraisal method is not used in the selected private banks.

**Table 3.** Employee Opinions about Performance Appraisal

Employees Opinion	Frequency	Percentage
Evaluation of Employees	43	43%
Promotion of Employees	23	23%
Job Satisfaction of Employees	20	20%
Motivation	14	14%

From the above table we understand that 43% employees opinion that performance appraisal is the evaluation of employees, 23% employees opinion that performance appraisal is the promotion of employees, 20% employees opinion that performance appraisal is job satisfaction of employees and only 14% employees opinion that performance appraisal is the motivation of the employees.

**Table 4.** Current Status of Performance Appraisal

<b>Dimensions</b>	<b>Yes</b>	<b>No</b>
Increment in salary after Performance Appraisal	54	46
Helps in achieving goals	90	10
Improve employees performance	86	14
Improve motivation and job satisfaction	90	10
Helps to change employees behavior	86	14
Encouraged to share one another burden	75	25

Table 4 indicates that most of the employees are happy with the current appraisal method. Most of the employees stated that performance appraisal helps in achieving goals, helps to improve employee's performance, employee's motivation & job satisfaction and helps to change employee's behaviour.

**Table 5.** Satisfied – Current Appraisal Method

<b>Option</b>	<b>Value</b>	<b>Percentage</b>
Yes	72	72%
No	28	28%

Table 5 reveals that 72% of the employees stated that they were satisfied with the current appraisal method only 28% employees showed their dissatisfaction with the current appraisal method.

**Table 6.** Influence from Top Level Management Biasness

<b>Option</b>	<b>Value</b>	<b>Percentage</b>
Yes	24	24%
No	76	76%

Table 6 shows that most of the employees stated that their appraisal is not influenced by top level management biasness only 24% employees agreed that their appraisal is influenced by biasness of top level management.

## **CONCLUSION**

The common answer about the need for appraisal is that the appraisal process is necessary. The most important purpose of appraisal is to improve the performance in future. From the above study it is clear that most of the selected banks use 360 Degree Appraisal Method. 720 Degree Appraisal method is not used by the selected private banks. From the study it has been clear that most of the respondents are happy with the current appraisal method.

From the above sample study it is clear that most of the employees are satisfied with the current appraisal method and agreed that performance appraisal helps in improving performance, achieving organization goals, helps in increasing motivation and satisfaction.

Finally this study found that employees are satisfied from current appraisal method and most of the employees stated that their appraisal is not influenced by biasness of top level management. Performance Appraisal is often the central pillar of performance management in the bank to keep the motivation of the employees high.

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## **FACTORS INFLUENCING DOUBLE INCOME NO KIDS CULTURE IN THE CITY OF MUMBAI**

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### **ABSTRACT**

*In this era of globalization too many of us tend to worship self-indulgence. It's hard to ignore what Jimmy Carter said - Human identity is no longer defined by what one does, but by what one owns. This has widely resulted into Consumerism which is a social and economic order that encourages the purchase of goods and services in ever greater amounts. The result is accelerated rise in materialism amongst township youth is reaching epidemic proportions. Today, there is a great deal of scholarship that describes the possible reasons—a national cultural shift, the equalization of educational opportunities, the modernization of healthcare—that are affecting couples' willingness to postpone childbearing. Due to the emergence of globalization today there is a high level of American influence found among most of the Indians especially those living in metropolitan cities like Mumbai. My research is trying to understand the level of influence of this DINK culture in the city of Mumbai. This research project focused on the social and cultural phenomenon known as Double Income No Kids (DINK), specifically investigating how DINK couples in the Mumbai negotiated the decision of having children.*

**Keywords:** Double Income; No Kids

### **INTRODUCTION**

DINK. It is an acronym for Double/Dual Income No Kids, which Merriam-Webster defines as “a couple with two incomes and no children” (Merriam-Webster 2011). Although the term came into existence alongside the expression “yuppie” in the 1980s, its solidification into the English language came about in 2002.

### **OBJECTIVE OF THE STUDY**

1. To get insights about the level of influence of DINK culture in the city of Mumbai.
2. To understand various factors that has contributed to the decision of adapting the DINK culture.
3. To investigate how DINK couples in the Mumbai negotiated the decision of having children.

### **LITERATURE REVIEW**

“Never before in recorded history—not in the Great Depression, not in the eighteenth and nineteenth centuries, and not in ancient times—has fertility been so low for whole societies as it is now in the industrialized world” (Davis 1986:48).

Additionally, the U.S. National Center for Health Statistics has documented that between 1980 and 2004, the number of women giving birth at age 30 has doubled, at age 35, tripled, and after age 40 has almost quadrupled (Newman 2008).

This trend of childlessness has risen across all socioeconomic differentiators, with the exception of women with advanced degrees. For this highly educated group, there has been a small decrease in the number choosing not to have children. Whether a couple's ultimate choice is to be DINK for the short, mid, or long term, what cannot be denied is that while they were "once considered a fleeting and transitional stage of early adult life, these early child-free years have now become a life stage in their own right" (Whithead 2008:7).

Improvements in healthcare have also provided more flexibility for couples as they decide their next steps in life. Birth prevention techniques, like the birth control pills, the IUD and even the morning after pill have had immediate repercussions on the birth rate overall (Jayson 2009).

Education also plays a part in this social shift. In a study of states' education levels, it was found that in "states with high shares of college-educated adults, men and women marry at older ages, indicating that highly educated individuals marry and thus, have children later in life" (Cohn 2009).

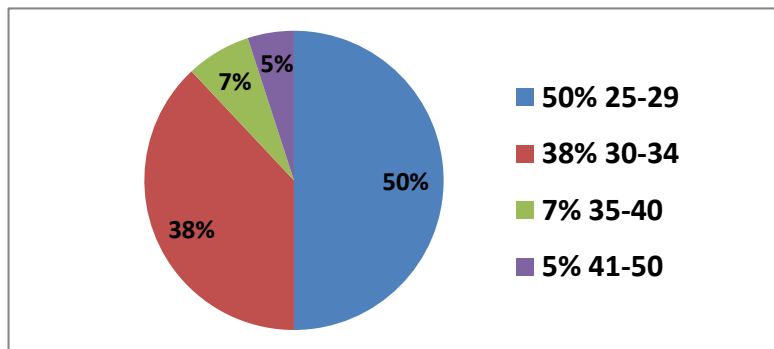
As presented in this section, there is a great deal of scholarship that describes the possible reasons that are affecting couples' willingness to postpone childbearing. Due to the emergence of globalization today there is a high level of American influence found among most of the Indians especially those living in metropolitan cities like Mumbai. My research is trying to understand the level of influence of this DINK culture in the city of Mumbai

### **RESEARCH METHODOLOGY**

In order to have firsthand information regarding the lifestyle changes due to the influence of the DINK culture in the city of Mumbai questionnaire survey was undertaken. A DINK in this study is defined as a person who: is married; does not have children; is between the ages of 25-50; is self-identified with any race/ethnicity; is college educated; and has a career or is studying for a higher degree The selected respondents represented to this criterion set. In all 30 individuals (15 couples) were selected from the city of Mumbai and surveyed using Semi-structured questionnaire and personal interview method. Convenience sampling method was used. Use of secondary data is also made to certain extent to establish the background for the study.

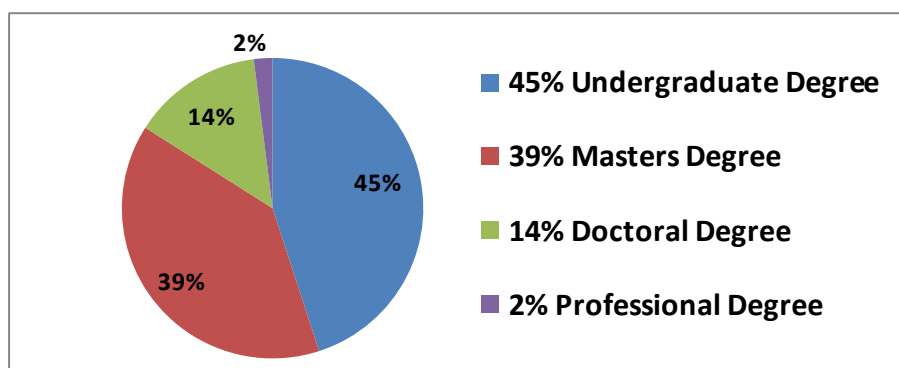
### **SURVEY RESULTS AND INTERPRETATION**

The research participant criteria for this project were developed purposefully and based on current economic and health indicators in order to ensure the most representative data set possible. The age range was assumed to be on an average 25 years old for having children. Delineating participants within this age range indicates they are already falling behind the national norm for first-time birth, thus statistically delayed. What this "delay" means to them or whether they even perceive it as "delay" is, of course, a question that is investigated in the context of the interviews.

**Figure 1.** Age analysis of respondents

But it is more likely indicative of the fact that most Indians choose to be only short-term DINKs. One survey participant speaks to this sentiment: “I definitely see the attraction of having children and that is something I want one day. I just feel like my husband and I are too young and unprepared.” The sentiment of this participant captures what the majority of the DINKs in the research project assume—one day, they would try to start a family.

Education is critical to this group of individuals. One participant commented, “Everyone has their own priorities and makes their own choices about children according to those priorities. Up until this point, I have valued my education.” This individual was not alone in this prioritization, at least in temporal terms, of education before children.

**Figure 2.** Education analysis of respondents

Education often leads to a successful and thriving career for many DINKs. As a possible correlate, the majority of the individuals surveyed were financially secure. Over 62 percent of the individuals surveyed made over Rs.25, 00,000 a year. The next highest group made between Rs.10, 00,000 and Rs.25, 00,000 a year. Additionally, there were a few individuals who were currently in graduate school with limited income.

Most of the participants had only been married for a handful of years at the time of survey. While about 43 percent had been married between zero to two years (a relatively short period of time to try to have children), another 47 percent had been married from three to five years—giving them a longer amount of time to start considering the possibility of children. Only three percent had been married for over ten years. These percentages most likely correlate with the age of the participants surveyed and might suggest that by the time these couples are older; they will actually have kids, or at least might hope to. A quote from a survey participant explains, “We really wanted to spend the first years of marriage as a



couple, learning more about each other and spending quality time together. We didn't want to rush into having a baby which would take up all of our free time.” It appears that the older individuals become the more likely that they will forgo being DINK.

### **Participant Demographics**

It's argued that as people live their lives they must assess the variety of lifestyle choices available, consider the risks of each option, and then choose. While cultural, economic, social, and political restrictions tie the hands of the poor and bar real choice, for two educated, salaried, and childless adults, opportunities can seem to stretch forward endlessly. On the one hand, choice is liberating; these couples have the resources, in time and money, to truly follow their dreams. On the other hand, having competing options can create emotional stress as individuals try to define just who they are. In the past people made decisions that were linked closely to socio cultural expectations of moving through specific rites of passage; however, in contemporary Indian society, individuals are forced to choose from many different *right* options.

As argued, DINKs are motivated to make choices they feel are right for them and their spouse, even if it means resisting the status quo. They follow their own chosen path, venturing down the road less traveled if it progresses them to their goals. But, like all human beings they are socialized from birth and so do not make these choices in a vacuum. It's a fact that “human action does not simply reflect the autonomous will of an individual subject, but is always situated within social, cultural, and political-economic structures of power.” Sometimes the pressure is overt, seemingly forcing a course of action. Other times the influence is so subtle the person does not even realize it is there. In the end, it is not as though these couples make unique, individual choices and then other people interfere; rather, their goals are actually formulated in conversation with the influences from others. The question is how aware are people of being shaped by what they see others do? Do they consciously follow others' examples or avoid what they see as the “wrong” choices others have made?

The data told a complex story as to why individuals and couples delay having children. Some point to emotional scars left from their childhood; others describe a quest for self-improvement, and still others talked about prioritizing their marital relationship before children.

<b>Answer Options</b>	<b>Response Percent</b>
Strongly Agree	30.00%
Agree	55.00%
Neutral	5.00%
Disagree	8.00%
Strongly Disagree	2.00%

**Figure 3.** My parents have always supported my decision-making

Answer Options	Response Percent
Strongly Agree	5.00%
Agree	20.00%
Neutral	10.00%
Disagree	40.00%
Strongly Disagree	25.00%

**Figure 4.** My parents put a lot of pressure on me to have children.

Diving deeper into the data, there uncovered another layer of understanding. When the respondents expressed their feelings about their parents, many acknowledged that they do sometimes feel mild pressure from family, but they choose to ignore it. One respondent commented, “The only person who I need to talk to about having kids is my husband. No matter how many family members ask and want a baby in our family, it is not their decision.” This reflected how most survey respondents felt. No matter the amount of prompting and encouraging from their parents and other loved ones to have children, the choice was not theirs. The ultimate decision on whether and when to have children lay with the couple.

**Peer Influence**

On the survey, respondents were asked series of questions about how peers influenced the participants’ childbearing timing. One of the questions I stated, “I feel left out not having children yet” (see *Figure 5*). I had asked this question to gauge if participants might feel like they were falling behind their peers in this presumable next life step. At first glance, the respondents’ peer group seemed to have little influence on their choice to have children. Looking at the survey data, the majority of people did not “feel left” out because their friends had children. This could be because more than half of the individuals surveyed said they spent the majority of their free time socializing with other childless couples.

Answer Options	Response Percent
Strongly Agree	5.00%
Agree	15.00%
Neutral	10.00%
Disagree	40.00%
Strongly Disagree	30.00%

**Figure 5.** I feel left out not having children yet.

Additionally, when I asked how the respondents perceived the relationships of their friends who were married and had children (see *Figure 6*), raw data showed that only 25 percent of respondents agreed that children have negatively influenced their friends partnerships. This question was asked to understand if in confirming, this might be a reason the couples I surveyed were not having children of their own—as they were trying to protect their relationship from the same fate.

Answer Options	Response Percent
Strongly Agree	5.00%
Agree	20.00%
Neutral	15.00%
Disagree	55.00%
Strongly Disagree	5.00%

**Figure 6** Having children seem to have negatively influenced some of my friends' marriages.

Taking both of these statistics at face value one might assume that the respondents' peers had minimal influence. But later there is a different story that emerges on in depth analysis of their opinions. "Many of my friends have struggled with the shift in priorities once children come into the picture. This has led to infidelities, resentments, and other negative behaviors." *Survey Respondent*. This indicates that there lies definitely peer pressure on their DINK decision.

Hence, converse to the majority in the raw data, when asked to reflect on their peers in their own words a number of respondents did believe that having children was negatively impacting their friends' marriages. There were various opinions citing various issues including a lack of sleep, an imbalance in parenting expectations, and a shift in emotional focus from partner to child that had challenged the happiness of their peers' relationships. Many DINKs see this new tension between husband and wife as a warning flag for having children.

### **Fulfilling self**

This study explores how the individuals and couples saw themselves as being internally motivated to delay childbearing after marriage. After all, like many adamantly expressed during their interview, they see themselves ultimately as doing what they want. First looking at the survey data, 95 percent of survey respondents agreed to "feeling free to decide my own life path, despite what my family, friends, or society expects." One respondent explained, "I am not living my life to please others or gain their acceptance. If someone does not agree with my life choices, quite frankly I do not care." (See *Figure 7*)

Answer Options	Response Percent
Strongly Agree	47.00%
Agree	40.00%
Neutral	5.00%
Disagree	5.00%
Strongly Disagree	3.00%

**Figure 7.** I feel empowered to make choices in my life.

Not only do the participants feel like they have the option of living a self-directed life, but the majority also feel like they are actively striving to achieve that image as seen in *Figure 8*. One DINK commented, "I decide my own path and I pursue it on a daily basis. I go after what I want." While we do not know the details about these individuals' lives, the fact that

they agreed strongly to these questions reflects the kind of sensibility.

<b>Answer Options</b>	<b>Response Percent</b>
Strongly Agree	30.00%
Agree	50.00%
Neutral	10.00%
Disagree	5.00%
Strongly Disagree	5.00%

**Figure 8.** I know the direction I want my life to take and work towards it every day.

So what exactly is it that the participants want—what direction do they want their lives to take? Right now, the majority of survey respondents want not to have children. The question is why? The chief reason that emerged for their reluctance to produce offspring at this stage in life is because they lack a feeling of personal readiness, they have not completed their reflexive projects of self. One survey respondent commented, “I still have things to check off my bucket list and I'll be too old when my kids leave the house, so I'd like to check them off now while I'm still young”. She was not the only one to feel this way; over 98 percent of survey respondents claimed that they are “not prepared to have children yet”. The key word in the previous sentence is the word “yet”. For although they do not want to have children at this time as mentioned before, most see it as a long-term objective. In the meantime, they are focused on activities of self-improvement.

<b>Answer Options</b>	<b>Response Percent</b>
Strongly Agree	5.00%
Agree	10.00%
Neutral	15.00%
Disagree	45.00%
Strongly Disagree	25.00%

**Figure 9.** I am worried to have a child right now because of the current economic situation.

When looking at the changing demographic trends in marriage and parenthood, it's noticed that they coincided with the downturn of the economy. As such, in the survey there is focusing on this potential influence and what was found was surprising. The respondents, over 85 percent, did in fact believe that having children would “affect the type of lifestyle my partner and I enjoy” which I would have assumed to be the case, knowing that the social evidence support this. But when asked more specifically about money, the story was not so straightforward. Looking at the raw data, the downturn in the economy seemed to have little effect on the timing of having children for the majority of the respondents (see Figures 9 and 10).

Answer Options	Response Percent
Strongly Agree	10.00%
Agree	7.00%
Neutral	10.00%
Disagree	50.00%
Strongly Disagree	23.00%

**Figure 10.** The recession has affected my partner and my decision to have children right now

Similarly, when asked to confirm if “Money is the main reason my partner and I have not had children yet,” only 25 percent agreed that it was, making it one of the least ranked items on the entire survey. When asked to list the reasons for not having children yet in the comment section of the survey, financial preparedness was the most common issue that participants listed, but it was almost always addressed with secondary importance to their decision making. One respondent commented, “While money isn't a significant factor, if we were ready to have kids, we would prefer to be a little more financially prepared.” Unquestionably, money was an important consideration in childbearing timing, but ultimately a lack of funds was not a deal breaker.

This laissez-faire attitude towards money was common among the couples interviewed. One respondent commented, “We know from talking to people you are never ready financially, so it isn't a big deal.” It was not that the research participants did not see the importance of being financially ready for children, and it was that they did not view it as the key determinant for when to have children

### **Crafting a career**

As a first step to crafting their careers, they saw earning a quality education as paramount. Almost 100 percent of survey respondents felt that “earning bachelor's degree was very important.” For many others, continuing their education beyond a Bachelors degree was seen as integral part towards developing oneself for a future career.

### **Putting Partner First**

Included in this is a mutual respect for each other's personal goals, even if that means delaying having children. One respondent shared, “We enjoy our independence as a couple and separately having a child would limit that and potentially stress the relationship.” This commitment to keeping the other satisfied necessitates a constant give and take between partners, as well as constant communication, especially on the topic of children. Therefore, like a pure relationship, commitment between DINKs balances precariously on each individual's ability to express their own needs. Without doing so, the other person may leave them at any time due to a change of heart.

This sensitive state of the marriage makes the decision to have children that much more charged. It is no surprise then that over half of the survey respondents agreed with the item that stated, “One of my main concerns for having children is that it will change my relationship with my partner.” These concerns manifest differently for each individual, but center on a few core themes. First, many survey respondents believe that having children will shift focus away from the marital relationship to the child.

Many couples feel a deep connection with their partner and worry about what a child might do to that bond—along the lines of “Two is a company, three’s a crowd”. A second key concern for childless couples was the idea of having to change how they currently spend their free time with their partner. For example, 20 (out of 100) individuals specifically mentioned travel as a reason they have not had children yet. Other couples had different ways they valued their time with their partner.

A last main concern in regards to the effect that having children would have on the partnership was felt explicitly by the females of the survey population. Many women worried that by having children, they would be expected to step up as the lead nurturer in the family. “I worry about having to shoulder most of the burden” says a survey respondent.

### **CONCLUSION**

The majority of the individuals researched perceived Double Income No Kids as a preparatory phase that they pass through because they do want children one fine day. These individuals view the steps they take before having children not as detours or distractions, but as necessary steps to building a solid foundation for family. Dedicating a considerable amount of time, to earning their education is seen as extremely beneficial. A degree, or two, or three, is believed to provide the skills necessary to secure a job that makes them financially secure. More importantly for many DINKs, this effort is perceived as a necessary step to securing an emotionally satisfying career, for both men and women alike.

The “dual” of Dual Income No Kids is by far the most important factor pushing back the time line for having children amongst the research participants. Like in a pure relationship, focusing on the partnership first provides a number of benefits they regard as crucial to a successful marriage. The participants feel spending alone time with the partner allows them to grow and mature the relationship through an evolved understanding of the others expectations. Correspondingly, they believe this childless time allows for improved communication and conflict resolution due to a less stressful setting. On a different note, through engaging in personal activities they enjoy together, they believe they are balancing their personal desires against the needs of their future children. All of this, they feel, helps prepare them to withstand the stress that having children will bring. Never the less its worth to remember what Jenny McCarthy said “Having children makes you realize the importance of life.”

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## **B 2 B E-COMMERCE IN INDIA**

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### **ABSTRACT**

*E-commerce stands for electronic commerce and pertains to trading in goods and services through the electronic medium. India's e-commerce market grew at a staggering 88 per cent in 2013 to \$ 16 billion. E-Commerce has unleashed a revolution, in the way businesses/individuals buy and sell products and services. With the introduction of 3G and 4G service, which will make internet faster, the E-Commerce is expected to grow by leaps and bounds. Indian B2B E-Commerce accounts for about 80% of the total E-Commerce trade, compared to about 90% in developed countries. Also the online market share in India is about 0.5% compared to global average of 4%. Thus there is a tremendous scope for further increase. There are about a dozen large players in the B2B E-Commerce sector. The Government's policy liberalization allowing 100% FDI in B2B E-Commerce will give a fillip to this sector. Encouraged by the success in B2C, many small players are entering the B2B sector in niche segments. Mobile E-Commerce (E-Commerce using mobiles dubbed as M-Commerce) too is expected to add to the growth. India has 140 million Internet users which is equal to the numbers of many of the developed countries, and the number is expected to grow to 376 million by 2015. The future of B2B E-Commerce is very bright in India, as more and more small and medium scale industrial units are hitching onto it, to widen their reach across the world.*

**Keywords:** B2B E-Commerce; Forrester Report Oct 2013; Mjunction; India Mart; Trends in B2B

### **INTRODUCTION**

E-commerce stands for electronic commerce and pertains to trading in goods and services through the electronic medium. India's e-commerce market grew at a staggering 88 per cent in 2013 to \$ 16 billion, riding on booming online retail trends and defying slower economic growth and spiralling inflation, according to a survey by industry body Assocham. As the E-Commerce market is growing by leaps and bounds, the logistics sector is gaining more and more importance. The supply chain management is still weak in India. The existing warehouses traditionally served the purpose of storing only, whereas now for E-Commerce, these facilities need to be automated and integrated into retailers' websites and store-fronts along with pick and pack capabilities.

Indian retail market will be worth 900 bn USD by 2014 and out of which online contribution is just 0.47%, while the global industry average is 4%. Thus there is a large scope for further growth. Number of people below the age of 35 is going to be closed to 828 Mn by 2015. Close to 376 Mn unique internet users by 2015 against current users 120 Mn. Adoption of new technology is also an important factor for fueling the growth of e-commerce industry.



Current trend shows that India will have 450 Mn smart phone users and close to 100 Mn 3G users by 2015. But we are still struggling with Infrastructure and bandwidth (High speed Internet).

E-Commerce consists of three major categories

1. Business to Business (B2B) E-commerce: is growing at a rate of 30% per year without any fanfare.
2. Business to Consumer (B2C) E-commerce: is far behind B to B, but is growing at a rate of 60% per year and expected to catch up with B2B Commerce by 2015.
3. Consumer to Consumer (C2C) E-commerce: is still in a nascent stage, probably because of lack of trust among both buyers and sellers.

In India, B2B E-Commerce is growing at a great speed, without much of fanfare that is associated with B2C E-Commerce. B2B is estimated to account for 80% of E-Commerce in India, compared to 90% in advanced countries. As per a 2012 US Department of Commerce report, B2B commerce in the US was measured at \$3.7 trillion. Of this, B2B E-Commerce is estimated to be about \$500 billion. Indian B2B market is estimated to be about \$ 351 million in 2012, and is expected to be over \$ 400 million in 2013.



There are about a dozen major players in the B2B scene in India. They are given in Table-1.

**Table 1.** India's top B2B Websites

mjunction.com
IndiaMART.com
TradeIndia.com
India.Alibaba.com
Made-From-India.com

TATAB2B.com
B2B.Sulekha.com
India.TradeFord.com
ExportersIndia.com
JimTrade.com
IndiaTradeZone.com
IndianExporters.com

Mjunction Services Ltd., a 50:50 joint venture between SAIL and Tata Steel set up in 2001, is by far the biggest B2B enterprise of India( having e-transacted worth over Rs 1,60,000 crores so far). It runs the world's largest eMarketplace for steel. Metaljunction, the portal of mjunction holds 25 to 30 auctions everyday. In the space of just 12 years, it has established a national footprint with presence in more than 25 locations all over the country. mjunction is a ISO 9001:2008, ISO 27001 certified company and its Technology Function is assessed at CMMI Level 5. mjunction has achieved a sales of Rs. 41,134 cr in the year 2012-13, a 30% growth over previous year. MSTC Limited another government company has achieved a turnover of Rs. 6455 cr. in 2013.

IndiaMart is said to have 700,000 products on its list, 1 million registered members, 3 million unique visitors per month, 25 million page views per month and 0.8 million business enquiries per month, and enables \$1.5 billion worth transactions per year. Sellers can test market their products globally for as little as Rs 12,000, can set up a 24X7X 365 online catalogue for as little as Rs 24,000.

TradeIndia was established in 1996. It has 2.5 million B2B registered users. It is said to receive 20.5 million hits and 30 million page views per month. It covers over 1, 43,000 product items in 1400 categories. It did a business worth about Rs 11,773 crores in 2013.

The story of e-Bay India motors a B2B firm is given in Box-1

**Box-1****eBay India Motors**

eBay India Motors is the leading online marketplace for sale of second hand cars, bikes & commercial vehicles in India. It is a B2B Motors Marketplace where corporates, financial institutions, large dealers and fleet owners sell vehicles to automobile dealers across the country. This unique marketplace was founded in 2002 as part of Baazee.com (now eBay India).

eBay India Motors hosts online auctions for the sale of vehicles in a transparent and auditable manner on <http://b2bmotors.eBay.in>. eBay India Motors' strength lies in its buyer base of over 9000 dealers, who are registered to buy on the platform, across 250 cities. The B2B Motors Marketplace on eBay India, is an independent and neutral platform, which provides a level playing field to all buyers on the platform, thereby eliminating intermediary costs along with a reduction in holding costs and turnaround time.

Some enterprising companies have entered some niche business areas like 'Office Supplies'.

Office Yes, launched last year, supplies office needs like stationery, cleaning supplies and furniture. Backed by Germany-based incubator Rocket Internet, OfficeYes has around 500 large corporate clients, such as Microsoft, GE and HCL, and around 6,000 SME clients. Printland's Behl, 49, who worked previously as the global head of customer service and enterprise services at Bharti Airtel, said repeat orders and large transaction values make this category attractive.

Printland, which has around 20,000 registered SME and corporate clients, has around 40% gross margins. The company, which is targeting over Rs 4 crore in revenue this fiscal and expects to reach Rs 100 crore in the next three years, lets clients order online for visiting cards, letter heads and printed corporate merchandise. About 40% of Printland's customers regularly order on the platform, while OfficeYes sees 50% repeat orders. The average transaction size ranges between Rs 30,000 and Rs 50,000 on most portals. These entrepreneurs have also refuted the popular belief that large firms do not order online.

Other online ventures in India in this space are ,Printvenue , eSupply and 1click1call , among others.

Another very interesting venture in the B2B segment is NPASource , which was launched in August 2011, aggregates non-performing assets of banks, puts up the details on its site, and helps customers buy them. "We realised there is a great gap in information available to investors who want to buy such properties," said Devendra Jain, 44, a chartered accountant, who is targeting revenue of Rs 6 crore in fiscal year 2014. "Banks are also not able to publicise details of such properties easily." The company has around 20,000 users and has tied up with around 10 banks so far, including SBI, IDBI Bank and NABARD.

National Small Industries Corporation Ltd. (NSIC) recently announced that a new business-to-business portal similar to Alibaba.com is in the pipeline.

### **Trends on B2B E-Commerce**

Global B2B is estimated at \$1.25 trillion. A survey of 400 companies worldwide revealed that the B2B Commerce is adopted by 92% of the surveyed 400 companies, and form 35% of their sales in 2013. The companies of USA in contrast had 42% of their sales through B2B E-Commerce.

B2B Commerce is undergoing radical and rapid transformation with more and more organisations learning from B2C and embracing electronic - and now mobile – commerce.

A recent Forrester study estimates the B2B e-commerce trend has already revolutionized the way business is conducted in the developed countries and the trend will pick up in India over the next 1-2 years. "Like B2C, many B2B organizations are establishing an online channel and they are now focusing on how to grow this channel to maximize revenue. The trend in fact is driven by an increasing focus on customer experience," says the Forrester study.

Forrester believes that B2B eCommerce organizations must address three key trends in 2013: growing demand for B2C-like B2B eCommerce experiences; increasing channel conflict between direct sales organizations and eCommerce operations; and rising demand for scarce B2B eCommerce talent.

Experts believe that the B2B e-commerce can certainly be successful in India because of the vital role B2C has been playing in the past few years. Likewise, many believe that the B2B e-commerce model is backed by the prior establishment of a strong B2C market.

Viresh Oberoi, Founder CEO and MD of mjunction Services Limited, believes that even though brand matters in B2B, companies practicing this model should also create a competitive edge.

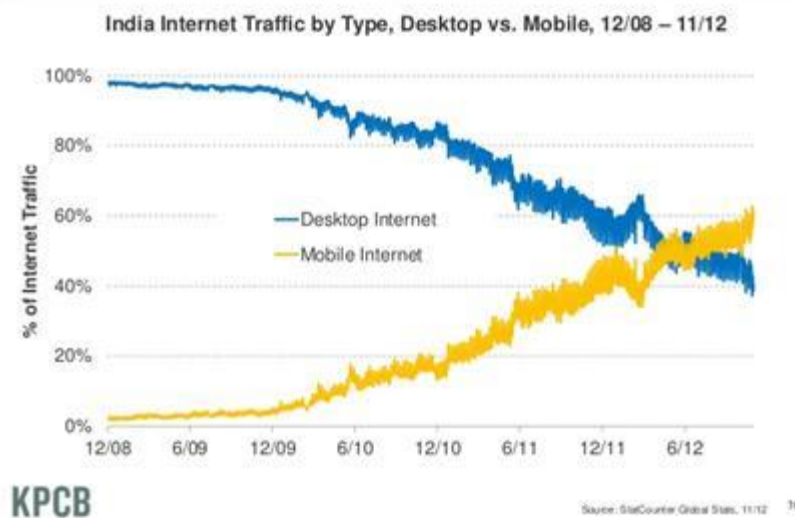
Indian Government too helping the industry by allowing 100% Foreign Direct Investment in this sector. What finally leads to a successful B2B entrepreneurship is an understanding of strategic goals and customizing your products accordingly, besides segmenting customers based on their needs to ensure an appropriate proposition to each segment, says Oberoi .

Indian B2B portals are considered user friendly and provide superior clarity to customers about the companies, their products, services and the terms and conditions.

### **Mobile E-Commerce**

Mobile users are increasing by leaps and bounds in India. The number of smart phone users are expected to reach 450 million by 2015. The mobile internet traffic has already surpassed the PC based internet traffic by mid 2012.

In India, Mobile Internet Traffic Surpassed Desktop Internet Usage in May, 2012 - Other Countries to Follow...



### **CONCLUSION**

India has 140 million internet users and 900 million mobile users. Thus the foundation for flourishing E-commerce is laid. The smart phone population too is at the tipping point of 10%, after which it is expected to grow exponentially. This would greatly facilitate M-Commerce. B to B , E-Commerce is growing fast without any fanfare. With the advent of 3G, the internet on mobiles is becoming fast, and will facilitate E-Commerce using mobiles (dubbed Mobile Commerce).

With the advent of E-Bay in India, B2B Commerce has got a big boost. Several small companies too are also exploiting the pent up demand for goods and services at the enterprise level. Government too, on its part, has allowed 100% FDI in B2B E-Commerce. Medium sized companies with branded quality products can be expected to benefit more from B2B E-Commerce.

“Going forward B2B is the clear success formula for the Indian e-commerce industry,” says Gaurav Issar, Co-Founder of JewelsNext.

There are also some pessimists, who consider that B2B commerce will face the same fate as dotcom. They quote that at the boom of dotcom period (2001), there were 1500 B2B enterprises, but now there are hardly 250, though the business is growing at about 12% each year.

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## USE OF COMPUTERS IN DATA ANALYSIS

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### ABSTRACT

*Do you know that IT has been recognized as a potential enabler of business as companies have been invariably growing their business by looking at new markets and products ? India has been best positioned to offer IT services and IT solutions, Most of the MNCs are outsourcing their software requirement to retain their competitive edge and our country has been recognized as an emerging superpower in IT. Finally, we should learn about IT because of the many employment opportunities in this field.*

**Keywords:** Design, Data Analysis, School Projects

### INTRODUCTION

Data analysis as a component of the research process which needs to be considered throughout every stage of the design. We have noted how early design decisions can shape the types of data which will be collected and therefore influence the analysis which will be possible. It is important to recognise this and make sure that the types of data collected are suited to responding to our research questions. In this sense, it is useful to work backwards through our research design. Once research questions have been formulated, it should be apparent what types of data will be required in order to meet the objectives of the research. This will then form the basis of the choice of methods, selection of sample, and design of research instrument,

We have considered the different formats in which both quantitative and qualitative data can present themselves, and how to manage the data. Issues of data collection need to take into consideration data analysis, since data is often organised in the field, whether this be through the writing of fieldnotes or recording of survey responses.

Statistical analysis techniques can be complicated. We have chosen to concentrate on introducing just some of the techniques which researchers use in order to explore the data and seek out associations. Owing to the widespread use of computers in analysing quantitative data nowadays, the emphasis has shifted from an understanding of how to calculate statistical tests to understanding where it is appropriate to use one test or another and how to interpret the results. There are many texts which offer an in-depth exploration of the techniques.

### OBJECTIVE

An important aspect of IT is that it can be applied anywhere. The impact of / IT has not only changed the working at offices but also the lifestyle of / people at home.

**Statistical significance**

When dealing with data which has been collected from a sample, rather than the whole population, we are presented with a quandary. How can we be sure that the conclusions we are drawing on the basis of our analysis apply not only to the sample, but also to the population as a whole? There will always be the possibility, even with carefully selected samples, that the sample is not representative, and that observed patterns have simply occurred in our sample by chance. Unfortunately this cannot be entirely overcome, but we can work out the likelihood of this happening by testing for statistical significance.

Statistical significance works on the basis of establishing a null hypothesis. This is a hypothesis which states there is no relationship existing between the two variables. In trying to establish association between variables, we are seeking to reject this hypothesis (thereby establishing that there is, in fact, a relationship). However, if our findings are not an accurate reflection of the population as a whole, then there is the possibility that we may reject the null hypothesis when we should be accepting it. The probability of doing this forms the basis of the level of statistical significance

While the wealth of tools available to the quantitative researcher can be bewildering, it does at least offer comfort to the analyst in the form of strict guidance and established practice. Qualitative data analysis does not benefit from such strict guidelines, but models and approaches such as grounded theory can be used to gain assurance and confidence in our treatment of the data. Without the luxury of having a specific test which applies to identifiable types of data, it is important to remain focused on the research questions and to select data for analysis which are best able to answer these questions.

The debate over combining methods is one which can perhaps be best tackled by focusing on data analysis, since it is from analysis that the benefits can best be gained. Using analysis of data to inform the research design, or to validate our research, are both useful ways of strengthening our research in the face of criticism. The seemingly eternal question of epistemological concerns will remain, but it is worth considering combining methods for the fresh challenges it presents and for the possible practical advantages to be had.

**Preparing data for analysis**

The collection of quantitative data will usually require the recording of measures or indicators on a research instrument (a questionnaire or schedule) and then inputting the data into a computer analysis program such as SPSS. Quite often nowadays, particularly in large research organisations, these steps are combined through a process of computer-assisted personal interviewing (CAPI), whereby the traditional paper questionnaire is replaced by a laptop computer. Interviewers are then able to input responses directly into a software program which presents an electronic version of the questionnaire. Similarly, in experimental research, computers are often available on site, and so data can be entered directly into analysis software. When carrying out a small-scale project, however, we most likely will have to rely on the traditional method of collecting data on a paper research instrument. This inevitably leads to a large collection of paperwork, all of which will have to be managed while data is transferred to a computer. It is important that each questionnaire or schedule can be identified, so giving each case a unique number will enable the data on the computer to be traced back to the corresponding research instrument in the event that checks need to be made, or data is lost or damaged.

**LIMITATIONS**

Limitations on the types of analysis available to us are imposed by earlier stages in the research process. The way in which concepts are operationalised, the ensuing variables which have been defined, and the format the indicators take will all affect our analysis. Linked to all of this is the process of coding. By and large, quantitative data is pre-coded, so different responses are listed against their respective codes on a questionnaire. For some examples of closed questions which have been pre-coded, see the section on questionnaire design in Chapter 6. The ways in which these codes relate to the categories of the variables will determine what analysis is appropriate. It is therefore important to recognise the difference between what are known as levels of measurement.

**CONCLUSION**

Analysis is an element of research which is often perceived as the most problematic stage. This can often lead to a reluctance to begin analysis and time spent collecting more and more data instead, which simply exacerbates the problem. Getting started with data analysis is perhaps the most difficult part of the research process, but by seeing the analysis stage as part of the whole process, and not just something which happens at the end of your research, is a good way of overcoming this barrier. It is, after all, only through the analysis of our data that we begin to see our research questions finally illuminated.

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## CHALLENGES OF TRIBAL DEVELOPMENT IN MAHARASHTRA

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### ABSTRACT

*Development of Tribal Population is a key issue in our country for up-lift of socio-economically backward classes in India. Major problems of tribal community are illiteracy, low level of education, poor health conditions, poverty and unemployment, lack of development opportunities and above all, insensitivity towards development. Maharashtra is one of the 17 states in the country with tribal population. Union and State Governments are implementing plans for development of Tribal community but the efforts are lacking political willingness or there is administrative apathy in implementing the plans. This paper attempts to find reasons behind slow path of development of Tribal people in the State of Maharashtra.*

*It is observed in this paper that the provisions made for Tribal Development in Maharashtra are inadequate to fulfill the requirements of the society and further, whatever provisions are made those are not fully utilized.*

**Keywords:** Tribal Development; TSP Provisions; Allocation of Funds; Utilisation of Provisions

### INTRODUCTION

The tribal population of India may be divided into three principal territorial zones, namely, the North-Eastern Zone, the Central Zone, and Southern Zone. Article 366 (25) of the Constitution of India defined "Scheduled Tribes" as "Such tribes or tribal communities or parts of or groups within such tribes or tribal communities as are deemed under Article 342 to Scheduled Tribes for the purpose of this Constitution." By the Constitution (Scheduled Tribes) Order, 1950, issued by the President in exercise of the powers conferred by Clause (1) of Article 342 of the Constitution of India, 255 tribes in the 17 states were declared to be Scheduled Tribes.<sup>1</sup> This article is an attempt to review the progress of Tribal society in Maharashtra during recent times under Tribal sub plans aimed at Tribal Development.

### Report of the Study team on Tribal Development Programmes

A study team on tribal development programme with the object of giving practical effect to the recommendations made in the 4<sup>th</sup> 5 year plan draft for welfare of Scheduled Tribes and for assisting State Governments in evolving concrete schemes of development, especially adapted to the needs of tribal communities and scheduled areas was constituted by the Planning Commission under the Chairmanship of P. Shilu Ao in October, 1966. The Committee was asked to:

- Look into the problems and needs of tribal communities in each state.
- Appraise the working of tribal development programmes, especially during 3<sup>rd</sup> Five Year Plan.
- Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the general development programmes.
- make detailed recommendations regarding the lines on which the schemes should be oriented in the 4<sup>th</sup> Five Year Plan to accelerate progress; and
- suggest measures for strengthening the administrative machinery and harnessing tribal leadership to ensure their fullest participation in the task of economic and social development.<sup>2</sup>

The Prime Minister (Jawaharlal Nehru) has laid down a Pach Shila for tribal development and if the following five principles are observed, we may look forward to progress in the tribal areas with confidence and hope. If, however, they are ignored, there may well be a change for the worse rather than for the better. This is what the Prime Minister has said:

Development in various ways there has to be, such as communication, medical facilities, education and better agriculture. These avenues of development should, however, be pursued within the broad framework of the following five fundamental principles

1. People should develop along the lines of their own genius and we should avoid imposing anything on them. We should try to encourage in every way their own traditional arts and culture.
2. Tribes rights in land and forests should be respected.
3. We should try to train and build up a team of their own people to do work of Administration and development. Some technical personnel from outside will, no doubt, be needed, especially in the beginning. But we should avoid introducing too many outsiders into tribal territory.
4. We should not over-administer these areas or overwhelm them with a multiplicity of schemes. We should rather work through, and not in rivalry to, their own social and cultural institutions.
5. We should judge results, not by statistics of the amount of money spent, but by the quality of human character that is evolved.<sup>3</sup>

### **New Approach to Tribal Development**

There are 35 districts in the Maharashtra State and the tribal population is largely concentrated in the western hilly districts of Dhule, Nandurbar, Jalgaon, Nashik and Thane (Sahyadri Region) and the eastern forest districts of Chandrapur, Gadchiroli, Bhandara, Gondia, Nagpur, Amravati and Yavatmal (Gondwana Region)

As directed by the Government of India in 1975-76 the villages where more than 50 per cent of the population was tribal, were constituted into Integrated Tribal Development Projects. (ITDPs) The villages where the tribal population was only marginally less than 50 per cent were also constituted into additional ITDPs and these were called the Additional Tribal Sub Plan (ATSP) Blocks\Projects.

