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## **ROLE OF WORKING WOMEN IN FAMILY ECONOMICS**

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### **ABSTRACT**

*This study emphasis on financial management practices like budget making, keeping record of expenditure and savings & investments were practiced by the women in majority of the families. It has been found out from primary data that women played a significant role in these practices irrespective of their working & economic status. Economic contribution made by the working women towards their household income (per cent) was significant enough to elevate the standard of living. Women also contributed indirectly towards their family income by saving some money by performing daily household chores themselves. This way working women comparatively played more important role in family financial management by performing dual role both at workplace and at home. This study also reflects influence of family and relatives on pattern of investment.*

**Keywords:** Financial Management; Family Budget

### **INTRODUCTION**

Any improvement in the standard of living has to start from home and eventually it is the women who uplift the standard of living of home. This is determined by the way she runs the home, the kind of food she prepares and the degree of knowledge/skill she uses and care with which she carries out her duties and responsibilities as housewife.

Unlike women in previous generations, when many believed they could rely on their parents or spouse to provide for their financial security, today's women are taking charge of this monetary decisions.

### **OBJECTIVES OF THE STUDY**

1. To study the financial management practices of families.
2. To understand the problems faced by women with respect to family financial management.
3. To understand role of working women in family financial management

### **REVIEW OF LITERATURE**

Nagaich (1997) pointed out that because of dual responsibility, majority of the working women do not find enough time to take care of their home and children. So far as the problems at workplace are concerned, majority of women do not face any problem rather they show a high degree of job satisfaction which indicates their confidence and competence in their office roles.

Singh (2002) highlighted that at home decisions regarding purchases and investment are taken jointly by both husband and wife. In the matter of making adjustments like looking after the house, cooking, cleaning and caring for children are largely the responsibility of women. Women delayed their decision to have a child if they were committed to their jobs and preferred to have only one child since responsibility of home is considered to be their duty. They do not give much priority to their promotions and career growth as they prefer to give quality time to their children. Unmarried

women are able to do better because they do not have home responsibility but they have constraints on socializing with friends and family.

Sandhu (2010) in his article titled, “Working Women in a Trap” published in ‘The Tribune’ pointed out that marriage and job bring in more problems for the women. While going to work there is the daily tension of driving safely on the killing roads. She has to work at office, fighting off unwanted male attention and leering, and compete with the male colleagues in a desperate effort to prove that she is doing an equally good, if not better job. On way back home, she buys groceries, then cooks 18 foods, cleans the house, helps the children with homework and makes the beds. At the end of the day, she might think: why is it so though being a woman?

**RESEARCH METHODOLOGY**

**Sampling**

Convenient random sampling technique is used in study. The Sample of the Study include 30 married working women respondents

**Scope of the study**

The scope of the study is limited to married working women of Dhantoli area in Nagpur city.

**Data Collection**

The Primary Data was collected through questionnaire from Dhantoli area in Nagpur city the respondents were contacted personally to get the good response and were assured that their data will be kept as a secret. The secondary data was collected from various online research papers

**LIMITATION OF THE STUDY**

The study had the time limitation and sample size limitation.

**DATA ANALYSIS**

**Age Group**

<b>Age</b>	<b>Percentage</b>
21-25	7
25-30	43
35-40	27
40-45	23

**Employment Feature**

<b>Response</b>	<b>Percentage</b>
Permanent	90
Temporary	10

**Income from Any Other Source**

<b>Response</b>	<b>Percentage</b>
Yes	13
No	87

**Monthly Income**

<b>Response</b>	<b>Percentage</b>
10k-20k	47
20k-30k	33
30k & above	20

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**Yearly Income of your family**

Response	Percentage
Below 2lakh	10
2lakh & 5lakh	67
5lakh & above	23

**Nature of your Employment**

Response	Percentage
Private	67
Government	33
Semi Government	--

**Working Hours**

Response	Percentage
8hrs & 6days	37
9hrs 7 5days	63

**Own your House**

Response	Percentage
Yes	10
No	90

**Maintain your Budget**

Response	Percentage
Yes	87
No	13

**Keep record of Expenditures**

Response	Percentage
Yes	100
No	--

**Do You Make Investments**

Response	Percentage
Yes	60
No	40

**Kind of Investment**

Response	Percentage
Bonds	--
Mutual funds	--
Shares	--
Bank FD	74
Gold	16
Others	10

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Decision of Investment

Response	Percentage
Yourself	39
Spouse	44
In-laws	17

Investment made from Earnings

Response	Percentage
0-20%	50
20-40%	22
40-60%	17
60-80%	11
80-100%	--

**FINDINGS**

The key findings from this research were that women are not free to take their financial decisions despite of they doing well in their careers when it comes on savings and investment; they have to consult & agree to their spouse and in-laws.

The investment made by them is more in savings, F.D. and gold. The investment was not found in real estate, Bonds, shares and Mutual funds. The probable reasons for the same are lack of knowledge, conservative attitude.

**SUGGESTIONS**

1. Working women should have family support from their family members especially from Spouse
2. Women must take some efforts to get Knowledge about current financial market scenario
3. Companies, banks, SEBI etc should conduct training programme related to investment in finance
4. Women should take initiative in financial matter

**CONCLUSION**

The aim of the research was to study the role of working women in family financial management in Dhantoli area in Nagpur city. We began to examine the role played by them were the cost of living is increasing and women have to contribute financial and they are forced to cut and plan the budget. In such a situation, to fulfill the goals of families and to improve the standard of living, the role of working women in family financial management seems to be very crucial. Despite this fact the role played by them is partial which is limited to only earning side & not on spending/investment side.

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**COMMITTEE: AN INFORMAL FINANCIAL INSTITUTION**

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**ABSTRACT**

*This paper analyses the current practices adopted by the low income group of people as well as sole proprietorship, small and medium enterprises and partnership firm seeking alternate financial sources for their financing needs in their personal life for the purpose of consumption and productive investment respectively. Despite of the growth of financial system in our country still informal financial system plays a significant role in the society and it is common and popular amongst the poor and low income family for satisfying their consumption need and some business class people for their productive investment purposes.*

**Keywords:** Committee; Informal Financial Market; Member; ROSCAs

**INTRODUCTION**

It is one of the fact that just like oxygen is required to live alive in the same manner money is required to survive your life. Everyone needs money according to their general purposes (standard of living or for living social life) and special purposes (may vary from person to person like for investment, business etc.). In brief people demand money for two purposes namely for transactionary motive and precautionary motive.

In this paper we tried to figure out the situation of poor, middleclass, vulnerable group, unorganised labour, non-corporate business etc. Who are away from the formal financial system of India? But it does not mean that these group do not taking participate in the growth and development of our country. It would be worth notable about this group who account large portion of population that how and from where they are financing? Each one of us needs to understand the problem facing by such group. But more importantly how they are financing?

Actually it has become the practices of modern India both in urban and rural part of our country that people with their collective effort designed such a framework for financial market or financial system which are technically and legally considered as unorganised or informal. In order to cooperate to each other for financial need, people at their own level created group for meeting their financial needs, which is locally known as committee, popular concept in Indian society in today's times. In this paper we interchangeably used committee as mutual assistance society or ROSCAs

**OBJECTIVE OF THE STUDY**

1. To understand the concepts of committee.
2. To discuss its operational scenario.

3. To analyse its significance.

### REVIEW OF LITERATURE

According to Gugerty (2005) Committees are among the oldest and most prevalent means of informal financial sectors which are generally found in underdeveloped, developing and to the some extent among immigrant group in developed nation such as United States of America, United Kingdom and Japan as also said by Hevener in 1996, and therefore play a significant role for mobilising small domestic savings from the household particularly low income family to the user of that fund. Committee is commitment to take participate till the end of term.

In committee members preferences for the receipt of fund arises depending upon their presents need and emergency and this may vary considerably from members to members.

Playing committee successfully is not easy because many participants face income uncertainty especially whose sources of income is not fixed, it may lead to default, implies for low income category of members where some of the members are in crisis, meaning not have money for periodical contribution but members have to give money at any cost from anywhere on or before or after the schedule time fixed for making periodical contribution which is also called SHARE, (Disney, 2005)

Throughout the developing economies of the world legislature have regarded informal finance (run by privately in the society) as a negative reflection of deficiencies in the formal financial system, Tsai, 2004.

It is known by different name such as Equb in Ethiopia, Committee or Chit fund in India, partner system in Jamaica, Tontines in Togo, Susu in Trinidad and Tobago, Njangi in the republic of Cameroon, Ke societies in Korea, Kou in Japan etc.

Forming of committee proved beneficial for the underprivileged class. Therefore, committee is continue to strongly practice among the beneficiary since it provide customised financial services attained to local conditions. Committees are non-separable part of societies because its rules and regulations are easy to understand and flexible in operation also committees are consistent with the cultural and social norms of the society (Madiha, 2002).

There is an urgent requirement for ensuring the proper functioning of committee because if it developed systematically then it would help to reduce extra burden on formal financial institutions for the purpose of mobilising savings and providing credit (srinivasan, 1999)

Empirical studies has shown that informal financial institutions having consistently low default rate as compared to formal financial institutions, Alex, 1997. The chances of default occurs due to asymmetric information released by the concerning parties causing moral hazards and adverse selection.

Kirton , 1996, it has been observed that in developing economies of the world committees are characterised by certain institutional features which include their voluntarily involvement, community orientation, organisational autonomy and self-sufficiency.

According to Aliber, 2001, committee is an important socio-economic informal financial institution who acts as financial intermediaries

### RESEARCH METHODOLOGY

For conducting this study we used primarily observation method and verbal unstructured interview with the organisers and members who play committee. In addition to this we also used some secondary sources of data collection for this study.

#### Why Committee exist in our society?

There is probably the following reason for the prevalence of Committee in our society as mentioned below:

- Exploitation by moneylender
- Tailor made services
- No formalities
- No collateral
- Easy terms and conditions
- Exclusion from formal sources of finance
- No documentation
- No transaction cost
- Easy to operate
- Financial exclusion
- Inadequate support by formal financial institution
- Flexible
- Cater the needs low income family

**Most commonly used terms in committee** (mutual benefit group):

**Cashier/Holder:** is an individual who start or organised committee to whom members has to deposit periodicals amount known as share on monthly basis.

**Member:** members are the participants who joined committee for their consumption and productive purposes.

**Term:** it is also known as the cycle, it is maximum period fixed for operating the committee.

**Meeting:** the day which is predetermined, members sit together for the purpose of winning the pot either through drawing lots or by bidding in an auction.

**Pot:** it is total committee amount determine depending upon the need and of cashier and members, which is given to every month to the winning member selected either drawing lots or by an auction.

**Share:** it is the monthly contribution made by the members to the cashier.

**Penalty:** sometime late fine on per day basis is imposed by cashier to control the late contribution made by members and to ensure timely payment.

#### **Forms of committee**

On the basis of gender: male committee and female committee or mixed committee.

On the basis of terms: Short term (for few months like 5-10 months), medium term (10-20 months), and long term for more than 20 months.

#### **Random committee**

#### **Bidding committee**

#### **Registration of committee**

No registration is required to formed a committee even members do not want for its registration because they fear from the unwanted and unnecessary interference by the govt. authority relating to issues such as taxation, accounting, auditing and other strict regulatory norms because members thinks that they save small amount and deposit it to the cashier for receiving lump sum amount(pot) at

maturity and if we registered it then we have to pay taxes on our saving that is why instead of depositing small saving in to a bank we open a committee .

Committee has no unique types because people designed and set rules and regulation which suits them, as per their convenient.

Mode of transaction: entire transactions is based on cash basis

Default rate: defaulter may be a cashier or member or members

Penalty and punishment: amount of penalty is fixed by the members in the first meeting that has to be paid by the delayers on daily basis.

Nominal expenses: for arranging meeting at cashier residents held at monthly interval for distributing refreshments among members. But the same amount incurred for such refreshment has to be bear by the person who raise the fund in the auction.

Member profile: mainly depends on age, occupation, gender, income, location, community etc.

Transparency: highly transparent except the situation where some of the member in a group of committee intentionally tries to increase the prices of bidding so that other member has to pay minimum share but due to this the actual needy of committee may found himself in financial trouble. Because the person who want to win the auction want minimum auction price and others members want maximum auction price so discounted in the meeting so that they have to pay minimum share to the cashier. So it's dilemma. It is not required that all members should present unless those who want to win the auction. Hence, it's depends at their will whether they want to take participate in auction process or not. But in fixed instalments committee all member presents is necessary because cashier has to raise a chit and whomsoever name appear in the randomly selected chit such person take this month committee amount.

Anybody can start committee but must have a good image in the society relating to its honesty, truthfulness etc.

Committee is one of the important segments of unorganised money market just like Indigenous bankers, Chit fund, Nidhis etc.

Committee is quite similar to the chit fund operation which is most popular in Kerala, Tamilnadu, Karnataka, Andhra Pradesh, Odisha and Delhi etc.

In case of chit fund members pay periodical deposits and one member receive the fund collected from members through chit or lot and whose name selected randomly that member becomes the recipient of the fund.

The foundation of committee is based on faith among each other with the consent of mutual cooperation because for a common man particularly poor or low income group family facing difficulty to have a big amount at a time but through committee they can easily have a lump sum amount instantly at a particular time and have to repay in the form of small saving. Therefore one can say that the main motive behind formation of such kind of mutual benefit group is just to provide financial help to each other so that their personal financial needs solve out.

It is beneficial to all categories of people in the sense that whether they themselves are part of formal banking system or not. Since those people having bank account in the bank they also play committee it is true that mere holder of bank account you are not sure that bank will give you loan in your need because you have to agreed their terms and condition which may or may not suits to you it was from bank side. On the other hand if you have opened a saving account in a bank then it does not mean that you have to pay certain amount regularly in the bank account because banks are not compelling you to save and deposit the same in the bank account and that is why you are not taking it seriously, consequently people tries to spent more amount on their consumption but it never mean that they consume entire income no doubt they also save some amount of their income. often we heard saying

like that from the people that we could not save because income is less and consumption is more so always found in imbalance causing deficiency of fund which may lead to financial distress. That is why they look committee as saving window from there they can deposit small amount on regular basis and collect at maturity big amount so deposited earlier.

Committee seeks commitment of people that they have to pay a certain amount on regular basis which is of course is a saving in the form of deposits.

Committee is so popular because it's meeting the needs of their member immediately.

A committee is an unregistered group of person who has a relatively homogeneous, social and economic background.

Group have reliable information about their members requires no collateral or any kinds of documentation are required.

The entire function of committee is based on mutual understanding among members. But cashier for simplicity keeps the general records of the transactions and that is why maintain a registrar in which he write all the information about personal information of a member.

Committee is very risky in case of default that is nonpayment of share by the member or full committee amount by the cashier so till the last committee is not transferred to the actual beneficiary it is risky. But if the payment and settlement keeps going on smoothly and regularly without any problem then there is nothing wrong about the practices of committee but as soon as default occurred everything spoiled meaning entire system collapse. That is why committee is a risky game, whosoever playing they are playing at their own level.

### FURTHER RESEARCH SCOPE

The presents study is entirely concentrates on qualitative research, there is huge requirements for the quantitative or some empirical and deep research in this area so that its ongoing problems may short out for its greater application not in household sector but also in business sector as an alternate sources of financing.

### CONCLUSION

To conclude we would like to say that we have to understand the need and emergence of committee in our society since it is cater the financial demand of people. Most interestingly committee is popular among such class of people because it satisfy dual objective of the people. Firstly, committee seen as an informal financial institution which provides credit to the needy, Secondly people regards committee as a savings institution where they can regularly deposits.

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**ETHICAL BANKING SYSTEM: AN ALTERNATE FOR  
FINANCIAL INCLUSION**

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**ABSTRACT**

*Rapid growth of Islamic banking system over worldwide put a question mark for its viability and sustainability in the financial world. This paper primarily focuses on the substantial role of Islamic banking system all around the world, since the performance of interest free banking system attracted towards it theory and practices at global level. Hence, ethical or participatory banking system becomes the burning topics for the deep research, so that every people of the globe benefited from it. Some controversial issues and challenges are needed to be addressed so that its popularity may continue to remain. In this paper we are looking ethical banking as a strong alternate for financial inclusion in India.*

**Keywords:** Ethical Banking; Financial Inclusion; Shariah Compliance; India

**INTRODUCTION**

It is one of the facts that in the modern financial world theory and practices of banking system put question mark on its operation since the conventional banking system put the world in dilemma and threaten the major as well as minor economies of the world in to comma situation. As we have seen the past performance of some popular commercial banks of the world that destroys the economical strengths of the some countries. How we can forget the financial crisis caused by conventional banks, like what happened in USA in 2007. Therefore, the failure of conventional banking system given an opportunity to the modern banking system which is also known by different names such as Islamic banking or interest free banking or participatory banking or ethical banking system in the world, people especially, policymakers, economist, researchers, academicians, politicians, religious leaders shown their interest in interest free banking system. Because they believe that ethical banking is the only banking system that can save the entire world from the financial crisis caused by conventional banking system. Perhaps this is the reason that why Islamic banking is not only flourishing in Muslim dominated country but also in non Muslim country, because United Kingdom became the hub for Islamic finance and banking followed by Japan. Through this study we tried to attract the policy makers and regulators to think on the rationality and introduction of ethical banking system in India so that like other countries where people are getting the benefit from interest free banking system in our country too people May benefitted.

### REVIEW OF LITERATURE

Frontline a world reputed financial magazine stated in 2009 that Muslims constitutes 15%-18% to total population of India but they dismal condition in terms of education, financial and economical and political aspects and hold only 12% banks accounts in 27 public sectors banks in India.

This clearly shows that the Muslims communities are financially excluded from the formal financial sectors and perhaps the financial exclusion of Muslims has far reaching implication for their socio-economic and educational upliftment.

In this regard (Salahuddin, 2014) rightly given reference of Sachar committee report published in 2005, in his report he says that the possible reason for financial exclusion of Muslim community is due to a certain mindset prevailing in the banking sector, which has described Muslims and Muslim dominated area as “Negative Zone” and therefore such banks do not provide financial assistance to this economically disadvantaged strata. Furthermore, even nationalized banks hesitate to sanction loans under Government sponsored schemes to Muslims. May be because of this reason there is an absence of public, private and cooperative banks in Muslims dominated areas. Hence their social, economical and educational development are lacking and of course probably because of their faith also to the extent stopping them to be a part of interest based system.

Therefore, for the betterment of such a large population of people presents Government should take favourable and progressive initiative so that the untapped market can be tapped under the purview of financial inclusion and their wealth also brought through proper channel for the growth and development of economy. Here, we would like clear one thing that such banking system is not only for the Muslims community but it is for all.

As rightly stated by one of famous politician in one of the seminar held in Delhi in the year 2011 by Chavali and Rao, that due to non-availability of interest free banking products and services in India kept away some group who are recognized as economically disadvantaged to access banking facility.

In the words of Thowfeek who expressed his view that India is an emerging market for Islamic finance deliberations going on with RBI with Islamic finance propositions. Time has come now for interest free banking system in our country because some of the political parties such as CPI(left) SP, RJD, NCP and DMK supported this concept and that is why the Government of India is considering the demand for shariah compliant banking , which has gained support from a wide spectrum of political parties, Tripathi, 2010.

According to Raqeeb (2010) India being a secular county, misconception and misunderstanding relating to the nature, scope, function and objective of Islamic banking among the majority community need to be addressed and convince them that such a banking system is not for Muslims only. It is a transparent mechanism of alternate sources of financing for business activities, without providing debts to the borrowers. It implies that interest free banking system basically promotes equity financing based on profit and loss principle.

### OBJECTIVE OF THE STUDY

1. To understand the need and importance of ethical banking in India.
2. To accept ethical banking as an alternate in Indian economy.
3. To analyse its impact in society if permitted in India.

We expect ethical banking system in India because it contains the followings aspects as mentioned below which is suggested by Salahuddin in 2014.

1. It promotes equity and justice.
2. It reduces the gap between poor and rich.
3. It is considered as ethical banking system.

4. It promotes real economic activities.
5. It is the solution for financial crisis.
6. It is one of the tools for attaining financial inclusion in the country.
7. It is stable and growth oriented banking system.
8. It reduces the inflation in the economy.
9. It ensures welfare of the society.
10. For financial inclusion.

### **RESEARCH METHODOLOGY**

To make this study meaningful and useful we have done field study in the year 2014 from July to December. During this time we unstructured interviewed with the different respondents, near about 90 people took participants in our oral survey conducted in that time frame just to know the level of awareness and their opinion as an alternate of ethical banking system to conventional banking system in India. Results of data collected were mixed but 55% respondents out of 90 were expecting regarding the introduction of ethical banking system in India. Besides this we also used published and unpublished secondary sources of data collection such as books, research article, seminar and conference reports, view of distinguish personalities, annual reports, magazines, newspapers etc.

### **LIMITATION OF THE STUDY**

The main limitation of this research paper is that it ignores the empirical work, because we chosen that area which is not permitted till now in India. Since data is not available in an adequate manner.

### **SUMMARY AND CONCLUSION**

Why we say ethical banking because it is banking which is follows shariah principle, shariah is the Islamic law that governs in all sphere of human being life. According to shariah compliance the people whom almighty gods blessed with wealth are not the real owner of that wealth but mere a trusty of that wealth. Hence, when the need arises owner of that wealth have to give in the form of donation to the needy. However the entire principle of ethical banking system is based on the ethical practices which are the core competence of such banking system. This is the only banking system that clearly makes a difference between halal (dos) and haram (don't) business activities. This is the banking system which promotes equity financing rather than debt financing, such banking activities are based on profit and loss sharing mode instead of charging or giving interest on the fund.