In the meantime, the Government of India in recognition of the fact that there were some small concentrations of tribal population just outside the Integrated Tribal Development Plans (ITDPs), directed that in a group of villages having a population of about 10000, if more than 50 per cent of population is tribal, the villages should be brought under the Modified Area Development Approach (MADA) Similarly, if two or three villages having a total population of 5,000 if more than 50 per cent of population belongs to tribal, the same should be constituted into a clusters/Mini MADA.

Consequent to the recognition of the Tribal Development Department done in January, 1992 the 24 Project office's jurisdiction have been so delineated that they cover all the tribal population in the state, whether living in the ITDP, MADA, Mini MADA/ Clusters or scattered elsewhere in the state.

According to the 2001 census, out of the total tribal population of the state about 49 per cent reside in the ITDPs (i.e. the Scheduled Area and the ATSP), MADA and Mini MADA clusters, and the remaining 51 per cent live outside this areas.<sup>4</sup>

### **Tribal Sub Plan**

The concept of drawing up a Tribal Sub-plan, hereinafter shall be referred to as TSP, accounting for all the flows of funds invested in the ITSP was started from 1975-76. Subsequently, the terms TSP and ITSP were used inter-changeably and the ITDPs were often referred to as TSP Areas.

Since this work was given to the Tribal Development Department, the annual outlays under the TSP have been as follows. Tribal Development Department and Tribal Sub Plan Annual outlay and expenditure incurred during the period from 1993-94 to 2011-12 covering a period of recent two decades ending 2011-12 are given in the table 1<sup>5</sup>

Table 1 gives the figures of TSP Budgetary provisions, its share in State Plan, provision for outlay on TSP and the per cent of expenditure actually incurred against the amounts provided for the period 1993-94 to 2011-12. Assuming State Plan Outlay as cent per cent, it can be seen from the table that Budgetary provision has always remained less than the planned outlay, excepting last 4 years from 2008-09 to 2011-12 when budgetary allocations matched with the State Plan outlay. The Budgetable Outlay was 85.4 per cent of the state plan outlay during first five years from 1993-94 to 1997-98, which dropped to as low as 52.7 per cent of the plan outlay during next five years from 1988-89 to 2002-03. There was a significant improvement in budgetable outlay at 93.4 per cent of State Plan outlay during third period from 2003-04 to 2007-08. This is an indication of the state policy to participate more actively with a view to bring rapid tribal development. The same trend seems to have been continued during the more recent period from 2008-09 to 2011-12 but it is difficult to comment upon administrative efficiency of the state machinery in better allocation and utilization of TSP funds because the figures of actual expenditure for the recent two years could not be available from Tribal Development Department.

**Table 1.** Tribal Sub Plan outlay (Rs. Crore)

Year	State plan outlay	Budgetable outlay	per cent of budgetable outlay	Out lay provision for TSP.	Per cent of TSP prov. to plan outlay of the State	Actual Expenditure against TSP	Per cent of actual expenditure to TSP provision
1993-94	3804.0	3284.4	86.3	265.0	8.1	266.0	100.4
1994-95	4400.0	4000.3	91.9	330.0	8.3	275.0	83.3
1995-96	6062.0	5275.8	87.0	412.5	7.8	412.0	99.9
1996-97	8284.0	7520.1	90.8	588.6	7.8	535.0	90.9
1997-98	8325.0	6282.6	73.9	550.0	8.8	498.0	90.5
<b>Average</b>	<b>6175.0</b> (100.0)	<b>5272.6</b> (85.4)	<b>86.0</b> (85.4)	<b>429.2</b> (8.7)	<b>8.1</b>	<b>397.2</b> (92.5)	()
1998-99	11600.7	6400.0	55.2	561.0	8.8	520.0	
1999-00	12161.7	6641.8	54.6	580.6	9.0	467.0	92.7
2000-01	12330.0	5798.0	47.0	525.0	9.0	444.0	80.4
2001-02	11720.6	6750.0	57.6	567.0	9.0	366.8	84.6
2002-03	11562.0	5704.0	49.3	585.0	10.3	323.4	64.7
<b>Average</b>	<b>11875.0</b> (100.0)	<b>6258.8</b> (52.7)	<b>52.7</b>	<b>563.7</b> (9.2)	<b>9.2</b>	<b>424.2</b> (55.3)	()
2003-04	12052.5	7578.4	62.9	555.7	7.3	450.2	75.3
2004-05	9665.3	9665.3	100.0	530.0	5.5	376.5	
2005-06	11014.0	11014	100.0	990.0	9.0	928.5	81.0
2006-07	14829.0	14829	100.0	1389.0	9.4	1323.0	71.0
2007-08	20200.0	20200	100.0	1798.0	8.9	1658.9	93.8
<b>Average</b>	<b>13552.2</b> (100.0)	<b>12657</b> (93.4)	<b>92.6</b>	<b>1052.6</b> (8.0)	<b>8.0</b>	<b>947.4</b> (95.2)	(95.2)
2008-09	25000	25000	100.0	2238.5	9.0	2027.4	92.3
2009-10	26000	26000	100.0	2314.0	8.9	2130.0	90.0
2010-11	37917	37917	100.0	3374.4	8.9	--	NA
2011-12	41000	41000	100.0	3693.5	9.0	--	NA
<b>Average</b>	<b>32479</b> (100.0)	<b>32479</b> (100.0)	<b>100.0</b> (100.0)	<b>2905.1</b> (8.9)	<b>8.9</b>	<b>2078.7</b> (91.2)	<b>91.2</b>

**Note:** Ompiled from Annual Tribal Sub Plan 2011-12 PP. 4, 58, Figures of actual expenditure for the period 2010-11 and 2011-12 are not available, Figures in brackets indicate per cent to total.

Another interesting feature of the TSP allocations is in line with the ratio of Tribal population to total population of the state. Throughout the period covered in the above table shows that the ratio of TSP outlay to state plan outlay ranged from 5.5 per cent to 9 per cent of the State Plan outlay. Eliminating year to year fluctuations, five yearly averages definitely show an improvement from 8.1 per cent to 9.2 per cent by 2008-09. This can be termed as allocative efficiency of funds for Tribal Development.

However, success or failure of any plan doesn't depend on allocative efficiency alone. Its implementation part is more important because utilization of funds transmit the benefits of plans to the people for whom the plan is made. Unfortunately, implementation of TSP is not as efficient as the allocation part of it. It is seen from the Table that actual implementation of TSP through expenditure against allocations is poor. During first period of 5 years from

1993-94-1997-98, on an average, only 92.5 per cent of allocations could be utilized. This ratio dropped to a miserable level of 55.3 per cent during next five years from 1988-89 to 2002-03. This ratio improved to 95.2 per cent during 2003-04 to 2007-08 and there can be no comments on utilization of funds during 2008-09 to 2011-12 due to non-availability of the figures of actual expenditure. If the funds for any development projects are not released in time and in adequate volume, implementation is always delayed resulting into rise in the cost of project completion. Cost escalation becomes a major hindrance in the way of bringing about desired development at desired time.

### Important Subsectors of Tribal Development Department

The Tribal Development Department has provided the outlay over the period from 1998-99 to 2011-2012 for important sub-sectors such as Jawahr Rojgar Yojana, for employment guarantee, Rural Water supply for making a provision for supply of safe drinking water, Public Health for rendering health services to tribal population, Education for literacy and attainment of levels of education for tribal people, Roads for providing access to transport system for both, passengers and goods, and finally, Welfare of Backward Classes etc. as follows

Table 2 presents data on six heads of Tribal Development aimed at fulfilling different objectives of Tribal Development for the period from 1998-99 to 2011-12 distributed into three periods for comparing improvement or otherwise over time. Expenditure on Jawahr Rojgar Yojana, Road Development works, Education, Public Health and Rural Water Supply Schemes show a continuous declining share over time; whereas the expenditure on welfare of Backward Classes, a single head of development expenditure shows a long-term rising trend.

**Table 2.** Tribal Development Department Outlays over Important Sub-Sectors (Rs. in Lakh)

Year	Jawahar Rojgar Yojana	Roads Development	Education	Public Health	Rural water supply	Welfare of Backward classes	Total Allocation for heads
1998-99	3834.2	8264.5	3121.5	5346.3	2627.0	5608.9	28802.5
1999-00	4398.5	9246.9	2831.3	5780.2	3696.7	5557.2	31510.7
2000-01	3414.1	3415.7	2841.3	5066.6	3447.4	7474.1	25659.2
2001-02	3763.4	4050.0	2907.8	3127.5	2649.1	6861.2	23358.9
2002-03	3854.9	5226.3	2768.3	4105.1	1954.8	6994.6	24904.0
<b>1998-03 Average</b>	<b>3853.0 (14.4)</b>	<b>6040.7 (22.5)</b>	<b>2894.0 (10.8)</b>	<b>4685.1 (17.5)</b>	<b>2875.0 (10.7)</b>	<b>6499.2 (24.2)</b>	<b>26847.0 (100.0)</b>
2003-04	4396.0	4941.8	2555.4	4484.0	2053.1	8487.9	26918.2
2004-05	4842.6	2959.5	1240.3	7479.7	4736.2	21048.0	42306.1
2005-06	5168.3	7202.0	581.1	11489.0	6654.5	39733.7	70828.5
2006-07	5500.7	7562.7	1820.3	10149.8	3955.1	43123.9	72112.4
2007-08	4120.7	13229.4	36.8	13437.4	4632.7	82377.3	117834.2
<b>2003-08 Average</b>	<b>4805.6 (7.3)</b>	<b>7179.1 (10.9)</b>	<b>1246.8 (1.9)</b>	<b>9408.0 (14.3)</b>	<b>4406.3 (6.7)</b>	<b>38954.2 (59.0)</b>	<b>66000.0 (100.0)</b>
2008-09	2397.4	17288.6	34.1	12939.6	4292.9	94023.1	130975.7
2009-10	4910.2	32329.7	1690.1	13159.4	4030.5	104906.5	161026.3
2010-11	24803.2	21889.6	1400.0	11431.5	3516.7	133316.8	196357.8

**Table 2.** Tribal Development Department Outlays over Important Sub-Sectors (Rs. in Lakh)

Year	Jawahar Rojgar Yojana	Roads Develo p-ment	Educa -tion	Public Health	Rural water supply	Welfare of Backward classes	Total Alloca- tion for heads
2011-12	18077.6	32701.6	2623.0	17994.5	5297.2	184981.7	261675.6
<b>2008-12 Average</b>	<b>12547.1 (6.7)</b>	<b>26052.4 (13.9)</b>	<b>1436.8 (0.8)</b>	<b>13881.3 (7.4)</b>	<b>4284.3 (2.3)</b>	<b>129307.0 (69.0)</b>	<b>187508.9 (100.0)</b>

**Note:** Figures in the brackets indicate per cent to total allocation of all the six sub plans.

**Source:** Compiled from Annual Tribal sub plans for the respective years

Though the former 5 services need much development, especially for the tribal population, it is not known as to why the relative share of expenditure on these much desired services is declining? In terms of absolute expenditure, there is over ten times rise in money expenditure on all the six heads of development, but if the expenditure is deflated by the amount of inflation rate over the period, there is much likely hood of real expenditure on development has declined rather than increased. This is not a real political will to develop tribal community.

### Plan outlay and Expenditure

Table 3 presents the figures of planned expenditure on Tribal Development and its relative share in State Plan Expenditure from 5<sup>th</sup> Five Year Plan onwards till 2011-12:

**Table 3.** Plan Outlay on Tribal Development Programme in Maharashtra State (Rs. Lakh)

Plan/ Period	Plan outlay in Maharashtra	Growth over Previous period	Outlay on Tribal Sub Plan	Growth over Previous period	per cent of Col.3 to Col.2
5 <sup>th</sup> Five Year Plan	262757	-	12499	-	4.8
6 <sup>th</sup> Five Year Plan	653724	148.8	34111	172.9	5.2
7 <sup>th</sup> Five Year Plan	1050000	60.6	52500	53.9	5.0
1985-86 to 1989-90	223800	-78.7	13727	-73.9	6.1
1990-91 to 1994-95	337718	50.9	23763	73.1	7.0
1995-96 to 1999-00	694756	105.7	53853	126.6	7.8
2000-01 to 2004-05	705543	1.6	55255	2.6	7.8
2005-06 to 2009-10	1940580	175.0	174590	216.0	9.0
2010-11 to 2011-12	3945850	103.3	353393	102.4	9.0
Average for the entire period	1090525	70.9	85966	84.2	

**Source:** Compiled from Annual Tribal sub plans for the respective years

Table 3 shows that plan outlay and outlay on TSP in Maharashtra, both are increasing over time. However, during the entire period covered in the Table, Total plan outlay increased by a little over 15 times, whereas the outlay on TSP has increased over 28 times that of the base period of 5<sup>th</sup> Five Year Plan. If we compare the growth in the outlay over the previous period, outlay on TSP has increased at a higher rate than the State budgetary provision throughout the period. For the period as whole, average rate of growth per time period has

been 70.9 per cent for State Plan outlay whereas the TSP outlay increased by 84.2 per cent is a positive development.

Table 4 analyses utilization of funds allocated by the State for TSP for a period of recent three decades which shows that the utilization of funds is lagging behind authorized funds.

The table indicates that the growth in the budgetary provision and utilization was highest in the year 2010-11 in absolute terms and lowest during the period 1980-81 to 1984-85. In terms of growth over previous period, highest growth rate was recorded during the period 2005-06 to 2009-10 and the lowest during the period 2000-01 to 2004-05 showing negative growth over previous period. The reasons for abnormal growth and abnormal decline during these periods need further investigation.

**Table 4.** Provision and Expenditure under Tribal Sub Plan Area of Maharashtra State  
(Rs. In Lakh)

Period/Year	Budget Provision for TSP	Growth over Previous period	Actual Expenditure	Growth over Previous period	Actual expenditure as % of Budgetary provision
1980-81 to 1984-1985	6881.1	-	7424.3	-	107.9
1985-86 to 1989-1990	14126	105.3	13912.1	87.4	98.5
1990-91 to 1994-1995	24223	71.5	22092.4	58.8	91.2
1995-96 to 1999-2000	50425	108.2	48640	120.2	96.5
2000-01 to 2004-2005	43712	-13.3	39221	-19.4	89.7
2005-06 to 2009-2010	172067	293.6	161279	311.2	93.7
2010-2011	293602	70.6	232315	44.0	79.1
<b>Average for entire period</b>	<b>86433.7</b>	<b>106.0</b>	<b>74983.4</b>	<b>100.4</b>	<b>93.8</b>

**Source:** Compiled from Annual Tribal Sub Plan 2011-12 P. 484

Actual expenditure exceeded the allocations only during the period 1980-81 to 1984-85. Aggregate utilization of funds allocated works out to 93.8 per cent for the entire period, lowest utilization of just 79 per cent was experienced during the year 2010-11. On an average, budget provision for TSP grew by 106 per cent and actual expenditure increased by 100.4 per cent.

## CONCLUSION

From the above discussion, following inferences have been arrived at:

1. The allocations for Tribal Sub Plan are not well thought. Funds are allocated under different heads of Tribal Development depending upon funds available at the state level.
2. No Special priorities for Tribal development are specified as these are not reflected in budgetary allocations. There seems to be no rationale behind deciding the priorities in Tribal Development.
3. It seems that no feedback on the needs of Tribal people is collected while deciding on schemes for their development, which is the core part of any plan for tribal development.

4. Allocations for TSP are too inadequate in relation to their socio-economic backwardness and that the implementation is too sluggish as has seen in the underutilization of scanty funds at the disposal of Tribal Welfare Department.
5. A more Humanistic Approach is needed to tackle the problem of overall development of tribal community as the gap between advanced communities and tribal community is too wide.

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**IMPACT OF GLOBAL RECESSION IN BANKING INDUSTRY  
(A COMPARATIVE STUDY OF SBI AND ICICI BANK)**

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**ABSTRACT**

*In this paper an attempt has been made to analyze the impact of global recession on financial performance of selected Indian public and private sector banks. For the purpose of analysis SBI the leading public sector bank and ICICI Bank the leading private sector bank have been taken into consideration. Secondary data have been collected through annual reports of selected banks and related websites. Further in the study the comparison of impact of recession on financial performance of public and private sector bank on the basis of Financial Performance have been analyzed. Sample has been drawn by using convenient random sampling and statistical tools-ratios, paired t-test has been used. This study ends with findings and few suggestions.*

**Keywords:** Recession; Financial Performance; Indian Banking Industry

**INTRODUCTION**

**Meaning of Recession**

A recession is a business cycle contraction, a general slowdown in economic activity. During recessions, many macroeconomic indicators vary in a similar way. Production, as measured by gross domestic product (GDP), employment, investment spending, capacity utilization, household incomes, business profits, and inflation all fall, while bankruptcies and the unemployment rate rise.

**REVIEW OF LITERATURE**

Abhijit Sarkar, 'Service in Times of Recession: A Comparative SERVQUAL Study of Retail Banking between Axis Bank and HDFC Bank in Kolkata, India' the result of that paper globalization and technological advancements, today, the competition has peaked. In this environment, only those companies can survive which offer the best services and products to the customers. Due to so many options available to the customers in the same place, attracting customers has become a tough job for the companies. Companies should possess knowledge about consumer behavior and customer satisfaction in order to survive in the market. Once the company understands the expectations of the customers, it enables the management to innovate better products/services with added benefits. This, in turn, increases its market share/profitability or even both. This stands true for the Banking sector too; also the dynamic and flexible nature of the communication channel as well as its ubiquitous reach has helped in leveraging a variety of banking activities. Naturally the banks have become more customer oriented and offer customized services to meet individual needs. There is an increased focus on the

high net-worth customers as they contribute more to the business. Banks have been offering 24-hour service to customers all 365 days of the year through their customer care centers and anytime banking services. Since liberalization of the Indian Economy in the early 90's the market environment has turned turbulent & dynamic the going has got a lot tougher and after coming through a global recession, the service element in banking sector has turned even more important. In such a back drop it becomes interesting to study the perceived quality of the services rendered by the Axis Bank and the HDFC Bank during the height of recession and to ponder over as to whether their operations in those difficult times has anything to do with their present market status.

K. Vidyakala, S. Madhuvanthi, S. Poornima, 'Recession in Indian Banking Sector' according to the study banks act as important players in the financial markets. They play a vital role in the economy of a country. The Recession that began in December 2007 impacted the revenues and profitability of businesses worldwide. We are in a globalised world and no more immune to the things happening outside our country. Built on strong financial fundamentals, strict vigil on risk appetite and firm monetary guidelines, Indian banks have proved among the most resilient and sound banking institutions in the world. But there has been considerable divergence in the performance of the various banking institutions in the country as also among the public, private and foreign banks operating in India. The Indian banking system is relatively insulated from the factors leading to the turmoil in the global banking industry. Going by the performance for the calendar year 2008, Indian public sector banks have not only been able to weather the storm of global recession but have been able to moderate its impact on the Indian economy as well, compared to its peers among the foreign and private banks. The banking sector faces profitability pressures due to higher funding costs, mark-to-market requirements on investment portfolios, and asset quality pressures due to a slowing economy. But Indian banks' global exposure is relatively small, with international assets at about 6 per cent of the total assets. The strong economic growth in the past, low defaulter ratio, absence of complex financial products, regular intervention by central bank, proactive adjustment of monetary policy and so called close banking culture has favored the banking industry in India in recent global financial turmoil.

### **NEED OF STUDY**

This study is an attempt to evaluate the impact of global recession in banking industry of selected banks over a selected period of time.

### **OBJECTIVES OF THE STUDY**

- To analyze the impact of recession on Financial Performance of both the selected banks.
- To study the comparison of impact of recession on financial performance of selected public and private sector bank.

### **RESEARCH DESIGN AND METHODOLOGY**

#### **Hypotheses**

**H<sub>01</sub>:** The mean values of operating profit per share of Indian public and private companies are equal to each other pre and post recession period.

**H<sub>02</sub>:** The mean values of return on long term funds of Indian public and private companies are equal to each other pre and post recession period.

**H<sub>03</sub>:** The mean values of return on net worth of Indian public and private companies are equal to each other pre and post recession period.

**H<sub>04</sub>:** The mean values of return on capital employed of Indian public and private companies are equal to each other pre and post recession period.

**H<sub>05</sub>:** The mean values of dividend payout ratio of Indian public and private companies are equal to each other pre and post recession period.

**H<sub>0</sub>:** The mean values of earning per share of Indian public and private companies are equal to each other pre and post recession period.

**Scope of study**

This study has been undertaken in two banks SBI and ICICI bank.

**Sample Size**

The current study includes two banks SBI (public sector bank) and ICICI bank (private sector bank) and period of six financial years 2005-06 to 2010-11 has been taken into consideration.

**Collection of Data**

This study is based on secondary data which have been collected from annual reports of the selected companies and related websites.

**Statistical Tools**

To test the hypothesis statistical techniques: Ratios, paired t-test have been used.

<b>INDIAN BANKING COMPANIES</b>												
<b>State Bank of India</b>							<b>ICICI Bank Limited</b>					
<b>Years( Pre)</b>	<b>R1</b>	<b>R2</b>	<b>R3</b>	<b>R4</b>	<b>R5</b>	<b>R6</b>	<b>R1</b>	<b>R2</b>	<b>R3</b>	<b>R4</b>	<b>R5</b>	<b>R6</b>
2005-06	124.77	97.89	15.95	8.24	19.06	83.73	36.75	56.24	14.33	8.58	34.08	28.55
2006-07	147.72	99.2	14.5	8.46	18.98	86.29	42.19	82.46	13.17	9.65	33.89	34.59
2007-08	173.61	86.83	13.72	8.96	22.64	106.56	51.29	62.34	8.94	10.62	33.12	37.37
<b>Mean</b>	148.7	94.64	14.72	8.55	20.23	92.19	43.41	67.01	12.15	9.62	33.70	33.50
<b>Years( Post)</b>	<b>R1</b>	<b>R2</b>	<b>R3</b>	<b>R4</b>	<b>R5</b>	<b>R6</b>	<b>R1</b>	<b>R2</b>	<b>R3</b>	<b>R4</b>	<b>R5</b>	<b>R6</b>
2008-09	230.04	100.35	15.74	8.99	22.9	143.67	48.58	56.72	7.58	9.9	36.6	33.76
2009-10	229.63	95.02	13.89	8.62	23.36	144.37	49.8	44.72	7.79	8.9	37.31	36.1
2010-11	255.39	96.73	12.71	8.44	26.03	116.07	64.08	42.97	9.35	8.41	35.23	44.73
<b>Mean</b>	238.35	97.37	14.11	8.68	24.10	134.70	54.15	48.14	8.24	9.07	36.38	38.20
<b>t-value</b>	11.48	0.67	-2.64	0.35	13.52	2.58	6.74	-1.71	-1.78	-0.53	6.94	2.75
<b>H<sub>0</sub> &gt; 1.96</b>	<b>R</b>	<b>A</b>	<b>R</b>	<b>A</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>A</b>	<b>A</b>	<b>A</b>	<b>R</b>	<b>R</b>

**Note:** Ratios: R1=Operating profit per share,R2=Return on long term funds, R3=Return on Net worth,R4= Return on Capital Employed , R5=Dividend payout,R6=Earnings per share

**Source:** Secondary data collected from website

In order to test the hypothesis, the mean score of pre and post selected years for operating profit per share of two Indian banks having significant difference at (0.05 level of significance) the table value is (1.96) which is less than the t-value i.e. (SBI 11.48) and (ICICI 6.74).Therefore, it can be safely said that there is a significant difference in the mean score of operating profit per share for selected years. Researcher can conclude that on this parameter both the selected banks are affected by recession.

In order to test the hypothesis, the mean score of pre and post selected years for Return on long term funds of two Indian banks having no significant difference at (0.05 level of significance) the table value is (1.96) which is more than the t- value i.e. (SBI 0.67) and (ICICI -1.71).Therefore, it can be safely said that there is no significant difference in the mean score of Return on long term funds for selected years. Researcher can conclude that on this parameter both the selected banks are not affected by recession.

In order to test the hypothesis, the mean score of pre and post selected years for Return on net worth in case of SBI Bank having significant difference at (0.05 level of significance) the table value is (1.96) which is less than the t- value i.e. (SBI -2.64).Therefore, it can be safely said that there is a significant difference in the mean score of Return on net worth for selected years. Researcher can conclude that

on this parameter SBI Bank is affected by recession. Whereas, ICICI Bank showing no significant difference at (0.05 level of significance) the table value is (1.96) which is more than the t- value i.e. (ICICI-1.78). Therefore, it can be safely said that there is no significant difference in the mean score of Return on net worth for selected years. Researcher can conclude that on this parameter ICICI Bank is not affected by recession.

In order to test the hypothesis, the mean score of pre and post selected years for Return on capital employed of two Indian banks having no significant difference at (0.05 level of significance) the table value is (1.96) which is more than the t- value i.e. (SBI 0.35) and (ICICI -0.53). Therefore, it can be safely said that there is no significant difference in the mean score of Return on capital employed for selected years. Researcher can conclude that on this parameter both the selected banks are not affected by recession.

In order to test the hypothesis, the mean score of pre and post selected years for Dividend payout ratio of two Indian banks having significant difference at (0.05 level of significance) the table value is (1.96) which is less than the t- value i.e. (SBI 13.52) and (ICICI 6.94). Therefore, it can be safely said that there is significant difference in the mean score of Dividend payout ratio for selected years. Researcher can conclude that on this parameter both the selected banks are affected by recession.

In order to test the hypothesis, the mean score of pre and post selected years for Earnings per share of two Indian banks having significant difference at (0.05 level of significance) the table value is (1.96) which is less than the t- value i.e. (SBI 2.58) and (ICICI 2.75). Therefore, it can be safely said that there is significant difference in the mean score of Earnings per share for selected years. Researcher can conclude that on this parameter both the selected banks are affected by recession.

### FINDINGS

According to the analysis of Indian Banks i.e. SBI and ICICI the results show that except R1, R3, R5 and R6 there is no impact of recession on SBI Bank. Whereas in ICICI Bank the results show that except R1, R5 and R6 there is no impact of recession on ICICI Bank. Therefore, researcher can say that in Indian banking industry public and private banks are equally affected by recession.

The profitability of both the Indian banks is affected by recession or slowdown because majority of selected parameters showing major changes in the pre and post recession period.

### SUGGESTION

If recession hits Indian banking industry than governments should respond to recession by adopting expansionary macroeconomic policies, such as increasing money supply, increasing government spending and decreasing taxation.

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**DOES IT PAY TO BE ENVIRONMENTALLY CONSCIOUS: A  
STUDY OF NIFTY COMPANIES**

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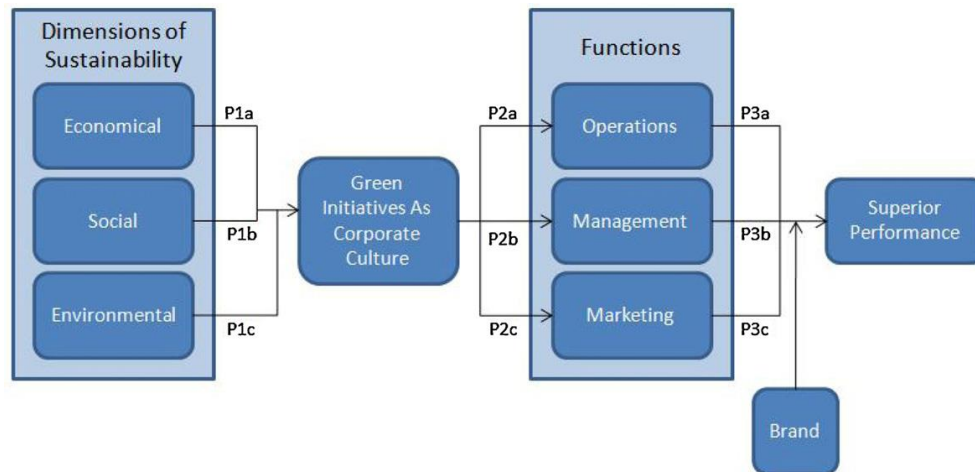
**ABSTRACT**

*This paper investigates the impact of corporate environmental performance on its economic performance. The environmental performance has been measured by using environmental ratings extracted from CSR Hub, while financial performance has been measured by using both accounting and market based measures- Earnings per share (EPS), Price-Earnings Ratio (P/E ratio) and Return on Assets (ROA). The multiple regression analysis is conducted to examine this relationship. The paper also used two control variables- Size of the firm (proxied by firm's market capitalization) and firm's growth (proxied by Price to Book value ratio). The sample consists of top 50 companies listed on National Stock Exchange (NSE) commonly referred to as NIFTY companies. The study found that environmental ratings have positive association with P/E ratio & ROA and negative relationship with EPS. However the relationship is not significant with any of the three variables.*

**Keywords:** Corporate Sustainability; Environmental Performance; Economic Performance; Environmental Reporting; Socially Responsible Investment (SRI)

**INTRODUCTION**

The stakeholders in today's era not only judge a company by the amount of profit or revenue it generates, but also considers how ethical and socially responsible the company is. The rapid surge in ethical or sustainable investing has caused an increase in the adoption of sustainable initiatives by firms (Waddock & Graves, 1997; Lo & Sheu, 2007). Gupta and Kumar (2012) believed that environmental activities lead to the creation of a favourable brand image and reputation for the firm as an eco-friendly and sustainable business. This influences the behaviour of consumers, community and other stakeholders by developing trust, confidence and belief in the firm's products and services. Thus, corporate sustainability acts as a tool that strengthens the relationship between the firm and the society in which it operates, and consequently leads to superior firm performance through creation of several marketing, management and operations opportunities, and improvement in the efficiency of overall organizational functions. The linkage between sustainability, brand image and firm performance is shown in the Figure - 1 below.



Source: Gupta and Kumar (2012)

**Figure 1.** Linkage between Sustainability, Brand Image and Firm Performance

Robinson et al. (2011) suggested that the reputation of being a sustainable firm (as signaled by the inclusion of firm in the prestigious sustainability index) is an important intangible asset for the firm. The sustainable companies are also able to charge high prices for their products and also get easy and cheaper access to external financing, and thus, reduce their overall costs. Prior literature examining the nature of relationship between environmental performance and the company's performance provided mixed results. This may be due to lack of objective measures for environmental performance (Moneva & Cuellar, 2009).

In this paper, we are assessing the relationship between environmental and economic performance using regression analysis in Indian context using NIFTY companies. The subsequent section discusses about concept of socially responsible investment, environmental reporting and sustainability indices.

## CONCEPTUAL BACKGROUND

### Socially Responsible Investment

'Socially Responsible Investing' (SRI) or 'Sustainability Investing' is a long-term investment approach that integrates economic, environmental and social considerations into financial analysis for the selection and retention of investments. In other words, the conscious investors take into account environment, social and governance (ESG) aspects of company while taking investment decisions. The US SIF Foundation's 2012 Report on Sustainable and Responsible Investing Trends in the United States found that SRI has grown at a rate of around 22 percent from 2010-12. In November 2009, the UNGC, the UNCTD, the UN PRI and the UNEP FI had jointly setup Sustainable Stock Exchanges (SSE). The SSE aims at exploring how exchanges can collaborate with business firms, investors and market watchdogs to strengthen comprehensibility and clarity of business (through improved disclosures and reporting) and its sustainable performance along economic, social and governance dimensions, and to boost long-term sustainable investment. White (2012) reported that the five stock exchanges – NASDAQ in the US, the Brazilian BM&FBOVESPA, the Johannesburg Stock Exchange (JSE), the Istanbul Stock Exchange and the Egyptian Exchange have voluntarily agreed to cooperate with shareholders, financiers, firms and regulatory bodies to elevate long-term sustainable investment, to enhance ESG performance and disclosure thereof among companies listed on their exchanges. The confirmations were received during the SSE Global Dialogue in 2012. The Bombay Stock Exchange (BSE) also joined this initiative in October, 2012.

### Environmental Reporting

Environmental Reporting means communicating the impacts of organization's activities on environment, such as water, air, land and noise pollution. ISO 14063 is the international standard for



environmental communication and reporting. The main purpose of environmental reporting is to transparently provide information about the corporate environmental impacts and efforts done by companies to reduce the harmful effects (Gray et al, 1996). It also aims at achieving a socially responsible image (Lindblom, 1993).

The first environmental reports were published in the late 1980s by companies in the environmentally sensitive and polluting industries, such as chemical manufacturing, paper manufacturing, mining industry, etc. Also the companies with good Environment Management System (EMS) were among the early reporters. The number of companies which publish information on their environmental impacts has surged significantly (Kolk, 2004). Pahuja (2009); United Nations Conference on Trade and Development (UNCTD, 1998); Eccles and Krzus (2010) observed that the past 20 years came across a global concern for long-term negative impact of industrial activities on the environment which trickles down on economic performance of a firm and country as a whole. This potential impact has resulted in an increased requisition for assessment of firm's operations and environmental impacts, which include greenhouse gas emissions, toxic and ozone-depleting substances, common pollutants, solid waste generation, and the use of pesticides and fertilizers. This information should be disclosed in public to the diverse stakeholders. Disclosure of such information portrays the company's commitment to accountability and environment sustainability.

### **Sustainability Indices**

The increasing investor awareness and rapid growth of SRI have both led to the creation of various sustainability indices in different parts of the world. The most popular among these are the Dow Jones Sustainability Index (DJSI), the FTSE4Good Index, the Johannesburg Stock Exchange (JSE) SRI Index, the Domini Social Index, the ECPI Index, the Axia Index, etc.

The DJSI, a collaboration of S&P and RobecoSAM, was formed in 1999 to provide recognition to companies committed towards sustainable development and to reject the non-sustainable ones. More than 2500 companies from different parts of the world are listed on this index. The UK-based FTSE Group came up with FTSE4Good Index in 2001 which comprises of four tradable and five benchmark indices - Global, European, US, Japan and UK markets.

### **RELATED LITERATURE**

A large number of studies have been conducted in past to analyze the relationship between environmental responsibility and corporate financial performance. However, there is dearth of research done in context of developing countries. Hassel et al. (2005) proposed two theories on the association between environmental responsibility and economic performance. The first being the 'cost-concerned approach' which suggests that environmental initiatives involve heavy outlay and thus, has a detrimental impact on firm's financial performance. The second theory is the 'value-creation approach' which suggests that eco-efficiency gives companies an edge over their competitors leading to greater profits.

Ganzi et al. (2004) extensively reviewed the literature examining the linkage between environmental and financial performance, and observed an overall positive or, at minimum, neutral association, but not negative association. The findings indicated that environmental information has value relevance and it facilitates precise assessment of company performance and efficient financial decision-making. They further suggested that Socially Responsible Investment (SRI) is a significant factor that drives companies to undertake environmental reporting. However, they also found that most companies still do not appropriately and sufficiently disclose information on their environmental performance. They concluded that there is a need for a clear conceptual framework to enable companies to systematically integrate environmental information into management, operation and capital investment decisions and to communicate the risks and opportunities to stakeholders.

Murphy (2002) reviewed various researches in this context from 1994-2001 and concluded that there exists a positive correlation between environmental performance ratings and market value of the firm.

Erffle and Fratantuono (1992) used disclosures regarding compliance with environmental regulations and related policies, practices and programs with respect to waste management, reuse, recycling, etc., to examine the relationship between environmental and financial performance of firm (based on accounting measures such as ROA, ROE, and ROS), and suggested a positive and significant correlation between them.

Porter and Van der Linde (1995); Reinhardt (1999) argued that a company can be simultaneously both environment-friendly as well as competitive. They theorized that good environmental performance leads to certain benefits such as - cost reduction, increase in efficiency, decrease in environmental liabilities and regulatory actions and costs (penalties, fines, litigations, etc.).

Derwall et al. (2003) analyzed the linkage between the eco-efficiency scores (provided by Innovest) of US companies and their firms' performance. They controlled for risk, investment style and industry-effects, and found positive and significant association between the high environmental scores and high performance. Specifically, they found that high-ranked portfolio outperformed the low-ranked portfolio.

All the above mentioned studies connoted positive association; however, some researchers have different opinion. Barth and McNichols (1994); Blacconiere and Northcut (1997); Cormier and Magnan (1997); Hughes (2000) suggested a negative relationship. Aggarwal (2013) observed that environmental ratings have significant negative impact on financial performance (measured by ROA, ROE, ROCE), while the impact on Profit before tax and Growth in Total Assets is negative but insignificant. Moneva and Cuellar (2009) adopted a new approach to examine the relationship between environmental responsibility and market value of companies. The overall findings of the study suggested that financial environmental disclosures (environmental costs, liabilities, provision for contingencies) have value relevance, since they have a negative influence on the market value of firms. However, the non-financial environmental disclosures are not value-relevant. Further, the study showed that the introduction of compulsory reporting caused an increase in the value relevance of environmental reporting. The results also indicated that the non-financial information disclosures regarding environmental policies and EMS have positive and statistically significant value relevance for companies belonging to environmentally sensitive industries. Some researchers found no statistically significant association between environmental and company performance (Cormier & Magnan, 2007; Jacobs et al., 2010; Deegan, 2004; Gonzalez-Benito, J., & Gonzalez-Benito, O., 2005; Moneva & Cuellar, 2009).

## **OBJECTIVES**

The primary objective of the paper is to examine the nature and degree of association between environmental responsibility of the company and its economic performance. The paper also studies the sectorial trends of environmental ratings of NIFTY companies over a period of 3 years.

## **HYPOTHESES**

The hypotheses have been developed on the basis of results derived from review of literature. The previous researches had mixed findings (positive, negative, insignificant, mixed relationship) which suggested that there is no conclusive relationship between environmental responsibility and corporate financial performance. Aligning these findings with our objectives the following three alternate hypotheses have been formulated:

Ha1: Corporate environmental ratings have a significant impact on EPS.

Ha2: Corporate environmental ratings have a significant impact on ROA.

Ha3: Corporate environmental ratings have a significant impact on P/E ratio.

**SAMPLE AND DATA**

The intention of authors was to conduct the given study in the context of listed Indian companies. The CNX Nifty Index represents about 68.99% of the free float market capitalization of the stocks listed on NSE and hence it was chosen as the sample. Initially the sample comprised of all 50 companies from NIFTY index but due to lack of availability of financial data or environmental data, 6 companies were later excluded from the sample. Therefore, the final sample consists of 44 companies.

Two sets of data have been used in this study. Both are secondary in nature the financial data has been retrieved from livemint.com and the environmental ratings data have been extracted from CSRHub.com. In order to enable cross-sectional analysis, the paper uses an average of data ranging from financial year 2010-11 to 2012-13. The variables used in this study have been described in table 1 below.

**Table 1. Variable Description**

<b>Variable</b>	<b>Measure</b>	<b>Symbol (Unit)</b>	<b>Description</b>
Environmental Performance	Environmental Ratings	ENV (%)	Covers a company's interactions with the environment at large, including use of natural resources, and a company's impact on the Earth's ecosystems. The rating is done on 3 parameters: Energy and Climate Change Environment Policy and Reporting Resource Management
Financial Performance	Earnings Per Share	EPS (Rs.)	The portion of a company's profit allocated to each outstanding share of common stock and serves as an indicator of a company's profitability.
	Return on Assets	ROA (%)	An indicator of how profitable a company is relative to its total assets. It gives an idea as to how efficient management is at using its assets to generate earnings.
	Price-Earnings Ratio	P/E Ratio	A valuation ratio of a company's current share price compared to its per-share earnings.
Control Variable	Firm Size (Market Capitalization)	Mkt Cap (Rs. in crores)	Market capitalization is calculated by multiplying a company's shares outstanding by the current market price of one share. It is used to determine a company's size, as opposed to sales or total asset figures.
	Firm's Growth (Price-to-Book Ratio)	Price/BV	A ratio used to compare a stock's market value to its book value.