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**ROTATING SAVINGS AND CREDIT ASSOCIATION: AN  
ALTERNATE OF FINANCING AMONG LOW INCOME  
HOUSEHOLDS**

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**ABSTRACT**

*Despite of the growth of formal financial system gradually in our country, it surprises us that still informal financial system exists in our country. Of course it has its own advantages and disadvantages. This is perhaps because of poor institutionalisation of informal sectors, resulting to less opportunity for the people to take participates in formal financial institutions. Also since the formal financial institutions are unable to cater the need and demand of people at large, basically who belongs to low income group. Therefore for such types of people informal sectors still plays a dominant role in their life. And perhaps ROSCAs is one of most important components of informal financial sectors. Hence, the present's papers mainly concentrate on implication of ROSCAs in human life.*

**Keywords:** ROSCAs; Financial System; Pot; Random ROSCAs

**INTRODUCTION**

Informal finance market has a long history prior to the presence of formal finance market in the world and perhaps the main reason behind the strong application of financial services offered by the informal financial sectors is due to slow development of formal financial market in the world, especially in underdeveloped and developing nations. Same situation is also in the case of India, where informal finance markets are widespread popular among poor, low income group and rich people. However there are various other causes for the existence of informal financial sector in the economy, firstly, drawbacks of formal financial sectors due to which a large population is financially excluded from the formal financial sectors and for such group of people informal finance is an important source for enjoying the financial services.

Secondly, difficulties in obtaining the institutional credit, documentation, terms and condition, collateral etc. for people. Thirdly, poor functioning of the formal financial sectors, But we cannot set aside the significance of formal financial market in the economy. That is why; India is also a country where Informal financial practices are found among household, small scale enterprises in rural, semi urban and urban part of our country.

Size of ROSCA depend on the members ability to pay the periodical sum of amount to the organiser on regular basis until the last turn, in addition the size of ROSCA also depend on the size of membership, greater the members greater will be the term or size of ROSCA.

Informal financial market is said to be informal because financial transactions that occurs beyond the purview of government regulators is called informal finance. There are various types of informal sources of finance such as moneylenders, pawnshops, indigenous bankers, friends, relatives, trade associations, religious trust, rotating savings and credit associations etc.

There is no single evidence available for the inception of ROSCA on the earth but one cannot refuse from the successfully mobilisation of domestic savings in the rural, semi urban and urban areas in developing and underdeveloped countries, Jerome, 1991.

### OBJECTIVE OF THE STUDY

1. To understand the nature and function of ROSCAs.
2. To analyse the impact of ROSCAs in the society.
3. To examine the sustainability of ROSCAs.

### REVIEW OF LITERATURE

ROSCA fulfil the dual objective of a poor, low income, middle class or even rich household and promoting savings and credit among such people, Gugerty (2005).

According to Stefan, ROSCA is popular among high and low income households and flourish in economic nations where formal financial institutions are unable to satisfy the financial need of a large population. Hence, as an alternate to formal financial institutions ROSCA popularity is increasing in developing countries of the world.

ROSCA is a verbal voluntary informal association of person at local level who come together for the purpose of channeling the fund from savers to users of that fund and vice versa, Hevener in 1996 also ROSCA serve both economic and social function of a community.

ROSCAs are complex and vary according to the need and emergency of the members i.e. the formation of ROSCA is determined after keeping the interest of members. It has been observed that people who took participates in ROSCA have either no access or limited opportunity for obtaining external credit or credit from formal financial institutions, therefore they seeks such an institutions from where they can satisfy their need, Adnan (2002).

It is worth noting that the types of forming a ROSCA particularly depend on the preference and need of members, if the members have homogenous preference and income then they prefer random ROSCA and if members have heterogeneous preference and income then they prefer bidding ROSCA, Klonner, 1999.

According to Timothy (1994) the bid price goes on declining as the number of period of ROSCA increasing resulting number of members reducing till the end of ROSCA cycle. Bid auction can be proceeded in any of the way namely oral ascending bid auction, sealed bid auction, button auction, mobile auction, online auction etc.

ROSCA are designed primarily to encourage thrift and domestic savings among the interested members, thereafter mobilising ROSCA fund from informal financial institutions to formal financial institutions, Jerome, 1991.

In the words of Adam, 1995 ROSCA similar to banks as their operations are to accept deposits and give credit with interest, ROSCA also accepts deposits from savers group and provide credit to borrowers group at interest free till the end of ROSCA cycle, the reason behind referring ROSCA as banks is simple since both are the financial institutions who acts as an financial intermediary in the financial market.

Those who are in favour of establishment of ROSCA express their view about ROSCA social and economic domains based on local cultural concepts and values (Fessler, 2002)

ROSCA as an informal financial institutions received greater attention from the economists and finance group throughout the globe especially in developing and underdeveloped economies of the world, Loury, 1994.

Empirical studies has shown that informal financial institutions having consistently low default rate as compared to formal financial institutions, Alex, 1997. The chances of default occurs due to asymmetric information released by the concerning parties causing moral hazards and adverse selection.

ROSCA can be meaningful or appropriate for any income group people. In other words ROSCA attracts to every income class people whether poor or rich, Alex, 1997.

To reduce the chances of default from organiser and member side, meaning non payment of ROSCA value and periodical contribution respectively by the existing members who have already taken ROSCA fund in that case organiser may ask collateral from members either any of them such as social collateral (guarantor), physical (tangible) or financial collateral like signed cheque book so that in case of failure of making payment by the members who enjoyed ROSCA fund, money can be collected on time.

And failing to pay remaining share on time, then the organiser or group of members can take fund from his bank accounts and compensate the same. Similarly in case of newly admitted members who are having the suspicious profile in this situation also organiser may ask him for producing such financial security against their membership.

Traditionally, ROSCA are popular in Asia, Africa and Latin America but now it is spreading in some advance countries of the world in the form of one of the sources of financing for household and small scale entrepreneur. Globally basically three main variations are found about ROSCA as discussed below: Kirton, 1996

**Mutual ROSCA:** such ROSCA is most popular which is primarily based on social bonding among the members.

**Commercial ROSCA:** it is less informal than mutual ROSCA in this ROSCA fund collected by outsider who initiate this scheme and then act like a bankers and obtain commission for performing such services as a bankers and attempt to optimise the mix of mobilised savings and loan allocated.

**Financial ROSCA:** it is approximately more close to the formal financial arrangements. In this interest is paid by the bankers who initiate the scheme in the in the form of commission or discount, given choice to members for determining the recipient of ROSCA fund in order wise depending upon their requirement, those who received ROSCA fund before their turn has to pay certain percentage of fixed interest on the borrowed amount (1.5%-2%) and those who have save received some additional benefit over their actual amount so contributed.

The operational framework of ROSCA is rooted in the close social links among members of the ROSCA which may be extended over family, neighbourhood, community, workplace or some other social entity. Truly speaking as far as ROSCA organisational and operational practice is concern it is easily accessible to members as compared to formal financial institutions.

Transaction cost such as time and travel cost, documentation, legal expenses and other expenses are low in ROSCA relative to formal financial institutions.

Originally ROSCA was limited up to rural areas but gradually due to commercialization and modernization it extended to urban areas. Sociologists, economists and anthropologists have done extensive research in ROSCA

Countries and territories in which ROSCA are prevalent include Barbados, Benin, Bolivia, Cameroon, Chile, China, Congo, Egypt, Ethiopia, Ghana, Guyana, Hawaii, Hongkong, Mexico, India, Pakistan, Bangladesh, Srilanka, Nepal, Indonesia, Philippines, Jamaica, Japan, Kenya, Korea, Liberia, Malaysia,

Malawi, Niger, Nigeria, Peru, Singapore, south Africa, Sudan, Taiwan, Thailand, Gambia, Togo, Trinidad, Uganda, Vietnam, Zimbabwe, united kingdom and united states of America Klonner, 2006.

ROSCA represents a verbal contract among social group who are voluntarily gathered together with a view to cooperate spirit on the basis of mutual trust and confidence for the purpose of satisfying sufficiently financial needs of their members.

The logic of collective action and mutual benefit in a rotation wise of financial resources has made the ROSCA a universal phenomenon, found all over the world.

The history of ROSCA existed before the introduction of money in the economy where the barter system were existed, in that time also people of villages formed ROSCA for grain in this members periodical contribution made in grain such as wheat, rice, corn and other paddy only but sooner due to monetization of economy barter system shift to monetary system.

In Japan the earliest records of ROSCA is traced out to 1275 century and in Korea may even go back to 9 century, in Africa the continent of most ROSCA culture existed in the economy in mid 11 century, ROSCA most popularly found in Asia , Africa and Latin America .

ROSCA existed in the developing as well as among immigrant group of developed countries due to failure of formal financial institutions to trap the informal financial market, but it is expected that ROSCA could be displaced when there is favourable economic development taken place in the country.

It is one of the stylized facts that in spite of widespread access to formal financial institutions still in some of the developing and developed economies informal financial institutions such as ROSCA coexist hence it is one of the interesting topics for comprehensive research. It is easily understood that the country where formal financial system is in dismal condition there, then people have to depend on informal financial institutions such as ROSCA since these people do not have much access of formal financial institutions but the country in which formal financial institutions system is full- fledged developed then by logically there should be no existence of informal financial institutions but against of our thinking there indeed informal financial institution still prevalence in that country we have to think rationally for the existence of ROSCA in advanced economies of the world. The possible answer for the existence of ROSCA in rich countries may be because of certain households who have low income for them ROSCA is a primary or even the only avenues where they can save or obtain credit because formal financial institutions do not provide them platform from there can save and borrow.

### RESEARCH METHODOLOGY

The presents study is completely based on secondary sources of data collection such as electronic resources, books, newspapers, magazines, annual reports of ministry of corporate affairs government of India etc. i.e. with the objective of successfully completion of ongoing study data are collected from published and unpublished sources.

### LIMITATION OF THE STUDY

Firstly, there is an absence of good research in terms of quantitative way or empirical research work is not available satisfactory. Hence for the bright future of ROSCAs there is a great requirement of deep research which is missing in this study. Secondly, since the presents study is one of the important elements of indigenous financial system that is why there is no uniqueness in its practices. In short one can say that some variation is possible in its nature and functioning.

### CONCLUSION

After going through the above study we can analyse the rationale of ROSCAs in our societies. The societies basically, comprising of poor, low income households and even rich people as well, because ROSCAs as an informal financial institutions operating similar to the formal financial institutions. As in the case of banks which accepts deposits from depositors and provide loan to the borrowers.

Similarly in case of ROSCAs which satisfy dual needs of its members. Net savers make deposits and net borrowers obtain easy credit. The main reason behind the existence of ROSCAs is of its flexibility and its transparency.

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**CORPORATE SOCIAL RESPONSIBILITY: INITIATIVE  
TAKEN BY RELIANCE INDUSTRIES LIMITED IN INDIA**

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**ABSTRACT**

*The present papers provide the reports on the concept of CSR to understand the status and progress and initiatives taken by RIL in context to CSR policy framing and implementation to attain socio-economic and rural development in India. i tried to explain the concept of CSR in the Indian scenario, the social issues addressed by the Relate main objective of this article is to analyze the CSR activities carried out by RIL in rural part of India.*

**Keywords:** Corporate Social Responsibility; Private Sectors; Community Development; Corporates

**INTRODUCTION**

Like other public sector companies that fulfill the legal provisions as laid down in the companies Act, 2013, giant companies such as Tata motors, NTPC, ITC, BHEL etc. Reliance India limited is also taken initiative in the area of corporate social responsibility particularly in the rural section of the India. the rationality behind the concept of corporate social responsibility is logical because corporate are the most important elements of the society and since these business entities generates revenues from the society itself and this we all know that society is made from the common people therefore as far as companies various stakeholders are concern general public or society are also interested towards the success, growth and expansion. hence, corporates must take favorable action for the growth and development of common people at large.

The entire study is structured as follows part one emphasizes on the concept of corporate social responsibility and part two discusses on the role and importance of Reliance Industries Limited in the area of corporate social responsibility in the rural section of the India. Part three analyses on the substantial contribution done by Reliance Industries Limited and part four is a concluding remarks.

**OBJECTIVE OF THE STUDY**

1. The primary objective is to understand the concept of CSR initiative taken by RIL.
2. To examine the role of RIL for socio-economic and rural development in India.

**DATA AND METHODOLOGY**

This study is primarily qualitative in nature and do not uses any quantitative tool to analyses the data. Secondary data have been used for the study. Various journals, articles, websites, annual reports, books, newspapers and magazine have been used to assess information.

**Defining Corporate Social Responsibility**

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large,(Mallenbaker,2014)

**EU Definition of CSR:** "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."

**Mallenbaker Definition:** "CSR is about how companies manage the business processes to produce an overall positive impact on society"

**The World Business Council for Sustainable Development (WBCSD):** "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large"

### **CSR as Per New Indian Companies Act 2013**

Under Section 135, the new Companies act 2013 company having a net worth of rupees 500 crore or more or a turnover of rupees 1,000 crore or more or a net profit of rupees 5 crore or more should mandatorily contribution would have to be at least 2% of the average net profit net profits made during the three immediately preceding financial years on CSR activities. The rules came into effect from 1 April 2014.

### **Profile of RIL**

Reliance Industries Limited is one of the reputed and rec organized public sector companies in India. The Reliance Group, founded by Shri Dhirubhai H. Ambani, is India's largest public sector enterprise, with businesses primarily engaged in the energy and materials value chain. Reliance Industries Limited is one of the Fortune Global 500 company and ranked 117th amongst the world's Top 200 companies in terms of profits, (**Source:** <http://www.rinfra.com>)

**CSR Initiative Taken By RIL:** RIL's contribution to the community are in areas of health, education, infrastructure development (drinking water, improving village infrastructure, construction of schools etc.), environment (effluent treatment, tree plantation, treatment of hazardous waste), relief and assistance in the event of a natural disaster, and miscellaneous activities such as contribution to other social development organisations etc. RIL's CSR teams across its manufacturing divisions interact with the neighboring community on regular basis. The following are some of the areas focused as CSR projects by RIL.

1. Education
2. Community Health Care
3. Environment initiatives for the community
4. Livelihood Support Programmes
5. Infrastructure Development
6. Drishti
7. Improving quality of agricultural produce.

**Education:** A network of nine schools caters to 13,251 students spread across geographies in India. Education sector is one of the most important part of our social development programme for the purpose of creating social capital, human capital and producing intellectual community for the growth and development of community. That is why in this regard as well RIL limited given emphasis for developing and advancement of education and to promote educational activities in the societies.

**Community Health Care:** RIL has done tremendous job for the establishment of community medical center in the local area to provide medical assistance to the needy and ensuring comprehensive health services package which is preventive, promotive and curative health care services to the community from neighboring villages.

**Initiative taken for environmental protection:** In order to ensure the cleanliness in the society a zero garbage campaign has been introduced in the community by Reliance Township under waste management system. That given positive message among the local residents and especially among the young people since India is recognised as the largest young population near about 35% of total population. Therefore it becomes very significant that now people are aware relating to the cleanliness programme. RIL organised programmes of industrial, academic, historical and environmental importance such as Chemical Industry-2020 Vision and Action at Ankleshwar; Global Bird Watchers Conference at Jamnagar; Van Mahotsav- 2010 at Palitana; International Conference on Global Warming at Gujarat Vidyapeeth; Conference on Synergy with Energy; Conference on Gujarat's Maritime History by Darshak Itihas Nidhi. Further, tree plantation activities were organised at many locations. Awareness of cleaner, greener environment and global warming issues are made at schools and also to villages from the surrounding region.

**Supporting programmes for livelihood activities:** RIL limited with the mutual collaboration of Self Help Group launched some extraordinary series of activities have been taken to generate employment opportunities in rural part of the country especially for the women empowerment, which is good initiative taken by RIL Limited in the society. No doubt in saying that such effort is a matter of great pride because people are getting benefit from such programmes that support their livelihood.

**Development of community infrastructure:** In FY 2010-11, RIL initiated several village infrastructure development projects such as construction and renovation of community halls, burial ground and school compound wall in Gadimoga Panchayat. RIL promoted Organic Aqua culture with the technical guidance of National Center for Sustainable Aqua culture (a sister concern of MPEDA). The following are some of the infrastructure development projects under taken by RIL.

- Safe drinking water to communities.
- Water storage structures.
- Construction of community centers.
- Construction of Roads.

**Drishhti:** A unique joint initiative of RIL and National Association of Blind, Project Drishhti has undertaken over 9,000 free corneal graft surgeries for the visually challenged Indians from the underprivileged segment of the society. It is the largest corneal grafting surgery project enabled by a single corporate entity in India. The initiative to combat TB, HIV / AIDS is a unique public private partnership program between the Government, NGOs, several agencies and RIL. It extends from creating awareness to providing care, support and treatment including free of cost

**Improving Quality of Agricultural Produce:** RIL limited has done tremendous job for the welfare of the farmer by introducing sophisticated technology for farming related activities in the agricultural sector in rural part of India. In addition to this RIL also adopted extensively advanced farming techniques using plastic to enhance and exhalate the productivity and quality of agribased product. Further initiative has been taken in this regard in terms of transformation system through proper logistics facility.

### CONCLUSION

The present day corporate sectors are highly influenced by CSR activities not only to provide some things back to the society but also it brings reputation of the corporate sector must spend at least – 2% of the average net profit net profits made during the three immediately preceding financial years on CSR activities. In this mandatory requirement, companies us liberally spending money for social activates. RIL is private sectors undertaking which concentrates more on CSR activities through various activates. CSR initiatives being implemented by the RIL for rural development have a positive impact in overall development of society and their business. Therefore as a concluding remarks i can say that the concept of corporate social responsibility is entirely an ethical practices made by the

companies as their philanthropic approach. There is a great requirement of such initiative which is taken by reliance industries limited particularly in rural section of our country.

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**CORPORATE SOCIAL RESPONSIBILITY: A STUDY OF  
SOCIETAL INITIATIVES TAKEN BY MAHARATNA  
COMPANIES FOR RURAL DEVELOPMENT IN INDIA**

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**ABSTRACT**

*This paper is attempted to examine the societal initiative taken by the Maharatna companies for rural development in India. Through this paper it is tried to elaborate the substantial role contributed by the maharatna companies for enhancing and accelerating the worst situation in rural section of the society by adopting the concept of corporate social responsibility companies promoting the cultural, social and economic activities and such companies have immense potential to grow further. Corporate Social Responsibility (CSR) refers to the way a company undertakes activities that positively affect the well-being of employees, local communities, the environment and society as a whole. these actions expected to earn the trust and respect from all the stakeholders. CSR initiatives for rural development were classified under five areas: livelihood, health, education, environment and infrastructure. Notable initiatives have been taken by seven maharatna companies. The main objective of this paper is to analyze the CSR activities carried out by maharatna companies in India.*

**Keywords:** Corporate Social Responsibility; Socio Economic Development; Definitions; Maharatna Companies; Community

**INTRODUCTION**

Corporate social responsibility is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. CSR which is synonymous to corporate conscience, corporate citizenship, social performance or sustainable responsible business etc. is a form of corporate self regulation integrated into a business model. CSR policy functions as a built-in, self regulating mechanism whereby a business house monitors and ensures its active compliance with the law, ethical standards and international norms.

Corporate social responsibility is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. CSR which is synonymous to corporate conscience, corporate citizenship, social performance or sustainable responsible business etc. is a form of corporate self regulation integrated into a business model. CSR policy functions as a built-in, self regulating mechanism whereby a business house monitors and ensures its active compliance with the law, ethical standards and international norms.

The basic objective of CSR in these days is to maximize the company's overall impact on the society and stakeholders. CSR policies, practices and programs are being comprehensively integrated by an increasing number of companies throughout their business operations and processes. Effective CSR aims at "achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment." Simply put it means "what you do, how you do it, and when and what you say." Several kinds of terms have been used interchangeably with CSR.

**OBJECTIVE OF THE STUDY**

The study has been conducted mainly to:

1. To analyse the concept of CSR.
2. To investigate and understand the CSR initiatives taken by maharatna companies in India
3. To Assess the impacts of CSR action on socio economic development of rural population in India

**DATA AND METHODOLOGY**

Secondary sources such as research article, journal, books, periodicals and some e-resources are used to carry out successful study.

**Societal Initiatives Taken**

**BY MAHARATNA COMPANIES in rural section of the society:** The followings are the major contribution made by the maharatna companies in various activities for the social and economic development of the society at large.

**Bharat Heavy Electricals Limited has contributed for the following activities:** Bharat Heavy Electricals Limited, which is commonly known as, BHEL is the largest engineering and manufacturing enterprise of public sector company in India. BHEL devoted it entire CSR practices towards the social betterment since social improvements are its fundamental philosophy and central objective behind the CSR expenditure.

**Education:** BHEL established School to promote education nearby its manufacturing division so that the childrens of employee benefitted apart from this different types of financial benefits scheme was provided in that area, especially to the needy and poor children of the society.

**Health:** BHEL have contributed broadly by addressing issues like healthcare availability and accessibility, providing specialized treatments and medications. Their initiatives in partnership with specialized agencies have benefitted people from different backgrounds who previously had no access to healthcare or specialized treatments for their ailments. BHEL initiated medical care projects of Health Camps, Blood Donation Camps, Ambulances, Providing Safe Water, Up gradation of Medical Equipment, Construction of Hospitals.