**Regression Model**

The paper has applied multiple regression analysis using MS Excel. To test the hypotheses stated above the following three regression equations have been formulated:

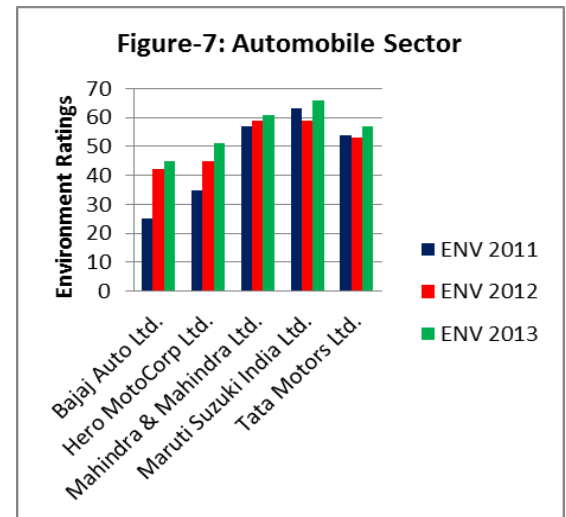
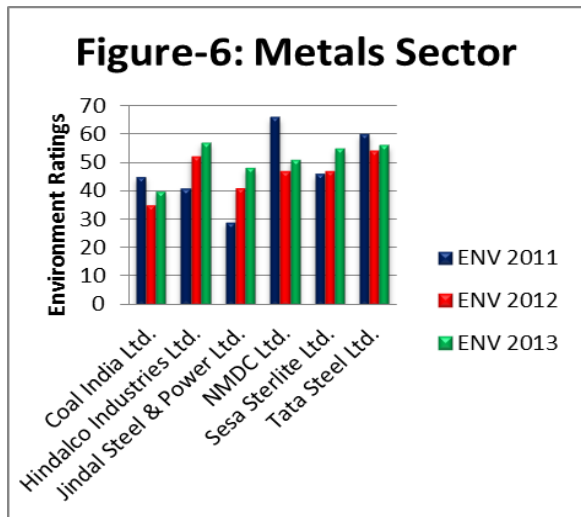
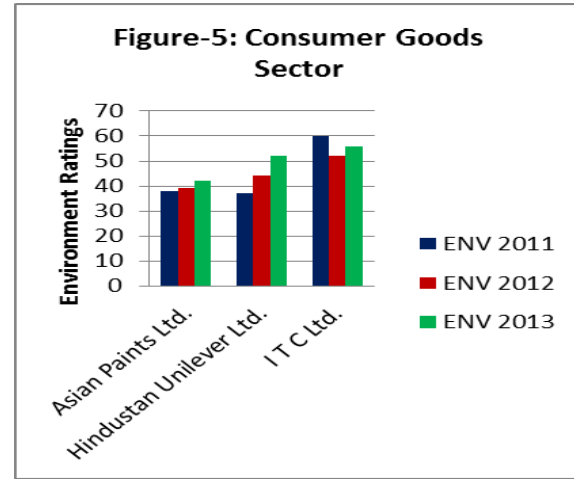
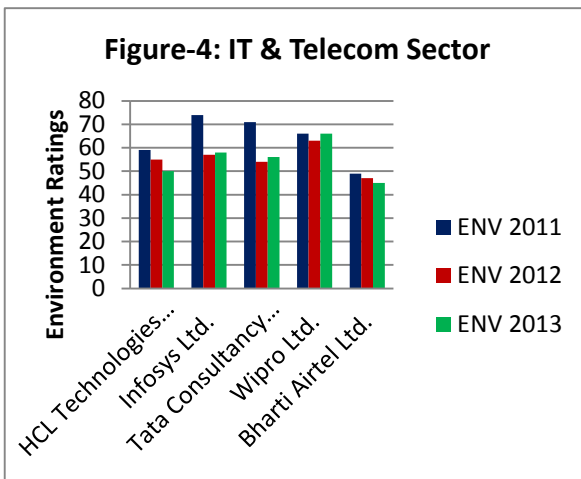
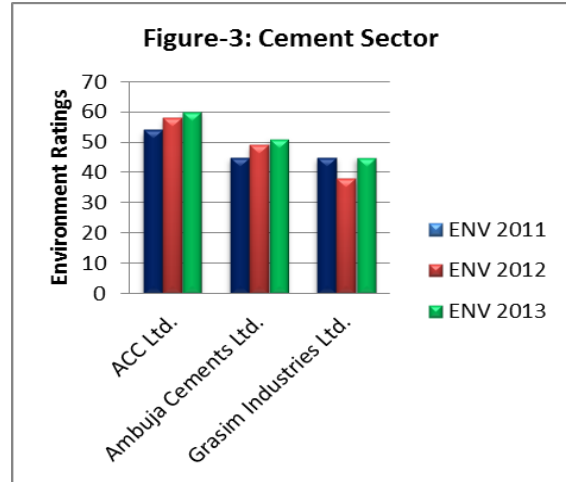
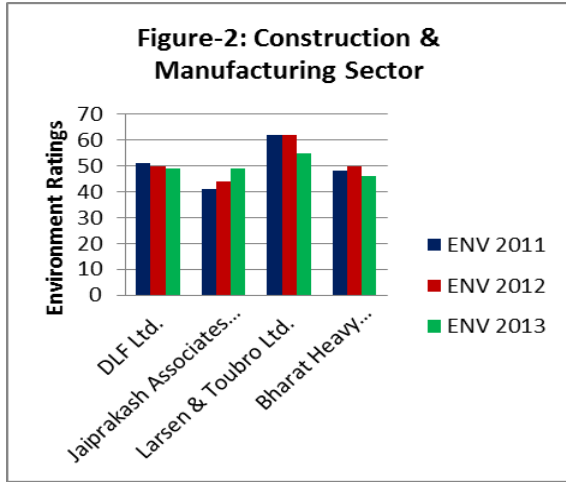
$$EPS = a + b_1 \cdot ENV + b_2 \cdot \text{Mkt Cap} + b_3 \cdot \text{Price/BV} \dots\dots\dots (1)$$

$$ROA = a + b_1 \cdot ENV + b_2 \cdot \text{Mkt Cap} + b_3 \cdot \text{Price/BV} \dots\dots\dots (2)$$

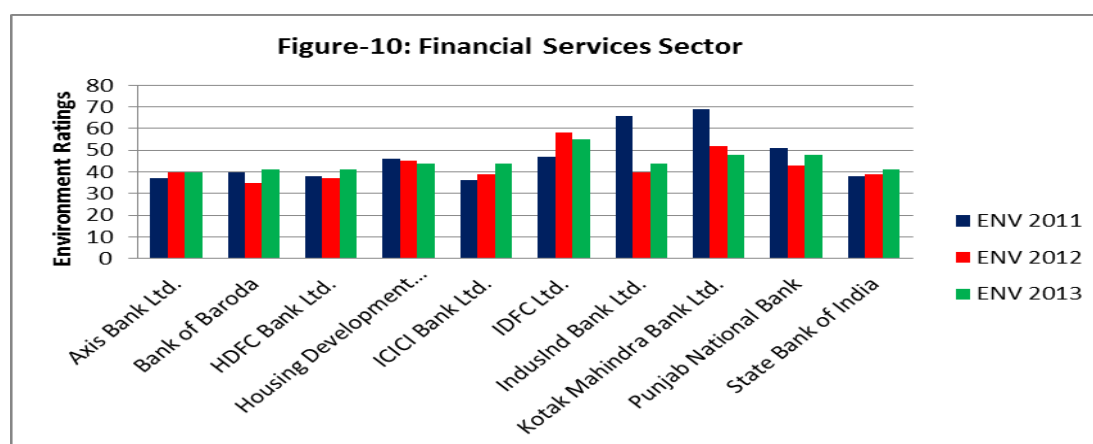
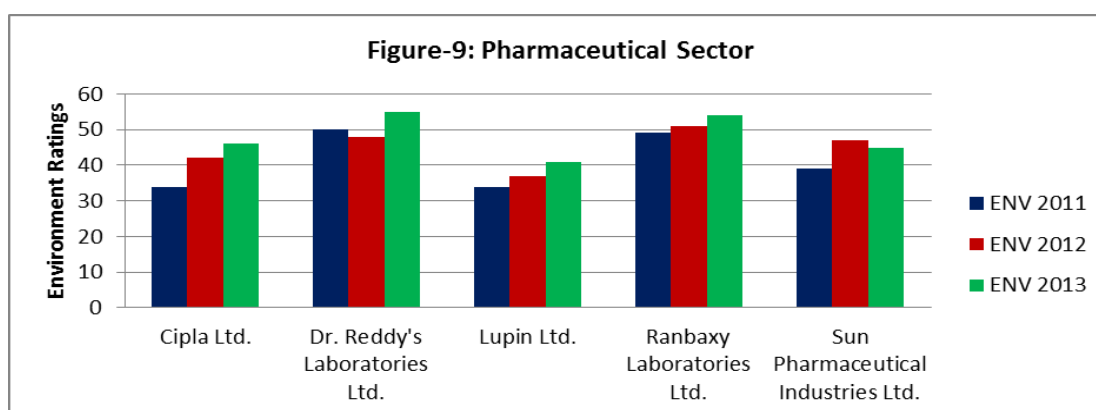
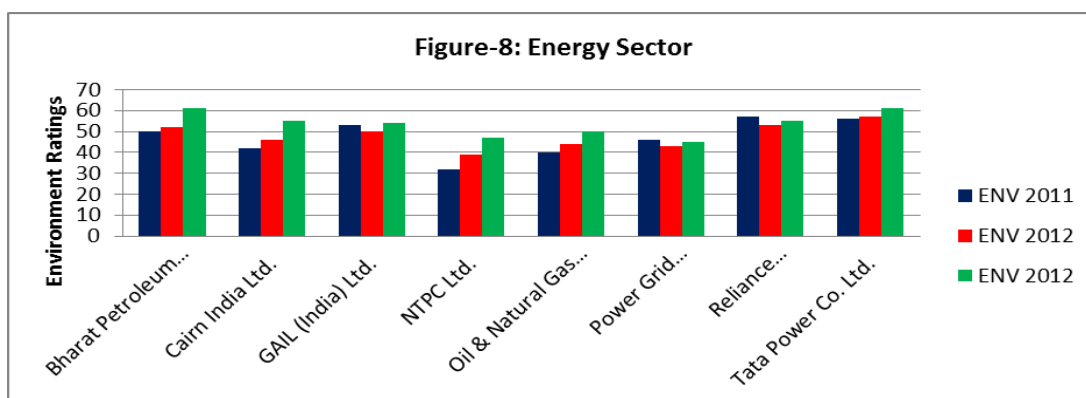
$$P/E \text{ ratio} = a + b_1 \cdot ENV + b_2 \cdot \text{Mkt Cap} + b_3 \cdot \text{Price/BV} \dots\dots\dots (3)$$

Environmental Trend Analysis

The NIFTY companies have been classified on the basis of sector and the trend in environmental ratings over the period of 3 years from F.Y. 2010-11 to 2012-13 has been analysed and presented in form of charts. These are shown below in figure 2 to 10.



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## RESULTS

The results of descriptive statistics, correlation matrix and regression analysis have been tabulated below in table 2,3,4 respectively.

**Table 2.** Descriptive Statistics

	ROA (%)	EPS (Rs.)	P/E ratio	Env Ratings (%)
<b>Mean</b>	10.28	47.85	22.65	48.55
<b>Median</b>	7.54	26.55	18.52	47.67
<b>Standard Deviation</b>	8.81	44.06	18.15	8.03
<b>Range</b>	30.43	166.09	114.89	27.67
<b>Observations</b>	44	44	44	44

**Table 3.** Pearson’s Correlation Matrix

	ROA	EPS	P/E ratio	Price/BV	Env Ratings	Mkt Cap
ROA	1					
EPS	0.054	1				
P/E ratio	0.013	-0.29	1			
Price/BV	<b>0.68*</b>	-0.096	0.203	1		
Env Ratings	0.069	-0.127	0.08	-0.102	1	
Mkt Cap	0.19	-0.074	-0.005	0.085	<b>0.338</b>	1

**Note:** \*Significant @ 5% level of significance

**Table 4.** Regression Results

Variable	Multiple R	R square	F	Significance of F	Beta Coefficient (b <sub>1</sub> )	p-value
EPS	0.17	0.03	0.39	0.76	-0.72	0.44
ROA	0.70	<b>0.49</b>	12.78	<b>5.34746E-06*</b>	0.12	0.39
P/E Ratio	0.24	0.06	0.78	0.51	0.28	0.45

**Note:** \*Significant @ 5% level of significance

### **FINDINGS AND CONCLUSION**

The following key findings can be retrieved from above tables:

- The mean environment rating of NIFTY companies is 48.5% which implies that there is a lot of scope for Indian companies to improve their environmental performance.
- The correlation between growth variable and ROA is 68% which is significant at 5% level of significance. Thus, growth of the company does affect its returns.
- The correlation between market capitalization and environment ratings is 33.8% which suggests that there exists some relationship between the size of the firm and its environmental performance.
- There are some companies whose environmental ratings have sharply risen over 2010-13: Hindustan Unilever Ltd., Jindal Steel and Power Ltd., Bajaj Auto Ltd., Hero MotoCorp.
- While some companies showed significant fall over the test period: Infosys, TCS, IndusInd Bank, Kotak Mahindra Bank, NMDC.
- The F value is significant and coefficient of determination is quite large (49%) in case of ROA for second regression equation.
- Environmental ratings have negative association with EPS and positive association with ROA and P/E Ratio.

This paper does not find any conclusive evidence to support the relationship between environmental responsibility and economic performance. Hence all the three alternate hypotheses are rejected.

### **LIMITATIONS**

The paper suffers from following limitations:

- The sample covers only top 50 companies listed on NSE, however, other listed and unlisted companies have not been included in this study.

- The data only represents a period of three years. Thus the results may be valid only in short run.
- The environment ratings have been retrieved from a secondary source and thus subject to errors which may exist in their ratings methodology.
- The paper has employed only 3 proxies for measuring financial performance. There can be several other measures.
- The paper has controlled for only 2 factors – size and growth. Other control variables have been ignored.

### RECOMMENDATIONS FOR FUTURE RESEARCHERS

Although much has been done and talked about in the area of environmental responsibility but still there is dearth of research studies in the context of developing countries. The future researchers should explore more measures for environmental performance such as level of emissions, energy efficiency, use of recycled materials, environmental penalties and fines and amount of investment done in this area. Further a longitudinal study covering a larger span of time may be useful in providing better results. Also other measures of financial performance such as market value of equity, economic value added (EVA), market value added (MVA), etc and other control variables may be incorporated in future studies.

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**PUSH FROM RURAL AND PULL TO URBAN CHANGING  
THE PATTERN OF EMPLOYMENT IN INDIA**

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**ABSTRACT**

*The present study is to attempt into some of the crucial dimensions of the changing employment scenario in rural India at the national as well as the state level. The present paper mainly focus on the agricultural sector is also heavily dependent on migrant, temporary and seasonal workers; the precarious conditions in which these workers labour often rob them and their families of food security. Agricultural workers face many hazards: dangerous machinery, livestock, extremes of temperature and inclement weather, dehydration due to lack of access to potable water, and exposure to biological hazards arising from pesticides and other agro-chemicals. . In doing so, the paper attempts to figure out the challenges and threats, as well as the potential for employment expansion that lies ahead. Occupational distribution of workforce shows that labour absorption in self cultivation is saturated and declining. But the increase in the size of agricultural labourers is more than the size decline in cultivators indicating farmers those who are leaving farming activity and those who enter newly in to agriculture are becoming agricultural labourers. Moreover, relatively high growth of female workforce engaged in non-agriculture appears to be a welcome feature but one needs to be prudent in interpreting it so, especially in the context of increasing informalisation of labour market.*

**Keywords:** Rural Urban Employment

**INTRODUCTION**

Since 1991, the Indian economy has witnessed a series of economic reforms, encompassing all major sectors of the economy (agriculture, industry, trade, foreign investment and technology, public sector, financial institutions, and so on); it has marked a steady break from the past policy regime. The import-substituting development strategy, hitherto nurtured by the Indian planning regime since 1951, was given up in favour of export linked strategy; India could no more keep aloof from the rest of the world, particularly if technological advances occurring elsewhere were to be assimilated and adapted to India's own production requirements. And then came WTO on January 1, 1995 because of which India got further integrated into the global economic system, and became an adherent of the multilateral trade system.

The experience of countries that succeeded in reducing poverty significantly indicates the importance of high rates of economic growth in achieving this. High growth, however, is not a sufficient condition for poverty reduction; the pattern and sources of growth as well as the manner in which its benefits are distributed are equally important from the point of view of achieving the goal of poverty reduction.

And employment plays a key role in that context. Indeed, countries which attained high rates of employment growth alongside high rates of economic growth are also the ones who succeeded in reducing poverty significantly.

Every section of the Indian economy is now linked with the world outside, either through its direct involvement in international trade or through its indirect linkages with the export or import transactions of other sectors of the economy. The new policy regime is as much important, and relevant, to farmers, industrialists, traders and sundry service providers as to scientists, writers and singers. It needs hardly to be emphasized that all categories of economic functionaries engaged in production and services sectors have to adjust to the changing technology-intensive investment, production, labour management and marketing requirements, dictated partly by compulsions of internal competitions and partly by international commercial pressures. Production and marketing management now needs new visions, initiatives and networking, both at home and abroad. Concerns for environment, labour standards and product acceptability, etc. have acquired added significance. Human element becomes the kingpin, from the beginning to the end; the era of captive domestic market is over and with that, quality consciousness and price competitiveness become prime considerations, for staying on in the market.

The present study is to attempt into some of the crucial dimensions of the changing employment scenario in rural India at the national as well as the state level. The present paper mainly focus on the agricultural sector is also heavily dependent on migrant, temporary and seasonal workers; the precarious conditions in which these workers labour often rob them and their families of food security. Low pay, however, is not the only problem facing agricultural workers. Agriculture is one of the most dangerous industries to work in, alongside construction and mining. Indeed, it is the sector with the most fatal accidents. Agricultural workers face many hazards: dangerous machinery, livestock, extremes of temperature and inclement weather, dehydration due to lack of access to potable water, and exposure to biological hazards arising from pesticides and other agro-chemicals. . In doing so, the paper attempts to figure out the challenges and threats, as well as the potential for employment expansion that lies ahead.

#### **MAIN OBJECTIVES OF THE STUDY**

- To understand the shifting the pattern of women employment in the rural areas in the total context of the Indian economy.
- To analyze the state-wise picture on women Employment in NREGA and SSI in India.
- To examine the wage rate for Agricultural and Non-Agricultural occupation in India.

#### **DATA AND METHODOLOGY**

To study the rural women employment in different sectors and the economic development, various sectors employments have been used. To analyze the present position of economic growth, time series data for a period of 20 years, from 1990- 91 to 2009 -10 have been used. Although we draw upon more than one source of data, yet, in the main, we base our analysis on National Sample Survey (NSS) data, gathered over different rounds.

#### **Rural Women Employment Shifting Scenario in India**

Lack of employment and lack of rights are the daily reality for millions of agricultural workers in India. In 2005 the Indian parliament passed historic legislation, the National Rural Employment Guarantee Act (NREGA), which guarantees 100 days of employment for rural households across the country. Initially focused on 200 districts, it was extended to 330 districts the following year and, from 1 April 2008, it has covered all rural districts in the country. The potential benefits of the NREGA are significant: its employment guarantee goes some way towards securing livelihoods for the most marginalised section of the workforce and contributes to a reduction in extreme levels of hunger and poverty; it can help to sustain livelihoods in the countryside and thus to reduce urbanisation; it can

deliver greater employment opportunities to women; it can develop necessary basic infrastructure in rural areas, including education, health and environmental sustainability; it can deliver social justice in areas of significant inequality. The NREGA guarantees payment of the legal minimum daily wage and is specifically geared towards unskilled labourers working in water conservation, drought proofing, irrigation, repair (for example, de-silting), land development, flood control and road works. During employment, workers are entitled to drinking water, access to shade, medical kits and childcare. If workers are unable to obtain employment through the scheme, they are entitled to unemployment benefit. The act also specifies that records of funds received and projects carried out through the NREGA are publicly available at district level and can also be obtained through Right to Information legislation. Following implementation during 2006–7, the average number of days worked per household was 17. This covered a very significant range across different states, however: from 77 days in Rajasthan to 3 days in Kerala. In the initial stages of the NREGA schemes, concerns were raised about the take-up rate and problems of corruption. By organising workers, trade unions have managed to achieve much greater adherence to the payment of the minimum wage and to get more workers participating in the scheme. For example, members of the IUF-affiliated Andhra Pradesh Vyavasaya Vruthidarula Union (APVVU) in the south of India were able to achieve three times as many work-days than the state average. In addition, while in 2006–7 40 per cent of workers in the scheme at a national level were women, in those schemes where APVVU members participated, women’s participation reached 52 per cent. While the average wages earned by agricultural workers before the introduction of NREGA in Andhra Pradesh ranged from Rs. 30 to a maximum of Rs. 60 per day, after the introduction of NREGA, the average wages earned have been between Rs. 81 and Rs. 93 per day. Similarly, the rate of distress migration of agricultural workers has fallen by 70 per cent in several districts of Andhra Pradesh. In Bihar, in the north of India, where the state-wide average work per household in 2006-7 was 8 days, members of the IUF-affiliated Hind Khet Mazdoor Panchayat (HKMP) were able to obtain 60–70 days’ employment. In the North Bengal district of West Bengal, in eastern India, following interventions from IUF affiliate Paschim Banga Khet Majoor Samity (PBKMS), rural workers in one area were able to get 45 days’ work per household in 2006, while the district average was 12.7 days per household.

The NREGA is a major improvement in social protection for agricultural workers. It shows that by intervening actively trade unions can monitor and fight corruption and ensure that social justice is delivered to rural workers.

**Table 1.** Growth Rate of Participation of women (in employment) under NREGA (%)

State / UT	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Andhara Pradesh	54.79	57.75	58.15	58.10	57.05	57.73
Arunachala Pradesh	30.02	29.75	26.13	17.26	33.26	28.57
Assam	31.67	30.85	27.16	27.70	26.51	24.66
Bihar	17.38	26.62	30.02	30.04	28.50	29.05
Gujarat	50.20	46.55	42.82	47.55	44.23	45.64
Haryana	30.60	34.42	30.65	34.81	35.62	36.04
Himachal Pradesh	12.24	30.10	39.02	46.09	48.25	59.71
Jammu & Kashmir	4.46	1.08	5.76	6.67	7.47	16.02
Karnataka	50.56	50.27	50.42	44.94	46.01	45.93
Kerala	65.63	71.39	85.01	88.29	90.39	92.93
Madhaya Pradesh	43.24	41.67	43.28	44.23	44.40	42.52
Maharashtra	37.07	39.99	46.22	39.65	45.88	46.03
Punjab	37.76	16.29	24.61	26.29	33.84	43.24
Rajasthan	67.14	69.00	67.11	66.89	68.34	69.28
Sikkim	24.79	36.74	37.66	51.22	46.68	46.12
Tamil Nadu	81.11	82.01	79.67	82.91	82.59	74.70
Tripura	75.00	44.51	51.01	41.28	38.55	38.36

**Table 1.** Growth Rate of Participation of women (in employment) under NREGA (%) (Contd....)

State / UT	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Uttar Pradesh	16.55	14.53	18.11	21.67	21.42	17.19
West Bengal	18.28	16.99	26.53	33.42	33.69	31.89
Chhattisgarh	39.32	42.05	47.43	49.21	48.63	45.19
Jharkhand	39.48	27.17	28.51	34.25	33.47	30.95
Uttarkhand	30.47	42.77	36.86	40.28	40.30	43.96
Manipur	50.89	32.80	45.92	47.98	35.07	34.36
Meghalaya	19.41	30.87	41.35	47.20	43.92	41.08
Mizoram	33.38	33.62	36.58	34.99	33.93	23.46
Nagaland	29.97	29.65	36.70	43.53	35.02	22.67
Odisha	35.60	36.39	37.58	36.27	39.40	38.49
Puducherry	-	-	67.07	63.51	80.39	79.72
Andaman & Nicobar	-	-	39.00	44.85	47.39	45.92
Lakshadweep	-	-	40.66	37.59	34.33	41.22
Dadra & Nagar Haveli	-	-	79.17	87.14	85.11	-
Goa	-	-	-	62.16	68.38	75.59
<b>All India</b>	<b>40.65</b>	<b>42.52</b>	<b>47.88</b>	<b>48.65</b>	<b>47.73</b>	<b>49.26</b>

Source: www.nrega.nic.in

**Annual Growth of participation of women (in employment) under MGNREGA : Comparison of Different States**

The annual growth of participation of women in employment under MGNREGA has increased only in Sixteen states and only in two union territories. These eight states are : Andhra Pradesh, Bihar, Haryana, Himachal Pradesh, Jammu and Kashmir, Kerala, Maharashtra, Punjab, Rajasthan, Sikkim, West Bengal, Chhattisgarh, Uttarkhand, Meghalaya, Odisha, Dadra & Nagar Haveli Puducherry, and Andaman & Nicobar is the two Union Territories where the annual growth of participation of women (in employment) under MGNREGA has increased.

Since the implementation of MGNREGA, the annual growth of participation of women (in employment) has been reduced in 11 states and in only one union territory. These states are: Andhra Pradesh, Arunachal Pradesh, Assam, Gujarat, Karnataka, Madhya Pradesh, Tripura, Uttar Pradesh, Manipur, Mizoram, and Nagaland. The only one union territory is Goa, Another important point to be noticed here is that the annual growth of women employment participation in MGNREGA has most positive states is Tamil Nadu, it's contribution of MGNREGA is very high. This means that the contribution of agriculture is declining year by year in the state and the agricultural sector is not able to develop and it is not in a position to retain even its earlier positions.

**Table 2.** Average Daily Wage Rates for Agricultural Occupation in India

OCCUPATION	2008-09		2009-10	
	Men (₹)	Women (₹)	Men (₹)	Women (₹)
Ploughing	100.33	53.00	119.27	78.92
Sowing	87.33	63.87	101.93	79.38
Weeding	78.63	67.53	92.17	78.68
Transplanting	82.29	71.36	96.60	86.18
Harvesting	85.03	70.27	101.51	83.50
Winnowing	78.86	63.55	95.42	79.21
Threshing	83.24	66.33	99.18	80.67
Picking	83.97	66.70	93.37	74.75
Herdsmen	52.95	40.43	61.47	45.54

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**Table 2.** Average Daily Wage Rates for Agricultural Occupation in India (Contd....)

OCCUPATION	2008-09		2009-10	
	Men (₹)	Women (₹)	Men (₹)	Women (₹)
Well digging	114.43	62.63	141.54	75.70
Cane Crushing	87.97	60.86	98.37	75.83

**Source:** Agricultural Statistics at a Glance, GOI, 2012

During the Year 2008-09 and 2009-10, the average daily wage rate of agricultural occupation of the wage rate of the Well digging is the highest (Rs.114 to Rs.141.54), Ploughing is in the second place with Rs.100 to Rs.119, Cane Crushing is in the third place with Rs.87 to Rs.98, Sowing is in the fourth place with Rs.87 to Rs.101, Harvesting is in the fifth place with Rs.85 to Rs.101, Picking is in the sixth place with Rs.83 to Rs.93, Transplanting is in the seventh place with Rs.82 to Rs.96, Threshing is in the eighth place with Rs.83 to Rs.99, others have less than Rs.80.

**Table 3.** Average Daily Wage Rates for Non - Agricultural Occupation in India

OCCUPATION	2008-09		2009-10	
	Men (₹)	Women (₹)	Men (₹)	Women (₹)
Carpenter	143.42	-	165.02	-
Black Smith	106.06	-	124.57	-
Cobbler	79.10	-	89.16	-
Mason	159.92	-	182.16	-
Tractor Driver	111.48	-	129.45	-
Sweeper	62.39	59.97	72.28	74.43
Unskilled Labourers	85.60	64.81	100.65	76.99

**Source:** Agricultural Statistics at a Glance, GOI, 2012

During the Year 2008-09 and 2009-10, the average daily wage rate of non-agricultural occupation of the wage rate of the Mason is the highest (Rs.159 to Rs.182), Carpenter is in the second place with Rs.143 to Rs.165, Tractor Driver is in the third place with Rs.111 to Rs.129, and Black Smith is in the fourth place with Rs.106 to Rs.124, others have less than Rs.100.

Better awareness may lead to a market signal of higher wages for more toxic chemicals, which can act as an economic instrument to restrict the use of such chemicals. We find that the use of protective gadgets reduces the risk of health damage, which emphasizes the necessity for ensuring the use. Better health conditions and safe personal habits also minimize the chances of morbidity. Higher temperature levels increases the chances of health damage and so workers demand higher wage for this risk.

## CONCLUSION

Occupational distribution of workforce shows that labour absorption in selfcultivation is saturated and declining. But the increase in the size of agricultural labourers is more than the size decline in cultivators indicating farmers those who are leaving farming activity and those who enter newly in to agriculture are becoming agricultural labourers. The decelerating but a high rate of growth in workforce engaged non-agriculture compared to that of agriculture could not bring any drastic change in the structure of workforce – a small change in workforce shifting towards non-agriculture. This is contrast with the highest ever growth of non-agricultural GDP of India that is registered during the last decade. Within the non-agriculture, growth of workforce engaged in household industry is decelerating.

Moreover, the rate of growth in marginal workers engaged in non-agricultural activities is found to be higher than those of main workers increasing share of marginal workers in the total workforce of non-agriculture sectors is a cause of concern. Moreover, relatively high growth of female workforce

engaged in nonagriculture appears to be a welcome feature but one needs to be prudent in interpreting it so, especially in the context of increasing informalisation of labour market.

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**A STUDY ON EMPLOYEE JOB SATISFACTION WITH  
REFERENCE TO SMC GLOBAL SECURITIES LIMITED,  
CHENNAI**

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**ABSTRACT**

*Job satisfaction is a general attitude towards one's job and the difference between the amount of reward workers receive and the amount they believe they should receive. It creates a contended labour force which in turn enhances productivity, dexterity and loyalty the concept has been evolves through generations. The Job Descriptive Index (JDI), created by smith, Kendall, & Hulin (1969), job satisfaction that has been widely used. In general most of the people are actually not satisfied with their Job. This may be due to various reasons. SMC Group has expanded internationally, and has established office in Dubai. Its products and Services include Institutional and retail brokerage of equity, commodity, currency, derivatives, online trading etc. SMC has a highly efficient workforce of over 6,000 employees & one of the largest retail network in India currently serving the financial needs of more than 5,50,000 satisfied investors.*

**Keywords:** Job Satisfaction; Labour Force; Productivity; Products and Services

**INTRODUCTION**

In general most of the people are actually not satisfied with their Job. This may be due to various reasons. Even though the people belong to both middle level & Top level management people having the fixed responsibilities they have to face it and make that one as a successful one, so for that purpose Job satisfaction must be there with the employees. A person may have the intention to go up by promotions for higher posts. Each & every individual must be satisfied with their Job and do the work with satisfaction and try for promotion by showing sincerity & hard work.

Job satisfaction is a general attitude towards one's job and the difference between the amount of reward workers receive and the amount they believe they should receive. It creates a contended labor force which in turn enhances productivity, dexterity and loyalty the concept has been evolves through generations. The Job Descriptive Index (JDI), created by smith, Kendall, & Hulin (1969), job satisfaction that has been widely used. It measures one's satisfaction in five facets: pay, promotions and opportunities, coworkers, supervision, and the work itself.

**SMC Global Securities Limited**

SMC Group, a leading financial services provider in India is a vertically integrated investment solutions company, with a pan-India presence. Over the Years, SMC has expanded its domestic as well as international operations. Existing network includes regional offices at Mumbai, Kolkata, Chennai, Bangalore, Cochin, Ahmedabad, Jaipur and Hyderabad plus a growing network of more than 1800 offices across over 400 cities/towns in India. SMC has plans to grow its network to 5,000 offices across 700+ cities in the next 3 years. The company has expanded internationally, and has established

office in Dubai. Its products and Services include Institutional and retail brokerage of equity, commodity, currency, derivatives, online trading,

investment banking, depository services, clearing services, IPOs and mutual funds distribution, Portfolio management, wealth advisory, insurance broking, margin funding and research. SMC has a highly efficient workforce of over 6,000 employees & one of the largest retail network in India currently serving the financial needs of more than 5,50,000 satisfied investors. SMC has entered into a 50:50 joint venture with **Sanlam Group**, one of the largest listed financial services group in South Africa for setting up wealth Management and Asset Management business in India, Sanlam is operating in over 30 countries globally including UK, USA, Switzerland, Luxembourg, Dublin, Australia and others.

### SCOPE OF THE STUDY

The study is attempted to discover the employee satisfaction. It includes safety & health measures, employee welfare, working condition, motivation and leave procedures. Through this research, the researchers also try to give suggestions regarding employee satisfaction.

1. Increase the Job satisfaction
2. Reduce the employees turnover
3. Increase motivation among employees.
4. Suggestion to develop employee facilities.
5. It is helpful to identify to the organization for conducting further research.
6. It is helpful to the organization for identifying the area of dissatisfaction of job of the employees.

These studies make a managerial decision to the company.

### OBJECTIVES OF THE STUDY

1. To evaluate the level of job satisfaction present among the employees.
2. To locate and analyze specific areas which provide reasonable level of satisfaction.
3. To evaluate the relationship between superior to subordinate.
4. To provide suggestions to organization on employees satisfaction level.

### RESEARCH METHODOLOGY

The study is evaluative diagnostic in nature. This study follows survey method. The study aims to discover empirically the nature of relationship between the personal and demographic factors of the employees. This study follows personal interview as the tool of survey using an Questionnaire, since it is difficult to contact the entire population hence the researcher using convenience sampling techniques and 120 employees have been selected. The primary data was collected by using questionnaires. The secondary data relevant to SMC Global Securities Ltd. were collected from websites and magazines. There were subject to statistical analysis such as Percentage analysis, weighted average analysis and Chi-square. Interpretation has been made and finally suggestions have been made to improve the job satisfaction of employees.

### LIMITATIONS OF THE STUDY

1. Temporary employees and trainees are not subjected to the study.
2. There may be personal bias of the respondents, which may affect the result of the study.
3. The study is based on employee's attitude and opinions. This attitude may be changed.



4. Sometimes the wrong opinions expressed by the employee's can also affect the genuineness of the result.

**ANALYSIS AND RESULTS**

In order to fulfill the above objectives, and to analyze the employees opinions and satisfaction about their job and also analyse the demographic factor and level of satisfaction of customer of SMC global securities limited.

**H<sub>0</sub>** – There is no significance relationship between year of experience of the employees and fair amount paid to the employees.

**Table 1.** Relationship between years of experience and agreement on salary paid to the employees.

Y \ X	STRONGLY DISAGREE	DISAGREE	NEITHER AGREE NOR DISAGREE	AGREE	STRONGLY AGREE	TOTAL
Less than 3yrs	3	4	6	12	5	30
4-6yrs	2	3	7	14	7	33
7-9yrs	2	4	9	15	10	40
10&ABOVE	1	2	3	8	3	17
<b>Total</b>	<b>8</b>	<b>13</b>	<b>25</b>	<b>49</b>	<b>25</b>	<b>120</b>

**Note:** Agreement on Salary paid to the Employee – X, Years of Experience of the Employee - Y

As per the above table, Table value of chi square at 5% level of significance with degrees of freedom 12 is 21.026 and the chi square calculated value is 2.2787. There is no significance relationship between years of experience of the employees and agreement on salary paid to the employees', hence the Hypothesis is accepted.

**FINDINGS**

1. It has been found that 42% of the respondents strongly agree that working hours are convenient for them. However, the weighted average analysis reveals that working hours are convenient.
2. It has been found that 42% of the respondents agree that they are happy with their work place. However, the weighted average analysis reveals that they are happy with their work place.
3. 50% of the respondents strongly agree that they are satisfied with lighting and other arrangements in the office. However, the weighted average analysis reveals that they are neither agreed or disagree with lighting and other arrangements in the office.
4. 42% of the respondents disagreed with the question" i feel i have too much work" and another 8% strongly disagreed, 13% admits they have too much work and 29% have no idea towards this question. However, the weighted average analysis reveals that they neither agree nor disagree that they feel they have too much work to do.
5. It has been found that the safety measures provided by the organizations are good as 32 and 35% of the respondents agree with that and only 4& 8% disagreed and 21% neither agreed nor disagreed. However, the weighted average analysis reveals that they agree that safety measures provided by the company are good.
6. Relationship between employees and their supervisors are cordial because 33% of respondents strongly agreed to it and 44% agreed to it and only 7% disagreed and 8% of respondents have neither agreed nor disagreed. However, the weighted average analysis reveals that their relationship with their supervisor is cordial.

7. The supervisors are not partial to the employees as 21% strongly agreed and 33% agreed to the question but 15% disagreed and 14% strongly disagreed this level is quite high compared to other questions.
8. 21 and 42% of the respondents agree that supervisors consider their employees ideas also and only 4% disagreed and 25% neither agreed nor disagreed.
9. Relation with co-workers is quite good as nearly 66% of the respondents agree that they are satisfied with support from co-workers and only 12% disagreed and 14% have no answer to this.
10. This organization people have concern over each other as 30% strongly agreed and 42% agreed and only 8% disagreed and 16% neither agreed nor disagreed.
11. It is clear that the employees are not satisfied with the refreshment facilities offered by the company as 22% of respondents disagreed and 12% strongly disagreed and 25% neither agreed nor disagreed and only 25% agreed.
12. 17% strongly disagreed and 28% of the respondents disagreed and 27% neither agreed nor disagreed and only 28% of the respondents are satisfied with the rest and lunch room provided.
13. Respondents are not satisfied with the parking facilities provided by the company as 26% of respondents strongly disagreed and 35% of respondents disagreed and only 11% of respondents are satisfied with the parking facilities and 28% have neither agreed nor disagreed.
14. Respondents are satisfied with their salary as 41% agree and 21% strongly agree. Only 11% disagree and 6% strongly disagree, 21% neither agree nor disagree.
15. Employees are satisfied with their chances for promotion as 44% agree and 31% strongly agree. Only 8% disagree and 6% strongly disagree, 11% neither agree nor disagree
16. Salary in this organization is at par to the industry as 39% agree and 31% strongly agree. Only 5% disagree and 3% strongly disagree, 22% neither agree nor disagree.
17. Employees are satisfied with the allowances and other benefits provided by the organization as 35% agree and 16% strongly agree. Only 17% disagree and 6% strongly disagree, 26% neither agree nor disagree.
18. Employees boss are motivating to achieve organizational goals as 36% agree and 9% strongly agree. 18% disagree this is quite high compared to other factors and 8% strongly disagree and 29% neither agree nor disagree.
19. Employees boss motivates the employee when he is unproductive and help him to be productive as 45% agree and 15% strongly agree. Only 6% strongly disagree and 11% disagree, 23% neither agree nor disagree.
20. Work assignments are explained clearly to the respondents are good as 41% agree and 17% strongly agree. Only 8% strongly disagree and 9% disagree and 25% neither agree nor disagree.

### **SUGGESTIONS**

- Employee's performance should be appraised from time to time so that organization can come to know about the efficiency of the organization. Salary is the most important factor considered in job satisfaction. So employees should be given good salary with additional benefits like incentives, festival allowance, bonus etc. and to avoid high employee turnover.
- Work should be assigned according to the qualification and experience of the employees.

- Organization should try to adopt certain measures to enhance team spirit and co-ordination among the employees and the management of the organization should be friendly with the employees.
- Improved the canteen facilities as well as Parking facilities to avoid certain loss of vehicles.
- Promotion should be given based on performance as well as in seniority; it made a co-ordination among all the level of employees in an organization.

### **CONCLUSION**

The study gave a clear picture about the non bargainable employees and their areas of dissatisfaction, the outcome of the study will help the organization to spot out the areas of dissatisfaction, there by the organization can take effective steps to improve the employees satisfaction level towards their job and to implement various policy implications, Most of the employees are satisfied with their jobs and most of them are satisfied with the policies of the organization and also towards the other aspects taken in to account for measuring the level of job satisfaction among the non bargainable employees in the organization and there are some of the employees who are not satisfied with their jobs due to some of the aspects, also some of the suggestions can be taken in to account to make those employees feel better about their jobs so if the suggestions are taken in to account and done there is chance for making the unsatisfied employees to change their attitude towards their respective jobs and hence more productivity which in turn will bring more profit to the company. The company should also improve welfare facilities and parking facilities to turn unsatisfied employees into satisfied one. It will lead to increased productivity and reduce employee turnover.

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**KHAVTI KARJ (CONSUMPTION LOAN) DISBURSEMENT  
FOR TRIBAL BENEFICIARIES**

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**ABSTRACT**

*Development of Tribal Population is a key issue in our country for up-lift of socio-economically backward classes in India. Major problems of tribal community are illiteracy, low level of education, poor health conditions, poverty and unemployment, lack of development opportunities and above all, insensitivity towards development. Maharashtra is one of the 17 states in the country with tribal population. Union and State Governments are implementing plans for development of Tribal community but the efforts are lacking political willingness or there is administrative apathy in implementing the plans. This paper attempts to find reasons behind slow path of development of Tribal people in the State of Maharashtra.*

*It is observed in this paper that the Khavti Karj disbursed to tribal beneficiaries made for Tribal families in Maharashtra are inadequate to fulfill the requirements of the society and further, whatever Khavti Karj are made those are not available all families in tribal societies.*

**Keywords:** Tribal Development; Khavti Karj to Tribal People; (Khavti KARJ) Beneficiaries of the Plan

**INTRODUCTION**

The tribal population of India may be divided into three principal territorial zones, namely, the North-Eastern Zone, the Central Zone, and Southern Zone. Article 366 (25) of the Constitution of India defined "Scheduled Tribes" as "Such tribes or tribal communities or parts of or groups within such tribes or tribal communities as are deemed under Article 342 to Scheduled Tribes for the purpose of this Constitution." By the Constitution (Scheduled Tribes) Order, 1950, issued by the President in exercise of the powers conferred by Clause (1) of Article 342 of the Constitution of India, 255 tribes in the 17 states were declared to be Scheduled Tribes.<sup>1</sup> This article is an attempt to review the progress of Tribal society in Maharashtra during recent times under the Maharashtra State Credit for Tribal Development (MSCTDC) with the help of Tribal Co-operative societies for consumption loan, which is called Khavti Karj in local dialect, aimed at saving the Tribal people from hunger during rainy season when stock of grains with them is exhausted and they have no resources to fall back.

**OBJECTIVE**

This paper is prepared with a single objective of assessing the gap between demand for and supply of consumption loan by tribal population in the selected area.