**Environment:** Its an environment friendly company in all its activities, products services, besides providing safe and healthy working environment to all its stakeholders and has made UNGC programme as part of the Company's strategy, culture and day-to-day operations. The company has formulated its Sustainable Development Policy as an integral part of the Company's strategy

**Livelihood:** BHEL have actively taken steps to develop the necessary skills for people from different areas to make them employable. They were given training and also donated the equipment for imparting skill sets of varied nature. This scheme helped the trained people to generate income to support their families. BHEL provides Vocational training in beauty culture, cutting & tailoring for women for better livelihood, Technical education programs in Rural Areas Education for children of Labors, Short hand Training Centers, Computer Centers.

**Infrastructure:** BHEL worked hard to create infrastructure for schools and hospitals to build roads and boundary walls. These projects have been taken up on need basis or with a focus in identified backward districts. They have partnered with other CPSEs or Government or specialized agencies wherever the scope of any such project could be enhanced further through partnerships. BHEL initiated some of the infrastructure development projects of Vocational Training Institutes and Centers, Hostel Construction for Backward Classes, Constructing bore wells and hand pumps, Construction of Toilets.

**Coal India Limited:** Coal India Limited is the single largest coal producer in the world and its mission is to produce the planned quantity of coal efficiently and economically in an environmentally and socially sustainable manner. CIL is also a well performer in the CSR area.

**Education:** Its educational contributions include the activities like providing financial assistance to primary, middle and higher secondary schools, conducting adult literacy programmes, promoting girl education, counseling of parents, providing scholarships to the poor and meritorious students etc. CIL is also taking steps to promote professional education by setting up vocational institutes offering various professional courses

**Health:** Regarding health care, CIL is organizing awareness camps on AIDS, TB, Leprosy, diabetic detection and hypertension, blood donation camps, alcoholism and smoking, child and mother care, diet and nutrition, family welfare, senior citizens health care, wellness clinics and tele medicines etc. Operation Jyoti is another effective programme of CIL to eradicate all cases of reversible blindness in the peripheral area.

**Environment:** The inherent tendencies of coal mining are degradation of the land and environment. CIL constantly addresses the impact of mining activities across environmental and social issues. Eco-friendly mining systems have been put in place in all of its mining areas. To make environmental mitigation measures more transparent, CIL introduced state-of-the-art Satellite Surveillance to monitor land reclamation and restoration for all opencast projects for this purpose Coal India has made a forestation over an area of around 32,000 Hectares while the total forest area degraded due to mining operation is around 12,800 Hectares, which means, for every hectare of forest land degraded, CIL has made plantation in 2.5 Hectares of land. CIL has initiated by 'Clean & Green' programme, massive plantation has been taken up by CIL wherever land is available. CIL has till date planted over 73 million trees.

**Livelihood:** In the area of social empowerment, it is providing training to rural youth for self-employment, providing assistance to develop mushroom farming, medicinal plants, and training programmes for women on different vocational courses etc. CIL is also promoting sports and cultural activities in the nearby villages by conducting tournaments and providing sports material to young and talented persons.

**Infrastructure:** CIL providing infrastructural support, it is taking steps for the construction, repair and extension of auditoriums, education institutes, shopping complex, bridges, roads, check dams, community center, playground.

**GAIL (India) Limited:** GAIL (India) Ltd., with a turnover of 7.2 billion US \$ is India's largest natural gas company and ranked as the top gas utility in Asia. GAIL to be consistently ranked among the top gas utilities in the world, also drives its CSR initiatives. GAIL's motto statement 'Tomorrow is yours' is also a reflection of the hopes, aspirations and dreams of the many beneficiaries of the CSR initiatives. It follows global best practices in identifying, implementing, sustaining and monitoring its CSR programmes to maximize sustainability, scalability and transparency.

**Education:** Recently GAIL (India) limited has taken initiative for the students who belongs to backward strata where the initiative was taken by 23 students of the GAIL under Utkarsh-flagship programme at Kanpur. Under this programme, 100 students belonging to the economically backward strata of the society were provided.

**Health:** GAIL has supported numerous medical/ Health outreach camps in rural areas, Eye Screening & spectacle distribution Camps. GAIL also endeavors to strengthen the healthcare infrastructure and services by provision of ambulances, diagnostic equipment and construction of hospitals/ specialty wards. GAIL's Project Arogya, a flagship GAIL CSR initiative, which caters to the gap in the primary health care system delivery by providing Medical outreach service through 16 Mobile Medical Units across 6 states Uttar Pradesh, Madhya Pradesh, Uttarakhand, Gujarat, Haryana and Punjab with a focus on Awareness, Diagnosis and Cure model.

**Environment:** GAIL's commitment towards the Environment protection an implicit part of its Vision statement and though its CSR initiatives it has promoted the cause through specific environment-friendly programmes. Projects related to Rain water harvesting, water recharging, Ground water reuse systems, Provision of Bio-Gas Stoves have been widely supported by GAIL. GAIL have undertaken wildlife protection initiatives through Mobile Tertiary Services in Assam and Arunachal Pradesh.

**Livelihood:** GAIL has undertaken skill development and vocational training programmes in Dari designing, blanket weaving, plumbing, house wiring, bee keeping etc. for effective empowerment and self-reliance. The Multi-skill schools established in M.P. (Guna), A.P (Tandur) & Gujarat (Dediapada) under Project Swavalambh, a flagship GAIL CSR initiative, have been imparting skills based training in retail, hospitality & facility management to rural youth of country along with placement support. In the FY 2013-14, over 2700 youth were provided training in the sectors of retail, sales, hospitality, BPO Service, Facility Management. In FY 2013-14, GAIL have also initiated Project Sreejan- Long Term Relief and Rehabilitation Project focusing on Livelihood promotion and capacity building for women and youth in flood affected regions in Rudraprayag, Uttarakhand.

**Infrastructure:** GAIL has also lent a helping hand towards boosting rural infrastructure. GAIL's investment in rural infrastructure is driven by the welfare of communities that live close to its work centers. These include projects improving connectivity between villages and/ to towns and cities through construction of village approach roads, village adoption programmes, construction of community centers, community toilets, Aanganwadi buildings, school buildings and libraries to benefit the community at large. Also, projects have been undertaken for construction of check dams and water catchment areas which have successfully transformed farming practices and farmer's lives.

**Indian OIL Corporation Limited:** Indian Oil, corporate social responsibility (CSR) has been the cornerstone of success right from inception in the year 1964. Indian Oil has defined a set of core values - Care, Innovation, Passion and Trust - to guide them in all they do. Indian Oil has supported innumerable social and community initiatives in India, touching the lives of millions of people positively by supporting environmental and health-care projects and social, cultural and educational programmes.

**Education:** Providing financial assistance to schools for construction/renovation/repair of hostels, school buildings, classrooms, computers to schools, books, furniture, laboratory equipment, awards to meritorious students, scholarships to poor students, adult literacy programme, delivery vans for distribution of mid-day meals to Govt. School children, sponsoring/organizing rural sports/games, sports meets/events, supporting education and research activities. IOC has also provide "Indian Oil Scholarships Scheme" for Graduate and Post-Graduate students:- Under the scheme total 600 scholarships (300 for Engineering, 200 for MBBS and 100 for MBA) are awarded every year @Rs.3000/- per month for all the four years for Engineering and Medical Courses and two years for Business Administration/Management courses.

**Health:** Organising Medical/Health Camps on Family Planning, Immunization, AIDS awareness, Pulse Polio, Eye, Blood Donation, Pre and Post-natal Care, Homeopathic Medicine distribution of free condoms, providing anti-mosquito fogging treatment, toilets, medicines to primary health centers, mosquito nets, ambulances to Medical Centers/Hospitals/NGOs, hearing aids/wheel chairs to physically challenged, financial assistance to hospitals, medical equipments.

**Environment:** IOCL has included CSR in its vision and mission statement and has built its corporate strategies around it. Environmental initiatives include: development of cleaner fuels such as diesel with low Sulphur content and biodegradable lube formulations; pollution control programme, in which all refineries are provided with facilities to control pollution from different sources; and ecological parks, which are scientifically designed green belts that have been developed at Gujarat Panipat refineries, to serve as a pollution sink and to enhance the aesthetic look of the refinery area.

**livelihood:** IOCL have begun Project called Rupanter for unemployed youth to lean alternate source of income , mostly in agro based industries , poultry farming , pig breeding, duck rearing , fishery.

**Infrastructure:** IOCL are providing different infrastructural facilities like construction or development of roads, electricity, water facility, sanitation, for rural development in India.

**NTPC Limited:** National Thermal Power Corporation (NTPC), India's power giant, was established in November 1975 to play a major role in the Indian power sector. NTPC adopted a visionary approach to address the issue of corporate social responsibility since inception. NTPC management takes every care to promote and fulfill the recreational and health requirements of the youth; and the innate urges of different social groups to meaningfully project their cultural traditions and social values.

**Education:** Provide Merit scholarships to more than 2600 students every year. Support for construction of classrooms and installation of Solar Street lights at Sadhana Vidyalaya, village Kannamangala. Support to Cluster Innovation Centre (CIC) of Delhi University for 16 Educational Projects for Social Sensitization by students of B. Tech (Humanities), Delhi University. Setting up polytechnic at, Kaladungi, Dist. Nainital Uttarakhand. On regular basis, stations also take up activities related to development of infrastructure, Female / girl child education, adult education, coaching and personality development programs, providing scholarships, study material & uniforms etc to deserving students from neighborhood village schools.

**Health:** Provide support to Impact India Foundation for “Lifeline Express Project” (camp) at Dalmau Railway station in Distt. Raebareli, U.P for providing curative interventions for disabled poor by general treatment & various surgical operations. provide support three specialized Eye Centres at Bhubneswar Eye Hospital, Odisha. directly Observed Treatment cum Designated Microscopy Centre (DOTs cum DMC) with Mobile ambulance facilities being operated at 12 NTPC hospitals under Revised National Tuberculosis Control Programme (RNTCP) that cater to villages upto 25-30Km have benefited about 5000 cases so far. In addition Stations regularly take up health related activities like Mobile Health Clinics, Health Camps & Operations, Family Planning camps, De-addiction camps / programs, Health related infrastructure in neighborhood villages besides providing subsidized medical facilities to surrounding community. About 1200 Medical Health checkups Camps and about 365 Eye camps organized at various locations.

**Environment:** NTPC has been carrying out its business activities with a deep sense of responsibility towards protecting the environment. “Going Higher on Generation, lowering Green House Gas Intensity” is vision statement on managing environment.’ NTPC adopted in the document are the company's pro-active approach to environment, optimum utilisation of equipment, adoption of latest technologies and continual environment improvement. NTPC uses new technology initiatives and efficient utilisation of resources, thereby minimising waste, maximizing ash utilisation and ensuring a green belt all around the plant for maintaining ecological balance.