**New Approach to Tribal Development**

There are 35 districts in the Maharashtra State and the tribal population is largely concentrated in the western hilly districts of Dhule, Nandurbar, Jalgaon, Nashik and Thane (Sahyadri Region) and the

eastern forest districts of Chandrapur, Gadchiroli, Bhandara, Gondia, Nagpur, Amravati and Yavatmal (Gondwana Region)

As directed by the Government of India in 1975-76 the villages where more than 50 per cent of the population was tribal, were constituted into Integrated Tribal Development Projects. (ITDPs) The villages where the tribal population was only marginally less than 50 per cent were also constituted into additional ITDPs and these were called the Additional Tribal Sub Plan (ATSP) Blocks\Projects.

In the meantime, the Government of India in recognition of the fact that there were some small concentrations of tribal population just outside the Integrated Tribal Development Plans (ITDPs)., directed that in a group of villages having a population of about 10000, if more than 50 per cent of population is tribal, the villages should be brought under the Modified Area Development Approach (MADA) Similarly, if two or three villages having a total population of 5,000 if more than 50 per cent of population belongs to tribal, the same should be constituted into a clusters/Mini MADA.

Consequent to the recognition of the Tribal Development Department done in January, 1992 the 24 Project offices jurisdiction have been so delineated that they cover all the tribal population in the state, whether living in the ITDP, MADA, Mini MADA/ Clusters or scattered elsewhere in the state.

According to the 2001 census, out of the total tribal population of the state about 49 per cent reside in the ITDPs (i.e. the Scheduled Area and the ATSP), MADA and Mini MADA clusters, and the remaining 51 per cent live outside this areas.<sup>2</sup>

### **Khavti Karj (Khavti Karj)**

The Government of Maharashtra is implementing the scheme of Consumption Loan since 1978, which is called Khavti Karj in local dialect, to save the tribal people from malnutrition during the period of the monsoon.

With the effect from the last year this scheme has been further revised and the rate of loan is as follows:

1. Family having up to 4 units on the ration card up to Rs.400/-
2. Family having between 4 to 8 units on the ration card up to Rs.800/-
3. Family having beyond 8 units on the ration card up to Rs. 1000/-

It was also decided earlier families with children in grades III and IV would continue to be covered under this scheme, irrespective of whether they are defaulters or not. However, this, scheme gets restricted because of the indebtedness of most of the tribal families. Therefore, the State Government has decided in July, 1995 to implement the traditional Grain Bank Scheme at village level with the active cooperation of voluntary Agencies/Non-governmental Organisations (NGOs) and others who are willing to participate in the scheme.<sup>3</sup>

Khavti Karj Scheme started in 1978 in the tribal Sub Plan Area of the state. This scheme is implemented by the M.S.C.T.D.C. with the help of the Tribal Co-operative Societies. The scheme provides for the consumption requirements of the needy tribal families during the lean employment season i.e. monsoon. The amount given under this scheme is in the form of short term loan and bears interest of 7.5 per cent. The repayment is to be made in a single installment in one year.90 per cent of the loan is given in the form of kind and 10 per cent in cash. The amount of loan given under this scheme depends on the family size. A family having 4 member is given Rs.2000 a family having 8 members Rs.3000/- and a family having more than 8 members Rs.4000/-<sup>4</sup>

The concept of drawing up a Khavti loan, hereinafter shall be referred to as TSP, accounting for all the flows of Khavti Karj in the ITSP was started from 1978-79. Subsequently, the Khavti Karj was often referred to as tribal sub plan.

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**Table 1.** Average Annual Disbursement of Khavti Karj to Tribal People

Year	No. of beneficiaries	Per cent change over previous period	Loan disbursed in Rs. Lakh	Per cent change over previous period	Loan disbursed per beneficiary Rs.	Per cent change over previous period
1981-1985	26189	-	35	-	137	-
1986-1990	23622	-10	34	-3	148	7.5
1991-1995	56115	138	185	449	309	109.2
1996-2000	47454	-15	343	86	714	131.2
2001-2005	149150	214	2710	690	688	-3.6
2006-2010	193429	30	5900	118	2065	199.9
2010-2011	423427	119	14600	147	3448	67.0
<b>Average per annum for the entire period</b>	<b>1,31,341</b>	<b>79</b>	<b>3401</b>	<b>248</b>	<b>1073</b>	<b>85.2</b>

**Source:** Compiled from Annual Tribal sub-plan 2011-2012 p.p.485

Since this work was assigned to the Tribal Development Department, the annual Khavti Karj is disbursed under the TSP have been as follows. Tribal Development Department disbursed average annual loans during the period from 1981-82 to 2010-2011 covering period of over two decades ending 2010-2011 the details are given the Table 1 that gives figures for the average annual disbursement of Khavti Karj to tribal people amount provided for the period of 1981-1982 to 2010-2011. The number of beneficiaries of the scheme increased by almost 20 times over the period of 30 years since 1981.

Since for the period of 1981-1985 average annual number of beneficiaries stood at 26189 and Khavti Karj disbursed annual average Rs.35 Lakh each year for the same period Rs.137 average disbursed Khavti Karj per beneficiary. During the period of five year from 1986 to1990, the number of beneficiaries reduced by 10 per cent over the previous period and the amount of loans disbursed has fallen by 3 per cent. However, the amount made available to beneficiaries per capita has marginally increased by 7.5 per cent.

During the next period of five years, 1991-1995, number of beneficiaries increased by 138 per cent over the previous period. In same period, per capita disbursement increased by 109.2 per cent over the previous period.

Number of beneficiaries drastically decreased by -15 per during the period 1996-2000 but the amount disbursed per capita increased by 131.2 per cent.

The experience during the next five years period 2001-2005 was an altogether opposite to that of previous five years. There was a substantial increase in the number of beneficiaries of Khavti Karj by 214 per cent but the amount disbursed per capita for the purpose decreased by -3.6 per cent.

During more recent period from 2006 to 2010, the number of beneficiaries recorded an increased by 30 per cent beneficiaries are reduced for previous period and 118 per cent Khavti Karj was reduced in this period. During the same period, amount disbursed in total increased by 690 per cent and that the per capita loan disbursed increased by around 200 per cent.

Latest data available for the financial year 2010-2011 shows that the number of beneficiaries during this period increased by 119 per cent aggregate amount disbursed increased 147 per cent. Period and amount disbursed per beneficiary increased in absolute terms by over 1.5 times and per capita amount increased by 67 per cent during the corresponding period.

However, success or failure of any depends on allocative efficiency alone. Its implementation part is more important because utilization of loan transmit the benefits of loan to the people for whom the loan is a benefit.

### **CONCLUSION**

From the above discussion, following inferences have been arrived at:

1. There are radical fluctuations in the allocations, disbursement and per capita distribution of this benefit among the tribal population. It implies that there is a gap between need for Khavti Karj and its availability to the needy beneficiaries.
2. Demand for Khavti Karj is more likely to be uncertain because it depends on the agricultural season of previous year. If the conditions are satisfactory, the demand for the same is likely to fall. In opposite conditions against the background of bad crop conditions in the previous year, the demand is likely to spurt. The Tribal Development Authorities should be prepared in advance to meet the requirements of tribal population by keeping in touch with the current and prospective crop conditions before arriving at the decisions on allocation of food and funds for disbursement during the next agricultural year.

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## **ROLE OF CAPITAL MARKET IN DEVELOPING ECONOMY**

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### **ABSTRACT**

*Capital Markets are defined as markets in which money is provided for period longer than a year. Capital markets have numerous participants including individual investors, institutional investors such as pension funds and mutual funds, municipalities and governments, companies and organizations and banks and financial institutions.*

*Capital markets typically involve issuing instruments such as stocks and bonds for the medium-term and long-term. In this respect, capital markets are distinct from money markets, which refer to markets for financial instruments with maturities not exceeding one year.*

*Capital market helps in capital formation. Through mobilization of ideal resources it generates savings; the mobilized savings are made available to various segments such as agriculture, industry, etc. This helps in increasing capital formation.*

*It facilitates and promotes the economic growth by mobilizing resources and diverting them in productive channels. Various functions and significance of Capital Market are Link between savers and investors, encouragement to saving, encouragement to investment, and stability in security prices.*

*There are various instruments which are operating in the market for mobilizing fund, They are debt instruments, shares, derivatives products, debentures, preference shares etc.*

*Capital market plays an important role in formation and working of economy. It helps in increasing capital formation, regulation over the resources in a qualitative manner, raises resources for longer period of time, enhances production and productivity, provides an alternative source of long term finance for long term investment and forms an important source in mobilizing idle savings from the economy.*

**Keywords:** Capital Market; Economy

### **INTRODUCTION**

Capital Markets are the financial markets for the buying and selling of long-term debt or equity-backed securities. These markets channel the wealth of savers to those who can put it to long-term productive use, such as companies or governments making long-term investments.

Capital markets typically involve issuing instruments such as stocks and bonds for the medium-term and long-term. In this respect, capital markets are distinct from money markets, which refer to markets for financial instruments with maturities not exceeding one year.

Capital Markets are defined as markets in which money is provided for period longer than a year. Capital markets have numerous participants including individual investors, institutional investors such as pension funds and mutual funds, municipalities and governments, companies and organizations and banks and financial institutions.



The size of a nation's capital markets is directly proportional to the size of its economy. The United States, the world's largest economy, has the biggest and deepest capital markets. Capital markets are increasingly interconnected in a globalized economy, which means that ripples in one corner can cause major waves elsewhere. The drawback of this interconnection is best illustrated by the global credit crisis of 2007-09, which was triggered by the collapse in U.S. mortgage-backed securities. The effects of this meltdown were globally transmitted by capital markets since banks and institutions in Europe and Asia held trillions of dollars of these securities.

Some of the examples of capital markets transaction are as under:

**A Government Collecting Money on the Primary Markets**

When a government wants to raise long term finance it will often sell bonds to the capital markets. In earlier years, many governments were using investment banks to organize the sale of their bonds. The leading banks would underwrite the bonds, and would often head up a syndicate of brokers, some of whom might be based in other investment banks. For developing countries, a multilateral development bank would provide an additional layer of underwriting, resulting in risk being shared between the investment bank(s), the multilateral organization, and the end investors.

**A Company Collecting Money on the Primary Markets**

When a company wants to raise money for long term investment, one of its first decisions is whether to do so by issuing bonds or shares. If it chooses shares, it avoids increment in debt, and in some cases the new shareholders may also provide non monetary help, such as expertise or useful contacts. On the other hand, a new issue of shares can dilute the ownership rights of the existing shareholders, and if they gain a controlling interest, the new shareholders may even replace the existing senior managers in the organization. From an investor's point of view, shares offer the potential for higher returns and capital gains if the company does well. Conversely, bonds are safer if the company does poorly, as they are less prone to severe falls in price, and in the event of bankruptcy, bond owners are usually paid before shareholders.

**Trading on the Secondary Markets**

Most capital market transactions take place on the secondary market. On the primary market, each security can be sold only once, and the process to create batches of new shares or bonds is often lengthy due to regulatory requirements. On the secondary markets, there is no limit on the number of times a security can be traded, and the process is usually very quick. With the rise of strategies such as high-frequency trading, a single security could in theory be traded thousands of times within a single hour. Transactions on the secondary market don't directly help raise finance, but they do make it easier for companies and governments to raise finance on the primary market, as investors know if they want to get their money back in a hurry, they will usually be easily able to re-sell their securities. Sometimes however secondary capital market transactions can have a negative effect on the primary borrowers - for example, if a large proportion of investors try to sell their bonds, this can push up the yields for future issues from the same entity.

**OBJECTIVE OF THE STUDY**

Whether Developing Market Is Affected As They Are Not Advanced

1. Advantages of the capital market to ensure proper utilization of financial resources.
2. Whether it provides access to the foreign capital to local industry.
3. Does capital market plays a constructive role in development of an economy

### **Working of Capital Market**

Companies take the help of capital markets to raise money for projects by issuing stock IPOs, bonds and short-term money market securities. Individual investors who wish to earn interest or dividend on their savings can meet the companies who are looking to raise funds through issue of securities.

Illustration of how a corporate bond moves through capital markets Suppose xy Co. needs to raise INR 1000. xy Co. offers a 10-year bond on the bond market with a par value of INR 1000. The bond is purchased by someone wishing to earn interest on the INR 1000 that they have available. xy Co. receives the INR 1000 in cash and the investor receives a bond and the promise of repayment plus interest. If the bondholder later decides he no longer wants the bond, he can sell it to another investor in the marketplace.

To illustrate using stocks, suppose xy Co. decided to raise more funds by issuing ten new shares of stock for INR100 per share. xy Co. offers these shares in the market and someone purchases all ten for INR1000 total. This time, the investor obtains stock certificates giving him partial ownership of the company. X y Co. gets the INR1000 in funds they wanted to raise. As in the example above, should this investor wish to no longer hold these stocks, he can sell them to another investor in the stock market for the current market price. Should the company have extra cash, it could buy the stock back as well.

### **Types of Instruments**

The capital market, as it is known, is that segment of the financial market that deals with the effective channeling of medium to long-term funds from the surplus to the deficit unit. The process of transfer of funds is done through instruments, which are documents (or certificates), showing evidence of investments. The instruments traded (media of exchange) in the capital market are:

**1. Debt Instruments:** A debt instrument is used by either companies or governments to generate funds for capital-intensive projects. It can be obtained either through the primary or secondary market. The relationship in this form of instrument ownership is that of a borrower – creditor and thus, does not necessarily imply ownership in the business of the borrower. The contract is for a specific duration ranging from 3 to 25 years and interest is paid at specified periods as stated in the agreement. The principal sum invested, is therefore repaid at the expiry of the contract period with interest either paid quarterly, semi-annually or annually.

**2. Equities (also called Shares):** This instrument is issued by companies only and can also be obtained either in the primary market or the secondary market. Investment in this form of business translates the ownership of the business as the contract stands in perpetuity unless sold to another investor in the secondary market. The investor therefore possesses certain rights and privileges (such as to vote and hold position) in the company. The investor in debts is entitled to interest, which must be paid whereas in the case of equity holders they receive dividends, which may or may not be declared. The risk factor in this instrument is high and thus yields a higher return (when successful).

**3. Preference Shares:** This instrument is issued by corporate bodies and the investors rank second (after bond holders) on the scale of preference when a company goes under. The instrument possesses the characteristics of equity in the sense that when the authorised share capital and paid up capital are being calculated, they are added to equity capital to arrive at the total. Preference shares can also be treated as a debt instrument as they do not confer voting rights on its holders and have a dividend payment that is structured like interest (coupon) paid for bonds issues.

**4. Derivatives:** These are instruments that derive from other securities, which are referred to as underlying assets (as the derivative is derived from them). The price, riskiness and function of the derivative depend on the underlying assets since whatever affects the underlying asset must affect the derivative. The derivative might be an asset, index or even situation. Derivatives are mostly common in developed economies. Some examples of derivatives are Mortgage-Backed Securities (MBS),

Asset-Backed Securities (ABS), Futures, Options, Swaps, Rights, and Exchange Traded Funds or commodities.

### **Resources Mobilisation**

Capital markets play an important role in mobilising resources, and diverting them in productive channels. In this way, it facilitates and promotes the process of economic growth in the country. Various functions and significance of capital market are discussed below:

**1. Link between Savers and Investors:** The capital market functions as a link between savers and investors. It plays a key role in mobilizing the savings and diverting them into productive investment. In this way, capital market plays an important role in transferring the financial resources from surplus and wasteful areas to deficit and productive areas, thus increasing the productivity and prosperity of the country.

**2. Encouragement to Saving:** With the development of capital, market, the banking and non-banking institutions provide facilities, which encourage people to save more. In the less-developed countries, in the absence of a capital market, there are very little savings and those who save often invest their savings in unproductive and wasteful directions, like land, gold, and jewellery.

**3. Encouragement to Investment:** The capital market facilitates lending to the businessmen and the government and thus encourages investment. It provides facilities through banks and nonbanks financial institutions. Various financial assets, *e.g.*, shares, securities, bonds, etc., induce savers to lend to the government or invest in industry. With the development of financial institutions, capital becomes more mobile, interest rate falls and investment increases.

**4. Promotes Economic Growth:** The capital market not only reflects the general condition of the economy, but also smoothens and accelerates the process of economic growth. Various institutions of the capital market, like nonbank financial intermediaries, allocate the resources rationally in accordance with the development needs of the country. The proper allocation of resources results in the expansion of trade and industry in both public and private sectors, thus promoting balanced economic growth in the country.

**5. Stability in Security Prices:** The capital market tends to stabilise the values of stocks and securities and reduce the fluctuations in the prices to the minimum. The process of stabilisation is facilitated by providing capital to the borrowers at a lower interest rate and reducing the speculative and unproductive activities.

**6. Benefits to Investors:** The credit market helps the investors, *i.e.*, those who have funds to invest in long-term financial assets, in many ways:

1. It brings together the buyers and sellers of securities and thus ensure the marketability of investments,
2. By advertising security prices, the Stock Exchange enables the investors to keep track of their investments and channelize them into most profitable lines,
3. It safeguards the interests of the investors by compensating them from the Stock Exchange Compensating Fund in the event of fraud and default.

### **CASE STUDY**

A case study was carried out on Investment Avenues based on people of different age group and gender by International Journal of Research in Commerce and Management. Some of the extracts from the case study are shown below for better understanding:

#### **Age and Investor Awareness**

The relation between age and awareness of investors, the age-wise distribution of investment avenues with high awareness and also with low awareness amongst the investors is analyzed hereunder.

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**Table 1.** Age-Wise Distribution of Investment Avenues with High Awareness

Age in Year	Bank In Deposits	Real Estate	SSS	LIC	Bullion
Below 30	74.6	92.1	65.1	63.5	77.8
31-40	78.4	83.0	72.1	70.5	69.3
41-50	82.8	74.5	85.5	83.5	65.5
51-60	78.8	76.0	68.5	69.9	69.9
Above 60	81.0	77.4	78.5	86.9	71.4

It may be seen from table 1 that the respondents are almost equally distributed among the different age group while claiming their high level of awareness about these avenues. Therefore, the age of investor cannot be taken to influence their level of awareness

**Table 2.** Age-Wise Distribution of Investment Avenues with Low Awareness

Corporate deposits	Corporate Bond	Mutual Fund	Equity Share	Preference share
44.4	31.7	38.1	39.7	31.7
42.0	39.8	31.8	25.0	34.1
39.3	29.0	29.0	28.3	26.2
26.7	28.1	17.8	19.2	17.1
32.1	22.6	32.1	27.4	28.6

## Gender and Investor Awareness

To examine whether any relation exist between the gender and the level of investor awareness, the gender wise distribution of the investor respondents of different investment avenues, which are divided into avenues with high awareness and those with low awareness, is analyzed. The relevant information is furnished in table 3 and 4.

**Table 3.** Gender-Wise Distribution of Investment Avenues with High Awareness

Gender	BD	RE	SSS	LIC	Bullion
Male	80.7	78.0	76.3	75.8	68.9
Female	77.3	81.0	72.4	75.5	71.8

**Source:** Data Source Population Survey

It may be observed from table 3 that there are no significant differences in the level of awareness between male and female investors of all investment avenues.

The difference between male and female investor is hardly 4% for any avenues and it can be insignificant for a sample size of 526.

**Table 4.** Gender-Wise Distribution of Investment Avenues with Low Awareness

Gender	CD	CB	MF	ES	PS
Male	38.8	32.2	32	30.9	28.4
Female	20.9	20.9	21.0	20.9	20.9

**Source:** Data Source Population Survey

It may also be seen from table 4 that there are no significant differences in the level of awareness between male and female investors of all investment avenues.

From table 3 and 4, it is very clear that the gender of the investor has no effect or influence on his or level of awareness about any investment channel.

### Capital Markets' Role in an Economy

Capital Market plays an important role in the formation and working of economy. Some of the key roles of Capital markets are as under:

1. Capital market helps in capital formation. Through mobilization of ideal resources it generates savings; the mobilized savings are made available to various segments such as agriculture, industry, etc. This helps in increasing capital formation.
2. Capital market not only helps in fund mobilization but also helps in proper allocation of resources. It can have regulation over the resources so that it can direct funds in a qualitative manner.
3. Capital market raises resources for longer periods of time thus providing an investment avenue for people who wish to invest resources for a long period of time. It also provides suitable interest rate returns to the investors. Instruments such as bonds, equities, units of mutual funds, insurance policies, etc. definitely provides diverse investment avenue for the public.
4. Capital market enhances production and productivity in the national economy. As it makes funds available for a longer period of time, the financial requirements of business houses are thus met with the help of capital market. With the need for research and development in capital market, it helps in the increase of production and productivity in economy by generation of employment and development of infrastructure.
5. It provides an important alternative source of long-term finance for long-term productive investments which indirectly helps in diffusing stress on the banking system by matching long-term investments with long-term capital.
6. Capital market forms an important source in mobilizing idle savings from the economy. It mobilizes funds from people for further investments in the productive channels of an economy which amounts to activation of ideal monetary resources and putting them in proper investments.
7. It helps in promoting public-private sector partnerships to encourage participation of private sector in productive investments. Pursuit of economic efficiency shifting driving force of economic development from public to private sector to enhance economic productivity has become unavoidable as resources continue to diminish.
8. It helps in assisting the Government to close the resource gap, and complement its effort in financing essential socio-economic development, by raising long-term project based capital.
9. Capital Market improves the efficiency of capital allocation through competitive pricing mechanism for better utilization of scarce resources for increased economic growth.

### REMARKS

The lack of advanced and vibrant capital market can lead to underutilization of financial resources. The developed capital market also provides access to the foreign capital for domestic industry. Thus capital market definitely plays a constructive role in the overall development of an economy.

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**Book Review**

**RICH DAD POOR DAD**

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**Book : Rich Dad Poor Dad**

**Authors : Robert T. Kiyosaki with Sharon L. Lechter**

**Publisher : Self Published, The United States of America**

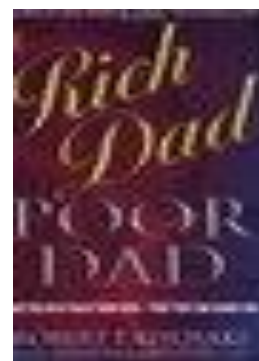
**Edition : 1997**

**ISBN : 0-446-61109-3**

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**Pages : 270**

**Binding : Available in both Hardbound & soft Cover**



**ABSTRACT**

*How many of us want to retire at the age of 45 and lead a life, self-fulfilling and content doing the things we dreamt of doing all our lives but were wedged in the rat race? If you desire so, then the book is a guide to it.*

*The book was self-published in 1997, and by 2000, so many copies were sold, making it the NY Bestseller. This itself indicates the interest and the attention that the book can generate.*

*The book becomes a must-read for all those a novice in the area of finance. It is not a financial management book, but is a book full of information on 'how to become rich', 'how to manage one's assets' and 'how to make money work smartly'. The book emphasizes that we all love to be rich, but the way to get there and remain there is unknown. The author simplifies it.*

**INTRODUCTION**

The book is a simple yet intriguing narration of parables from the author's real life experiences that taught him how to become rich by not working for money but by making money work for him. It emphasizes the need of financial literacy for every layman. The author is set on a mission to educate people that getting good education, followed by acquiring high salaried job and toiling all life – paying bills and saving for post-retirement, will not reach one to their destination unless one wisely makes money multiply and makes the right investment choices.

The background of the book is that, the author and his friend Mike are jeered at school for being poor. Annoyed the author pesters his father, an employee of a reputed University, to explain why they cannot afford things other children their age possess. After many attempts to provide explanations, the

father surrenders, and advises the author to learn from Mike's father about it, as he learnt from their common banker, that Mike's father is the one minting money. Hence the *Rich Dad* is Mike's father and the *Poor Dad* is his own, who no doubt earned very well, but could barely save because of the burden of taxes and bills.

The author's question to Mike's father, 'How to Become Rich', is summed up in the following lessons:

Lesson 1: 'The Rich don't work for money': Rich Dad drove the boys to work for him for free, which in turn compelled them to be creative and generate business ideas, which they even implemented successfully.

Lesson 2: 'Why Teach Financial literacy': To differentiate between asset and liability. Maintain only those assets which do not eat into your income, if it does then it is rather a liability than an asset. Example: if maintaining a car is costlier than the benefits of owning it, then it is not an asset.

Lesson 3: 'Mind your own business': differentiate between profession and business. Professions are lawyers, doctors, teachers etc., but our business is to make the assets bring more into our cash flow to fund for our expenses. Simply put, the income earned should be converted into assets and from these assets, further income should be earned to cater to our routine expenses.

Lesson 4: 'Learn the History of Taxes and the Power of Corporations': as history portrays, taxes were first levied to punish the rich, but it eventually trickled down to the bottom. Simple logic – salaried people pay taxes and are then left with the disposable income. Corporate, earn revenues, pay for their expenses and then pay taxes on what is left.

Lesson 5: 'The Rich Invent Money': Improve your financial intelligence to create and invent options to make money work.

Lesson 6: 'Work to Learn, Don't Work for Money': Take a better view of life, instead of simply working for money to finance your expenses. It is more important to learn life skills and multi skills, so that any recession or company closedown will not bring you on the streets.

#### **OBSERVATION**

The writing style seemed repetitive on many occasions. However, these drawbacks are overcome by the fact that the author is not a commercial writer and also the depth of the content overshadows it.

#### **CONCLUSION**

The book sticks to its title, 'What the Rich Teach their Kids About Money – That the Poor and Middle Class Do Not'. It explains why the adage we so often hear – 'the rich are getting richer, and the poor are getting poorer', is so true. But also makes us realize that we are responsible for it all the more. The power of money lies in not only how we make it grow but make it continue to remain with us for a lifetime and even after.



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**COMPARISON OF FACULTY RETENTION: A STUDY OF  
PRIVATE AND GOVERNMENT PROFESSIONAL  
INSTITUTES OR UNIVERSITIES OF UTTARAKHAND**

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**ABSTRACT**

*The study attempts to explain the comparative study of the various factors that affect satisfaction and retention of the faculty working with the government and the private educational sector. Employee retention is the ability of an organization to retain its employees, especially the most talented ones. Attrition is a problem that most universities are constantly faced with. The research study aims at studying different perspectives of teachers working in the private and the government Institutes or universities of Uttarakhand, that lead to job satisfaction and retention. The researcher has discussed different components with various factors that contribute towards that component. The study does a comparative study by using a t-test that has been shown in tables. The study discusses reasons why a particular sector faces more attrition as compared to another. The research has been conducted in the academic organizations such as the universities and colleges of Uttarakhand region as per the objective of the research.*

**Keywords:** Attrition; Government Faculty; Job Satisfaction; Private Faculty; Retention

**INTRODUCTION**

Education is a sector associated with continuous knowledge upgradation, learning, development and at the same time delivering the best performance. There has always been controversy with respect to the most preferred work destination; between the government universities / institutes and the private universities or institutes. While there holds some pros and cons associated with working in private and the government academic organization; both have been attracting potential employees at their end. While some consider private organization to be best for frequent opportunities to change from one organization to another, some believe government organizations to be the best platform for work and easy work –life balance. The researcher has made efforts to bring forth the difference in the two sectors associated with the academics.

The research paper covers primarily the faculty members from private and the government professional institutes / universities of Uttarakhand region that hosts some of the most reputed educational institutions of National and International glory.

### LITERATURE REVIEW

The review of the literature reveals that retention is essential to sustain business operations, but it can be very well prove as a competitive advantage for an organization in the long run. Bogdanowicz & Bailey (2002) states that in today's economic conditions, intellectual capital and knowledge management are significant indicators of success. Therefore, businesses need to retain employees with the right skills and abilities, in order to maintain their competitive advantage.

The literature also reveals that; retention and employee turnover are the two faces of the same coin. Both the concepts are inseparable and each from research's point of view is impractical to study in isolation or independently. According to Johnson, Griffeth & Griffen (2000) retention can be further categorized as functional or dysfunctional. When non-performers leave and performers stay, it is identified as functional, and can assist organizations to increase optimal performance (Johnson et al, 2000). Abbasi & Hollman (2000) documented that on the contrary, when non-performers stay and performers leave, retention is highly dysfunctional, and damages organizational innovation and performance.

According to Murnane, Singer, & Willett (1991); Shen (1997); Stinebrickner (1998); Theobald, (1990) Providing higher salary and better benefits are the most significant predictor of teacher's career longevity.

Darling-Hammond (2003) proposed that on an average teacher's salaries are about 20 percent lower than that of other professionals with comparable educational experience in the private industry. Teachers, whether beginner or experienced, who left teaching suggested providing higher salaries as the most effective way to retain the teachers.

Rosenholtz and Simpson (1990) offer a detailed analysis of how organizational factors contribute to teacher's commitment to the workplace and also found that teachers' commitment to the workplace; measured by their disaffection, absenteeism, and defection, is highly correlated with turnover.

According to The Teacher follow-up Survey (2000-01), giving teachers more authority on school matters encourages them to participate more in school management. Hence, teachers who share greater responsibility over school operations become more committed to the school enterprise. The study also reflected that bureaucratic controls are incompatible with teacher autonomy and are potentially detrimental to teacher commitment. The study also tells that better salary and benefits are although worthwhile investments in retaining teachers, but retention strategies must not solely rely on financial incentives, rather, policy interventions must focus on improving teacher's work conditions, by reducing student discipline problems and giving teachers more authority in schools.

The literature review discusses the theoretical framework of this research work. It provides an overview of the factors that may lead an employee to leave or stay in a job. The previous research study also shows that employee retention is an important focus point which needs to be addressed. The present research study would do a comparative study on retention; between the private and the government academic organizations, and would help in determining the reasons that lead to attrition and give possible solutions to retain the teachers for a longer period of time.

### OBJECTIVES OF THE STUDY

1. To do a comparative study of retention of faculty in Private Institutes or Universities with the Government Institutes or Universities in Uttarakhand.
2. To study the causes of high rate of attrition in private professional Institutes / Universities.

### RESEARCH METHODOLOGY

#### Area of Study

The area of the research work mentioned in research paper are teachers working in the government and private institutes or universities of Uttarakhand region. As the main aim of the researcher is to do a

comparative study of retention of faculty between the private and the government institutes or universities of Uttarakhand; the researcher has covered 300 colleges overall. 200 respondents are from the Private Professional Colleges or Universities (which will include 20 respondents each from any 10 Private Institutes or Universities of Uttarakhand) and 100 respondents from the government professional colleges. The respondents are more for private institutes because the main area of research of the research scholar is; the private sector. A set of questionnaires were made to collect the data from the respondents, that included the teaching staff; professors, associate professors, assistant professors and lectures. The data includes facts and figures collected in the year 2013.

The simple random sampling is used in the research study.

The questions are based on Likert's five -point scale, ranging from; strongly disagree to strongly agree. Actual data collection was preceded by a pilot survey. The pilot survey was carried out with a sample size of 30 faculty members working with different private professional and Government universities in Uttarakhand with a view to clarify questionnaire structure holistically and avoid any interpretation problems.

### **Data Collection Method**

The methods used to collect data are: Primary Data Sources and Secondary Data Sources. The primary data for the present study has been collected from the respondents using questionnaire. The validity and the reliability of the questionnaires have been tested through SPSS.

### **Research Work**

The research aims in studying the comparative study of the various factors that affect an employee's job satisfaction and hence their retention. Each construct includes many different variables and each variable has been measured in order to find out their contribution. It is a usual observation that people when satisfied with their job or the related factors; tend to stay in the organization for a longer period of time. However, the satisfaction level for the employees working in the government institutes or universities vary with the employees working with the private institutes or universities. The study will disclose that; government employees and the private employees differ a lot in preferences and opinion about their job. The statistical tool such as SPSS has been used. The independent sample t-test is applied in the research study to compare the average response of the faculty members.

### **Null Hypothesis**

Ho1: There is no difference in the level of remuneration received by the private and government faculty members

Ho2: There is no difference in the level of job security of the private and the government faculty members.

Ho3: There is no difference in the work environment of the private and the government institution.

Ho4: There is no difference in the career advancement gained from the private and government sector faculty members.

Ho5: There is no difference in the level of occupational stress received from the private and government institutions or universities.

Ho6: There is no difference in the impact of personal factors of the private and government faculty members.

Ho7: There is no difference in the job satisfaction of the private and government faculty members.

Ho8: There is no difference in the job retention of the private and government faculty members.

### **RESULT AND ANALYSIS**

The detailed analyses of the factors are:

**Remunerations**

In the research study in order to find out the difference between level of remuneration received by the private and government sector faculties, independent sample t-test is applied. The Null hypothesis of Independent sample t-test is “There is no difference in the level of remuneration received by the private and government faculty members”. The results of Independent sample t-test are shown in table:

**Table 1.** Independent Sample T-Test w.r.t. Remuneration between Private and Government Institutes / Universities

Item / Variable	Type of Institute	Mean (Std. deviation)	T- Statistics (P value)	Remark
Get positive recognition from the institute for quality work	Private	3.7600 (1.03)	1.422 (0.156)	Null Hypothesis Accepted
	Government	3.9400 (1.02)		
Experience matches with the remuneration package of the job	Private	3.2150 (1.04)	4.598 (0.000)	Null Hypothesis Rejected
	Government	3.7700 (0.86)		
Qualification matches with remuneration package of this job	Private	2.9150 (1.07)	8.099 (0.000)	Null Hypothesis Rejected
	Government	3.9300 (0.90)		
Monthly salary from the institute is enough for basic needs	Private	2.5300 (1.10)	10.623 (0.000)	Null Hypothesis Rejected
	Government	3.8900 (0.90)		
Cannot quit my job owing to current remuneration	Private	3.0100 (1.04)	6.304 (0.000)	Null Hypothesis Rejected
	Government	3.8000 (0.97)		
Rewards given in addition to the salary from the institute satisfies	Private	3.0600 (0.98)	1.309 (0.191)	Null Hypothesis Accepted
	Government	3.2300 (1.19)		
Paid well by the institute in comparison to the other institutes	Private	3.2050 (0.99)	3.496 (0.001)	Null Hypothesis Rejected
	Government	3.6400 (1.04)		
Salary revision done on regular interval	Private	3.4650 (0.90)	2.085 (0.038)	Null Hypothesis Rejected
	Government	3.7100 (1.05)		
Satisfied with the allowances provided by the institution	Private	2.9000 (0.98)	4.670 (0.000)	Null Hypothesis Rejected
	Government	3.5100 (1.21)		

The results indicate that the probability value for all the dimensions except, “Positive recognition from the institute for quality work” and “Reward given in addition to the salary” is less than 5 percent level of significance. Hence, with 95 percent confidence level the null hypothesis of no significant difference between the average score of different components of remuneration between two

independent samples of private and government educational institutions cannot be accepted. Hence it can be concluded that, there exist statistical significant difference between the faculty members working with the private and the government educational institutions with respect to different components of remuneration received by them. It is also found from the results that the mean score of all the dimensions of the remuneration for government sector is higher than mean score of the response received from the private institutional employees. This in turn indicates that the different components of remuneration are significantly higher for the faculty members working with the government institutions.

However, in case of the components “Positive recognition from the institute for quality work” and “Reward given in addition to the salary”, the p-value of the t statistics is more than 5 percent level of significance; hence the null hypothesis of no significant difference for these two components can be accepted.

**Job Security**

In order to find out the difference between level of Job security existing in the private and government sector faculties, independent sample t-test is applied. The Null hypothesis of Independent sample t-test is “There is no difference in the level of Job security of the private and the government faculty members”. The results of Independent sample t-test are shown in table:

**Table 2.** Independent Sample T-Test w.r.t. Job Security between Private and Government Institutes or Universities

Item / Variable	Type of Institute	Mean (Std. deviation)	T- Statistics (P value)	Remark
Never thought of getting dismissed from the institute	Private	3.3600 (1.12)	2.453 (0.015)	Null Hypothesis Rejected
	Government	3.6900 (1.03)		
Job is very secure in this institute	Private	2.6700 (1.08)	5.078 (0.000)	Null Hypothesis Rejected
	Government	3.3700 (1.21)		
Technological advancement in this institute cannot affect the job retention	Private	3.5250 (0.88)	0.584 (0.560)	Null Hypothesis Accepted
	Government	3.5900 (0.95)		
Happy with the employment growth in this institution	Private	2.7300 (0.94)	8.347 (0.000)	Null Hypothesis Rejected
	Government	3.6900 (0.91)		
Job security cannot be affected by institutional restructuring in this institution	Private	3.2050 (1.01)	2.920 (0.004)	Null Hypothesis Rejected
	Government	3.5500 (0.84)		

The results indicate that the probability value for all the dimensions except, “Technological advancement in this institute cannot affect the job retention” is less than 5 percent level of significance. Hence, with 95 percent confidence level the null hypothesis of no significant difference between the average score of different components of job security between two independent samples of private and government educational institutions cannot be accepted. Hence, it can be concluded that, there exist statistical significant difference between the faculty members working with the private and the government educational institutions with respect to different components of job security. It is also

found from the results that the mean score of all the dimensions of job security for the government sector is higher than mean score of the response received from the private institutional employees. This in turn indicates that the different components of job security are significantly higher for the faculty members working with the government institutions.

However, in case of the component “Technological advancement in this institute cannot affect the job retention”, the p-value of the t statistics is more than 5 percent level of significance; hence the null hypothesis of no significant difference for this component can be accepted.

**Work Environment**

In order to find out the difference between level of work environment existing in the private and government sector faculties, independent sample t-test is applied. The Null hypothesis of Independent sample t-test is “There is no difference in the work environment of the private and the government institution”. The results of Independent sample t-test are shown in table:

**Table 3.** Independent Sample T-Test w.r.t. Work Environment between Private and Government Institutes or Universities

Item / Variable	Type of Institute	Mean (Std. deviation)	T- Statistics (P value)	Remark
Working environment is pleasant in this institution	Private	3.7300 (0.99)	2.037 (0.043)	Null Hypothesis Rejected
	Government	3.9600 (0.76)		
Satisfied with the infrastructure of the institute	Private	3.8800 (0.81)	1.348 (0.179)	Null Hypothesis Accepted
	Government	3.7400 (0.90)		
Interpersonal relationship with the colleagues is satisfactory	Private	3.9550 (0.75)	0.054 (0.957)	Null Hypothesis Accepted
	Government	3.9600 (0.76)		
Interpersonal relationship with the superiors is satisfactory	Private	3.8750 (0.79)	1.124 (0.262)	Null Hypothesis Accepted
	Government	3.7600 (0.91)		
Cleanliness of work environment is satisfactory	Private	4.0000 (0.77)	4.884 (0.000)	Null Hypothesis Rejected
	Government	3.4600 (1.11)		
Adequate restroom facility available	Private	2.8550 (1.02)	3.078 (0.002)	Null Hypothesis Rejected
	Government	3.2600 (1.16)		
Making of the rules and procedures make difficult job easy	Private	2.2600 (0.95)	11.517 (0.000)	Null Hypothesis Rejected
	Government	3.5600 (0.84)		
Effort to do a good job are not blocked by red tape	Private	3.2250 (0.84)	2.508 (0.013)	Null Hypothesis Rejected
	Government	3.4900 (0.89)		



**Table 3.** Independent Sample T-Test w.r.t. Work Environment between Private and Government Institutes or Universities (Contd...)

Item / Variable	Type of Institute	Mean (Std. deviation)	T- Statistics (P value)	Remark
Too much paperwork is not done	Private	2.4550 (0.98)	6.520 (0.000)	Null Hypothesis Rejected
	Government	3.2600 (1.06)		
Organization offers flexible working arrangements that enable to balance work and personal life	Private	3.4900 (1.00)	3.999 (0.000)	Null Hypothesis Rejected
	Government	3.9300 (0.62)		
Able to achieve a good balance between work and personal life	Private	3.7600 (0.93)	4.729 (0.000)	Null Hypothesis Rejected
	Government	4.2400 (0.55)		

The results indicate that the probability value for all the dimensions except, “Satisfied with the infrastructure of the institute”, “Interpersonal relationship with the colleagues is satisfactory” and “Interpersonal relationship with the superiors is satisfactory” is less than 5 percent level of significance. Hence, with 95 percent confidence level the null hypothesis of no significant difference between the average score of different components of work environment between two independent samples of private and government educational institutions cannot be accepted. Hence, it can be concluded that, there exist statistical significant difference between the faculty members working with the private and the government educational institutions with respect to different components of work environment. It is also found from the results that the mean score of all the dimensions of work environment for the government sector, except “Satisfied with the infrastructure of the institute”, “Interpersonal relationship with the superiors is satisfactory” and “Cleanliness of work environment is satisfactory”; is higher than mean score of the response received from the private institutional employees. This in turn indicates that the components of work environment, in relation to Infrastructure, relationship with superiors and cleanliness, are significantly higher for the faculty members working with the private institutions, while the remaining components are higher for the government institutions.

However, in case of the component “Satisfied with the infrastructure of the institute”, “Interpersonal relationship with the colleagues is satisfactory” and “Interpersonal relationship with the superiors is satisfactory”, the p-value of the t statistics is more than 5 percent level of significance; hence the null hypothesis of no significant difference for this component can be accepted.