**Livelihood:** Provide Stations take up Vocational Training programmes like Computer training, Motor Driving, General Electrical Repairing, Motor rewinding, mobile repairing, fitter, refrigeration & air conditioning repair, masonry, shuttering etc. Skill up gradation programs for women, to promote self-employment, include Cutting, Tailoring, Stitching, Dress Designing, Beautician, Embroidery, Food Preservation/ Processing.

**Infrastructure:** Provide Installation of about 50 High Mast Lights (HMLs) in Bihar, Jharkhand, Kerala, West Bengal and Tripura. Provide 5 Km road from NH-200 to State Highway-63 in Angul & Talcher subdivision. Lighting Area is around Shri Jagannath Temple, Puri. Provide Comprehensive village development including Drinking Water, Sanitation, Education and Health Infrastructure in six villages, 3 villages each in Bhagalpur and Godda District and Comprehensive village development including Drinking Water, Sanitation, Education and Health Infrastructure in six villages, 3 villages each in Bhagalpur and Godda District. Laying of cement concrete road in various villages in district Chhindwara, MP. Also provide laying of cement concrete road in various villages in district

Chhindwara, MP.NTPC also takes up activities related to. Stations also takes up activities related to construction of Community Halls / Buildings/ Centre, Anganwadis, Local Markets, Panchayat Ghar, Cremation ground, bus shelters, Construction and Deepening of Ponds, Lakes & Bathing Ghats.

**Oil and Natural Gas Corporation Limited:** Oil and Natural Gas Corporation Limited (ONGC) is state owned Oil and Natural Gas company founded on 14 Aug 1956.It is the second highest profit making corporation in India. Indian government holds 74.14% equity stake in this company. The 2009 CSR guidelines define ONGC's role on corporate social responsibility emphasizing transformation of the organization from "Philanthropy" to "stakeholder participation".It is a Fortune Global 500 company ranked 413, and contributes 77% of India's crude oil production and 81% of India's natural gas production.

**Education:** ONGC provide Financial assistance to Anganwadis in Western region and Akshay Patra foundation for modern kitchen to facilitate mid day meals for school children in Andhra Pradesh. In addition also provide support Tamana special school for computer center for disabled children, Braille machine for blind children of north Eastern states Himalayan school society, Dehradun for scholarship to adopted underprivileged girl students affected by Tsunami, Vocational educational centers for women in southern region, Support for Institution of engineers.

**Health:** ONGC organising Medical camps, Mobile dispensaries and Supplementing the efforts of already existing health centers in the rural areas Health care for women, children and disabled for rural development.

**Environment:** For sustainable management and development of natural resources, ONGC have been working for Environment protection, ecological conservation, promotion.

**Livelihood:** ONGC initiated Project Utkarsh- Livelihood Project in Sibasagar in 2011-12, this project seeks to expand livelihood opportunities for 400 households in one year through training of women in skills like tailoring, soft toy making with linkages for income generation as well as training the elderly in vocations like goaterly, piggery, mushroom cultivation etc. while establishing adequate forward and backward linkages.

**Infrastructure:** ONGC providing infrastructural support, it is taking steps for the Development of infrastructure facilities-improvement of roads, bridges, street lighting, drainage systems, Sponsoring / co-sponsoring professional meets, conventions, seminars for rural development of India.

**SAIL:** Steel Authority of India Limited (SAIL) is the largest steel maker of India and amongst the top public sector enterprises in terms of turnover with the prestigious status of 'Maharatna'. Apart from the business of manufacturing steel, the objective of the company is to conduct business in ways that produce social, environmental and economic benefits to the communities in which it operates. One of SAIL's Core Values Concern for People also reflects the company's commitment towards society at large, which it endeavors to fulfill through wide-ranging and diversified initiatives and activities under Corporate Social Responsibility (CSR).

**Education:** 146 schools have been set up in the steel townships to impart modern education to about 70,000 children and assistance has been provided to over 286 schools of villages surrounding steel plants/units for free education of more than 55,000 students. SAIL is providing midday meals to more than 18,000 students in different schools of Bhilai every day. SAIL has achieved a girl-boy ratio of 1:1 for all levels of education as well as a survival rate of 96% in SAIL primary schools and 90% in SAIL secondary schools.

**Health:** SAIL has established 54 Primary Health Centers, 12 Reproductive & Child Health Centers, 17 Hospitals and 7 Super-Specialty Hospitals for providing specialized healthcare to more than 30 million people since inception ions for poor and needy people, where free medical treatment and medicines are provided.

**Environment:** SAIL is committed to protection of the environment and the promotion of responsible corporate policies that conserve and optimally utilise resources and at the same time, sustain the economic environment for growth. Air Emission Management The company is progressively introducing state of- the-art technologies for air emission management. Over 500 numbers of air pollution equipment are installed in the steel plants to keep the pollution load and ambient air quality within permissible limits. Solid Waste Management Earlier steel plants in India produced nearly 700-800 kg of solid wastes for every tons of crude steel. Utilisation rates were also not so high and waste dumps occupied large tracks of land. However, with concerted efforts, nearly 80 % of the wastes are today being recycled or re-utilised through safe disposal and re-use. Greenery Efforts Extensive a forestation programmes are being followed in all.

**Livelihood:** SAIL provided vocational training in areas such as improved agriculture, mushroom cultivation, animal husbandry (goatery, poultry, fishery, piggery), achar / papad / agarbatti making, etc. Also provide training for skill enhancement as welders, fitters and electricians, in sewing & embroidery, smokeless chullah making. One of the outstanding success stories of SAIL-supported Self Help Group programmes is 'Kiran' which is run by 97 lady artisans of nearby villages of Kiriburu Ore Mines. Kiran branded towels, bedsheets, sarees, Diwali candles and agarbattis are being sold through door-to-door marketing efforts and through cooperatives.

**Infrastructure:** Roads are a means of communication and help economic and social activities to multiply. Involved in the construction and repair of roads in far-flung locations since inception, SAIL has constructed roads in 435 villages helping around 73 lakh people. SAIL has been involved in the construction and repair of roads per year, thereby providing communication facilities to nearly 2 lakh people across 329 villages every year. This compares well with the national average of 25.82 km per million populations. In the year 2009-10, 103.35 km of road were constructed benefiting 17, 24,114 people. Till March 2010, more than 73 lakh people across 435 villages reaped the advantage of the modern network of roads built by SAIL.

#### **LIMITATION OF THE STUDY**

this study is extensively focused on the presents practices of maharatna companies as societal initiative taken by the companies for the development of rural part of the country but merely little of bit initiative cannot set aside the further greater attention for ensuring and providing the education, healthcare services, environmental sustainability and livelihood in an appropriate manner. So that the maximisation of welfare level can be achieved at certain point of time. Hence there is scope for further research in that area.

#### **CONCLUSION**

The conclusion of this study is that social responsibility is regarded as an important business issue of maharatna companies irrespective of size, sector, business goal, location of the company. Because maharatna companies are realizing that without socio-economic development of the local communities, there can be no stability and sustainability for doing business so as to compete with the global market. The study shows that all surveyed maharatna companies present themselves as having CSR policy and practices. maharatna companies which design and implement CSR initiatives in the vicinity of their works cover entire community. CSR initiatives ranging from income generation activities for livelihood, health check-up camps, education, agricultural development management and development of natural resources, infrastructure facilities being carried out by these maharatna companies. CSR initiatives being implemented by the maharatna companies for rural development have a positive impact in overall development of society and their business.

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**AN OVERVIEW OF CORRUPTION IN INDIA**

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**ABSTRACT**

*Corruption is a major issue that affects the economy. Over the last few years, India is experiencing a number of scams spanning across the country, public as well as the private sector. World Bank has identified corruption as among the greatest obstacles to economic management, commerce industry and social development. In this paper, all these problems are presented and also described some suggestions to reduce the corruption in India. The objective of this paper is to focus on the causes of corruption and to highlight the forms of corruption in economic society of India. The study, like the earlier ones, is based on perception, experience and estimation (PEE) model where the scope is not only limited to perceptions about corruption in general, but perception in specific context of a service and, more importantly, actual experience of paying bribe by BPL households in availing one or more of the 11 selected public services. Depending on frequency of interaction, the eleven services are divided broadly into “basic services” (PDS, Hospital Service, School Education (up to 12th), Electricity Service and Water Supply Service) and “need based services” (Land Records/Registration, Housing Service, Forest, NREGS, Banking Service and Police Service (traffic and crime)). This round of India Corruption Study is designed and conducted by Centre for Media Studies (CMS) in collaboration with the Transparency International India (TII). Corruption is a major serious problem country facing today. Highly corrupt India is poorly governed may be the main reason for rampant and widespread corruption in India.*

**Keywords:** Corruption; Transparency; Perception

**INTRODUCTION**

Corruption is a menace to the civil society. It is also as old as mankind. But its levels change and decline with economic development, in particular with the rise of the middle class. This India Corruption Study is unique. Unlike earlier surveys, this one is focused on BPL households, mostly in rural India. The coverage of this study includes all parts of the country, except some outlying islands. The study, like the earlier ones, is based on Perception, Experience and Estimation (PEE) model where the scope is not limited to perceptions about corruption in general, but in specific context of a service and, more importantly, actual experience of paying bribe by BPL households in availing one or more of the eleven selected public services, which most of the households avail frequently. Depending on the frequency of interaction, the eleven services are divided broadly into “basic services” (PDS, Hospital, School Education (up to class XII), Electricity and Water Supply Services) and “need-based services” (Land Records & Registration, Housing, Forest, NREGS, Banking and Police Service (traffic and crime))

**Experience of Corruption-in General**

One of the highlights of several rounds of CMS India Corruption Study over the years has been to capture experience of corruption in availing public services in the last one year. Experience along with Perception gives better insight for assessing the gravity of the situation and helps take correctives. An

analysis by income level indicate that three out of four rural households which had to pay bribe in any of the public services have monthly household income of INR 5,000 or less, indicating the high dependence of economically poor households on these public services. Compared to ICS 2005, overall the percentage of rural households which paid bribe has come down exactly by half (28% from 56%). However, in states like Chhattisgarh (55%), Bihar (52%), Kerala (46%) and Maharashtra (40%), a high percentage of rural household paid bribe to avail the services of a public service during the last one year preceding ICS 2010 survey.

### Perception about Corruption-Specific to Public Services

In addition to rural households' perception and experience with corruption in general during the previous one year, ICS 2010 focused on four specific public services. These are public distribution system, school (up to class 12th) services, water supply services and hospital services. These services are not only critical but could be considered a lifeline for the population, particularly rural households. They are also the core of good governance. In ICS 2010, the rural households' perception about corruption specific to a public service shows that the percentage of rural households, which felt that corruption has increased, is around 40 percent in each of the four public services. In ICS 2005, rural households' perception about increase in level of corruption in these four public services varied between 32 percent (school) and 54 percent (hospital).