### **Career Advancement**

In order to find out the difference between level of career advancement received by the private and government sector faculties, independent sample t-test is applied. The Null hypothesis of Independent sample t-test is “There is no difference in the career advancement gained from the private and government sector faculty members”. The results of Independent sample t-test are shown in table:

**Table 4.** Independent Sample T-Test w.r.t. Career Advancement between Private and Government Institutes or Universities

Item / Variable	Type of Institute	Mean (Std. deviation)	T- Statistics (P value)	Remark
Familiar with the career opportunities provided by the institution	Private	3.4800 (0.94)	3.595 (0.000)	Null Hypothesis Rejected
	Government	3.8600 (0.66)		
Effective performance appraisal system is put to practice	Private	3.3800 (0.84)	3.521 (0.000)	Null Hypothesis Rejected
	Government	3.7200 (0.66)		
Satisfied with the promotion policy of the institution	Private	2.9500 (1.04)	4.272 (0.000)	Null Hypothesis Rejected
	Government	3.4700 (0.89)		
Career aspiration in field of teaching could be well met by the institute	Private	3.3900 (0.87)	4.450 (0.000)	Null Hypothesis Rejected
	Government	3.8600 (0.84)		

The results indicate that the probability value for all the dimensions of career advancement is less than 5 percent level of significance. Hence, with 95 percent confidence level the null hypothesis of no significant difference between the average score of different components of career advancement between two independent samples of private and government educational institutions cannot be accepted. Hence, it can be concluded that, there exist statistical significant difference between the faculty members working with the private and the government educational institutions with respect to different components of career advancement. It is also found from the results that the mean score of all the dimensions of career advancement for the government sector is higher than mean score of the response received from the private institutional employees. This in turn indicates that the different components of career advancement are significantly higher for the faculty members working with the government institutions or universities.

### Occupational Stress

In order to find out the difference between level of occupational stress received by the private and government sector faculties, independent sample t-test is applied. The Null hypothesis of Independent sample t-test is “There is no difference in the level of occupational stress received from the private and government institutions or universities”. The results of Independent sample t-test are shown in table:

**Table 5.** Independent Sample T-Test w.r.t. Occupational Stress between Private and Government Institutes or Universities

Item / Variable	Type of Institute	Mean (Std. deviation)	T- Statistics (P value)	Remark
Unrealistic targets upset me a lot not to give the best	Private	3.5250 (1.16)	7.714 (0.000)	Null Hypothesis Rejected
	Government	2.4600 (1.03)		
Have developed anxiety, boredom, anger, and forgetfulness due to work pressure	Private	3.4550 (1.08)	9.771 (0.000)	Null Hypothesis Rejected
	Government	2.1900 (0.99)		

**Table 5.** Independent Sample T-Test w.r.t. Occupational Stress between Private and Government Institutes or Universities (Contd....)

Item / Variable	Type of Institute	Mean (Std. deviation)	T- Statistics (P value)	Remark
Difficulty in concentrating in job for prolonged hours	Private	3.3800 (1.13)	8.786 (0.000)	Null Hypothesis Rejected
	Government	2.2200 (0.95)		
Suffer quite often from headache/ hypertension/ chest and back pain/ digestive problems	Private	2.7850 (1.15)	4.324 (0.000)	Null Hypothesis Rejected
	Government	2.1700 (1.16)		
Administrators cause stress in life	Private	2.6400 (1.11)	3.853 (0.000)	Null Hypothesis Rejected
	Government	2.1100 (1.14)		
Stress on job reduces my confidence level as a teacher	Private	2.5150 (1.10)	3.774 (0.000)	Null Hypothesis Rejected
	Government	2.0000 (1.12)		

The results indicate that the probability value for all the dimensions of occupational stress is less than 5 percent level of significance. Hence, with 95 percent confidence level the null hypothesis of no significant difference between the average score of different components of occupational stress between two independent samples of private and government educational institutions cannot be accepted. Hence, it can be concluded that, there exist statistical significant difference between the faculty members working with the private and the government educational institutions with respect to different components of occupational stress. It is also found from the results that in case of the construct, occupational stress; the mean score of all the dimensions of occupational stress for the private sector is higher than mean score of the response received from the government institutional employees. This in turn indicates that the different components of occupational stress are significantly higher for the faculty members working with the private institutions or universities.

**Personal Factors**

In order to find out the difference between the impact of personal factors in the private and government sector, independent sample t-test is applied. The Null hypothesis of Independent sample t-test is “There is no difference in the impact of personal factors of the private and government faculty members”. The results of Independent sample t-test are shown in table:

**Table 6.** Independent Sample T-Test w.r.t. Personal Factors between Private and Government Institutes or Universities

Item / Variable	Type of Institute	Mean (Std. deviation)	T- Statistics (P value)	Remark
Faculties resign to pursue higher education	Private	3.4100 (0.93)	2.476 (0.014)	Null Hypothesis Rejected
	Government	3.1000 (1.17)		
Faculties quit to relocate their family to a different place	Private	3.4250 (0.85)	4.618 (0.000)	Null Hypothesis Rejected
	Government	2.9100 (1.00)		

**Table 6.** Independent Sample T-Test w.r.t. Personal Factors between Private and Government Institutes or Universities (Contd....)

Item / Variable	Type of Institute	Mean (Std. deviation)	T- Statistics (P value)	Remark
Faculty give up jobs due to family circumstances (marriage, family problem, etc)	Private	3.4000 (0.82)	4.319 (0.000)	Null Hypothesis Rejected
	Government	2.9200 (1.06)		
Faculties resign due to health problems	Private	3.0200 (0.91)	5.020 (0.000)	Null Hypothesis Rejected
	Government	2.4300 (1.04)		
Faculties resign their jobs due to unavailability of better children education	Private	2.8650 (1.03)	0.494 (0.622)	Null Hypothesis Accepted
	Government	2.9300 (1.15)		

The results indicate that the probability value for all the dimensions except, “Faculties resign their jobs due to unavailability of better children education” is less than 5 percent level of significance. Hence, with 95 percent confidence level the null hypothesis of no significant difference between the average score of different components of personal factors between two independent samples of private and government educational institutions cannot be accepted. Hence, it can be concluded that, there exist statistical significant difference between the faculty members working with the private and the government educational institutions with respect to different components of personal factors. The mean score for the dimensions i.e., “Faculties resign to pursue higher education”, “Faculties quit to relocate their family to a different place”, “Faculty give up jobs due to family circumstances (marriage, family problem, etc)” and “Faculties resign due to health problems” for the private institutions is higher than the mean score for the government institutions.

However, in case of the component “Faculties resign their jobs due to unavailability of better children education”, the p-value of the t statistics is more than 5 percent level of significance; hence the null hypothesis of no significant difference for this component can be accepted and is same in government and private institutions or universities.

The reason behind the conclusion can be that Uttarakhand has very good educational institutions for children in places like Nainital, Mussorie and Dehradun. In this research efforts have been made to cover all over Uttarakhand, therefore places like Pantnagar, Dwarahat, etc are not very well known for the basic education, unlike hill stations of Uttarakhand which have renound schools.

**Job Satisfaction**

In order to find out the difference between the impact of job satisfaction in the private and government sector, independent sample t-test is applied. The Null hypothesis of Independent sample t-test is “There is no difference in the job satisfaction of the private and government faculty members”. The results of Independent sample t-test are shown in table:

**Table 7:** Independent Sample T-Test w.r.t. Job Satisfaction between Private and Government Institutes or Universities

Item / Variable	Type of Institute	Mean (Std. deviation)	T- Statistics (P value)	Remark
I enjoy my job	Private	3.8950 (0.94)	2.708 (0.007)	Null Hypothesis Rejected
	Government	4.1700 (0.51)		

**Table 7:** Independent Sample T-Test w.r.t. Job Satisfaction between Private and Government Institutes or Universities (Contd....)

Item / Variable	Type of Institute	Mean (Std. deviation)	T- Statistics (P value)	Remark
Feel valued by employer	Private	3.8000 (0.90)	3.338 (0.001)	Null Hypothesis Rejected
	Government	4.1200 (0.45)		
Feel satisfied to choose teaching as a career	Private	3.9800 (1.00)	2.087 (0.038)	Null Hypothesis Rejected
	Government	4.2000 (0.531)		
Would recommend this institute as a good working place to others	Private	3.8300 (0.95)	4.955 (0.000)	Null Hypothesis Rejected
	Government	4.3300 (0.47)		
Feel proud to work in learning and skill sectors in this institute	Private	3.8550 (0.88)	5.439 (0.000)	Null Hypothesis Rejected
	Government	4.3700 (0.48)		
Job enables me to make valuable contribution to society	Private	3.9500 (1.00)	3.700 (0.000)	Null Hypothesis Rejected
	Government	4.3500 (0.55)		

The results indicate that the probability value for all the dimensions is less than 5 percent level of significance. Hence, with 95 percent confidence level the null hypothesis of no significant difference between the average score of different components of job satisfaction between two independent samples of private and government educational institutions cannot be accepted. Hence, it can be concluded that, there exist statistical significant difference between the faculty members working with the private and the government educational institutions with respect to different components of job satisfaction. It is also found from the results that the mean score of all the dimensions of job satisfaction for the government sector is higher than mean score of the response received from the private institutional employees. This indicates that all the components of job satisfaction which assist employee to stay in the job for a longer time is higher for the government institutions. Hence, government employees are found to be more satisfied with the job than the private sector faculty members; which makes them retain in job for a longer time period.

### **Job Retention**

In order to find out the difference between the impact of job retention in the private and government sector, independent sample t-test is applied. The Null hypothesis of Independent sample t-test is “There is no difference in the job retention of the private and government faculty members”. The results of Independent sample t-test are shown in table:

**Table 8:** Independent Sample T-Test w.r.t. Job Retention between Private and Government Institutes or Universities

Item / Variable	Type of Institute	Mean (Std. deviation)	T- Statistics (P value)	Remark
I have intentions of staying in this institute	Private	3.6350 (0.89)	4.641 (0.000)	Null Hypothesis Rejected
	Government	4.1100 (0.69)		
Satisfied with career development I get from this job	Private	3.1000 (0.96)	8.664 (0.000)	Null Hypothesis Rejected
	Government	4.0300 (0.65)		
Teaching job in this institute psychologically satisfies me	Private	3.51500 (0.89)	5.934 (0.000)	Null Hypothesis Rejected
	Government	4.11000 (0.64)		
Motivated to work many more years in this institute	Private	3.3250 (0.94)	6.628 (0.000)	Null Hypothesis Rejected
	Government	4.0300 (0.68)		
I am very much committed to my job here	Private	3.9100 (0.83)	3.981 (0.000)	Null Hypothesis Rejected
	Government	4.2900 (0.65)		
I never think that the job status here will be unstable	Private	3.4050 (1.02)	5.309 (0.000)	Null Hypothesis Rejected
	Government	3.9900 (0.57)		

The results indicate that the probability value for all the dimensions is less than 5 percent level of significance. Hence, with 95 percent confidence level the null hypothesis of no significant difference between the average score of different components of job retention between two independent samples of private and government educational institutions cannot be accepted. Hence, it can be concluded that, there exist statistical significant difference between the faculty members working with the private and the government educational institutions with respect to different components of job retention. It is also found from the results that the mean score of all the dimensions of job retention for the government sector is higher than mean score of the response received from the private institutional employees. This indicates that the components of job retention which assist employee to stay in the existing job for long are higher for the government institutions.

Thus, job retention is better in case of a government faculty than the faculty working in private institution or university.

### **FINDINGS OF THE STUDY**

The main objective of the study is to do a comparative study of retention of faculty in Private Institutes or Universities with the Government Institutes or Universities in Uttarakhand and to study the causes of high rate of attrition in private professional Institutes / Universities. The study reveals that:

- The results of the analysis are shown in table 1. The result indicates that the different components of remuneration are significantly higher for the faculty members working with the government institutions. The research study also discloses that recognition for the quality work and rewards in addition to salary are same in government and private institutions or

universities, whereas the other factors of remuneration are found to be more in case of government faculty members as compared with the private faculty members of Uttarakhand.

- The results of the analysis are shown in table 2. The result indicates that job security and all the components measuring it are very much high in government sectors as compared with the private sector. Thus, an employee or a faculty is much secured of his job in a government organization as compared with the private organizations. The study also reveals that faculty feels that with respect to the technological advancement; they have no job threat both in private and in government institutions, whereas all the other components are significantly different.
- The results of the analysis are shown in table 3. The result indicates that the private organization are much better as compared with government organizations, with respect to; too much paper work, cleanliness and redtapism to stop from doing good work. Factors such as pleasant working environment, adequate restroom facility, rules and procedures that make difficult job easy, flexible working arrangements that enable to balance work and personal life and able to achieve a good balance between work and personal life are found to be more for the government academic organizations. The study reveals that satisfaction in relation with infrastructure, interpersonal relationship with colleagues and interpersonal relationship with superiors is same for government and private institutions or universities.
- The results of the analysis are shown in table 4. The result indicates that career advancement is perceived by the faculty to be more in the government institutes or universities. The study also states that there exist a statistical significant difference between the faculty members working with the private and the government educational institutions with respect to different components of career advancement.
- The results of the analysis are shown in table 5. The results indicate that occupational stress is much higher in private institutes or universities as compared with government institutes or universities of Uttarakhand. The study also reveals that there exist statistical significant difference between the faculty members working with the private and the government educational institutions with respect to different components of occupational stress.
- The results of the analysis are shown in table 6. The results indicate that personal factors that cause the faculty to resign are found to be more in case of faculty working with the private institutes or universities. Therefore faculties of private institutes or universities resign more because of personal factors such as; pursuing higher education, relocation of family, family circumstances such as marriage, family problem, etc) and health problems. The study also reveals that resignation of faculty due to unavailability of better children education is same for both the private and the government institutions or universities of Uttarakhand.
- The results of the analysis are shown in table 7. The result indicates that there exist statistical significant difference between the faculty members working with the private and the government educational institutions with respect to different components of job satisfaction. It is also found from the results that job satisfaction of the faculty working with the government sector is higher than the faculty working with the private institution or universities of Uttarakhand. Hence, government employees are found to be more satisfied with the job than the private sector faculty members; which makes them retain in job for a longer time period.
- The results of the analysis are shown in table 8. The result indicates that there exist statistical significant difference between the faculty members working with the private and the government educational institutions with respect to different components of job retention. It is found from the research that job retention for the government sector is higher than the response received with respect to job retention from the private institutional employees. Thus,

job retention is more in case of government faculty than the faculty working in private institution or university.

### CONCLUSION

The comparative analysis indicate that there holds a vast difference between the private and the government sector employees with respect to various factors contributing to job satisfaction and retention. The government sector is far more preferred organization by the teachers of the Uttarakhand. The results have shown that various factors that can contribute to job satisfaction and retention are more for the faculty working with the government organization.

### FUTURE SCOPE OF THE STUDY

It provides the base for the other researchers to extend the study to other part of the country.

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**A STUDY ON SUSTAINABILITY REPORTING PRACTICES IN  
INDIAN AND GLOBAL COMPANIES WITH SPECIAL  
REFERENCES TO THE PETROLEUM COMPANIES**

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**ABSTRACT**

**Purpose:** *This paper examined and compared the sustainability reporting practices in the selected petroleum companies in the NSE nifty index companies and FORTUNE 50 companies.*

**Design/methodology/approach:** *5 NSE nifty index companies and 5 FORTUNE 50 petroleum companies' two years i.e. financial year 2011-2012 & 2012-2013's Sustainability Reports have been taken for study. These reports have been examined on the basis of GRI (global reporting initiatives indicators' checklist.*

**Findings:** *All the NSE Nifty sample companies' sustainability reporting disclosing practices were very good in both years. All the NSE Nifty sample companies were disclosing more than 83% items to 96% items in both the years, excepting BPCL for one year. Global Fortune 50 sample companies disclosing practices were not very good as compare to all the NSE Nifty sample companies. Global Fortune 50 sample companies average disclosing practices were less and Standard deviation were more for both the years. But hypothesis were accepted.*

**Practical implication:** *This study provided the comparison of sustainability reporting practice between Indian and Global petroleum companies. This study will provide the evidence to the different stakeholder of global petroleum companies to pressure them and make them more responsible about sustainability reporting, In other words improving their sustainability development activity. Other researcher can compare their sustainability reporting practice in other industry with petroleum industry.*

**Originality/Value:** *This study is the one of few studies which has compared the sustainability reporting practice between Indian and Global companies with reference to the petroleum industry.*

**Keywords:** NSE Nifty; Global Fortune; Sustainability; Reporting; GRI

**INTRODUCTION**

Sustainable development has been defined by the different people in the different sense, but most important it has been defined under the Brundtland Report under the head *Our Common Future*. It stated "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The Global Reporting Initiative (GRI) is a leading organization in the sustainability field. GRI promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development. GRI has defined the following terms and benefits of sustainability reporting.

A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities. A sustainability report also presents the organization's values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy.

Sustainability reporting helps organizations to measure the impacts they cause or experience, set goals, and manage change. A sustainability report is the key platform for communicating sustainability performance and impacts – whether positive or negative.

An effective sustainability reporting provides the following benefits to all reporting organizations.

**Benefits of sustainability reporting:** sustainability reporting provides internal as well as external benefits. These benefits are the following: sustainability reporting motivates the organisation to find out the risk in the long term and to meet out risk and their effect on cost as well as on revenue. It enhances the goodwill among the different stakeholder and solves their problem regarding the organisation and improves their rights and condition in the organisation.

**Stakeholders under sustainability reports:** on the basis of the different companies' sustainability reports it has been found out that they deals with the following stakeholders: Shareholders, Investors, Government and different regulatory bodies, Employees, Customers, Communities, Business partners and contractors, Media, Academic institution, Suppliers, Industry association, NGOs. These stakeholders directly or indirectly affect the companies or vice-versa.

### OBJECTIVES OF THE STUDY

This study has been conducted on the following objectives:

1. To examine the sustainability reporting practice according to the GRI Index in the selected Indian NSE nifty petroleum companies and Global fortune 50 petroleum companies.
2. To compare the sustainability reporting practice according to the GRI Index in the selected Indian petroleum companies and Global petroleum companies

### RESEARCH METHODOLOGY

To attaining these objectives 5 NSE nifty index companies and 5 FORTUNE 50 petroleum companies' two years i.e. financial year 2011-2012 & 2012-2013's Sustainability Reports have been taken for study. These reports have been examined on the basis of GRI (global reporting initiatives indicators' checklist. Checklist consists 132 items related with the different heads. Average, bar diagram, Standard deviation and percentage tools have been used in this study. For testing the hypothesis t-test have been used.

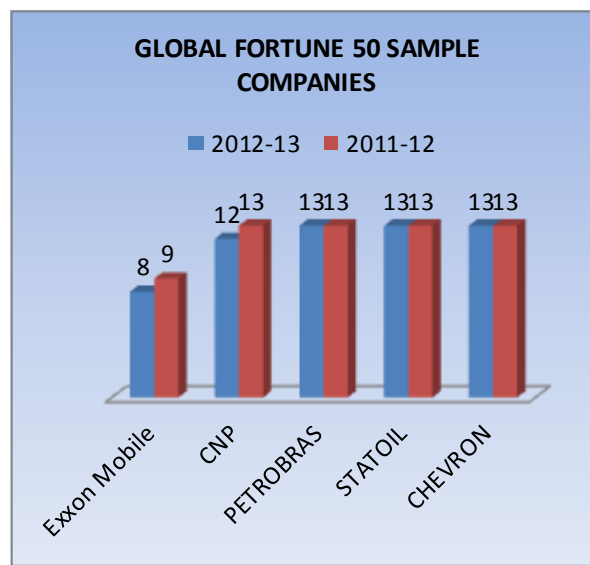
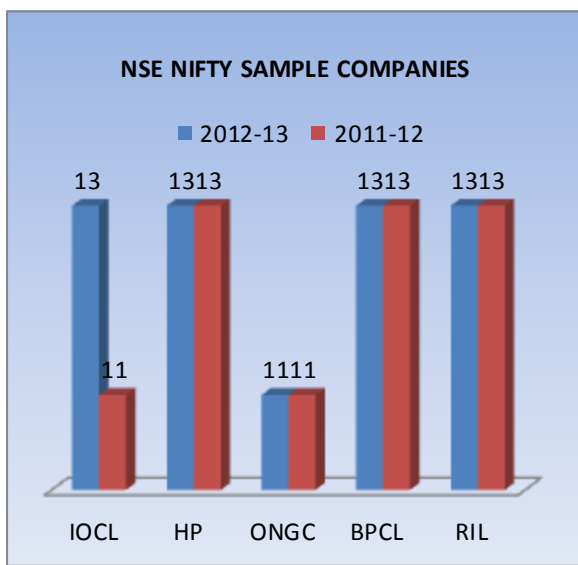
### Analysis and Interpretation of GRI Discloser Practices

1. **Disclosing of Strategy & Analysis:** under GRI two items are required for disclosing under this head. These items relate with the top level management addresses for the sustainability reporting and approach for achieving it. This study have been found out that all the selected Indian petroleum companies and selected global fortune 50 companies disclosed both the items. There were not changes in the disclosing practice in both years and both group selected companies.
2. **Disclosing of Organization Profile:** This head contains 10 items. These items related with the organization name, products and brands, head office, countries of operation and operation structure and major changes etc. all the Indian sample petroleum companies disclosed 100% item in both the years. There were no changes in disclosing practices in both years. But the global sample petroleum companies disclosing were not good as compare to the Indian sample companies. Four global sample companies reporting practice were same as Indian sample companies except one that is Exxon Mobile Corporation. This company did not disclose

market served and major changes to operation in 2011-12 and major changes to operation in 2012-13.

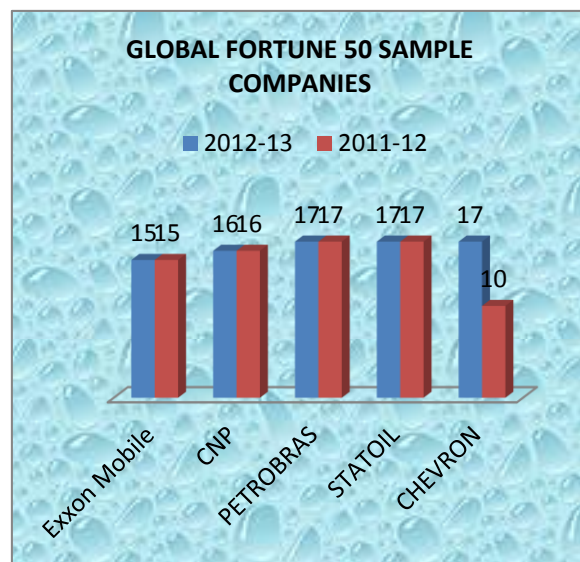
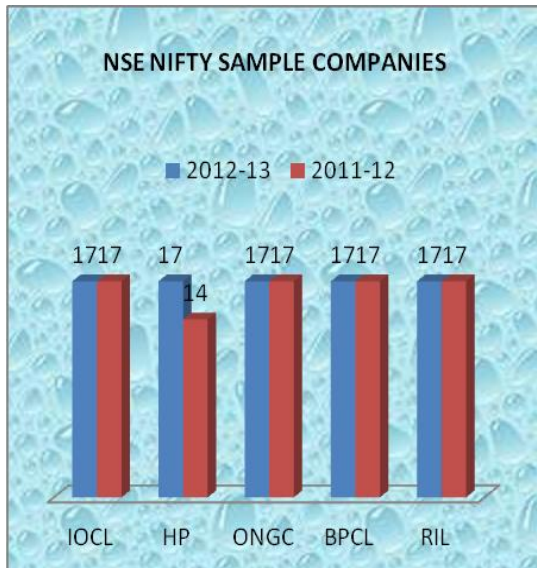
- Report Parameters:** this head measure the information about the report, which have been provided to the different stakeholder. Report's date, cycle, period, responsible person for it and changes etc. this head measured the information on 13 elements basis. This study have found out that

### No. of items disclosed



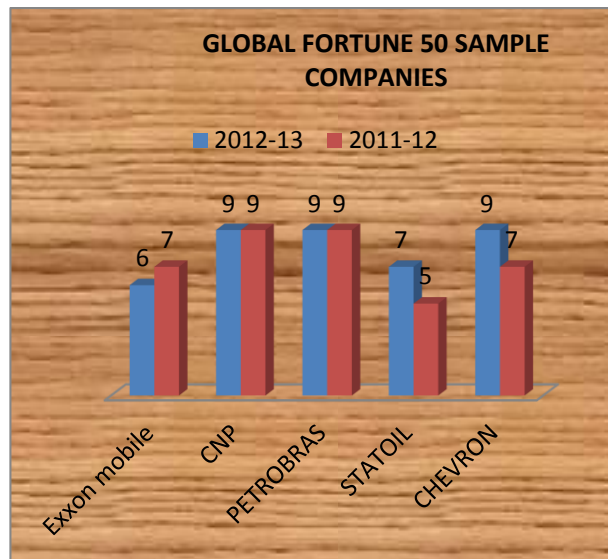
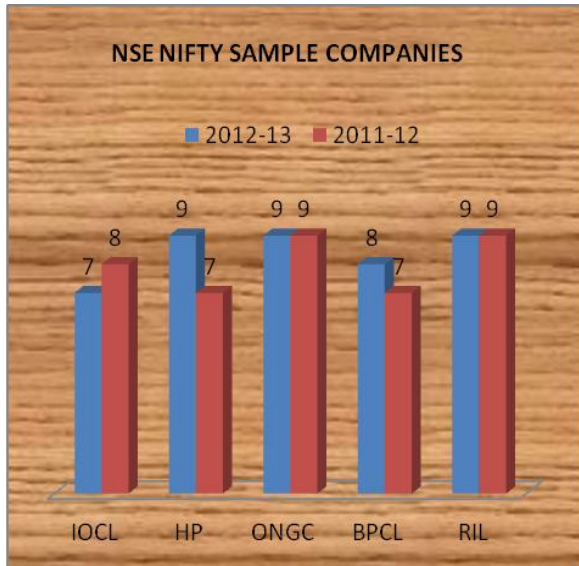
- 4 NSE Nifty sample companies disclosed 100% items means all 13 items in the year 2012-13 and 3 Indian sample companies in the year 2011-12. One sample company name is ONGC have not disclosed two items in the year 2012-13. These items were basis of reporting for joint-venture and changes in the reporting as compare to the previous year. ONGC were not disclosed these same items in the previous year, other than this IOCL also did not disclose two items. These were basis of reporting for joint-venture and restatement of information.
  - 3 Global Fortune 50 sample companies in the year 2012-13 and 4 global sample companies in the year 2011-12 disclose all the items. Two companies namely Exxon mobile corporation and China national petroleum 8 and 12 items respectively in the year 2012-13. Exxon Mobile Corporation did not disclose 4 items in year 2011-12.
  - It is found out that NSE Nifty sample companies disclosing practice were good as compare to the Global Fortune 50 sample companies. Indian sample companies disclosing practice have been increased as compare to the previous year. But Global Fortune 50 sample companies disclosing practices have been decreased from the previous year.
- Governance, Commitments & Engagement:** this head includes 17 items for evaluating the corporate governance, commitment of the board of directors and executives and engagement of these authorities.

**No of items disclosed**



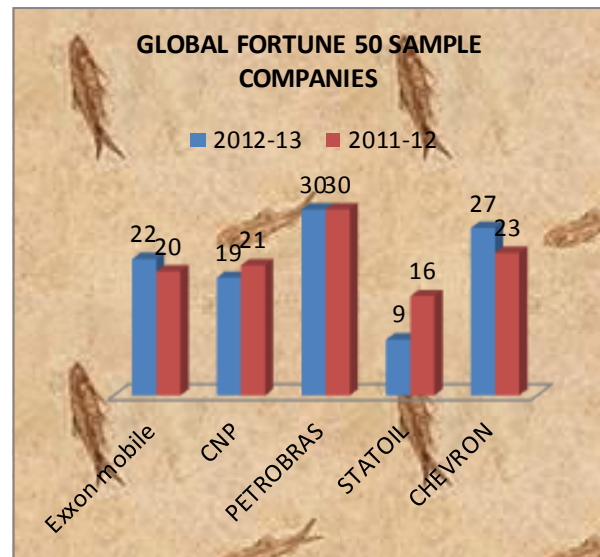
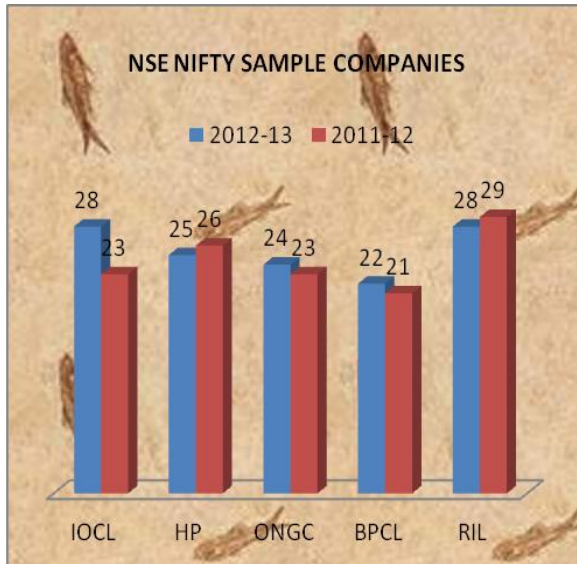
- All NSE Nifty sample companies in year 2012-13 and 4 Indian sample companies in year 2011-12 disclosed all the items of this head. Only one company that is Hindustan petroleum did not disclose about procedure for the highest governing body, precautionary approach and basis of identification in the year 2011-12.
  - 3 Global Fortune 50 sample companies disclosed all 17 items in the year 2012-13. China national petroleum disclosed 16 items and Exxon Mobile Corporation disclosed 15 items in the year 2012-13. Only two global sample companies disclosed all items in the year 2011-12. China national petroleum did not disclose one item that is evaluating board performance management system and Exxon mobile did not disclose internal mission and value system and basis for identification in the year 2011-12. Chevron disclosed only 10 items in the year 2011-12 and that is the only 59% of total items and least among the sample companies.
  - On the basis of this head NSE Nifty sample companies disclosing more items as compare to the Global Fortune 50 sample companies. Indian companies have increased the disclosing items as compare to the previous year. Global Fortune 50 sample companies also increased disclosing practice but two companies remain same as compare to the previous year.
- 5. Disclosure of Management Approach – Aspects:** this head includes 6 items. These items are Economic, Environment, Labour practice, Human right, Society and Product responsibility. This head cover the discloser of these six items as per requirement of the GRI index. This head focus on the sustainability areas of the companies. This study has found out that all sample companies disclosed all the items in both the year.
  - 6. Discloser of Economic Performance Indicator:** under GRI index this head includes 9 items from EC-1 to EC-9. This head focus on the economic performance indicators like revenue, cost, wages, sustainability of economic condition from the different risk and opportunities.

**No. of items disclosed**

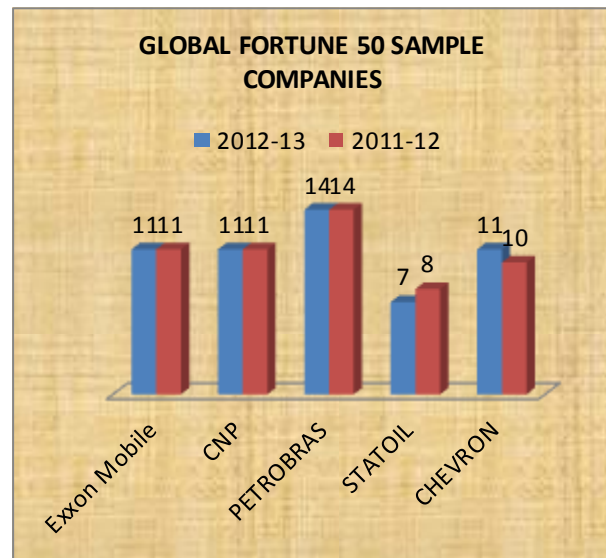
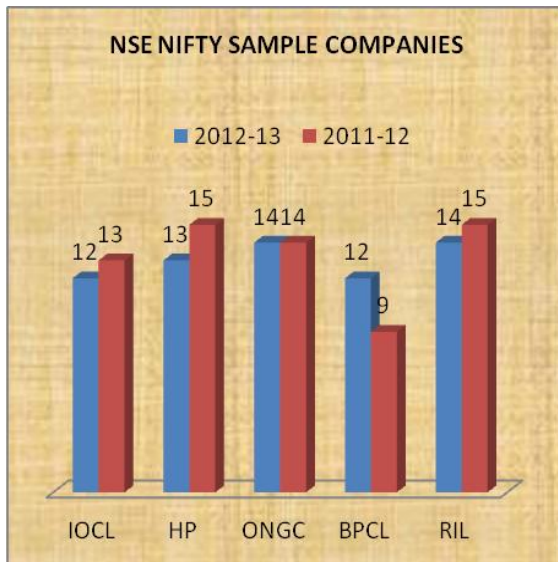


- 3 NSE Nifty sample companies out of 5 sample companies disclosed all the items as per requirement of the GRI in the year 2012-13. BPCL and IOCL disclosed 8 and 7 items respectively in the year 2012-13. It means is that BPCL did not disclose about the wages and its comparison and IOCL did not disclose about the risk and opportunity from climate change and hiring of top management from local in the year 2012-13. In the year 2011-12 two Indian sample companies disclosed all items and two sample companies disclosed 7 items and one company that is IOCL Disclosed 8 items in the year 2011-12.
  - As NSE Nifty sample companies 3 Global Fortune 50 sample companies disclose all the items in the year 2012-13. Statoil and Exxon mobile companies disclosed 7 and 6 items respectively in the year 2012-13. In the year 2011-12, 9 and 7 items were disclosed by the two-two sample companies. Least items these were 5 items were disclosed by the statoil.
  - NSE Nifty sample companies disclosing practice is better as compare to the Global Fortune 50 sample companies. According to the descriptive statistics Indian sample companies average disclosed were 8.4 items and 8 items and standard deviation were .89 and 1 respectively for the year 2012-13 and 2011-12. Global sample companies average disclosed were 8 items and 7.4 items and standard deviation were 1.41 and 1.61 respectively for the year 2012-13 and 2011-12. On the basis of the above data it can be conclude that NSE Nifty sample companies disclosing practice is better as compare to the Global Fortune 50 sample companies.
- 7. Disclosing of Environmental Performance Indicators:** GRI require 30 items information to measure the sustainability activity of companies towards environmental performance. Environmental performance indicators include information about material, energy, water, biodiversity, emission, product and service etc. those effect environment.

**No. of items disclosed:**



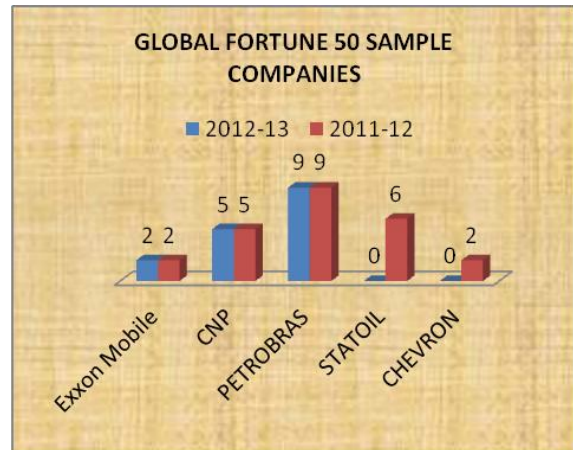
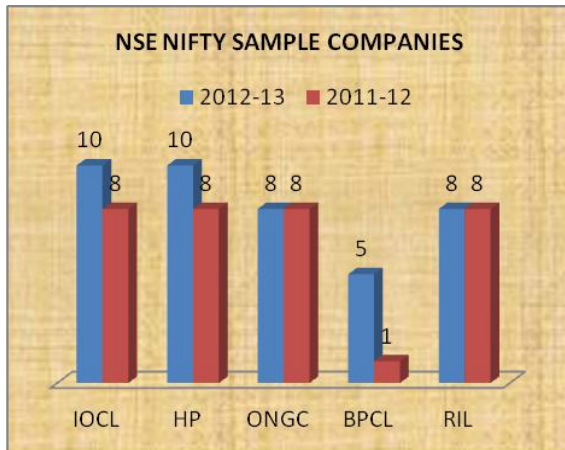
- No one NSE Nifty sample companies disclosed all the items of the environmental in both the years. IOCL and RIL disclosed 28 items, HP disclosed 25 items, ONGC disclosed 24 items and BPCL disclosed only 22 items in the year 2012-13. In the year 2011-12 RIL disclosed 29 items, HP disclosed 26 items, IOCL and ONGC disclosed 23 items and least items disclosed by the BPCL. BPCL only disclosed 21 items means 70% of total items (30).
  - Petrobras was the single global sample company which disclosed all items of this head in both the year. Second largest items disclosed by the Chevron. Chevron disclosed 27 and 23 items in the years 2012-13 and 2011-12 respectively. Exxon mobile disclosed 22 and 20 items and CNP disclosed 19 and 21 items in the years 2012-13 and 2011-12 correspondingly. Least items that were 30% of the total items disclosed by the statoil in the year 2012-13.
  - NSE Nifty sample companies disclosing practice were far better as compare to the global sample companies. Indian sample companies average disclosing were 25.4 & 24.4 items and standard deviation were 2.60 & 3.13 disparately in the years 2012-13 and 2011-12. These figures are showing that Indian companies disclosing practice were increasing in trend. Global Fortune 50 sample companies' average disclosed items were only 21.5 and 22 individually for the years 2012-13 and 2011-12. Standard deviation were also bad as 8.14 and 5,14 for the years 2012-13 and 2011-12.
- 8. Disclosing of Labour Practices and Decent Work Performance Indicators:** GRI required 15 items information for checking the sustainability performance of companies towards the labour practices and decent work performance. This head includes the information of the companies towards the employment, labour relation, health and safety, training and education diversity and equality.



- In the year 2012-13 RIL and ONGC disclosed 14 items. These two companies did not disclose the Return to work and retention rates after parental leave, by gender. HP disclosed 13 items. IOCL and BPCL disclosed 12 items each. The items which were not disclosed by the companies were Rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities by region and Health and safety topics covered in formal agreements with trade unions in the year 2012-13. HP and RIL disclosed all the items in the year 2011-12. ONGC and IOCL disclosed 14 & 13 items corresponding in the year 2011-12. Least items disclosed by the BPCL in the year 2011-12. Companies did not disclose about the Return to work and retention rates after parental leave, by gender, and Percentage of total workforce represented in formal joint management worker health and safety committees in the year 2011-12.
  - Highest 14 items disclosed by Petrobras, 11 items disclosed by the Exxon mobile, CNP and Chevron and least items means less than 50% items disclosed by the Statoil in the year 2012-13. Items which were not disclosed by the companies were Return to work and retention rates after parental leave, by gender, Programs for skills management and lifelong learning, Rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities by region and Minimum notice period(s) regarding operational changes etc. in the year 2012-13. Same disclosing practices were followed by the companies in the previous year excepting one or two items.
  - NSE Nifty sample companies average disclosing were 13 & 13.2 items and SD were 1 & 2.48 individually for the year 2012-13 and 2011-12. Global sample companies average disclosing were 10.8 items for both the years and SD were 2.48 & 2.16 correspondingly for the year 2012-13 and 2011-12. On the basis of above data it can be concluded that Indian companies disclosing practice were good as compare to the Global Fortune 50 sample companies.
- 9. Disclosing of Human Rights Performance Indicators:** according to the GRI 11 items information required for evaluating sustainability activities of the companies towards human rights. Under this head company have to give the information about the non-discrimination, child labour, prevention of forced and compulsory labour and security practices etc.
- BPCL disclosed all the items, IOCL disclosed 10 items and HP, ONGC and RIL each disclosed 9 items in the year 2012-13. These companies did not disclose about the Total hours of employee training on policies and procedures concerning aspects of human rights, Percentage and total number of operations that have been subject to human rights reviews and

Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanism for the year 2012-13. 11 items disclosed by the RIL, HP 9 items, IOCL 8 items and ONGC & BPCL each disclosed 7 items in the year 2011-12. Same items were not disclosed by the sample companies but numbers of companies were more in year 2011-12.

### No. of items disclosed:



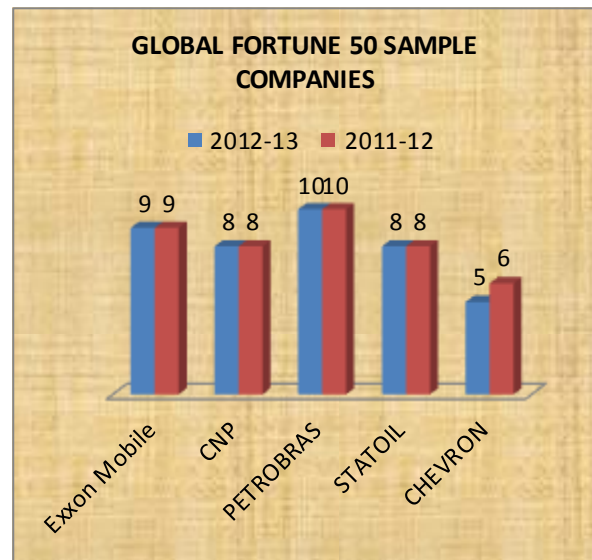
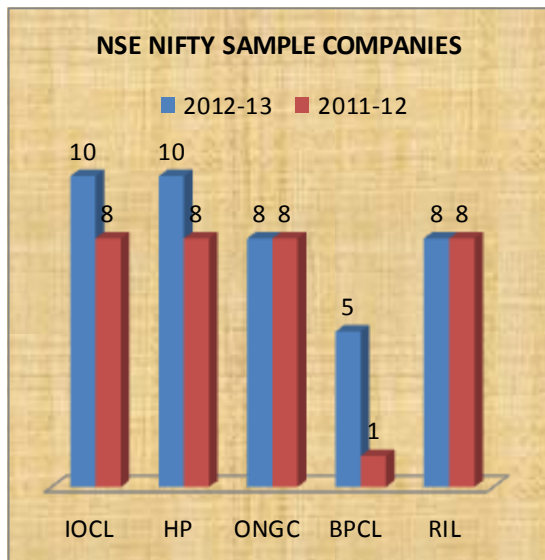
- All the items were disclosed by the Petrobras, Statoil & Exxon mobile each 8 items, CNP 7 items and Chevron disclosed less than the 40% items in the year 2012-13. In the year 2011-12 were the more or less same practice except the Chevron.
- NSE Nifty sample companies disclosing practice well as compare to the Global Fortune 50 sample companies. Indian sample companies average disclosed items were 9.6 & 8.4 and SD were .89 & 1.67 respectively for the years 2012-13 and 2011-12. Global sample companies average disclosed items were 7.6 & 8.6 and SD were 2.54 & 1.94 respectively for the years 2012-13 and 2011-12. It indicates that Global sample companies disclosing practice have been decreased as compare to previous year.