### Definition of Corruption

Corruption is the misuse of public power (by elected politician or appointed civil servant) for private gain. In order to ensure that not only public corruption but also private corruption between individuals and businesses could be covered by the same simple definition: Corruption is the misuse of entrusted power (by heritage, education, marriage, election, appointment or whatever else) for private gain. This broader definition covers not only the politician and the public servant, but also the CEO and CFO of a company, the notary public, the team leader at a workplace, the administrator or admissions-officer to a private school or hospital, the coach of a soccer team, etcetera.

Corruption is a global phenomenon. It is found almost in every society in one or the other form since time immemorial. Corruption has progressively increased and is now rampant in our society.

According to D. H. Bailey, corruption is "misuse of authority as a result of consideration of personal gain which need not be monetary".

### Fighting corruption takes place in many 'theatres'

- Political reforms, including the financing of political parties and elections;
- Economic reforms, regulating markets and the financial sector;
- Financial controls: budget, bookkeeping, reporting;
- Public supervision: media, parliament, local administrators and councils, registration;
- Free access to information and data;
- Maintaining law and order;
- Improving and strengthening of the judicial system;
- Institutional reforms: Tax systems, customs, public administration in general;
- Whistleblowers and civil society organisations (NGO's).

We know that corruption will not disappear from society. Our efforts are meant to restrict corruption and to protect as much as possible the poor and weak in our societies. In the end all corruption costs are paid by the consumer and the tax-payer. They need protection. The small corruption (peanuts, facilitation payments – allowed by the OECD!) does not cost much but are awesome to the public. It is

less damaging in total amounts but it makes it difficult to understand why we fight the grand corruption if we fail to fight the small 'bakshis'. Major corruption thrives on a broad base of small corruption-payments or bribes. (Source: <http://www.corruptie.org/en/corruption/what-is-corruption/>)

### **Characteristics of Corruption**

Discussion of corruption is extremely difficult as it is a hidden phenomenon in our societies. Both parties in exchange of power for privileges want to keep their transaction secret. That makes it so difficult to establish how wide and deep corruption penetrated our economy and social life. Moreover, what for some is no more than 'a friendly turn' is for others 'misbehaviour'. What in one place can be friendliness is unacceptable elsewhere. Normal behaviour at a particular hour of the day may be unacceptable at another hour.

Let us have a look into some of the characteristics.

1. Recipients and payers.
2. Extortion.
3. Lubricant of society.
4. An ethical problem.
5. Poverty reduction.
6. Small is beautiful.
7. Culture.
8. 'Kindness among friends'.

(Source: <http://www.corruptie.org/en/corruption/what-is-corruption/>)

### **"The more the corruption, the slower the economic growth" (rule of thumb confirmed by many studies)**

Not only does corruption in India worsen poverty, it also drags the whole country's development down by stealing its resources. When you think of it, if 85% of public money doesn't go to the poor (millions of them), this money surely doesn't land in more than a hundred people's hands. Quite a waste. And to make things just a little worse, corruption also increases inflation (it's a general effect of it). And then... Bam, more poverty Yet, India's been developing and it's become important to polish its image especially to reassure investors of the stability of the Indian market. Oh yes, because corruption also affects investment and market stability by increasing uncertainty. Quite a bummer when you're trying to develop your country. But people have also stepped up in the fight against corruption and citizen websites such as [ipaidabribe.com](http://ipaidabribe.com) have gained momentum. However they still face other problems such as the underdeveloped judicial system which – by a systemic magic trick - doesn't pronounce any conviction in most corruption charges.

Some things have got better though. Seeing that money gets so easily re-routed into its officials' wallets, the government opted for distribution of food to its poorest citizens. And this time "only" 30% of the food disappeared... to be sold later on the black market! That's still a lot better. But the truth is that it's not that easy, especially since the problem of corruption in India has been around for a while. Corruption grows "naturally" as societies and cities grow and become more complex. More and more intermediaries are needed between the central government and the people.

At the scale of India (or China which has the same issue) that's hell of a lot of intermediaries just while the country is undergoing tremendous changes. Transitions are always a good time for corruption: the social rules are blurrier as the law evolves and the society changes. With Indian cities growing very fast, new layers of administration appear for which no code or rule has been really established yet. It takes time for a routine to take root. The biggest danger is that by not tackling this

problem soon enough, corruption will become the routine and the norm. In a way it's already happened. And corruption has already become a major obstacle to investment in India.

Source: <http://www.poverties.org/corruption-in-india.html>

### OBJECTIVES TO THE STUDY

1. To focus on cause of corruption.
2. To highlight the sectors of corruption.
3. To analyse the India's rank in corruption perception index (CPI) (2010).
4. To analyse the political corruption and scandals in India
5. To offer suggestions for reducing corruption.

### Causes

Corruption in India has wings, not wheels. As the nation grows, the Corrupt also grows to invent new methods of cheating the government and public. The causes of corruption are many and complex.

The following are some of the causes of corruption.

- Emergence of a political elite which believes in interest-oriented rather than nation-oriented programmes and policies.
- Artificial scarcity created by people with malevolent intentions wrecks the fabric of the economy.
- Corruption is caused as well as increased because of the change in the value system and ethical qualities of men who administer.
- The old ideals of morality, service and honesty are regarded as anachronistic.
- Tolerance of people towards corruption, complete lack of intense public outcry against corruption and the absence of a strong public forum to oppose corruption allow corruption to reign over people.
- Vast size of population coupled with widespread illiteracy and the poor economic infrastructure lead to endemic corruption in public life.
- In a highly inflationary economy, low salaries of government officials compel them to resort to corruption. Graduates from Indian Institutes of Management (IIMs) with no experience draw a far handsome salary than what government secretaries draw.
- Complex laws and procedures deter common people from seeking help from the government.
- Election time is a time when corruption is at its peak.
- Big industrialists fund politicians to meet high cost of election and ultimately to seek personal favour.
- Bribery to politicians buys influence, and bribery by politicians buys votes. In order to get elected, politicians bribe poor, illiterate people.

Source: <http://iosrjournals.org/iosr-jhss/papers/Vol18-issue5/C01852024.pdf?id=8650>

### Corruption in Media

As many as 8 per cent of the respondents in India consider that corruption in the media affects the lives of the people. The media, while not being perceived as clean, scored best with just over 40 per cent of respondents labelling the sector as corrupt, globally.

### Corruption in Judiciary

Corruption is rampant in India's courts. According to Transparency International, judicial corruption in India is attributable to factors such as "delays in the disposal of cases, shortage of judges and complex procedures, all of which are exacerbated by a preponderance of new laws". Almost 3 per cent respondents in India consider the judiciary to be corrupt. Anti-corruption tools such as the Right to Information Act (RTI), social audit, citizens' charters and use of technology are wonderful tools to check corruption, but majority of the population in the country are not aware of these instruments. Transparency International has also devised tools such as Integrity Pact and Development Pact to check corruption in areas of procurement and political institute

### Corruption in Police

Despite state prohibition against torture and custodial misconduct by the police, torture is widespread in police custody, which is a major reason behind deaths in custody. The police often torture innocent people until a "confession" is obtained to save influential and wealthy offenders. G.P. Joshi, the programme coordinator of the Indian branch of the Commonwealth Human Rights Initiative in New Delhi comments that the main issue at hand concerning police violence is the lack of accountability on the part of the police.

### Corruption in Religious Institutions

In India, corruption has also crept into religious institutions. Some members of the Church are making money by selling baptism certificates. A group of church leaders and activists has launched a campaign to combat corruption within churches. Among Indian Muslims, the recent "cash for fatwas scandal" was a major affair that exposed the Imams of the Islamic ulama accepting bribes for issuing random, often nonsensical fatwas. The chief economic consequences of corruption are loss to the exchequer, an unhealthy climate for investment and an increase in the cost of government-subsidised services.

### Corruption in the Private Sector

Almost 9 per cent of those surveyed considers business and private sector to be corrupt. The private sector used bribes to influence public policy, laws and regulations, believe over half of those polled for the survey. The business-related findings of the Barometer sends a powerful signal to the private sector to prove that they are clean and to communicate this clearly to the public. Forty-five of those polled felt that the existing channels for making corruption-related complaints were ineffective. Very few lodged formal complaints, demonstrating serious defects in the perceived legitimacy and effectiveness of channels for reporting and addressing bribery.

### Corruption in Politics

Political parties are perceived to be the most corrupt institutions by Indians, according to 2009 Global Corruption Barometer. The Barometer, a global public opinion survey released by Transparency International, found that 58 per cent Indian respondents identified politicians to be the single most corrupt individuals. Forty-Five per cent of the people sampled felt that the government is ineffective in addressing corruption in the country. The survey in India, conducted at the national level between October and November last year, also indicated that the perception of government effectiveness in relation to addressing corruption had improved from 2007. Forty-two per cent respondents analysed that government's actions in the fight against corruption was effective.

### To analyse the India's rank in corruption perception index (CPI) (2010)

The data given in table reveal that the index of corruption in India is 3.3 and thus, it is far behind the level of achievement by New Zealand, Sweden and Switzerland with CPIs 9. At the other end of the spectrum, Pakistan, Indonesia and Bangladesh can be classed as very highly corrupt countries. While India has performed somewhat better than this latter group of countries, the Indian government should initiate measure to improve its CPI closer to the levels achieved by countries such as New Zealand and

Sweden, Decline in Corruption Perception Index for India in recent years is a better of is a matter of concern.

**Table 1.** Corruption perception index (CPI) for selecting countries (2010)

Country	Corruption Perception Index(CPI)	Rank among 180 countries
New Zealand	9.3	1
Sweden	9.2	4
Switzerland	8.7	8
Canada	8.9	6
Germany	7.9	15
United Kingdom	7.6	20
Japan	7.8	17
United States	7.1	22
Malaysia	4.4	56
China	3.5	78
Brazil	3.7	69
India	3.3	87
Indonesia	2.8	110
Pakistan	2.3	143
Bangladesh	2.4	134

**Note:** CPI score 10 (highly clean) and 0 (highly) corrupt. The lower the CPI, greater is the degree of corruption.

**Source:** Transparency International Report (2010)

### The Top Scams in India

#### 1) Indian Coal Allocation Scam – 2012 – Size 1.86L Crore

While many think that 2G scam remains the biggest one in size in India. But this coal allocation scam dwarfs it by the amount involved. This scam is in regards to Indian Government's allocation of nation's coal deposit to PSU's and private companies. The scam happened under Manmohan Singh government and came out in 2012. The basic premise of this scam was that wrongful allocation of Coal deposits by Government without resorting to competitive bidding, which would have made huge amounts to the Government (to tune of 1.86 Lakh crore). However, the coal deposits were allocated arbitrarily.