**10. Disclosing of Society Performance indicators:** for checking the sustainability reporting practice according to GRI, companies have to provide the information on the 10 items. These items relates with the society, corruption, public – policy and anti-competitive behaviour.

### No. of items disclosed:

- IOCL & HP disclosed all items, ONGC & RIL disclosed 8 items and BPCL disclosed 5 items for the year 2012-13. Companies did not disclose about the Operations with significant potential or actual negative impacts on local communities and Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities in the year 2012-13. In the year 2011-12, IOCL, HP, ONGC, and RIL each disclosed 8 items. BPCL disclosed the least one item.
- All the Global Fortune 50 sample companies disclosing practice were same for both the year. 4 sample companies disclosed more than the 8 items. Companies did not disclose about the Operations with significant potential or actual negative impacts on local communities and Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities in both the year.
- Average disclosing of NSE Nifty sample companies and Global Fortune 50 sample companies were 8.2 & 6.6 and 8 & 8.2 correspondingly for the year 2012-13 and 2011-12. Standard deviations were 2.04 & 3.13 and 1.87 & 1.48 for the year 2012-13 and 2011-12 for the Indian and global companies correspondingly. On this basis it can be conclude that global sample companies disclosing practice were good.

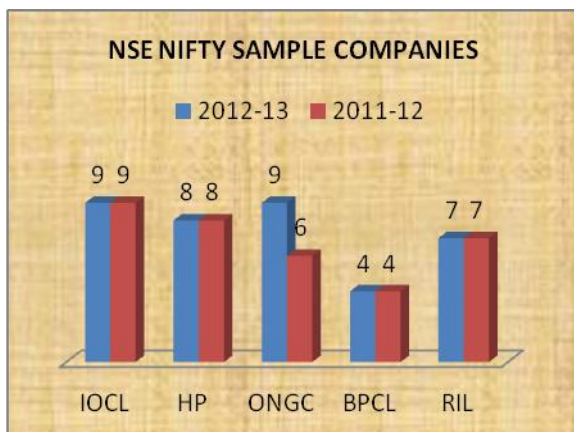




**11. Disclosing of Product Responsibility Performance Indicators:** this head includes the information about customer health and safety, marketing communication and customer privacy. Under this head companies have to disclose 9 items.

**No. of items disclosed:**

- NSE Nifty sample companies disclosing practices were the same for both the year except the ONGC. 4 companies disclosed more than the 7 items except the BPCL in both the year. Companies did not disclosed about the Practices related to customer satisfaction, including results of surveys measuring customer satisfaction and Total number of substantiated complaints regarding breaches of customer privacy and losses customer.



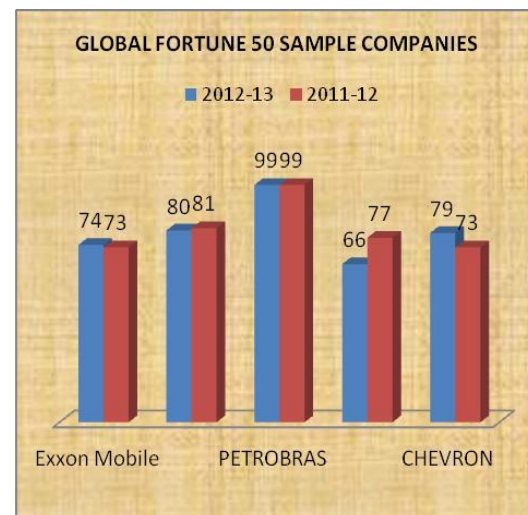
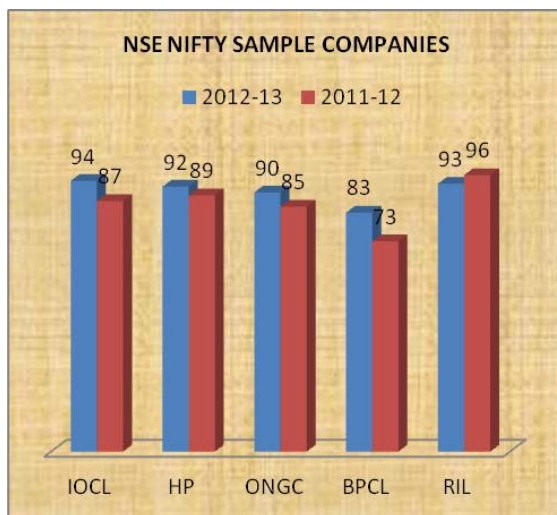
- 3 Global Fortune 50 sample companies disclosing practice were same for both the year. Statoil and Chevron disclosed 6 and 2 item in the year 2011-12 and nil in the year 2012-13. Except two companies other companies disclosed very less or no items.
- NSE Nifty sample company's practices were better as compare to the Global Fortune 50 sample companies. Indian sample companies and Global Fortune 50 sample companies' average disclosed items and SD were 7.4 & 6.8 and 3.2 & 4.8, 2.07 & 1.92 and 3.83 & 2.92 correspondingly for the year 2012-13 and 2011-12.

**12. Overall disclosing of the sustainability reporting practice according to the Global Reporting Initiative:** to evaluate the overall disclosing practice of the sustainability reporting

practice according to GRI 132 items have been consider. These items have been evaluated on the basis of % of total disclosing items. Other than this there are different hypothesis have been testified. To test the hypothesis T-Test has been considered. The results of disclosing practice and hypothesis are the following:

**Percentage of items disclosed:**

- **NSE Nifty sample companies:**In the year 2011-12 except one company remaining 4 companies disclosing practice were less than the 90%. But in the year 2012-13 this was vice-versa. Excepting one company remaining 4 companies disclosing practice were more than the 90%. In the year 2012-13 average disclosing practice have been increased by 4.4 % and SD have been decreased by 4% as compare to the previous year .
- **Global Fortune 50 sample companies:** in both the years excepting one company remaining all the companies disclosing practice were equal and less than the 80%. One company's disclosing were 99% for both the year. Average disclosing has been decreased by 1% from the previous year and SD has been increased by 2 %.



- From the above result it can be conclude that Indian sample companies disclosing practice were good as compare to the previous year for both the years.

**Hypothesis testing:**

**H<sub>0</sub>:** there is no significant difference in the disclosing practice of the NSE Nifty sample companies between the years 2011-12 and 2012-13.

**H<sub>1</sub>:** there is significant difference in the disclosing practice of the NSE Nifty sample companies between the years 2011-12 and 2012-13.

Calculated t value (.33) is in between 2.776 and -2.776 at the 0.05 significance level and 4 degree of freedom. The calculated t value falls in the acceptance region. Hence the null hypothesis is accepted. This means there is there is no significant difference in the disclosing practice of the NSE Nifty sample companies between the years 2011-12 and 2012-13.

**H<sub>0</sub>:** there is no significant difference in the disclosing practice of the Global sample companies between the years 2011-12 and 2012-13.

**H<sub>1</sub>:** there is significant difference in the disclosing practice of the Global sample companies between the years 2011-12 and 2012-13. .

Calculated t value (.89) is in between 2.776 and -2.776 at the 0.05 significance level and 4 degree of freedom. The calculated t value falls in the acceptance region. Hence the null hypothesis is accepted.

This means there is there is no significant difference in the disclosing practice of the Global Fortune 50 sample companies between the years 2011-12 and 2012-13.

**H<sub>0</sub>: there is no significant difference in the average disclosing practice for both years between NSE Nifty sample companies and Global Fortune 50 sample companies.**

**H<sub>1</sub>: there is significant difference in the average disclosing practice for both years between NSE Nifty sample companies and Global Fortune 50 sample companies.**

Calculated t value (.19) is in between 2.776 and -2.776 at the 0.05 significance level and 4 degree of freedom. The calculated t value falls in the acceptance region. Hence the null hypothesis is accepted. This means there is no significant difference in the average disclosing practice for both years between NSE Nifty sample companies and Global Fortune 50 sample companies.

### CONCLUSION

according to the hypothesis testing it can be concluded that Indian sample companies reporting practice and global sample companies reporting practice is not significant different, because change in the SD were not significant different. But considering the particular items it can be concluded that, corporate reporting practice were same and mostly disclosed by the companies. Other parameters like environment, social security, product responsibility performance, labour practice and human right reporting practices were different. Indian companies reporting practice good as compared to global companies. But these differences were not significant.

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**A STUDY ON INTRA ORGANISATIONAL RELATIONSHIP,  
ITS IMPACT ON ORGANISATIONAL EFFECTIVENESS,  
WITH REFERENCE TO MANUFACTURING COMPANIES**

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**ABSTRACT**

*The research work is undertaken to find the importance of intra organisational relationship in the company and its relevance on organisational effectiveness. The article emphasizes the collaborative workforce within a single organisation. The main objective of the study is to assess the level of Communication, Participation, Relationship and Motivation for the employees to what extent influences the effectiveness of the organisation. Simple Random Sampling method is adopted with 100 employees from various manufacturing companies, Chennai. The primary data were collected from questionnaire. The data analyzed with the help of Chi- square test, Simple average, Correlation. Employees' relationship plays very important role in every organisation. Good intra relationships helps to success of the organisation. Unless an employee has poor relationship if always a possibility of employee disharmony and also affect smooth running of the company.*

**Keywords:** Organisation; Relationship; Effectiveness; Manufacturing Industry; Chennai

**INTRODUCTION**

People in organisations join groups because they have learnt to fulfill their needs more effectively in groups rather than as individuals. More specifically, they organise themselves to attain division of labor and specialization of efforts because it leads to enhanced proficiency which, in turn, results in greater productivity than what individual effort can ever provide. Thus, an organisation is a means to achieve mutual goals more effectively. Explicitly, it is a social system and if an individual intends either to work in it or to manage it, he must understand its basic operations and principles.

Organisation is a system consisting of social, technical and economic elements and purports to coordinate human and material resources to attain multiple objectives. These may include: (1) to make profit, (2) to provide good products and good services, (3) to go ahead in competition, (4) to provide for the welfare of employees (5) to grow, and (6) to be efficient. This system converts numerous inputs into several outputs that become products and services for the society. However, it is a very complex social system which defies understanding.

Human behavior in organisations further complicates the issue because it stems from deep-rooted needs and ambiguous values of people who are different from each other in numerous ways. Notwithstanding this, it can be partly understood with the aid of behavioral science which deals with

the behavior of people as total integrated human beings within the complex socio-economic-technical system.

At the outset, it may be pointed out that although application of behavioral science to the study of human behavior in organisations has immense possibilities, we should not have any misconceptions about it. There is no magic in behavioral science which can solve all the problems faced by humans at work, as is thought sometimes in over enthusiasm. All that it can do is to enhance the understanding of human relations skills (i.e., the ability to work with others and to build a cooperative effort with them) with a view to get things done more effectively.

Human relations broadly implies the interactions and cooperation of people in groups which operate in different fields such as business, schools, clubs, homes and the government. However, in industrial and business settings the term 'Human relations' has a different connotation altogether for persons in managerial positions. In this context, it means the integration of people into a work situation which motivates them to work together effectively, providing them social, psychological and economic satisfaction. Defined this way, observes Davis, "Human relations are motivating people in organisational settings to develop teamwork which accomplishes individual as well as organisational goals effectively."

'Human relations' can be broadly applied to society as well as to organisations; it would be plausible to employ a more concise term for the field it embraces in organisations. 'Organisational behavior' is the term which has been used in this respect because it focuses precisely on organisational settings. In fact, both organisational behavior and human relations in organisations deal with the same theme but recent usage makes it imperative to differentiate between these two terms and thus justify their continued use.

Work relationships are those involving contacts with people in the working environment. People fail on the job daily because they cannot deal satisfactorily with its social and human conditions. Many people who get fired from are no doubt, fired because they cannot get along with other.

The application of psychology in industry involves 4 kinds of inter-personal relationships.

1. Relation between the worker and his work 2. Relation between the worker and his boss. 3. Relation between the worker and his fellow workers. 4. Relation between the worker and management.

### REVIEW OF LITERATURE

Creed and Miles (1996) the author says the intra organisational relationship is the members of a team who have high trust levels would more likely to exhibit strong trust for the other team members. The trust level of individuals in a team is based on the trust levels that the individual himself bring with him to a team.

Anto.A.Bethin, (2003) says, the intra organisational relationship is that person's propensity to trust is a usually a predisposition or personality trait that develops in varying degrees depending on a person's personal experiences with significant others, particularly during their early socialization

Srinivasan V E (2005) states "Any organisation's activities can't live without relationship with the surrounding environment. Its survival and performance depend on the relationships with other employees". So modern enterprises attach more and more importance to the intra organisational relationships, and the management. Recognizing, analyzing and promoting the intra organisational relationships are prerequisite and key for enterprises to gain the knowledge, resources and continuous competitive advantages they needed.

Renuha R (1997), says "The role of the employee organisation relationship as a determinant of organisational citizenship behaviors. In particular the researcher investigate the relationship between employee perception of organisational support and their performance of organisational citizenship behaviors. The organisation expect employees to be more inclined to perform organisational citizenship behaviors when they feel that they have the support of their organisation. The organisation

also considers the relationship between employees' level of identification with the organisation and their propensity to perform organisational citizenship behavior.

### OBJECTIVES

1. To know the level of communication among employees within organisation.
2. To know the effectiveness of interpersonal relationship among the employees in the organisation.
3. To validate the relevance of organisation relationship on organisation effectiveness
4. To identify the extent of participation and involvement of employees in the organisation.
5. To know the level of Motivation among the employees in the organisation.

### LIMITATIONS

1. There may be personal bias of the respondents, which affect the results of the study.
2. The sample size was limited to 100.
3. The attitude of the worker changes from time to time. Hence the result of the research may be applicable only at present.
4. The researcher may not get exact information because some of the employees are reluctant to share the information.

### RESEARCH METHODOLOGY

**Research Design:** Descriptive research design is adopted in this research.

**Sampling Design/Techniques:** Sampling is the process of selecting a few from a bigger group to become the basis for estimating or predicting a fact, situation or outcome regarding the bigger group. The researcher used Simple random sampling.

**Sample Unit/Sample Size:** The Industry, which is considered for this study is manufacturing companies. The field of survey is Chennai. The sample taken for the study is 100.

**Data Collection Method:** Primary data was collected with help of the structured questionnaire and Secondary data has been collected from the company records, journal and various websites.

### Statistical Tools Used For This Study

Simple percentage method                      Weighted moving average

Chi-Square contingent analysis              Correlation

### ANALYSIS AND INTERPRETATION

**Table 1.** The Table Shows Opinion towards Employees Got the Clear and Proper Information from the Top Level

Opinion	No. of	Percentage
Strongly agree	23	23.00
Agree	58	58.00
Neutral	7	7.00
Disagree	9	9.00
Strongly disagree	3	3.00
<b>Total</b>	<b>100</b>	<b>100</b>

**Source:** Primary Data

**Inference:** The above table shows that 23% of respondents are strongly agreeing that they got the clear and proper information from top level 58 % of respondents agreeing 7% in the state of neutral 9% just disagreeing and 3% strongly disagree with the made statement.

**Table 2.** The Table Shows Opinion about Departmental Communication Is Necessary for Mutual Understanding and It Prevails in This Organisation

Opinion	No. of Respondents	Percentage (%)
Strongly agree	24	24.00
Agree	68	68.00
Neutral	3	3.00
Disagree	5	5.00
Strongly disagree	0	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

**Source:** Primary Data

**Inference:** The above table shows that 24% of respondents are strongly agreeing that departmental communication is necessary for mutual understanding 68 % of respondents agreeing 3% in the state of neutral 5% just disagreeing and 0% strongly disagree with the made statement.

**Table 3.** The Table Shows the Satisfaction Level of Employees towards Discussion with Top Level Management

Opinion	No. of Respondents	Percentage (%)
Highly Satisfied	16	16.00
Satisfied	62	62.00
Neutral	9	9.00
Dissatisfied	11	11.00
Highly Dissatisfied	2	2.00
<b>Total</b>	<b>100</b>	<b>100</b>

**Source:** Primary Data

**Inference:** The above table shows that 16 % of respondents are highly satisfied with discussion with top level management and 62 % respondents are satisfied 9 % of respondents are neutral 11% are dissatisfied and 2% are highly dissatisfied

**Table 4.** The Table Shows the Satisfaction Level of Employees towards The Organisation Conducts Meetings

Opinion	No. of Respondents	Percentage (%)
Highly satisfied	23	23.00
Satisfied	60	60.00
Neutral	9	9.00
Dissatisfied	8	8.00
Highly dissatisfied	0	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

**Source:** Primary Data

**Inference:** The above table shows that 23 % of respondents are highly satisfied with organisation conducts meeting and 60 % respondents are satisfied 9 % of respondents are neutral 8% are dissatisfied and 0% are highly dissatisfied

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**Table 5.** Table Shows Opinion towards the Policies and Administrative Practices are Comfortable

Opinion	No. of Respondents	Percentage (%)
Strongly agree	25	25.00
Agree	50	50.00
Neutral	5	5.00
Disagree	20	20.00
Strongly disagree	0	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

**Source:** Primary Data

**Inference:** The above table shows that 25 % of respondents are strongly agree with the comfortable of administrative policy of organisation and 50 % respondents are agree 5% of respondents are neutral 20% are disagree and 0% are highly agree.

**Table 6.** The Table Shows Opinion towards Independence to Express the Views or Ideas to Superiors

Opinion	No. of Respondents	Percentage (%)
Strongly agree	38	38.00
Agree	28	28.00
Neutral	18	18.00
Disagree	13	13.00
Strongly disagree	3	3.00
<b>Total</b>	<b>100</b>	<b>100</b>

**Source:** Primary Data

**Inference:** The above table shows that 38 % of respondents are strongly agree that having independence to express the ideas and views to superiors and 28 % respondents are agree 18% of respondents are neutral 13% are disagree and 3% are highly agree.

**Table 7.** Table Shows Satisfaction Level of Employees towards the Top Level Management in Support of Personal Growth & Development

Opinion	No. of Respondents	Percentage (%)
Highly satisfied	26	26.00
Satisfied	61	61.00
Neutral	13	13.00
Dissatisfied	0	0.00
Highly dissatisfied	0	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

**Source:** Primary Data

**Inference:** The above table shows that 26 % of respondents are highly satisfied with top level management in support of personal growth & development and 61 % respondents are satisfied 13 % of respondents are neutral 0% are dissatisfied and 0% are highly dissatisfied

### Chi-Square Test & Analysis

#### Relation between Work Relationships and Organisational Effectiveness

#### HYPOTHESES

**H<sub>0</sub>:** There is no significant relationship between work relationships and organisational effectiveness

**H<sub>1</sub>:** There is significant relationship between work relationships and organisational effectiveness



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**Chi – Square Table**

O	E	O – E	( O - E ) <sup>2</sup>	( O - E ) <sup>2</sup> /E
2	2.8	-0.8	0.64	0.229
10	8	2	4	0.5
4	3.2	0.8	0.64	0.2
0	2.4	-2.4	5.76	2.4
4	3.6	0.4	0.16	0.044
6	3.92	2.08	4.3264	1.104
8	11.2	-3.2	10.24	0.914
0	4.48	-4.48	20.0704	4.48
6	3.36	2.64	6.9696	2.074
8	5.04	2.96	8.7616	1.738
2	2.8	-0.8	0.64	0.228
6	8	-2	4	0.5
6	3.2	2.8	3.8416	1.201
4	2.4	1.6	2.56	1.067
2	3.6	-1.6	2.56	0.711
4	3.92	0.08	0.0064	0.001
12	11.2	0.8	0.64	0.057
6	4.48	1.52	2.3104	0.516
2	3.36	-1.36	1.8496	0.55
4	5.04	-1.04	1.0816	0.215
0	0.56	-0.56	0.3136	0.56
4	1.6	2.4	5.76	3.6
0	0.64	-0.64	0.4096	0.64
0	0.48	-0.48	0.2304	0.48
0	0.72	-0.72	0.5184	0.72
Total				24.729
<b>Degrees of freedom = (r-1). (c-1)= (5-1). (5-1) = 16</b>				
<b>Level of significance: 5 %</b>				
<b>Significance table value = 26.296</b>				
<b>Calculated Value : 24.729    CV &lt; TV</b>				
<b>Tabulated Value : 26.296    24.729    26.296</b>				
<b>Therefore H<sub>0</sub> is rejected</b>				

**Interpretation:** From the analysis it reveals there is a significant relationship between work relations such as worker and his work relations, the worker and his boss relations, the worker and his fellow workers relations, and relation between the worker and management, and organisational effectiveness. Hence in the above table H<sub>0</sub> is rejected and alternative hypotheses is accepted.

**Karl Pearson Co-Efficient of Correlation**

**Top Management Appreciation In Quality Work Vs Considering Suggestion For The Improvement Of The Company**

X	Y	X <sup>2</sup>	Y <sup>2</sup>	XY
16	30	256	900	480
32	28	1024	784	896
26	12	676	144	312
20	20	400	400	400
6	10	36	100	60
Total		2392	2328	2148

Source: Primary Data

X= Top management appreciation in quality work.

Y= considering suggestion for improvement of the company.

**Karl Pearson Co-Efficient of Correlaion**

$$= \frac{\sum xy}{\sqrt{\sum X^2 * \sum Y^2}}$$

$$= \frac{2148}{\sqrt{2392*2328}} = 0.9102$$

**Interpretation:** From the result we can see that the value is positive correlation co-efficient “r” would be between 0 and 1. The larger value is positive; there is strong correlation between top management appreciation in quality work and considering suggestion for improvement of the company.

**Analysis Using Weighted Average Method**

The respondents are asked about some factors listed below in the organisation. Their levels of attitude for those factors are calculated below.

Point Weightage	5	4	3	2	1			
Factors	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied	total	avg	rank
Motivation	55	92	93	54	8	302	3.02	2
Basic needs	30	124	69	72	4	299	2.99	3
Job nature	40	120	81	56	7	304	3.04	1
Working Condition	35	100	81	64	9	289	2.89	4

**Source:** Primary Data

**Interpretation:** The above table infers that the company gives more weightage. First to the job nature of employees, second to motivation, third to basic needs, fourth to the working condition, this shows that the employees are very much satisfied with their job nature.

**FINDINGS**

The findings shows that 23% of respondents are strongly agreeing that they got the clear and proper information from top level. It shows that 24% of respondents are strongly agreeing that departmental communication is necessary for mutual understanding, 16 % of respondents are highly satisfied with discussion with top level management, 23 % of respondents are highly satisfied with organisation conducts meeting, the findings shows that 25 % of respondents are strongly agree with the comfortable of administrative policy of organisation. 38 % of respondents are strongly agree that having independence to express the ideas and views to superiors. 26 % of respondents are highly satisfied with top level management in support of personal growth &development, 34 % of respondents are strongly agree that got the incentives on the basis of skill and achievement. It reveals there is a significant relationship between work relations and organisational effectiveness, and opportunities for improvement and Self-development and relationship with superiors and co-workers. There is strong correlation between top management appreciation in quality work and considering suggestion for improvement of the company. The employees are very much satisfied with their job nature

**SUGGESTIONS**

- The Management should maintain good relationship with employees by emphasizing the importance of collaborative work force.
- The management should provide opportunities for career development to the employees in order to positively create a good relationship.

- The organisation should give a platform for the employees to have collaboration among the departments. Apart from routine the organisation can conduct some inter departmental events to have better relationship among and with the employees.
- The companies should have good inter departmental relationship for the effectiveness of the organisation's name, fame and work culture, and the organisational effectiveness should be a multi-dimensional standards.

### CONCLUSION

Intra organisational relationship is fairly good in manufacturing companies. To conclude intra relationship of the organisation plays very importance role in every organisation. Good employee relationship helps to success of the organisation. Unless an employee has poor relationship between employees if always a possibility of employee disharmony and also affect smooth running of the organisation. Every organisations' regardless of the industry strives to be effective and achieves its best. The strength of any organisation can be determined with the Intra organisational relationship.

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**INTELLECTUAL CAPITAL DISCLOSURE PRACTICES OF  
SELECTED PHARMACEUTICAL COMPANIES IN INDIA: AN  
EMPIRICAL RESEARCH**

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**ABSTRACT**

*Intellectual property refers to creations of the mind: inventions; literary and artistic works; and symbols, names and images used in commerce. Tangible assets such as property, plant, and equipment continue to be important factors in the production of both goods and services. And Intellectual capital is becoming the preeminent resource for creating economic wealth. The disclosure of IC is relatively new, with a smattering of pioneering corporations using the newer measures. Disclosure of IC information comprises all forms of voluntary practices of corporations. In this paper we have selected total ten (10) pharmaceutical companies for the purpose of study. These had been selected on the basis of judgment sampling approach. Results are reveals that selected pharmaceutical companies disclosed vary few information related to the intellectual capital disclosure and information are given in the different locations of the annual report. But on the other hand, all the selected pharmaceutical companies aware and doing intellectual capital disclosure practices. For batter assessment of intellectual capital regulatory bodies provide guidelines of this purpose.*

**Keywords:** Intellectual; Property; Capital; Pharmaceutical Companies; Disclosure

**INTRODUCTION**

Intellectual property refers to creations of the mind: inventions; literary and artistic works; and symbols, names and images used in commerce. In intellectual capital can be defined as the “economic value of three categories of intangible assets of the company that include human capital, social capital and organization capital. Company’s intangible assets are positively related to organizational performance. in present scenario in the world which is changing from industrial to knowledge economy. Tangible assets such as property, plant, and equipment continue to be important factors in the production of both goods and services. And Intellectual capital is becoming the preeminent resource for creating economic wealth. The disclosure of IC is relatively new, with a smattering of pioneering corporations using the newer measures. Disclosure of IC information comprises all forms of voluntary practices of corporations. Annual report of a company played a vital role of to communicate the information. It used as a medium for communicating both quantitative and qualitative corporate information to internal and external users. It is a key objective of accounting rules to ensure that users ‘have sufficient and timely availability of information in order to participate in the market on an informed basis. Pharmaceutical companies also release the quantitative as well as

qualitative information to the related stakeholder's. The trend of Pharmaceutical industry's long successful strategic planning of placing big bets on a few molecules, promoting them heavily and turning them into blockbusters worked well for many years.

The pharmaceutical industry is an important and crucial sector in the Indian economy. The process of commercializing pharmaceuticals is very knowledge-intensive and thus provides a fruitful setting for intellectual capital assessment. The advent of the "knowledge economy" has engendered a great deal of interest in how intangible knowledge assets or intellectual capital (IC) are managed in organizations. In today knowledge based economic environment is very essential to check measurement & disclosure of financial capital. An efforts has been made in this paper is to evaluate the intellectual capital reporting prevailing in pharmaceutical industry.

### REVIEW OF LITERATURE

Mahesh Joshi and Dharminder Singh Ubha (2009) "Intellectual Capital Disclosures: the Search for a new Paradigm in Financial Reporting by the Knowledge Sector of Indian Economy" In this study researcher has revealed of 15 leading Indian Information Technology companies, considered to be highly knowledge intensive, is undertaken in order to find out the disclosure level of recording and reporting of intellectual capital by these companies. An effort has been made in this paper to identify the meaning and significance of intellectual capital and to evaluate the prevailing practices of recording and reporting of intellectual capital by the Information Technology sector in India by using the content analysis method. The results of the study demonstrate that intellectual capital reporting in the Indian Information Technology companies are almost negligible and it is evident that intellectual capital reporting has not received any preference or priority for the mentors of the Indian corporations.

Blaise M. Sonnier (2008) "Intellectual capital disclosure: high-tech versus traditional sector companies" The study was focused on HTCs had a higher frequency of disclosure of customer capital, organizational capital, human capital, and intellectual property than TSCs. Regarding supplier capital, the data were inconclusive. HTCs had an overall higher level of ICD than TSCs both in fiscal years 2000 and 2004.

David H. Luthy (N.A) "intellectual Capital and its Measurement" This paper develops a working definition of intellectual capital and a framework for identifying and classifying the various components of intellectual capital. In addition, methods of measuring intellectual capital at both the individual-component and organization levels are presented. This provides an exploratory foundation for accounting systems and processes useful for meaningful management of intellectual assets.

Dr. Jyotirmayee Choudhury (2010) "Performance Impact of Intellectual Capital: A Study of Indian IT Sector" In this paper researcher has discussed on Intellectual capital can be defined as the 'economic value' of three categories of intangible assets of a company-that includes human capital, organizational capital and social capital collectively. Sustained advantage can occur only in the situations in which physical, human, and organizational capital varies across the firms and where some firms may be unable to obtain necessary resources that are benefiting other firms. Intellectual capital is viewed as a sub-set of intangible capital, where the term intangible relates to assets without physical existence and capital refers to assets retained by the organization to contribute to future profits. Intangible resources are more likely to produce a competitive advantage because they often are rare and socially complex there by making them difficult to imitate. A company's intangible assets are increasingly crucial and positively related to organizational performance in today's knowledge economy.

Dr. Madan Lal Bhasin (2011) "Disclosure of Intellectual Capital in Annual Reports: An Exploratory Study of Indian IT Corporations" This study attempts to provide an insight into the narrative style of IC disclosures done by the Indian corporations. In order to survey the recent IC disclosure scenario, we conducted a study of 16 Indian IT corporations in which the content analysis was done on their 2007 to 2009 annual reports. The results of this study confirmed that IC disclosure by these IT corporations is almost negligible and its disclosure had not received any preference from the mentors of these

corporations. IC reports may initially be used for internal' management purposes; but an external stakeholder-focus of IC report should be the ultimate goal.

### NEED AND RATIONAL OF THE STUDY

In today's knowledge-based economy, measurement and disclosure of intellectual capital (IC) are very crucial for enhancing business performance and economic growth, both in manufacturing as well as in service organizations. With the rise of the "knowledge economy," the management of IC is becoming even more important and, therefore, it should be disclosed in the annual reports. In the knowledge-based economy most of the organizations have realized that the true potential of creating value for their organizations. Pharmaceutical industry is one of the parts of economy for measuring the growth of such economy. Therefore, need is felt for the measurement, valuation, and disclosure of their IC. The reason is that the IC report contributes to the management of intangible resources, and also provides the shareholders' with a realistic picture of the organizational resources.

### RESEARCH OBJECTIVES

- To measure and evaluate the intellectual capital disclosures of selected pharmaceuticals companies

### RESEARCH METHODOLOGY

Pharmaceutical sector is one of the important for the any economy it is measures the potential growth of the country .for the purpose of the study researcher was selected total 10 pharmaceutical companies. The list of the selected companies is as under:

Table 1.

S. No.	Selected Pharmaceutical Companies
1.	Dr. Reddy's Laboratories Ltd
2.	Cipla Ltd
3.	Lupin Ltd
4.	Ranbaxy Ltd
5.	Caplin Point Laboratories Ltd
6.	Jubilant Life Sciences Ltd
7.	ICPA Laboratories Ltd
8.	Abbott Ltd
9.	Ajanta Pharma Ltd
10	Arti Drugs Ltd

### Justifications of Selection Of Samples

The selected pharmaceutical companies are reputed and established. These companies are covering the huge market share in this sector in the country.

The selection of banks has been made on the following ground:

- These banks are listed in BSE or NSE
- International rating given by the Agencies (ICRA, CRISIL)

**Sampling Approach-** These companies were selected on the basis of judgment sampling approach.

**Sources of Data-** The study was based on the secondary information that was collected from the annual reports of the selected pharmaceutical companies.

**Scope of the study-** The study has covered 39 items of the intellectual capital disclosure practices as a wholly voluntary in nature.

**Period of the study-** The intellectual capital disclosure practices of the selected pharmaceutical companies were examined for the one financial year i.e. 2011-12.

**Hypothesis:**

**H0-:** There is no significance difference between the disclosures of population mean (let's=30%) and sample mean of intellectual capital variables in pharmaceutical companies.

**H1-:** There is significance difference between the disclosures of population mean (let's=30%) and sample mean of intellectual capital variables in pharmaceutical companies.

**ANALYSIS AND INTERPRETATION**

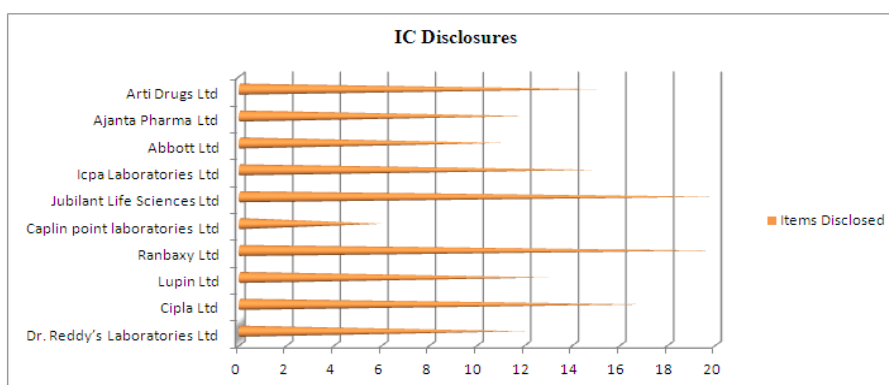
**Table 2.** Intellectual Capital Disclosure Practices Of Selected Pharmaceutical Companies  
 "1- for disclosed" "o-for not disclosed"

Items of intellectual capital	Dr. Reddy's Labs Ltd	Cipla Ltd	Lupin Ltd	Ranbaxy Ltd	Caplin Point labs Ltd	Jubilant Life Sciences Ltd	ICPA Labs Ltd	Abbott Ltd	Ajanta Pharma Ltd	Arti Drugs Ltd
Business Knowledge	0	1	1	1	0	1	1	1	0	1
Corporate Reputation	1	0	1	1	0	1	0	1	0	1
Competitive Intelligence	0	1	1	1	1	1	1	1	0	1
Corporate Learning	0	0	0	0	0	0	0	0	0	0
Corporate University	1	0	0	0	0	0	0	0	0	0
Cultural Diversity	1	0	0	1	0	1	0	1	0	0
Customer Capital	0	1	0	0	0	1	0	0	0	0
Customer Knowledge	0	1	1	1	1	1	0	1	0	0
Economic Value Added	0	0	0	1	0	1	0	0	0	0
Employees Expertise	0	0	0	0	0	1	1	1	1	1
Employee Know-How	0	0	0	0	0	1	1	0	1	1
Employee Knowledge	0	1	1	1	0	1	1	0	1	1
Employees Productivity	1	1	0	1	0	1	1	0	1	1
Employee Efficiency	1	1	0	1	0	1	1	0	1	1
Employee Skill	1	1	0	1	1	0	1	1	1	1
Employee Value	0	0	0	0	0	0	0	0	0	0
Knowledge Assets	0	0	0	0	0	0	0	0	0	0
Expert Terms		1	1	1	0	0	1	1	1	1
Knowledge Sharing	1	0	1	1	1	0	0	0	0	1
Knowledge Stock	0	0	0	0	0	0	0	0	0	0
Management Quality	1	1	1	1	0	0	0	0	1	1
Intellectual Capital	1	1	1	1	1	1	1	1	1	1
Intellectual	0	0	0	0	0	0	0	0	0	0

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<b>Material</b>										
<b>Intellectual Property</b>	0	1	1	1	1	1	1	1	1	1
<b>Intellectual Resources</b>	0	1	1	1	0	1	1	1	0	0
<b>Knowledge Management</b>	0	0	0	0	0	0	0	0	0	0
<b>Experts Networks</b>	0	1	1	1	0	1	1	0	1	1
<b>Human Assets</b>	0	1	1	0	0	1	0	0	0	0
<b>Human Capital</b>	0	1	0	1	0		0	0	0	0
<b>Human Value</b>	0	0	0	0	0	0	0	0	0	0
<b>Organizational Culture</b>	1	0	0	0	0	0	0	0	0	0
<b>Organizational Learning</b>	0	0	0	0	0	0	0	0	0	0
<b>information System</b>	1	1	0	1	0	1	0	0	1	0
<b>Superior Knowledge</b>	0	0	0	0	0	0	0	0	0	0
<b>Organization Learning</b>	0	0	0	0	0	0	0	0	0	0
<b>Intellectual Assets</b>	0	0	0	1	0	1	1	0	0	0
<b>Structural Capital</b>	0	0	0	0	0	0	0	0	0	0
<b>Superior Knowledge</b>	0	0	0	0	0	0	0	0	0	0
<b>Rational Capital</b>	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>12</b>	<b>17</b>	<b>13</b>	<b>20</b>	<b>06</b>	<b>20</b>	<b>15</b>	<b>11</b>	<b>12</b>	<b>15</b>

**Source:** Bontis, Nick, —Intellectual Capital Disclosure in Canadian Corporations, Journal of Human Resource Costing and Accounting, 2003, page 7



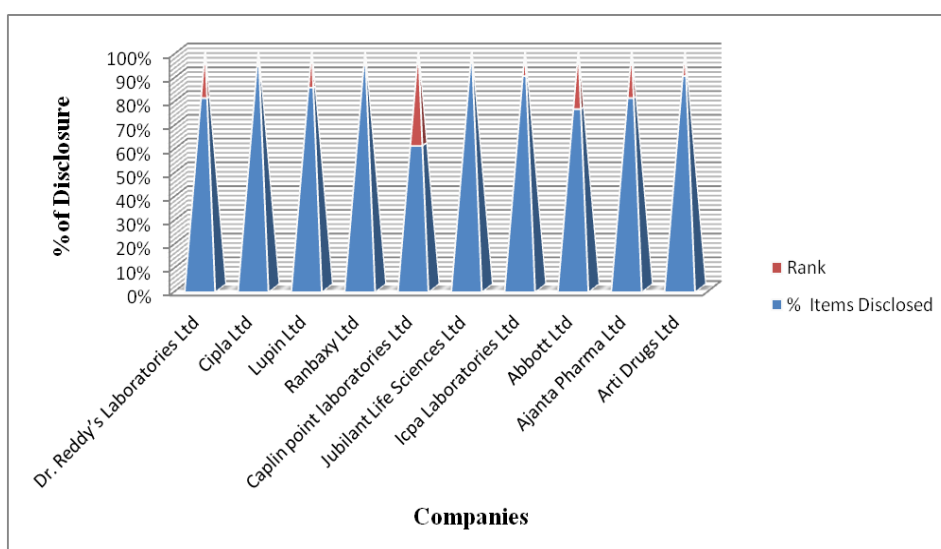
**Chart 1.**

In this table and chart researcher has observed that Dr. Reddy's Laboratories Ltd has been disclosed 12 items out of selected 39 intellectual items. Cipla Ltd and Lupin Ltd. disclosed 17 and 13 items respectively. Ranbaxy Ltd and Jubilant Life Sciences Ltd. disclosed highest 20 items. Caplin Point Laboratory Ltd disclosed lowest items among all selected intellectual capital items. Only 6 items it was disclosed. ICPA Laboratory Ltd. and Arti Drugs Ltd. disclosed 15 items out of selected 39 items. Abott Ltd. And Ajanta Pharma Ltd. disclosed 11 and 12 items respectively out of selected total 39 intellectual capital items.



**Table 3.**

Name of Company	% Items Disclosed	Rank
Dr. Reddy's Laboratories Ltd	30.76	7.5
Cipla Ltd	43.58	3
Lupin Ltd	33.33	6
Ranbaxy Ltd	51.28	1.5
Caplin point laboratories Ltd	15.38	10
Jubilant Life Sciences Ltd	33.33	1.5
ICPA Laboratories Ltd	38.46	4.5
Abbott Ltd	28.20	9
Ajanta Pharma Ltd	30.76	7.5
Arti Drugs Ltd	38.46	4.5



**Chart 2.**

In this table and chart researcher has observed that Dr. Raddy's Laboratories Ltd. and Ajanta Pharma Ltd. disclosed 30.76% items and it was assigned 7.5<sup>th</sup> rank comely. Cipla ltd. disclosed 43.58% items and it was assigned 3<sup>rd</sup> rank in all selected pharmaceutical companies. Lupin Ltd. disclosed 33.33% items and it was assigned 6<sup>th</sup> rank. Ranbaxy Ltd. and Jubilant Laboratory Ltd. disclosed highest 51.28% items respectively. And it was assigned commonly 1.5<sup>th</sup> rank in all selected companies. Caplin Point Laboratory Ltd. disclosed only 15.38% items. It has been lowest disclosed in all selected pharmaceutical companies and it was assigned last 10<sup>th</sup> rank .ICPA Laboratory and Arti Drugs Ltd. disclosed equally 38.46% items and both were assigned 4.5<sup>th</sup> rank in all selected companies. Abott Ltd. disclosed 28.20% items and it was assigned 9<sup>th</sup> rank in all selected pharmaceutical cpmpanies.

### Hypotheses Testing

Particulars	Values	Result
Mean	34.35	The calculated value of T-test is 1.404 it is less than the Tabular value that is 2.262 at 9 degree of freedom. Hence, null hypothesis has been accepted, and alternate hypothesis has been rejected at 95% level of significance.
SD	9.60	
Max.	51.28	
Min.	15.38	
T-test value	1.40	

### FINDINGS

- All the selected pharmaceutical companies disclosed less information related to the intellectual capital.
- Only few companies like as Ranbaxy Ltd, Jubilant Life Sciences Ltd has been disclosed quality information in their annual report.
- The intellectual capital related information's are not given as separate heading of intellectual capital.
- Intellectual capital related information's are given generally in management discussion & analysis and directors report.
- Ranbaxy Ltd, Jubilant Life Sciences Ltd disclosed highest information in their annual report. Jubilant Life Sciences Ltd was given the information as a separate heading in "intellectual property".
- Caplin point laboratories Ltd has been disclosed less information of intellectual capital in all selected pharmaceutical companies.

### LIMITATIONS

- All the selected items are wholly voluntary so companies are not focus properly in that area.
- No authentic agency or regulatory body was providing guidelines related to the intellectual capital disclosure.
- Related information has been given anywhere of the annual report no specific location has been provided for intellectual capital disclosure in annual report.

### CONCLUSION

In India present environment knowledge economy is the important for the some crucial industries like as information technology, pharmaceutical industries etc. people are the greatest assets of any organization it was provide the intellectual capital that drives differentiation and value-added services. Moreover, the disclosure of IC was not at all uniform, and there is lack of evidence regarding the usage of the measurement, management techniques, and tools by these firms. Thus, there is an urgent need to highlight the importance of IC disclosure to these knowledge-based pharmaceutical companies and encourage them to provide voluntary IC disclosures. A brief summary of the present research study reveals the following aspects:

- The "key" variables of IC are poorly understood, inadequately identified, inefficiently managed, and are not reported within a consistent framework in the annual report of selected companies.
- The extent of disclosure is generally 'minimum' way but the types of IC that tend to be most often reported include human resources development, technology and intellectual property rights, and organizational and workplace structure.
- A review of industry clusters within the study suggests that no individual industry is significantly ahead of any other in its IC disclosure practices.
- Most of the corporation representatives believe that the management of IC is an important factor in determining future corporation success and facing competitiveness. However, few executives are able to identify initiatives within their organization that are designed to assist in managing IC.

- IC disclosures made by the Indian pharmaceutical companies is very “low, partial, and descriptive, lack of consistency in reporting etc.,” in sharp contrast with the developed countries.

Intellectual capital is considered most impotent factor for any developed or under developed economy. So there is a growing need for reporting on intangibles by intellectual capital reports. Therefore, intellectual capital does plays a significant role in determining organizational performance for need to batter intellectual understand how to build, manage and create knowledge. Now, we feel the time is ripe for international regulatory bodies to develop that understanding and to develop new ideas, norms and measures that will guide them more clearly to a prosperous future. Hence, the development of a set of homogeneous norms, principles, indicators, structure, and methodologies must be assigned a very high priority area in the IC report agenda.

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**TRENDS AND FLOW OF FOREIGN DIRECT INVESTMENT  
IN INDIA**

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**ABSTRACT**

*Foreign Direct investment plays a very important role in the development of the nation. Sometimes domestically available capital is inadequate for the purpose of overall development of the country. Foreign capital is seen as a way of filling in gaps between domestic savings and investment. India can attract much larger foreign investments than it has done in the past. The present study has focused on the trends of FDI Flow in India during 2000-01 to 2013-14 (up to November, 2013). The study also highlights country wise approvals of FDI inflows to India and the FDI inflows in different sector for the period April 2000 to Nov 2013. The study based on Secondary data which have been collected through reports of the Ministry of Commerce and Industry, Department of Industrial Promotion and Policy, Government of India, Reserve Bank of India, and World Investment Report. The study concludes that Mauritius emerged as the most dominant source of FDI contributing. It is because the India has Double Taxation Avoidance Agreement (DTAA) with Mauritius and most of the foreign countries like to invest in service sector.*

**Keywords:** Foreign Direct Investment (FDI); Sectors; Country wise FDI

**INTRODUCTION**

Capital formation is an important determinant of economic growth. While domestic investments add to the capital stock in an economy, foreign direct investment (FDI) plays a complementary role in overall capital formation by filling the gap between domestic savings and investment. Foreign direct investment (FDI) is a direct investment into production or business in a country by a company in another country, either by buying a company in the target country or by expanding operations of an existing business in that country. FDI provides a win – win situation to the host and the home countries. Both countries are directly interested in inviting FDI, because they benefit a lot from such type of investment. India is perceived to be one of the most lucrative grounds for investing, in the eyes of the wealthy European as well as American investors. The historical background of FDI in India can be traced back with the establishment of East India. Further, after Independence issues relating to foreign capital, operations of MNCs, gained attention of the policy makers. Prior to 1991, the FDI policy framework in India was highly regulated. The government aimed at exercising control over foreign exchange transactions. All dealings in foreign exchange were regulated under the Foreign Exchange

Regulation Act (FERA), 1973, the violation of which was a criminal offence. Through this Act, the government tried to conserve foreign exchange resources for the economic development of the nation. Consequently the investment process was plagued with many hurdles including unethical practices that became part of bureaucratic procedures. Under the deregulated regime, FERA was consolidated and amended to introduce the Foreign Exchange Management Act (FEMA), 1999. The new Act was less stringent and aimed at improving the capital account management of foreign exchange in India. The Act sought to facilitate external trade and payments and to promote orderly development and maintenance of the foreign exchange market in India. It resulted in improved access to foreign exchange. In 2012, UNCTAD survey projected India as the second most important FDI destination (after China) for transnational corporations during 2010–2012. With its consistent growth performance and abundant high-skilled manpower, India provides enormous opportunities for investment also provides a liberal, attractive, and investor friendly investment climate. FDI in sectors/activities to the extent permitted under automatic route does not require any prior approval either by the Government or RBI. FDI in activities not covered under the automatic route requires prior Government approval. Such proposals are considered by the Foreign Investment Promotion Board (FIPB). An increase in FDI may be associated with improved economic growth due to the influx of capital and increased tax revenues for the host country. Host countries often try to channel FDI investment into new infrastructure and other projects to boost development. Greater competition from new companies can lead to productivity gains and greater efficiency in the host country and it has been suggested that the application of a foreign entity's policies to a domestic subsidiary may improve corporate governance standards. Furthermore, foreign investment can result in the transfer of soft skills through training and job creation, the availability of more advanced technology for the domestic market.

**OBJECTIVES OF THE STUDY**

1. To Study the trends of FDI Flow in India during 2000-01 to 2013-14 (up to November, 2013)
2. To analyze the FDI flows as to identify country wise approvals of FDI inflows to India.
3. To analyze the Sector wise distribution of FDI inflows.

**Nature and Sources of data**

The present study is based on Secondary data. The relevant secondary data has been collected from reports of the Ministry of Commerce and Industry, Department of Industrial Promotion and Policy, Government of India, Reserve Bank of India, and World Investment Report. The time period of the study has been take april 2000 to November 2013.

**ANALYSIS OF THE STUDY****Table 1.** Financial Years Wise FDI Flow From 2000-01 to 2013-14 (up to November, 2013)

S. No.	Financial Years 2000-01 to 2013-14 (up to November, 2013)		
	Financial Year (April To March)	Total FDI flow in US\$ Million	Total FDI Flows % Growth Over Previous
1.	2000-01	4,029	-
2.	2001-02	6,130	(+) 52 %
3.	2002-03	5,035	(-) 18 %
4.	2003-04	4,322	(-) 14 %
5.	2004-05	6,051	(+) 40 %
6.	2005-06	8,961	(+) 48 %
7.	2006-07	22,826	(+) 146 %
8.	2007-08	34,843	(+) 53 %
9.	2008-09	41,873	(+) 20 %
10.	2009-10 (P) (+)	37,745	(-) 10 %
11.	2010-11 (P) (+)	34,847	(-) 08 %

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**Table 1.** Financial Years Wise FDI Flow From 2000-01 to 2013-14 (up to November, 2013)  
(Contd....)

Financial Years 2000-01 to 2013-14 (up to November, 2013)			
S. No.	Financial Year (April To March)	Total FDI flow in US\$ Million	Total FDI Flows % Growth Over Previous
12.	2011-12 (P)	46,556	(+) 34 %
13.	2012-13 (P)	36,860	(-) 21%
14	2013-14 (P)(Apr-Oct, 2013)	18,934	-
Cumulative total (from april, 2000 to October, 2013)		309,012	-

**Source:** DIPP, Federal ministry of commerce and industry, govt of India

Table no 1 depicts that flows of FDI received in India during April 2000 to October 2013 i.e. 309,012 US\$ million. From the year 2000 to 2002 FDI inflow in India has shown a increasing trend. This may be the result of Foreign Exchange Management Act (FEMA) which is introduced in 1999. Further it follow negative trend up to period 2003-2004. But from the year 2004-05 to 2008-09 investment into India once again start growing. The highest FDI inflows growth in the country in 2006-2007 year was 146%. Further, FDI inflows rose by 34 % to US\$ 46,556 million during 2011-12. Last year April 2012-13 has shown negative growth rate i.e. -21% to US\$ 36,860 million while the cumulative amount of FDI equity inflows from April 2000 to October 2013 stood at US\$ 309,012 billion, according to the latest data released by the Department of Industrial Policy and Promotion (DIPP).

**Table 2.** Country -Wise FDI Inflows from April 2000 to November, 2013

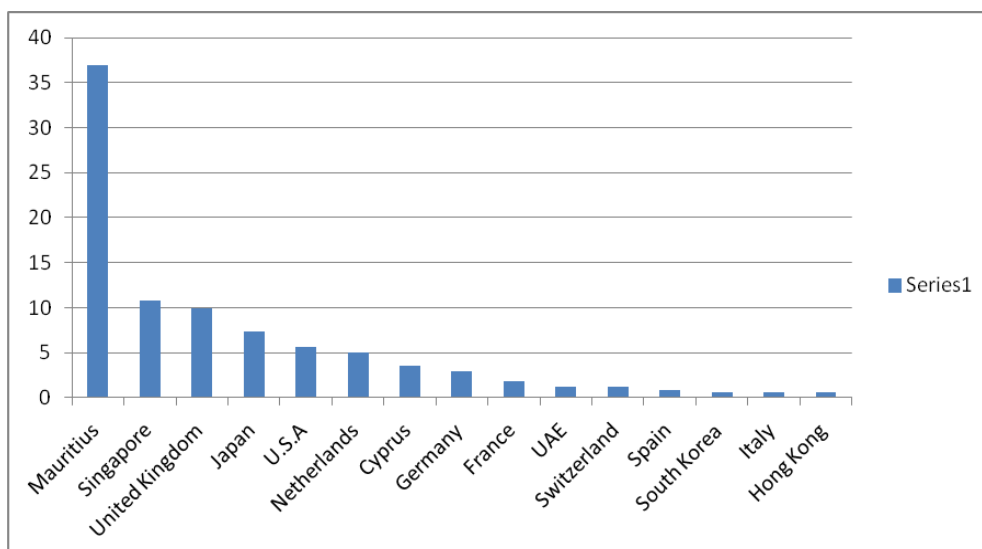
S.No	Name of the country	Amount of FDI inflow (in US\$ million)	% age with total FDI inflow
1	Mauritius	77,083.47	36.93
2	Singapore	22,515.91	10.79
3	United Kingdom	20,671.41	9.90
4	Japan	15,269.34	7.31
5	U.S.A	11,692.93	5.60
6	Netherlands	10,472.78	5.02
7	Cyprus	7,259.63	3.48
8	Germany	6,113.50	2.93
9	France	3,780.73	1.81
10	UAE	2,637.77	1.26
11	Switzerland	2,535.36	1.21
12	Spain	1,748.19	0.84
13	South Korea	1,296.34	0.62
14	Italy	1,240.24	0.59
15	Hong Kong	1,188.99	0.57
	Total FDI Inflows	185506.59	88.86

**Source:** DIPP, Federal Ministry of Commerce & Industry, Government of India

Table depicts the country wise FDI inflow in India during April 2000 -Nov 2013. The analysis indicates that large part of FDI in India is contributed by fifteen countries which is. 185506.59 US \$ million while remaining approx. 11 per cent by rest of the world. Mauritius emerged as the most dominant source of FDI contributing 77,083.47 US\$ million of the total investment in the country. It is because the India has Double Taxation Avoidance Agreement( DTAA) with Mauritius . This (DTAA)

type of taxation treaty has been made out with Singapore .So Singapore is second largest Investor of FDI inflow in India. The other major countries are U.K with a relative share 20,671.41 US\$ million followed by Japan. While some countries like South Korea, Italy, Hong Kong has fewer shares in total FDI Inflow.

Figure 1 represent the % age of total FDI inflow in India by different countries. 88.86percent total FDI inflow in the India by fifteen countries in which Mauritius contribute 36.96 percentage of the total investment in country followed by Singapore, United Kingdom, Japan etc



Source: DIPP, Federal Ministry of Commerce & Industry, Government of India

Figure 1.

Table 3. Sector -Wise FDI Inflow from April, 2000 to November, 2013

S. No	Sectors	Amount of FDI Inflows (In US\$ million)	% age with total FDI Inflows
1	Services Sector	38,713.32	18.55
2	Construction Development	22,969.45	11.00
3	Telecommunications	12,888.72	6.17
4	Computer Software & Hardwar	12,220.28	5.85
5	Drugs & Pharmaceuticals	11,570.50	5.54
6	Chemicals(OTHER THAN FERTILIZERS)	9,362.40	4.49
7	Automobile Industry	9,133.26	4.38
8	Power	8,357.23	4.00
9	Metallurgical Industries	7,780.61	3.73
10	Hotel & Tourism	6,825.56	3.27
11	Petroleum& Natural Gas	5,483.63	2.63
12	Food Processing Industries	5,230.08	2.51
13	Trading	4,236.54	2.03
14	Information & Broadcasting	3,639.93	1.74
15	Electrical Equipments	3,276.62	1.57

Source: DIPP, Federal Ministry of Commerce & Industry, Government of India

Table 3 clearly show the FDI inflows in different sector for the period April 2000 to Nov 2013 data reveals that most of the Foreign countries like to invest in service sector. Services sector includes

Financial, Banking, Insurance, Non-Financial / Business etc. Share of Service sector in total FDI is 18.55 per cent. Second largest share of FDI is in the construction development. Large amount of FDI has also taken place in telecommunication sector. The telecom industry is now become one of the fastest growing industries in India. Some Sector like Information & Broadcasting, Electrical Equipment attracts less FDI in country. Figure 2 also revealed the graphically sector wise FDI inflow in the country.

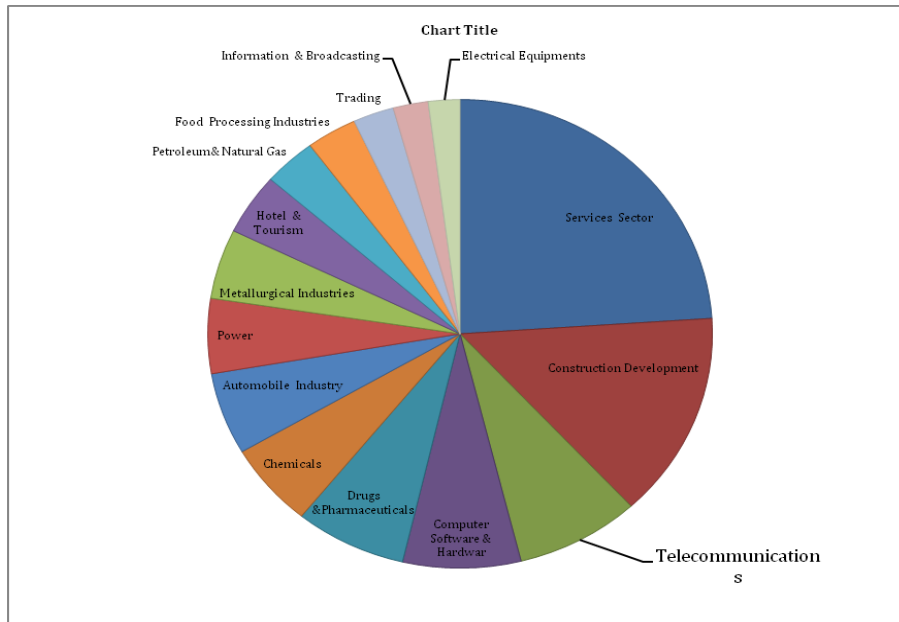


Figure 2.

## CONCLUSION

India emerges as the fifth largest recipient of foreign direct investment across the world. India is considered second largest country amongst all further developing countries and ranks fourth in the PPP in the world. So India has high potential to attract FDI inflow. The present study found that total FDI inflow in India from April 2000 to November 2013 is 311,398 US\$ million. The study also reveals that Mauritius emerged as the most dominant source of FDI contributing 77,083.47 US\$ million of the total investment in the country. Large part of FDI in India is contributed by fifteen countries which is 185506.59 US \$ million. The services sector accounted for a steeply rising share of FDI stocks in India followed by construction development, Telecommunications and Computer Software & Hardwar.

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**THE ROLE OF MUNICIPAL BOND MARKET FOR  
FINANCING URBAN INFRASTRUCTURE IN INDIA: AN  
EMPIRICAL ASSESSMENT**

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**ABSTRACT**

*In the coming decades, the urban sector will play a more crucial role in the structural transformation of the Indian economy. The demand for funding urban infrastructure services in India has increased many folds due to rapid urbanization. Since public funds for these services are inadequate, Urban Local Bodies (ULBs) have to look for alternative sources for financing the infrastructure needs. Accessing capital markets has emerged as viable options for ULBs to finance urban infrastructure. Ahmadabad Municipal Corporation was the first to make a public offering in January, 1998 without state guarantee to finance a water supply and sewerage project. Government of India also introduced a scheme for a Pooled Finance Development Fund (PFDF) that will support small- and medium-sized ULBs to access capital markets. Several ULBs and utility organizations have issued bonds and have mobilized over ₹. 12, 000 million through taxable bonds, tax-free bonds and pooled financing till 2010. However, after 2010, no municipal bonds were issued and the market has been effectively dead due to low ratings, reluctant investors and unclear regulation. But the GOI is making every effort to revive its municipal bond market to meet the mounting funding requirements of rapid urbanisation. In this paper an empirical assessment on the role, structure of financing and scenario of municipal bond market in India is made on the basis of secondary data.*

**Keywords:** Capital Markets; Municipal Bond; Pooled Finance Development Fund; Urban Local Bodies; Urbanisation

**INTRODUCTION**

In India, the level of urbanisation is growing at a rapid pace. Census data 2011 reveals that about 31 per cent (377 million) of Indian population live in urban areas. The share of persons living in urban increased by 3.35 per cent in the decade 2001 to 2011 as against only 2.10 per cent in the decade 1991 to 2001. In the coming years, the concentration of India's urbanization will be immense. As against one state currently (Tamil Nadu), about 5 states are going to be more than 50 per cent urbanized by 2030 as per Mc Kinsey estimates (2010). The process of urbanization in India is mostly characterized by dramatic increase in the number of large cities. In 1951, there were only five metropolitan cities (with population of over 1 million), i.e., Kolkata, Mumbai, Chennai, Hyderabad, and Delhi. Their number increased to 12 in 1981, 35 in 2001 and 53 in 2011 and is further expected to be about 68 in 2030. Urbanization in India has become an irretrievable process, and an important determinant of national economic growth and poverty reduction. Urbanisation and growth are in fact two-way linked. While urbanisation is an inevitable outcome of the faster rates of growth, it is also a process that leads to growth. It is quite evident from the urbanization pattern in India that the rate of development is clearly related to the rate of urbanization. Generally, states with higher gross state domestic product (GSDP) have higher levels of urban population. Advanced states in India, such as, Gujarat,

Maharashtra, Tamil Nadu and Karnataka are significantly more urbanized than Bihar, Odisha and Assam. Looking at the urban sector's contribution to GDP, it has risen from about 38 per cent in 1970-71 to 63 per cent in 2009-10 and around 70 per cent at present while employing only 27 per cent of the work force. The top 100 large cities in India produce 42 per cent of GDP with 16 per cent population and just 0.24 per cent of land area. In the coming decades, the urban sector will play a more critical role in the structural transformation of the Indian economy and in sustaining the high rates of economic growth.

Given this massive requirement for the urban sector, one needs to examine whether all the stakeholders are in a position to deliver the desired outcomes. The size of the municipal fiscal sector in India is very small, especially in relation to the public services these bodies are mandated to deliver and also as compared to many developing nations. The total municipal revenue in India accounts for about 0.75 per cent of the country's GDP as against a figure of 4.5 per cent for Poland, 5 per cent for Brazil and 6 per cent for South Africa. In terms of both revenue and expenditure, the Urban Local Bodies (ULBs) account for only about two to three per cent of the combined revenue and expenditure of Central Government, State Governments and ULBs. This is in contrast to the situation in advanced countries where local bodies normally account for 20 to 35 per cent of the total government expenditure. As per McKinsey estimates (2010), India spends only US\$17 per capita annually on urban capital investment as compared with US\$116 per capita in China, US\$127 in South Africa and US\$391 in the United Kingdom. Furthermore, there are significant differences across Tier 1 to Tier 4 cities.

The fiscal reforms initiated at the center since 1990's had put considerable pressures on the state finances, by reducing grants, subsidies, loans, and other forms of transfers from the central government. Again the economic reform had their own way for the private sector participation in the provision of urban infrastructure and civic services, thereby to an extent also amplified the capabilities and resource base of the local governments. At the same time, a growing urban population has been creating additional demands on infrastructure and services, requiring both short-term funds for their maintenance as well as long-term funds for producing additional facilities. But the reform in the financial sector has been gradually reducing the "directed credit" component of the financial institutions. In this context, sub-national governments has been required to seek new sources of funding, including exploring the participation of private sector in service delivery.

### **OBJECTIVE AND METHODOLOGY OF THE STUDY**

The present study has been taken with an overall view to make an empirical assessment on the role of municipal bond market in India in the context of urban infrastructure financing; accordingly, the remainder of the paper is organised as under. Section three laid down the status of urban local bodies in India. Section four narrates the state of urban local bodies' finances. Section five elaborate the need for finance to meet urban infrastructure requirement and section six describe the framework of urban infrastructure financing in India. While section seven explain the importance of municipal bond market. Section eight narrates down the structure / model of municipal bond financing found in India. Section nine assess on the trend of municipal bond market in India. Constraints for growth of municipal bond market in India and recommendations for improving the same are discussed in chapter ten and eleven respectively and the last section i.e. section twelve is devoted for concluding observations.

The study is basically exploratory in nature and depends exclusively on secondary data. Secondary data are collected from various reports on municipal bond market in India published by GOI, RBI and NIUA and World Bank. Parameters like ratios, percentage of growth and others are considered for some meaningful comparison and analysis.

### Status of Urban Local Bodies

The New Economic Policy pursued since 1991, and the passing of the *Nagarpalika* (Decentralization) Acts by the Parliament in 1992, have devolved considerable authority to the local (sub-national) governments in India. The socio-political developments in India during the last decade have significant implications on the powers and functions of local government. The states and local bodies in particular play a crucial role in the delivery of social and economic services (public health, education, housing, and urban development), and in the provision of infrastructure (power, irrigation, and transport). They together are responsible for executing Central Government policies and programs, including those for alleviating poverty and providing social security. At present, there are 3682 urban local bodies in India, although their size and structure varied considerably across the country. These bodies are classified according to their structures and economic conditions as (i) Municipal Corporations for larger urban areas, (ii) Municipal Councils for smaller urban areas, and (iii) Nagar Panchayat for the rural-urban transition areas.

Although Local governments are recognized and protected by the national constitution, the states have the *de facto* legislative powers over them. The governments at the states play a vital role in the delivery of social and economic services (such as public health, education, housing, and urban development), and in the provision of infrastructure (such as power, irrigation, and transport). The states are also responsible for carrying out Central Government policies and programs, including those for alleviating poverty and providing social security. The mandates to the states are derived from the Constitution to frame the necessary statutes, which actually vest the necessary controlling and supervisory powers with the state governments on their local bodies.

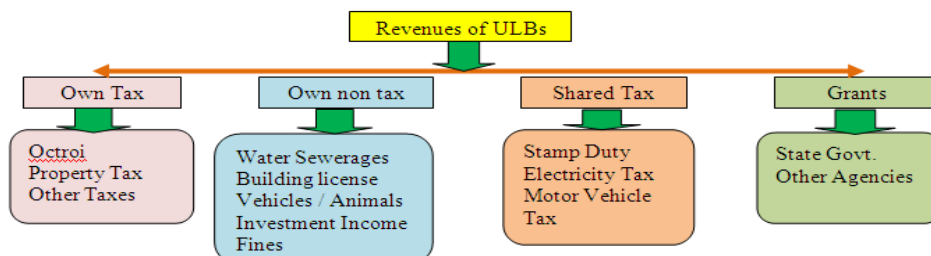
The 74<sup>th</sup> amendment of the constitution was meant to distinguish the functions and financial powers of the local governments. The XIIth schedule of the Constitution provides for the eighteen functions that are to be undertaken by the urban local bodies e.g. Urban Planning including town planning, roads and bridges, fire services, urban poverty alleviation etc. It may be observed that except for the few states (e.g. Kerala, West Bengal, Tamil Nadu, and Maharashtra) there have been very little changes in the municipal laws of the other states. The functional sphere has also been variable, which depends on the prudence of the state government in power. The functions delegated to the urban local bodies are often synchronized in nature, making thereby the state governments to act simultaneously in the spheres that have been delegated to the municipal bodies. Therefore, institutional capability of urban local bodies had weakened considerably due to a systemic withdrawal of their functions and powers, resulting in the shrinking of local resource base and fiscal capabilities.

### Sate of Urban Local Bodies Finances

The revenue base of the urban local bodies consists of their own tax and non-tax income, grants as defined by the Finance Commission, grants and loans from the higher level of governments, and market borrowings. The constitution of India specify about the taxes that are to be divided between the union government and the state governments (Chapter I of part XII). Although the 74<sup>th</sup> Amendment is not very precise about the type of taxes the ULBs should have, the respective state governments provide for the sources of their tax revenue, the process of their mobilization in the statutes of their urban local bodies, and the functions and devolution mechanisms as defined by the State Finance Commissions (SFCs). It may be observed that there exist wide differences among the ULBs in their tax jurisdiction, the extent of control exercised by the state government in terms of the fixation of tax base, tax rates and tax exemptions. Again, the efficiency with which the taxes are administered and implemented varies from state to states.

Property tax is one of the important sources of urban revenue; but a complicated valuation procedure, legal disputes, ceilings imposed on rents of the properties under the Rent Control Act etc have made the revenues from properties near stagnant for the ULBs. Again, the per capita expenditure of the municipalities is increasing at a time when the per capita revenue receipts are not increasing as much as, thus widening the resource gap of the local bodies (Pradhan, 2003). However, States, which have

started commercialization and private sector participation in the areas basic services with necessary regulatory reforms, have benefited from higher revenue generation viz. Andhra Pradesh, Tamil Nadu. Therefore, expenditure functions of the urban local bodies should not be looked at in isolation from the revenue assignment. The bequest of functions has to be linked with the revenue generating capacities of the local bodies in order to balancing revenue with the expenditure. It is necessary to make sure that there is uniformity of such functions among the local bodies at least within a state.



### Need For Finance To Meet Urban Infrastructure Requirement

As India rapidly urbanizes urban governance and administration in general, and meeting the financial needs of urban areas in particular, has acquired greater urgency. In India by 2030, 590 million will live in cities, more than double the corresponding number in 2001 (Sankhe et al. 2010 ); US\$ 1.2 trillion in capital investments, equivalent to 67 per cent of India’s 2012 GDP, will be required to meet urban needs; 2.5 billion sq mt of roads will need to be cemented, 20 times the capacity needed in the past decade; 7,400 km of metros and subways need to be build, 20 times the capacity added in the past decade; and affordable housing, schools, water, electricity and other amenities will be need to be provided to the rapidly expanding urban populace. Therefore meeting the financial needs of urban areas have become most urgent issue keeping in mind urban governance and administration in general.

According to the Report on Indian Urban Infrastructure and Services (2011), between 2012 and 2031, India will need to invest ₹. 39,187 billion (US\$ 835 billion) at 2009–10 prices, equivalent to 46 per cent of the country’s 2012 GDP (see Figure 1), to meet its urban infrastructure requirements. In sharp contrast, the report estimated that for 2012-13, India’s municipal expenditure would be equivalent to only 1.53 per cent of GDP, and less than a third would be met from own revenue sources (ibid). While the projections of urban financing needs may differ among analysts, there is general consent that substantially higher levels of financing on urban amenities will be required in near future. This task will need to be accomplished in the context of a declining gross domestic savings-to-GDP ratio, which peaked at 36.8 per cent in FY 2008, but is projected to be much lower at 28.6 per cent in FY 2012 (Poddar and Shukla, 2012). They argue that the sharp deterioration in India’s public finances, with public sector savings-to-GDP ratio declining from about 4.8 per cent in FY 2008 to near zero in FY 2012, was primarily responsible for the decline. From a macro-economic perspective, reversing the declining trend in India’s savings rate would be essential for meeting the country’s urban financing needs.

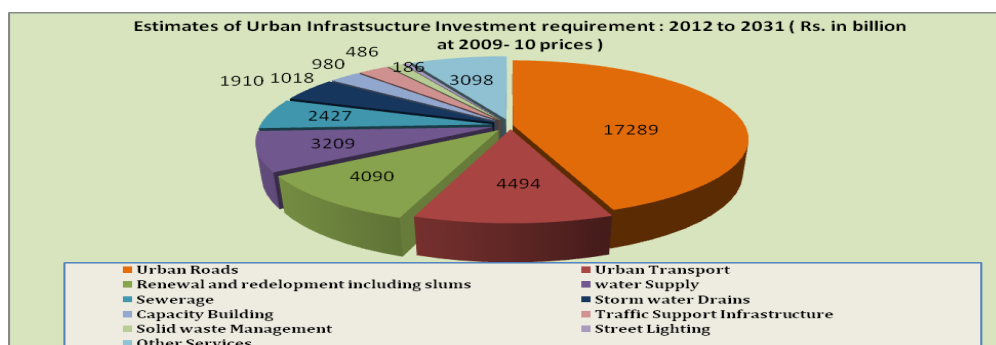


Figure 1.

This would require fiscal consolidation at the Centre and in the states, and improved financial management of state-owned enterprises.

Infrastructure financing needs of municipalities and other ULBs in India have traditionally been met from grants and transfers from higher levels of government, state-owned institutions, and to a little extent by bilateral and multilateral agencies providing grants and loans. By the mid-1990s, ULBs comprehended that these sources of funds were no longer sufficient to cater to their increasing infrastructure requirements. Again, as a consequence of the Constitution (74th Amendment) Act, 1992, ULBs had been assigned with the responsibility of provision of services. However, due to the lack of funds to undertake such provisioning, it has been “a scenario of growing fiscal imbalance between function and finance” (Venkatachalam, 2005). In spite of the increasing fiscal imbalance, and the fact that poor urban amenities directly impact the quality of life of urban residents, very limited innovations have taken place in urban financing sources and in governance structures since independence (Garg, 2007).

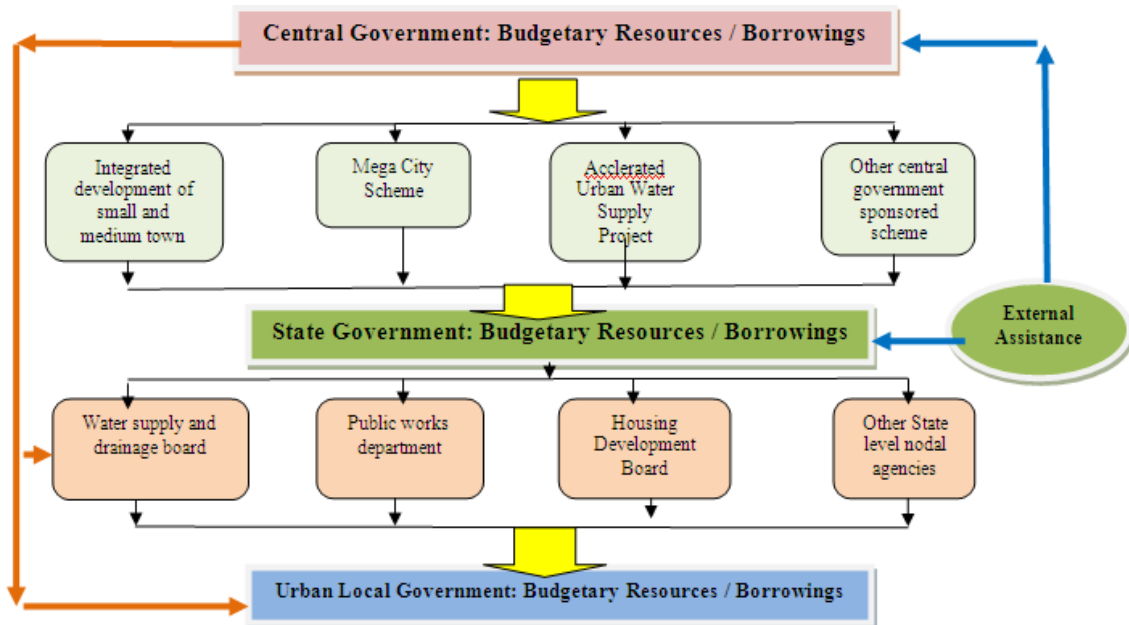
It is evident that current methods and management capabilities of ULBs cannot meet the requirements for financing and managing urban amenities in India on a certain scale. ULBs will need to acquire much greater capabilities in obtaining resources from both conventional sources, such as property tax, profession tax, cost recovery, user charges, entertainment tax and license fees; and non-conventional sources e.g. improving the net use value of land and other real estate, innovatively designing new property rights and using existing rights more effectively, deploying human resources more productively, treasury management, various modes of public-private partnerships (PPPs), and most importantly municipal bonds. The Report on Indian Urban Infrastructure and Services (2011) has also recommended strengthening of the capabilities of ULBs to generate revenue from a mix of conventional and non-conventional sources.

### Framework for Urban Infrastructure Financing

Urban planning and development is essentially a state subject. Therefore, state governments and their local bodies are required to make provision for the basic urban infrastructure and civic services such as water supply, sewerage and drainage facilities, solid waste management, street lighting, and road transport facilities. In majority of states, the state governments themselves undertake the provision of urban infrastructure through their public health and engineering departments. In few states the governments undertake capital investments through their statutory boards, leaving the local governments to do only the operation and maintenance functions viz. Chennai Metropolitan Water Supply and Sewerage Board in Tamilnadu (CWSSB), Bangalore Water Supply and Sewerage Board in Karnataka (BWSSB), Delhi Jal Board in New Delhi, etc. However, in Haryana and Rajasthan, the state public health and engineering departments took the responsibility of both the capital investments and O&M activities. In recent years, the municipal corporations of Ahmedabad, Pune, Nasik, Mumbai, chennai and kolkata who themselves undertake the both capital investments and O&M activities. The central government also makes direct investments in urban infrastructure as well as provides project specific grants to state and local governments, under plan and non-plan plan schemes. Some of the schemes under central governments include (i) Integrated development of small and medium towns' scheme, (ii) Mega city scheme, (iii) schemes for the National Capital Region Planning Board (NCRPB), (iv) The Accelerated Urban Water Supply Programme, (v) The Low Cost Sanitation scheme and (vi) Urban transport.

Usually, most of the provision of infrastructure and civic services have been arranged by pooling multiple sources; revenues from the state and local governments would augmented by the funds transferred from the central ministries, including external sources (figure - 2). Typically such pooled financing arrangements have their inherent defects; since the transfer of funds from higher-level of governments often depends resources of the local bodies, making the process of transfers highly unreliable. This also affected planning and implementations of projects, resulting in excessive delays. However, multilateral agencies such as World Bank, Japan Exim Bank, Overseas Development

Administration of the Government of UK (ODA-UK) etc. have been engaged in the funding of urban infrastructure projects. The process of funding is by offering line of credit to Indian financial institutions like IDFC, IL&FS and HUDCO who are specialised in funding urban infrastructure projects. The funds are released to these financial institutions with condition such that equal amount is also contributed (matching contribution) by these financial institutions.



**Figure 2.**

### **Municipal Bond as A Boulevard for Financing Urban Infrastructure**

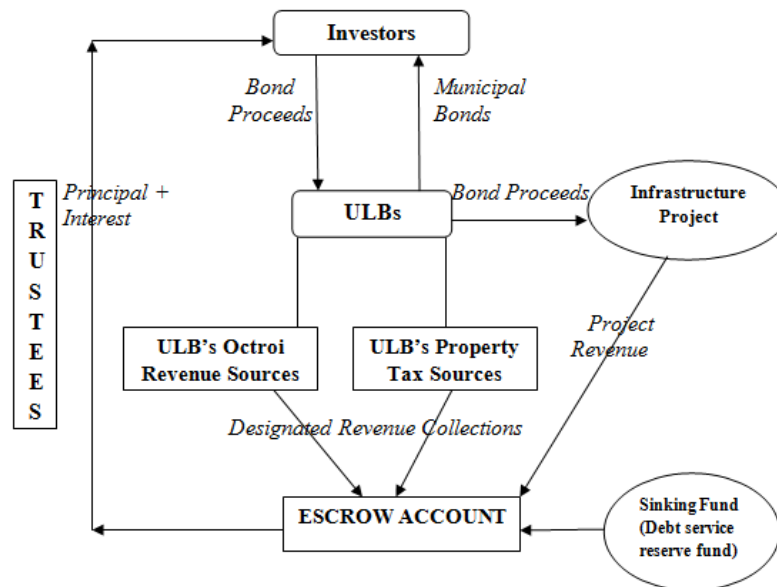
A municipal bond is an evidence of the obligation of a ULB to repay a fixed principal amount on a certain maturity date along with the interest, at a stated or formula-based rate (Dirie, 2005). Municipal bonds have advantages in terms of the size of borrowing and the maturity period which may extend up to 20 years. Both these features are suitable for urban infrastructure financing. Further, if properly structured, municipal bonds can be issued at interest costs that are lower than the risk-return profile of individual. The municipal bond mode of financing allows both the borrowers and the lenders to have greater flexibility. Local government bond issuers are likely to be less restricted by annual budget cycles and the capital grants' decisions of higher levels of government (Mehta and Satyanarayana, 1999). Further, they can unbundle their functions, which enables them to make separate decisions about the placement of their liquid deposits and about obtaining advice regarding the financial and/or technical components of their infrastructure projects (Peterson, 2003). However, it should be noted that the danger of such unbundling is that a credit partner who understands various aspects, especially the financial impacts of different activities of the ULB on each other, would be absent (Peterson, 2003). The flexibility available to the lenders arises out of the possibility of trading municipal bonds prior to the end of their tenor in the secondary bond market. Liquidity in such a market is essential for the development of the primary municipal bond market.

### **Structure / Model of Municipal Bond Financing in India**

The process of issuing municipal bond by the ULBs in India is more or less similar. In a generic municipal bond scheme (as shown in Figure 3) debt servicing has been undertaken by using the revenues of the respective ULB, such as octroi (Octroi is a levy on goods that are brought into the limits of a city for consumption, use or sale within the city (Vaidya and Johnson, 2001).and property tax, which were deposited in an escrow account for the purpose. These were designated beforehand as collateral and served as the main credit enhancement measures. Additionally, in some cases, revenues

from the infrastructure project financed by the municipal bond issue were also routed to the escrow account; and a debt service reserve fund (called the sinking fund) was also created to supplement the repayment in case the other revenues is insufficient.

Pooled financing may be undertaken by the ULBs when their creditworthiness is not found very sound on a standalone basis. Under such a scheme, funds raised from bonds are extended as credit by the issuers (usually, called bond banks) to more than one borrower (in this case, more than one ULB). These borrowers are not necessarily related among themselves (Fahim, 2010). It is a process of credit enhancement for smaller ULBs.



Source: Pradhan, H. K. 'Local Government Finance and Bond Market Financing in India, 2003

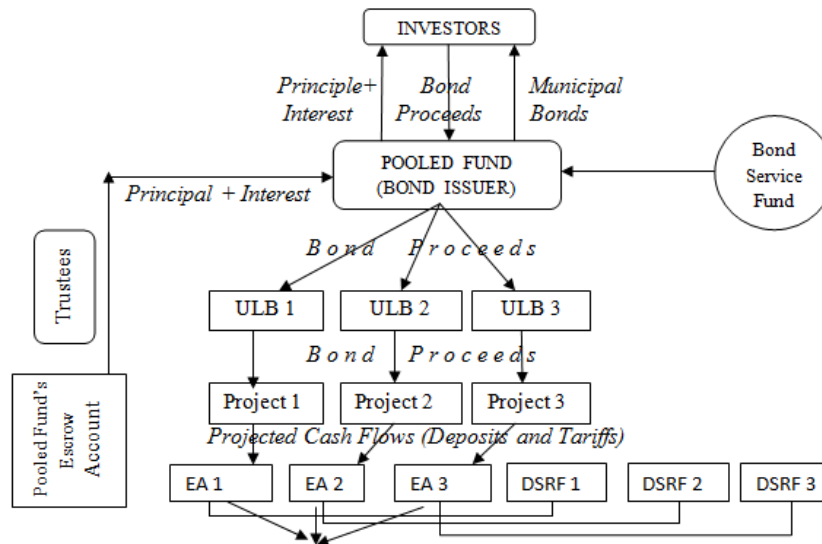
Figure 3. Flow of fund of an Indian ULB's Municipal Bond Scheme

However, pooled financing scheme needs to be combined with project design and management expertise. It also requires enhancing the efficiency of ULBs to meet the pre-conditions of a bond issue, such as accounting, management information systems and procurement reforms. In the case of pooled financing in India (Figure – 4) escrow accounts were structured at the ULBs for debt servicing, which collected the deposit (one-time) and tariff (monthly) charges from various projects. Proceeds from the bond issue are used for funding various projects. Thus, the bonds were similar to revenue bonds. Additional credit enhancements included creation of debt service reserve funds at each of the ULBs where the tax and other revenue collections of the ULB are remitted. Further, in the case of a few issues, provision for state finance commission devolutions (SFCD) intercept was made, under which a shortfall in the payments into the ULBs' debt servicing accounts would be made up from future devolutions from the State Finance Commission that accrue to the ULBs. Again, a Bond Service Fund, in which state funds are held in the form of liquid securities, may be used by the pooled fund if the afore-mentioned means of debt servicing is not succeeded.

The two models stated above emphasis on the creation of escrow account to ensure a dedicated amount for repayment of the amount raised by issue of municipal bond. However, in some cases, it is presume that there may have been 'overcollateralization' due to several layers of credit enhancement (Chattopadhyay, 2006), which may involve pledging of municipal properties. A few issuances such as those by the ULBs in Bangalore (1997), Indore (2000), Hyderabad (2003) and Chennai (2003 and 2005) carried guarantees from their respective state governments as their escrowed accounts were inadequate for credit augmentation (Srikumar, 2010). In this respect, it is noteworthy that political support is very crucial for any municipal bond issuances. Firstly, each ULB needed to take consent



from the respective state government (even if it was not giving an explicit guarantee), followed by permissions from the Securities and Exchange Board of India (SEBI). The ULB also had to fulfil with the provisions of the Government Securities Act, 1920. Again, support from local elected representatives has been an essential condition for the success of bond issues by the ULBs in Ahmedabad, Nashik and Ludhiana, to allow the bureaucracy to undertake rigorous measures associated with engaging with the municipal bond market; and the lack of it has led to failure in the cases of bond issues by the ULBs in Pune and Vijayawada (Bagchi, 2001). In the process of issuing municipal bonds, regular disclosure of financial and nonfinancial information pertaining to the ULB concerned and the introduction of accounting reforms are mandatory.



**Note:** EA – Escrow Account; DSRF – Debt Service Reserve Fund

**Source:** Sheikh S. & M.G. Asher ‘A case for developing the municipal bond market in India’, ASCI journal of Management, 2012.

**Figure 4.** Flow of funds in a pooled financing scheme undertaken by ULBs in India

### Trend of Municipal Bond Market in India

For financing investment particularly in building urban infrastructure to the tune of US\$ 800 billion (GoI, 2011), fiscal transfers from the higher levels of government to ULBs will not be sufficient; hence, the role of unconventional modes of finance is expected to increase. While the municipal bond market remains at a budding stage, the Government of India realizes that the debt route could become increasingly important in the future. As part of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), GoI has made some efforts to enable ULBs to access the bond market. Since 1994, the Indo-US Financial Institution Reform and Expansion (FIRE-D) project is working with national, state and local governments in India to develop a market-based municipal bond market. Several ULBs and utility organizations in India have issued municipal bonds that so far have mobilized over ₹.12,884 million through taxable bonds, tax-free bonds and pooled financing (Vaidya et al 2008). The Government of India (GOI), recognizing infrastructure’s key role in the process of economic development, set up the expert group on the commercialization of Infrastructure, often known as the Rakesh Mohan Committee, in 1994. The FIRE-D project worked closely with this Committee to provide international experience on tax-free municipal bonds. The Committee recommended private sector participation in urban infrastructure development and accessing capital markets through issuing municipal bonds.

Bangalore Mahanagara Palike was the first ULB to have raised resources through private placement of municipal bonds in 1997 and Ahmadabad Municipal Corporation was the first to make a public

offering in January, 1998. It issued ₹.1,000 million in bonds to partially finance a ₹.4,390 million water supply and sewerage project. This was a remarkable achievement since it was the first municipal bond issued in India without a state guarantee and represented the initial step toward a fully market-based system of local government finance. Since 1998, other cities that have accessed the capital markets through municipal bonds without state government guarantee include Nashik, Nagpur, Ludhiana, and Madurai (Table 1). In most cases, bond proceeds have been used to fund water and sewerage schemes or road projects. Till now only 28 municipal bond issues have taken place in India, which have included taxable and tax-free bonds and pooled financing issues. Most of these have been private placements rather than public offers. A look at the trend in the value of municipal bond issues since 1997 suggests that the value of municipal bond issuances that were on a rise till 2005 has seen a sharp fall since then and there has been very few issuances since 2007 and practically no issue after 2010 (Khan, 2013).

**Table 1. Status of Taxable Municipal Bond in India**

<b>Name of Municipal Corporation / (Year of issue)</b>	<b>Amount (in ₹. Million)</b>	<b>Placement</b>	<b>Guaran-tee</b>	<b>Annual Interest</b>	<b>Escrow</b>	<b>Purpose</b>	<b>Rating</b>
Bangalore Municipal Corporation (1997)	1,250	Private	State Govt.	13%	State Government grants and property tax	City roads/ street drains	A-(SO)
Ahmadabad Municipal Corporation (1998)	1,000	Public & Private	No	14%	Octroi from 10 octroi collection points	WS&S project	AA-(SO)
Ludhiana Municipal Corporation (1999)	100	Private	No	13.5% to 14%	Water & Sewerage taxes and charges	WS&S Project	LAA-(SO)
Nasik Municipal Corporation (1999)	1,000	Private	No	14.75%	Octroi from four collection points	WS&S project	AA-(SO)
Indore Municipal Corporation (2000)	100	Private	State Government	13.0%	Grants/property tax	Improvement of city roads	A (SO)
Nagpur Municipal Corporation (2001)	500	Private	No	13%	Property tax and water charges	WS project	LAA-(SO)
Madurai Municipal Corporation (2001)	300	Private	No	12.25%	Toll tax collection	City road project	LA+(SO)
Visakhapatnam Municipal Corporation (2004)	200	Private	No	7.75%	Property tax	Water supply project	AA-(SO)

The Income Tax Act provides tax exemption for investments in infrastructure projects. Since 1999-2000, for further growth of the municipal bond market, the Government of India allowed ULBs to issue tax-free municipal bonds. In view of this, the central government amended the Income Tax Act

(1961 vide the Finance Act 2000), whereby interest income from bonds issued by local authorities was exempted from income tax. The GOI issued guidelines for issue of tax-free municipal bonds in February 2001. These guidelines stipulate eligible issuers, use of funds, essential pre-conditions, maturing period, buy-back, nature of issue and tax benefits, ceiling amount for a project, compulsory credit rating, and external monitoring of the tax-free municipal bond. Creating tax incentives for municipal securities provided a national government subsidy for ULB bond offerings by substantially reducing the interest cost of financing local infrastructure projects. Tax-free status provided a motivation to local governments to improve their fiscal management sufficient enough to meet the demands of the investment community.

Ahmedabad municipal corporation (AMC) was the first ULBs in India to issue tax-free municipal bonds for water and sewerage projects. In April 2002, AMC issued a tax-free 10-year bond with an annual interest rate of 9.00 percent. The issue amount was ₹.1,000 million. The Municipal Corporation of Hyderabad (MCH) also issued a tax-free municipal bond in May 2002 for ₹.825 million. The MCH thus became the second ULBs to issue tax-free municipal bonds. The money raised by MCH through municipal bonds was used for providing urban infrastructure in the city especially in slums. The tenure of the bond was seven years with a rate of interest of 8.50 percent. A list of tax free municipal bond issued so far is given in table -2 below.

In India, only financially strong, large municipal corporations are in a position to directly access capital markets. Cost of transaction and a poor balance sheet restrict most of the small and medium size ULBs to access capital markets. In the United States and some of the European countries, small local bodies pool their resources and jointly access the capital market. Based on this model, the Governments of Tamil Nadu and Karnataka issued municipal bonds by pooling municipalities. In 2003, the Tamil Nadu Urban Development Fund issued a bond by pooling 14 municipalities for commercially viable water and sewerage infrastructure projects. A special purpose vehicle, the Water and Sanitation Pooled Fund (WSPF), was set up to issue the municipal bonds. The WSPF planned a ₹.304 million bond issue whose proceeds financed small water and sanitation projects in the 14 small ULBs.

**Table 2.** Status of Tax-free Municipal Bond in India

<b>Name of the municipal corporation</b>	<b>Year of issue</b>	<b>Purpose</b>	<b>Amount of Tax-free Municipal Bond (₹. million)</b>
Ahmedabad Municipal Corporation	2002	Water supply and sewerage project	1,000
Nashik Municipal Corporation	2002	Underground sewerage scheme and storm water drainage system	500
Hyderabad Municipal Corporation	2003	Road construction and widening	825
Hyderabad Metropolitan Water Supply and Sewerage Board	2003	Drinking water project	500
Visakhapatnam Municipal Corporation	2004	Water supply system	500
Chennai Metropolitan Water Supply & Sewerage Board	2003	Chennai water supply augmentation project	420
Ahmedabad Municipal Corporation	2004	Water supply project, storm water drainage project, road project, bridges and flyovers	580
Chennai Metropolitan Water Supply & Sewerage Board	2005	Chennai water supply project	500

**Table 2.** Status of Tax-free Municipal Bond in India (Contd....)

<b>Name of the municipal corporation</b>	<b>Year of issue</b>	<b>Purpose</b>	<b>Amount of Tax-free Municipal Bond (₹. million)</b>
Chennai Municipal Corporation	2005	Roads	458
Ahmedabad Municipal Corporation	2005	Roads and water supply	1,000
Nagpur Municipal Corporation	2007	Nagpur water supply and sewerage project	212
Greater Vishakhapatnam Municipal Corporation	2010	Greater Vishakhapatnam water supply project	300

**Source:** Chetan Vaidya & Hitesh Vaidya, 'Creative financing of Urban Infrastructure in India through market based financing and public private partnership', 2008 and H.N. Khan 'Financing Strategy for Urban Infrastructure: Trends and Challenges', 2013.

The Trust vehicle enabled the local bodies to access the capital market without increasing the contingent liabilities of the state and to channelize private financial resources into infrastructure investments. This was the first municipal pooled issue. It had a fifteen-year maturity and an annual interest rate of 9.20 percent. While the bonds were unsecured, a multi-layered credit enhancement mechanism was set up. The ULBs agreed to set apart monthly payments equal to one-ninth of their annual payments into escrow accounts and transfer the same during the tenth month into the WSPF's escrow account.

Subsequently, the Government of Karnataka used the concept of pooled financing to raise debt from investors for the Greater Bangalore Water Supply and Sewerage Project (GBWASP). This project covers eight municipal towns around Bangalore and has a total project cost of ₹.6,000 million. A debt fund called the Karnataka Water and Sanitation Pooled Fund (KWSPF) was established under the Indian Trust Act to access the capital market by issuing a bond on behalf of the participating ULBs. During June 2005, the KWSPF successfully floated ₹.1,000 million tax-free municipal bonds at an annual interest rate of 5.95 percent.

The success of the pooled finance model in Tamil Nadu and Karnataka subsequently led the Government of India to create a central fund that enables capital investments to be pooled under one state borrowing umbrella. The objective is to provide a cost-effective and efficient approach for smaller- and medium-sized ULBs and to reduce the cost of borrowing. FIRE-D project supported GoI's vision in formulating the Pooled Finance Development Fund (PFDF) Guidelines to help small- and medium-sized ULBs access market funds for their infrastructure projects. The PFDF Guidelines call for states to create their own pooled financing entities. The scheme is meant to provide credit enhancement grants to facilitate market borrowings through a pooled financing mechanism on behalf of identified ULBs for investment in urban infrastructure projects. The Water and Sanitation Pooled Fund (WSPF) of Tamil Nadu had issued tax-free bonds of ₹.45 crores under Pooled Finance Development Fund (PFDF) in February, 2008.

### **Constraints of Municipal Bond Market In India**

Broadly, the constraints for developing a growing municipal bond market in India can be classified as those on the supply and those on the demand side. The constraints on the supply side hinder ULBs from issuing bonds and those on the demand side limit investors (individual and institutional) from participating in the municipal bond market.

**Supply-side Constraints** - Institutional investors having long-term funds face regulatory constraints on purchasing municipal bonds in the following ways:

- Institutional investors such as the insurance companies are constrained because of restrictions imposed by the investment guidelines of the Insurance Regulatory Development Authority (IRDA).
- Commercial banks, governed by the RBI's asset and liability management (ALM) requirements, prefer to provide short- to medium-term loan as their assets and liabilities are short to medium-term in nature.
- Again, due to "mark-to-market" requirements banks cannot take exposures to ULB financing in bonds/structured instruments. However, lending by banks in the form of loans is not subject to such requirements.

Rational investors perceive municipal bonds to be very risky because there is lack of credit enhancement and hedging tools for investors to mitigate credit risk and limited reliability of credit information.

- The fixed cap on tax-free interest from municipal bonds does not respond to market conditions. Municipal bonds become unattractive when market rates exceed the cap.
- Given the poorly developed government securities market, municipal bonds are relatively illiquid investments for lack of exit opportunities for institutional investors. Further, clearing and settlement mechanism is not efficient enough.

**Demand side constraints** -

- There are smaller numbers of creditworthy issuers seeking bond financing.
- There are smaller numbers financially viable projects seeking bond financing.
- Lack of intermediation support in structuring a municipal bond for providing the issuer with the longest possible tenor, lowest possible interest rate and lowest possible cost of issuance.
- Numerous "administrative and managerial" constraints discourage the potential issuers of municipal bonds. Though, the reforms initiated by the MoUD perceived to change the situation. Presently, there is divergence of opinion on the optimal debt equity ratio for ULBs. Therefore, the rating agencies must communicate the optimal debt equity ratio for projects by ULBs.
- How will the RBI approved credit rating agency carry out the surveillance throughout the tenor of the Tax Free Pooled Finance Development Bonds is still not transparent.

### **Recommendations for Development of Municipal Bond Market in India**

The Central Finance Commission (CFC) has the responsibility to frame guidelines on the measures needed to augment the consolidated fund of a State to supplement the resources of Panchayats and Municipalities in State on basis of recommendations issued by the State Finance Commissions (SFCs) of the respective State. As per the 13<sup>th</sup> CFC Report issued in Feb 2010 the grants to local bodies will be now linked to divisible pool rather than ad-hoc grants given by last three CFCs. Total grants to ULBs over five years have been increased by nearly 4-times from ₹. 4500 crores in 2005-09 to ₹. 23,111 in 2010-2015. Part of the grants to ULBs will be linked to performance. The report has recognized the key role of National Municipal Accounting Manual and Municipal Bonds in municipal finance. There is a lot of focus on property tax improvement and Service Level Benchmarks. Thus, CFC grants will incentivise improvement in revenue base of ULBs and improve their credit worthiness.

The funding and reform agendas of the JNNURM and 13<sup>th</sup> CFC help in addressing the demand-side constraints on the use of municipal bonds. Other supply-side constraints can only be controlled by the institutions responsible for the regulation and development of India's financial markets. The working session organized at NIUA, New Delhi in July 2008 has made the following recommendations regarding supply side constraints that will boost India's long-term municipal bond market -

- Enlarge the range of "approved investments" for insurance and pension organizations to include municipal bonds of investment grade or higher. General Purpose bonds may also be included in the list of 'infrastructure' category.
- Municipal bonds should be classified under 'hold to maturity' category rather than in 'mark-to-market' category.
- Specify municipal bonds under the 'priority sector' category for investment/lending purposes.
- Provision of "bond insurance" as credit enhancement may be identified as a security against default by municipal bodies.
- Review the 8% cap on interest rate for tax-free municipal bonds and prescribe a benchmark market rate linked to State Bank of India-Prime Lending Rate rather than an absolute percentage.
- Provide investment opportunity in municipal bonds to individual/retail investors, CDBT to include municipal bonds in the list of eligible investments/subscriptions for the purpose of claiming deduction under section 80C of the Income Tax Act, 1961.
- Embrace municipal bonds in the list of eligible investments for Employee Provident Fund Organization.
- In respect of improvement of Pooled Finance Development Fund, the measures to be taken are: (a) it should be available for all urban services (presently it limited to Water Supply and Sanitation); (b) Credit Enhancement Fund should be available for taxable bonds also; and (c) approval for tax free bond should be for a calendar year and not a financial year.

### CONCLUSION

The register General & Census Commissioner of India anticipates that the urban population in the country to grow 38 per cent to 534 million by 2026; and India will need to invest \$835 billion to meet its urban infrastructure requirement between 2013 and 2031. A vibrant market for municipal bonds can go a long way to help provide long-term funding for India's urban infrastructure requirements - as in the US, where the related market had over \$3.7 trillion outstanding in early 2012. But unfortunately the market has been effectively dead in India. Greater Vishakhapatnam Municipal Corp issued the last municipal bonds in India in 2010 for Rs 300 million. Since 1995, total issuance of municipal bond has been mere \$503 million. India's municipal bond market faces hurdles of low ratings, reluctant investors and unclear regulation. Most municipal corporations in India have a limited understanding of bond market. Again, the bigger and better-rated municipalities are flush with funds and, as such, are naturally reluctant to turn to the debt markets. Others, the lower-tier and mid-tier municipalities, have no access to bond markets and mostly rely on state-owned Housing and Urban Development Corporation for their funding needs. Investors were also concerns about the ability of municipalities to increase revenues and fund themselves due to regular political interference. Capacity building is the biggest hurdle for the municipal bond market in India.

The bigger municipal bodies should be first encouraged to issue bonds so that a yield curve is created for others to follow. Again, Pooled financings may allow a handful of weaker municipal bodies to raise money together through a special purpose vehicle. That vehicle would act as the main borrower and, with the right form of credit enhancement, could capture a higher rating than any of the municipalities involved. Some municipal bodies, such as those in Tamil Nadu and Karnataka, have

successfully experimented with pooled financing structures. Again, the 65 municipal bodies under the JNNURM are rated, thus improving their chances of accessing capital market. There is an 8% cap on the coupon that tax-exempt bonds can pay, which restricts the investor base to banks. Mutual Funds, pension funds, insurance companies and provident funds prefer the regular, taxable market where coupons are easily over 9%. Various bodies including banks, municipal corporations and rating agencies have suggested that the Ministry of Urban development needs to remove the 8% interest cap and instead provide subsidies to compensate issuers for the tax on interest payments. This way, better-rated municipal bodies will be tempted to issue more municipal bonds and also achieve finer pricing. GOI is making every effort to revive its municipal bond market to meet the mounting funding requirements of rapid urbanisation. The central government is also closely following a World Bank report on the regulatory framework for municipal borrowing in India. This indicates the resilience of the government to promote the market in a better way in the coming days.

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**THE SOURCES OF WAGE-PRODUCTIVITY VARIATION: AN  
ANALYSIS FROM HANDLOOM WEAVERS**

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**ABSTRACT**

*In this paper the relationship of different age and experience group of weavers on their monthly wages and productivity is investigated. In order to examine the relationship between age, wage and productivity as well as to determine whether different age groups of weavers have different impact on wage and productivity, the weavers are grouped according to their age. Three age groups are between (15-24), (25 - 32) and above 32 year of age. The multiple regression analysis shows that the coefficient of weavers aged 15-24 is significant at 5 percent level. The productivity and wages of the weavers are found to decline with increase in age. The coefficient of weavers aged (25-32) and 32 above on both wages and Productivity are found insignificant. Weavers are also grouped on the basis of experience between (up to 5 years experience) and above 5 years. The value of t-test shows that the coefficients of both the experience groups (up to 5 years of experience and above 5 years of experience) on monthly wages are significant at 10 percent level.*

**Keywords:** Age; Experience; Education; Wages; Productivity and Weavers

**INTRODUCTION**

The existences of wage-productivity variation among workers in different demographic groups are becoming important for empirical studies. In this paper importance is given to different age, educational level and experiences group amongst weavers. Ageing, experience and educational level plays a very important role in determination of wages and productivity. Productivity and wages are multidimensional that is affected by work experience, educational level, age-induced changes in physical strength and cognitive abilities to work. Experience may benefit employer through their performance but the physical strength of the people reduced with the increased in age. Skirbekk, V (2003) found that job performance decrease with age 50 but some abilities like vocabulary size and verbal ability increased to a relatively late age and or remain stable throughout the working life. Different type of work requires different abilities and physical strength which again depends upon the work process and how the work is organized. So the bodily coordination and improved age-specific mental and physical health condition has positive influence to the workers. In this paper the impact of ageing, education and experience on the wages and productivity on Handloom weavers is analyzed. This paper also examined the wage – productivity differentials associated with different age and experience group of weavers.

**OBJECTIVES**

The study is undertaken with following objectives

1. To investigate the relationship of age, experience and educational level on wages and productivity of Weavers.

2. To find the Wage and productivity Differential among various age group and experience group of Weavers.

### REVIEW OF RELATED LITERATURE

Judith K.Hellerstein, David Neumark, Kenneth R. Troske (1999) focus their attention on the existence of wage differentials across plants workforce. They use plant-level data on input and output matched with individual level data on workers to estimates relative marginal products of workers with different demographics characteristics. First they estimates wage differential associated with age or experience to examine implication of human capital model of wage growth. Secondly they estimates wage differential on the basis of sex or race to test for wage discrimination. Thirdly they estimates wage differentials associated with marriage. They use wage regression estimates computed from the sample worker matched to plants in order to obtain the most comparable estimates of relative wage to relative productivity. Their result shows a significant wage gap between men and women, and a smaller but still significant wage gap between blacks and non black. Their estimated age profile suggests that productivity increases somewhat with age, although the differences are not statistically significant. Their estimate also indicates that married workers are considerably more productive than unmarried workers but does not appear any productivity differences between black and white. They have also found that wages are statistically higher for worker aged 35-54 than aged 55 above.

Ours, J.V and Stoeldraijer, L (2010) analyze the relationship between age, wage and productivity using a matched worker-firm panel dataset from Dutch manufacturing covering the period of 2000-2005. While performing a pooled cross-section time series estimates, they found that workers between ages 30 to 45 have the highest productivity, while the productivity of younger and older worker is lower. The lowest productivity concerns are below 25 years. So they found a clear hump-shape relationship between age and labor costs and for the older workers it is reverse. But when they introduced fixed effect the result has changed. In this case they found age profile of productivity a rather flat until age 50, after which productivity has decline. In their final estimates, both productivity and wage costs are found to be increase with age but they cannot say that age has the same effect on the productivity and wage cost.

Cataldi, Kampelmann, Rycx (2011), examine the relationship between age, wage and productivity for the overall workforce in Belgium private sector in order to determine whether certain age groups are paid below or above the marginal productivity. They also examine how changes in proportion of young (16-29 years), middle age (30- 49 years), and older (49 above) workers affect the productivity and remuneration of firm. They rely on matched employer-employee panel data covering the period 1999-2006. Result regarding the age – productivity shows that the workers younger than 30 are significantly less productive than prime age and older workers. But the productivity of workers older than 49 is not found to differ significantly from that of middle age workers. Their comparison of estimates for the age-productivity and age- wage profiles suggest that the young workers are paid below their marginal productivity while workers older than 49 would be overpaid. They also highlight the average hourly wages within firms and found that it increase significantly and monotonically with means workers age. They also found that workers older than 49 are significantly less productive than prime age and young workers.

Their results has given important policy implication, that is the older workers are found to be less productive than their younger colleague which suggest the needs of policies to improve the employment rate of the older people as well as to reduce the impact of aging on workers physical and mental health.

Tipper, A (2012) examines the role of workforce age structure on real wages, labor productivity and productivity real- wage in New Zealand across 2001-07 data. In his study 24 industries were included in the model, 13 of these are at the one digit level, 9 were manufacturing sub-industries, and property service and business service are separated. Both cross section and time series data are taken for his study. Three age groups, 15-24 years, 30-44 years and 45 above were divided to show workforce and

age structure. He takes a sensitivity test such as dropping all control variables, changing age group structure, dropping selected industry and accounting for non linearity in the age group productivity and the wage relation. Descriptive statistics results shows that the labor productivity is decreasing in the proportion of younger workers, increasing slightly in the proportion of middle age workers and increasing with the proportion of older workers. Similar pattern of trend is also found for real wages and age groups. Econometrics results show that there is significant relationship between age groups and real wages. But in case of age-productivity and age- wage model, the proportion of male workers variable was insignificant. F-test for the proportion of younger and older workers suggests that there is no relationship between workforce age structure and labor productivity. However, workforce and real wage is found to be significant at 95 percent confidence level and the productivity - real wages gap at 90 percent confidence level.

### **METHODOLOGY AND DATA COLLECTION**

The area of my study includes four Districts of Bodoland Territorial area Districts (BTAD) namely Kokrajhar, Baksa, Chirang and Udalguri. In order to achieve the objective, both primary and secondary data are collected. Primary data has been collected mainly from visit to Handloom sector. To obtain primary data, interview has been conducted through well designed questionnaire especially prepared in view of the objective of study. The study is based on simple random sampling. The time period during which the field study for collecting primary data was conducted is in the month of October to December, 2012. The data collected are cross-section data. The objective of research is to gain insight for developing an approach to the problem and to get insight about the Productivity and wage factors.

Questionnaire is prepared in such a way to get the necessary information from the weavers. Questionnaire is prepared in two parts- first the information from the weaving owner or in charge and the second part in form of table where information from weavers is collected individually. Information regarding the employees, income earned from weaving, monthly production, loss or profit, whether run individually or group, whether obtained any assistance from the Government, wage structure is also collected from owner of the weaving. The variables that are collected from weavers are their monthly wages, monthly production, gender, community, age, experience and their educational status. Secondary data is mainly congregated from published and unpublished works on the related topic.

From four districts of BTAD namely Kokrajhar, Chirang, Udalguri and Baksa; a sample size of 80 is collected through field study, 20 observations from each district. Weavers are found between aged '15 to 42', they have experience from 1 year to 20 years. 90 percent of weavers are below class 10<sup>th</sup> and only 10 percent are above class 10<sup>th</sup>.

### **LIMITATION**

The present study on wage differential in handloom sector in BTAD area was not an easy task as the units are dispersed over a wide geographical area with unique characteristics managed and run by person with moderate level of education. The research could not incorporate wage differences fully due to small sample size and data limitation that account for the gap in this research. The following are the main limitation of the study.

1. Majority of the unit do not maintain proper and uniform records or accounts of their business. Moreover the sector is unorganized and disclosure of accurate information by the in charge.
2. The study is confined only to four district of Bodoland Territorial Area Districts.
3. Sample size taken for the study is small due to time constraints, hence possibility of error in generalization of universe.

However efforts on the part of the researcher managed to gather the adequate information as much as possible for the purpose of data analysis.

**Empirical Analysis**

In order to examine the relationship between age, wage and productivity as well as to determine whether different age groups of weavers have different impact on wage and productivity, the weavers are grouped according to their age. Three age groups are between (15-24), (25 - 32) and above 32 year of age. The relationships between experience, productivity and wages of weavers among different experience groups of weavers are also examined. Weavers are also grouped on the basis of experience between (up to 5 years experience) and above 5 years. They are regressed separately on monthly wage and productivity to know which experience groups have more impact on it.

**Empirical results examining different aged group of weavers and their monthly productivity.**

Multiple regression model in the form of equation given below is used to examine different aged group of weavers on their monthly productivity.

$$P = \beta_0 + \beta_1 A (15 \text{ to } 24) + \beta_2 A (25 \text{ to } 32) + \beta_3 A (32 \text{ above}) + U.$$

Where P is monthly productivity, A is Age and U is Error term.

The methodology used here is similar to the methodology used by Dickerson and McIntosh (2011) while investigating the relationship between productivity, Earning and Age in the early year of working life.

AGED GROUP	COEFFICIENT	STANDARD ERROR	T VALUE	P- VALUE
15-24	1.419	.487	2.910	.010
25-32	.378	.458	.826	.414
32 ABOVE	.137	.557	.247	.809

The analysis shows that the coefficient of weavers aged 15-24 is significant at 5 percent level (p value=0.01). The estimated coefficient also indicates that the young weavers (between 15-24) are more productive than the older weavers. The productivity of the weavers is found to decline with increase in age. The coefficient of weavers aged (25-32) and 32 above are found insignificant (p value= .414 and .809 respectively). From field study it is observed that the young weavers especially unmarried weavers could devote more time in weaving activities because they don't have household burden. Cataldi, Kampelmann and Rycx (2011) examination of age, productivity and wages for the overall workforce in Belgium private section based on matched employer- employees panel data shows that that the workers younger than 30 are significantly less productive than prime age and older workers. But the productivity of workers older than 49 is not found to differ significantly from that of middle age workers. They also found that workers older than 49 are significantly less productive than prime age and young workers. Ours, J.V and Stoeldraijer, L (2010) found that the matched workers between aged (30 to 45) have highest productivity. He found a hump shape relationship and rather a flat until age 50, after which productivity decline.

**Empirical result examining different aged group of weavers and their monthly wages**

$$W = \beta_0 + \beta_1 A (15 \text{ to } 24) + \beta_2 A (25 \text{ to } 32) + \beta_3 A (32 \text{ above}) + U.$$

Where W is monthly Wages, A is Age and U is Error term.

AGED GROUP	COEFFICIENT	STANDARD ERROR	T VALUE	P- VALUE
15-24	287.490	109.588	2.623	.018
25-32	-52.549	108.777	-.483	.632
32 ABOVE	161.765	173.982	.930	.368

Comparison of monthly wages between various aged groups shows that weaver of aged 15-24 has higher wages. The coefficient of weavers aged 15- 24 is also found significant at 5 percent level (p= 0.018). But the coefficient of aged 25-32 and 32 above are found insignificant. The regression analysis of weavers aged 15-24 on both productivity and wages are found significant but it is found

insignificant to older weavers. The study of Judith, Hellerstein, Neumark, Kenneth and Troske (1999) found that wages are higher for age 35-54 and above. Dickerson and McIntosh (2011) while examining the hourly wages of workers found that workers of age (16-21) have lower wage than age group (22-28), they also have lower productivity. Further, they found that for younger workers aged 16-21, wage grew by less than 10 percent while there was a modest increase in real wages for young adult women aged 22-28. 1 percent increase in the proportion of 22-29 years old is associated with 0.3 percent higher average wages relative to similar sized increase in proportion of 16-21 years old. Again 1 percent increase in the proportion of 30-39 years old and 40-49 years old is associated with an average wage increase of 1.48 percent and 1.14 percent respectively.

**Empirical result examining weavers with different experience and their monthly wages**

$$W = \beta_0 + \beta_1 \text{ EXP (up to 5)} + \beta_2 \text{ EXP (above 5)} + U.$$

W is monthly wages, EXP is experience and U is error term.

EXPERIENCE GROUP	COEFFICIENT	STANDARD ERROR	T VALUE	P- VALUE
UP TO 5 YEARS EXPERIENCE	302.143	148.417	2.036	0.046
ABOVE 5 YEARS EXPERIENCE	223.259	103.193	2.164	0.048

The value of t-test and F-test indicates that the coefficients of both the experience groups (up to 5 years of experience and above 5 years of experience) on monthly wages, significant at 5 percent level. So the wage of weavers is found to be associated with their experience. The literature of Dustmann and Meghir (2005) while examining the wage growth in Germany found the wages of skilled workers grow with experience, with growth starting at 7 percent and then 6 percent a year. The return declines thereafter but even in long run experience leans to a wage growth of 1.2 percent a year. Wage for the unskilled workers grow at 10 percent and 8 percent a year in the first 2 years but they become effectively zero beyond 3 years of work.

**Empirical result examining weavers with different experience group and their monthly productivity**

$$P = \beta_0 + \beta_1 \text{ EXP (up to 5)} + \beta_2 \text{ EXP (above 5)} + U.$$

P is monthly Productivity, EXP is experience and U is error term.

EXPERIENCE GROUP	COEFFICIENT	STANDARD ERROR	T VALUE	P- VALUE
UP TO 5 YEARS	3.09	.715	4.328	.000
ABOVE 5 YEARS	.303	.477	.636	.535

To know the impact of weavers with different experience on productivity, the weavers with experience up to 5 years and above 5 years are regressed separately. Both t- test and F-test is found significant at 1 percent level for the weavers with experience up to five years. But for the weavers with experience above 5 years both the t test and F test are found to be insignificant. From the estimated result we found that productivity increase with the increased in experience but after certain point it decreases. Skirbekk (2003) also shows that Job experience are found to improves productivity for several years, but after certain point experience are found no longer effective. Both the work sample tests measuring quantity and quality of the workers output and analysis of employer employee dataset, where the firms productivity is measured are found lower productivity level among the oldest employee. However Daveri and Parisi (2010), while investigating the role of workers and managerial experience show that un-experience worker is associated to low innovation and productivity.

**Impact of Education on monthly wages and productivity of weavers**

The influence of education on monthly wages of weavers is also found insignificant (p value= .284) which means education is not the sole parameter of wage earning of weavers in BTAD area. Education

could not influence weavers' monthly wages but it is influenced by other socio-economic factors. This implies that whether the weavers are more qualified or less, this does not affect their monthly wages. This finding is similar to that of Mehta (1990) who found that wage earnings are determined by several socio-economic variables, besides education and conditions in the labor market.

The influence of educational qualification of weavers on their monthly productivity is found to be negatively significant at 5 percent level ( $t$ -value = -2.284 and  $p$  value = 0.02). Taking into consideration educational qualification of weavers and other variables as constant, an increase in educational qualification of weavers is found to decrease monthly production of weavers. From field study we know that educated people are not interested in weaving. About 90 percent of weavers in BTAD area are below class 10<sup>th</sup> and only 10 percent is above class 10<sup>th</sup>. Medoff and Abraham (1980) shows that better educated employees yield less productivity than lower educated employees before being promoted. So he found that better educated workers within a job who have not been promoted are on average less productive than well educated workers.

### CONCLUSION

Thus the paper examines the productivity-wage differentials among the weavers associated with different age and experience groups. According to the estimate we have found that productivity and wage of weavers of age group 15-24 higher than the others. We have also found that the monthly wages of weavers of both the experience groups (up to 5 yrs and above 5 yrs) are significant. The result also shows that wages of weavers depend on their productivity. Skill of the workers can increase productivity. Skill can be increased through additional training, experience and so on which can be promoted through government policy. As wages depend upon productivity in the handloom sector, importance should be given to increase productivity as well as standardization of all handloom fabrics in a systematic way.

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**DEMOGRAPHIC RELATIONSHIP OF CYBER CRIME IN  
INDIA WITH SPECIAL REFERENCE TO VARIOUS AGE  
GROUPS**

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**ABSTRACT**

*Cybercrime is now a day is very burning issue govt. of all the countries majority of cybercrime are performed in certain age group. This particular paper deals with the issue of relationship of cybercrime and age of criminals. Further this paper may contribute in searching out the solutions to slow down the growth of cybercrime.*

**Keywords:** Cyber; Phishing; Stalking

**INTRODUCTION**

Cybercrime also known as computer crime the use of a computer as an instrument to further illegal ends, such as committing fraud, trafficking in child pornography and intellectual property, stealing identities, or violating privacy. Cybercrime, especially through the internet, has grown in importance as the computer has become center to commerce, entertainment, and government.

Because of the early and widespread adoption of computers and the internet in the united states, most of the earliest victims and villains of cybercrime were Americans. By the 21st century, though, hardly a hamlet remained anywhere in the world that had not been touched by cybercrime of one sort or another.

If we go through The Information Technology Act, 2000 we see that, there are still several grey areas that exist within the law. "The IT Act, 2000, is primarily meant to be a legislation to promote e-commerce. It is not very effective in dealing with several emerging cybercrimes like cyber harassment, defamation, stalking and so on."

Cases of spam, hacking, cyber stalking and email fraud are rampant and, although cybercrimes cells have been set up in major cities, it believes the problem is that most cases remain unreported due to a lack of aware

**Types of Cybercrime**

**Hacking:** Hacking in simple terms means illegal intrusion into a computer system without the permission of the computer owner/user. Permission of the computer owner/user.

**Cyber Stalking** - This crime involves use of internet to harass someone. The behavior includes false accusations, threats etc. Normally, majority of cyber stalkers are men and the majority of victims are women.



**Spamming** - Spamming is sending of unsolicited bulk and commercial messages over the internet. Although irritating to most email users, it is not illegal unless it causes damage such as overloading network and disrupting service to subscribers or creates negative impact on consumer attitudes towards Internet Service Provider.

**Cyber Pornography** - Women and children are victims of sexual exploitation through internet. Pedophiles use the internet to send photos of illegal child pornography to targeted children so as to attract children to such funs. Later they are sexually exploited for gains.

**Phishing** - It is a criminally fraudulent process of acquiring sensitive information such as username, passwords and credit card details by disguising as a trustworthy entity in an electronic communication.

**Software Piracy** - It is an illegal reproduction and distribution of software for business or personal use. This is considered to be a type of infringement of copy right and a violation of a license agreement. Since the unauthorized user is not a party to the license agreement it is difficult to find out remedies.

**Corporate Espionage** - It means theft of trade secrets through illegal means such as wire taps or illegal intrusions.

**Money Laundering** - It means moving of illegally acquired cash through financial and other systems so that it appears to be legally acquired. eg. Transport cash to a country having less stringent banking regulations and move it back by way of loans the interest of which can re-deducted from his taxes. This is possible prior to computer and internet technology, electronic transfers have made it easier and more successful.

**Embezzlement** - Unlawful misappropriation of money, property or any other thing of value that has been entrusted to the offender's care, custody or control is called embezzlement. Internet facilities are misused to commit this crime.

**Password Sniffers** - Password sniffers are programmes that monitor and record the name and password of network users as they log in, jeopardizing security at a site. Whoever installs the sniffer can impersonate an authorized user and log in to access on restricted documents.

**Spoofing** - It is the act of disguising one computer to electronically "look" like another compute, in order to gain access to a system that would be normally is restricted. Spoofing was used to access valuable information stored in a computer belonging to security expert Tsutomu Shimomura.

**Credit Card Fraud** - In U.S.A. half a billion dollars have been lost annually by consumers who have credit cards and calling card numbers. These are stolen from on-line databases.

**Web Jacking** - The term refers to forceful taking of control of a web site by cracking the password.

**Cyber terrorism** - The use of computer resources to intimidate or coerce government, the civilian population or any segment thereof in furtherance of political or social objectives is called cyber terrorism. Individuals and groups quite often try to exploit anonymous character of the internet to threaten governments and terrorize the citizens of the country.

### Need of the study:

Cybercrime is the major issue which is affecting every aspect of everybody's life everybody weather individual business organization, even government is trying to come out of this trap, so the understanding of the behavior of cyber criminals and impact of cybercrimes on society will help us to find out the sufficient means and ways to overcome the situation. For this study researcher has taken the areaof relationship between the demographic profile and cybercrime.

### OBJECTIVES

1. To study the concept and types of cyber crime and their demographic profiles (ages of criminals).

- To analyze the relationship between the demographic profile of criminals and status of cyber crimes.

$H_0$ = There is no significance difference among the types of cyber crimes on demographic profile (ages of criminals) of criminals.

**RESEARCH METHODOLOGY**

The following study is based on secondary data and data has collected from National Crime Record Bureau’s website.

**ANALYSIS**

For this paper researcher uses here one way Anova test for testing hypothesis.

Following table shows the record of different type of cybercrimes in different ages of criminals

TYPES OF CRIMES/ AGES OF CRIMINALS		0-18	18-30	30-45	45-60	60-ABOVE
1	tempering computer source documents	1	38	19	7	1
2	hacking with computer systems					
(i)	loss/damage to computer resource/utility	8	260	182	36	1
(ii)	hacking	0	38	27	0	0
3	Obscene publication/transmission in electronic form	14	283	113	31	2
4	failure					
(i)	of compliance/orders of certifying authority	0	1	2	1	0
(ii)	to assist in decrypting the information intercepted by govt. agency	0	0	0	0	0
5	un authorised access/attempt to access of protected computer system	0	11	3	1	0
6	obtaining license or digital signature certificate by misrepresentation/ suppression of fact	0	0	0	0	0
7	publishing false digital signature certificate	0	1	0	0	0
8	fraud digital signature certificate	0	7	1	0	0
9	breach of confidentiality / privacy	0	13	10	4	0
10	other	2	43	19	3	1

SUMMARY				
Groups	Count	Sum	Average	Variance
Column 1	5	66	13.2	246.2
Column 2	5	487	97.4	13662.8
Column 3	5	65	13	332
Column 4	5	443	88.6	13692.3
Column 5	5	4	0.8	0.7
Column 6	5	0	0	0
Column 7	5	15	3	21.5
Column 8	5	0	0	0
Column 9	5	1	0.2	0.2
Column 10	5	8	1.6	9.3
Column 11	5	27	5.4	34.8
Column 12	5	68	13.6	324.8

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	66167.33333	11	6015.212121	2.54840476	0.012624331	1.994580015
Within Groups	113298.4	48	2360.383333			
Total	179465.7333	59				

## RESULT AND DISCUSSION

Hypothesis is rejected.

The researcher concludes that because hypothesis the ages of criminals have a sufficient effect on committing the different types of cybercrimes in India.

In the age of 18 to 30 criminals commit more crime, because according to the annual report (2012) of accocham and comscore 75% people use internet in this age. People commit this crime Due to maximum economic challenges in this age and instability of mind.

In the world of cybercrime, evil bytes are fast replacing whizzing bullets. The Indian authorities are aware of the fight ahead. But the future does not look optimistic, shares experts' life is about a mix of good and evil. So is the Internet. For all the good it does us, cyberspace has its dark sides too. Unlike conventional communities though, there are no policemen patrolling the information superhighway, leaving it open to everything from Trojan horses and viruses to cyber stalking, trademark counterfeiting and cyber terrorism.

## SUGGESTIONS

The cybercrime becomes a biggest problem in this whole world and is increasing day by day the offenders are out of the reach of the punishment due to which it has put forth a new challenge to the whole world as well as to our country.

Our government should recruit and appoint competent persons to deal with such matters and should also setup a new department where such type of cases can be registered and immediate action with skilled and effective team can be taken.

Apart from this comprehensive economic development is needed for satisfaction of Indian people and less attract in towards cybercrimes.

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