#### 2) 2G Spectrum Scam – 2008 – 1.76 L Crore

We have had a number of scams in India; but none bigger than the scam involving the process of allocating unified access service licenses. At the heart of this Rs.1.76-lakh crore worth of scam is the former Telecom minister A Raja – who according to the CAG, has evaded norms at every level as he carried out the dubious 2G license awards in 2008 at a throw-away price which were pegged at 2001 prices. In some respects, this remains the biggest scam in India if you consider the inflation. The 2G spectrum allocation happened 5 years earlier than Coal Scam which came out in 2012. The cases are still going on against many people including A. Raja, M. K. Kanimozhi and many telecommunication companies as well.

#### 3) Commonwealth Games Scam – 2010 – 70,000 Crore

Another feather in the cap of Indian scandal list is Commonwealth Games loot. Yes, literally a loot! Even before the long awaited sporting bonanza could see the day of light, the grand event was soaked in the allegations of corruption.

It is estimated that out of Rs. 70000 crore spent on the Games, only half the said amount was spent on Indian sportspersons. The Central Vigilance Commission, involved in probing the alleged corruption

in various Commonwealth Games-related projects, has found discrepancies in tenders – like payment to non-existent parties, will-ful delays in execution of contracts, over-inflated price and bungling in purchase of equipment through tendering – and misappropriation of funds.

#### **4) Satyam Scam – 2009 – 14,000 Crore**

The scam at Satyam Computer Services is something that will shatter the peace and tranquility of Indian investors and shareholder community beyond repair. Satyam is the biggest fraud in the corporate history to the tune of Rs. 14000 crore.

The company's disgraced former chairman Ramalinga Raju kept everyone in the dark for a decade by fudging the books of accounts for several years and inflating revenues and profit figures of Satyam. Finally, the company was taken over by the Tech Mahindra which has done wonderfully well to revive the brand Satyam.

#### **8) The Fodder Scam – 1990s - 1,000 Crore**

If you haven't heard of Bihar's fodder scam of 1996, you might still be able to recognize it by the name of "Chara Ghotala," as it is popularly known in the vernacular language. In this corruption scandal worth Rs.900 crore, an unholy nexus was traced involved in fabrication of "vast herds of fictitious livestock" for which fodder, medicine and animal husbandry equipment was supposedly procured.

#### **To Offer Suggestions for Reducing Corruption**

- Blacklist corrupt businessmen.
- Transparency and stricter scrutiny of government tenders/orders, including auction/sale of public-owned assets.
- Introduce sweeping police reforms and stronger judicial accountability.
- Minimize discretionary powers of ministers and bureaucrats.
- Reduce the role of the state in people's lives to the absolutely essential.
- Liberal and contemporary laws that citizens can understand and respect.
- A reasonable and transparent tax structure, backed by clean and clear enforcement.

#### **CONCLUSION**

Corruption is an intractable problem. It may be concluded that corruption today has ceased to shock people. Even when mad practises are detected, the ministers and officers go scot-free. At the most, they are transferred. So long corruption fails to attract legal, moral and social censures, there is no hope of eliminating or even reducing it. It may not be possible to root out corruption completely at all levels but it is certainly possible to roll it down or to contain it within the tolerable limits. Corruption is a cancer which every Indian must strive to obliterate.

For the growth of healthy society, it is vitally important that corruption should be eliminated or considerably reduced so that the phenomenon of black money does not destroy the vitals of the society "Just as it is impossible not to taste honey or poison that one may find at the tip of one's tongue. So it is also impossible for one dealing with government funds not to taste at least a little bit, of the king's wealth."

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**A STUDY OF CUSTOMER SATISFACTION OF AIRCEL  
CUSTOMERS: A RESEARCH CONDUCTED IN SRINAGAR**

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**ABSTRACT**

*Customer satisfaction has been a fundamental marketing construct in the last three decades. Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation. The Indian Telecommunication industry has grown into a billion dollar industry. In this highly competitive industry it is not just doing something right that matters, but it is also important that a company is doing nothing wrong. Making profit no longer remains the sole purpose of organizations, as focus nowadays is on customer satisfaction. Therefore it is important for every company to analyse the existing level of satisfaction of their customers, so as to bridge any gaps between the expectations of the customer and the product or service provided by the company. The present study is aimed at studying the satisfaction levels of three different segments of Aircel, (HNI, JK Bank Corporate Plan and Internet Dogle customers), where HNI stands for High Net worth Individuals and JK Bank Corporate plan is a dedicated plan from Aircel for the employees of J&K Bank. An assessment has been made of the present level of service provided by Aircel, as a result of which the potential areas of improvement have been uncovered. The type of research undertaken for the study is descriptive research and the sampling design used is simple random sampling. The sample size is 100. For the purpose of research only customers from Srinagar district were contacted. The data was collected using a standardized questionnaire, through face-to-face and telephonic interview mode. From the analysis it was found that Aircel customers are extremely satisfied with the tariff associated with their connection although it needs improvement in the area of network coverage and internet speed so as to remain competitive in the market.*

**Keywords:** Customer Satisfaction; Customer Expectation; Service Quality; Telecommunication

**INTRODUCTION**

**Telecommunication**

Globalization, liberalization and privatization are the three most spoken words in today's world. These initiatives paved way for all-round reforms, especially in developing economies, like India. India realized that development of effective and efficient means of communications and information technology is important on the path of development. The growth of the telecom sector in India Post liberalization has been phenomenal. If there is one sector in India that is showing tremendous growth as well as potential, it's definitely telecom. Being recognized as one of the most lucrative sectors globally, the Indian telecom sector has not only shown signs of profitability but also contributed significantly to the nation's economy.

The telecom sector in India has developed as a result of progressive regulatory regime. Telecommunication has emerged as a key driver of economic and social development in an increasingly knowledge intensive global scenario. Sustained adoption of technology offers viable options in overcoming developmental challenges in education, health, employment generation,

financial inclusion and much else. Today, India is one of the fastest growing telecom markets in the world. The unprecedented increase in tele density and sharp decline in tariffs in the Indian telecom sector have contributed significantly to the country's economic growth. Besides contributing to about 3% to India's GDP, Telecommunications, along with Information Technology, has greatly accelerated the growth of the economic and social sectors.

The last decade is characterized by significant penetration of telecommunications in India. The number of telephone connections has increased to 893 million in January 2013 as compared to 41 million in December 2001. This growth has been primarily fuelled by the cellular segment (mobile phones) which alone accounted for 862 million connections at the end of January 2013. The composition of the telecom sector too has witnessed a structural change, with the private sector accounting for around 88 % of the total connections. While urban tele density has risen to 148%, rural tele density has also increased significantly to 40%.

### **Customer Satisfaction**

Customer satisfaction has been a fundamental marketing construct in the last three decades. Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals. In the past, it was unpopular and unaccepted concept because companies thought it was more important to gain new customers than retain the existing ones. However, in this present decade, companies have gained better understanding of the importance of customer satisfaction (especially service producing companies) and adopted it as a high priority operational goal.

People in India are becoming busy day by day and more professional than before. They need to share more information to each other because demography has changed due to the era of globalization. Mobile phone has introduced a tremendous change in the communication sector in our country. It has changed the communication structure also. People in various occupations and income levels are using mobile phone intensively for their occupational purpose and personal purpose as well.

Customer satisfaction is an abstract concept and involves such factors as the quality of the product, the quality of service provided, the atmosphere of the location where the product or service is purchased, and the price of the product or service. Businesses often use customer satisfaction surveys to gauge customer satisfaction. Typical areas addressed in the surveys include:

- Quality of product
- Value of product relative to price - a function of quality and price
- Time issues, such as product availability, availability of sales assistance, time waiting at checkout, and delivery time
- Atmosphere of store, such as cleanliness, organization, and enjoyable shopping environment
- Service personnel issues, such as politeness, attentiveness and helpfulness
- Convenience, such as location, parking, and hours of operation

In a survey of nearly 200 senior marketing managers, 71 percent responded that they found a customer satisfaction metric very useful in managing and monitoring their businesses.

In researching satisfaction, firms generally ask customers whether their product or service has met or exceeded expectations. Thus, expectations are a key factor behind satisfaction. When customers have high expectations and the reality falls short, they will be disappointed and will likely rate their experience as less than satisfying. A business ideally is continually seeking feedback to improve customer satisfaction.

Customer satisfaction provides a leading indicator of consumer purchase intentions and loyalty. Customer satisfaction data are among the most frequently collected indicators of market perceptions. Their principal use is twofold:

1. Within organizations, the collection, analysis and dissemination of these data send a message about the importance of tending to customers and ensuring that they have a positive experience with the company's goods and services.
2. Although sales or market share can indicate how well a firm is performing currently, satisfaction is perhaps the best indicator of how likely it is that the firm's customers will make further purchases in the future. Much research has focused on the relationship between customer satisfaction and retention

### Aircel in J & K

Aircel was launched in J&K in January 2005. In Jammu, the postpaid services of Aircel were launched in November 2005, whereas, prepaid services were launched in January 2006. In Kashmir, postpaid services were launched in July 2006, whereas, prepaid services were launched in January 2007. Aircel is one of the market leaders in J&K. Aircel constantly makes efforts to offer exciting engagements for customers in J&K. The company strives to bring an element of 'Extra' in its products and services as a simple way to bring joy and happiness to its customers. Aircel is a preferred and the fastest growing telecom brand in J&K with over 2 million subscribers. Aircel has positioned itself well as a data leader in the market by constantly innovating products and services aimed at redefining user experience, especially the youth. Aircel was the first telecom operator to make 3G affordable to the masses. Aircel has led the data revolution in India by launching Pocket Internet which changed the way internet on mobile was perceived and consumed. Some noteworthy data products by Aircel in J&K include Pocket Internet, 3G PI Smart, Video Calling, Unified Data Pricing, PI 23 etc.. The company is making certain efforts in the state under CSR and has already adopted some schools in Leh and Jammu. Some orphanages are also being taken care of in Kashmir.

### BACKGROUND OF THE PROBLEM

There are six mobile phone operators running business in Jammu & Kashmir. Among them Aircel is one of the late entrants in the market. When Aircel ventured into J&K, BSNL and Airtel had already captured a major market share. If we look back at that time, the mobile phone services were limited to few numbers of customers due to high connection price and call charges. BSNL and Airtel being the early entrants in the market acquired enormous time for the network expansion. As a result, their subscriber base reached to more solid stage. After entering of Aircel in the market, there was a remarkable change seen in telecommunication industry. The competition has been more intensified among the mobile phone companies. Aircel is also struggling with the other competitors by offering new and unique services to keep up the market share. To face this competition it is very essential for any of the organization to do a proper planning, implementation and taking proper feedback about the process. By doing these things an organization might be able to deliver better product, services or the combination of both. Hence, to survive in this competitive environment, it is difficult to keep the existing customers satisfied and to grab more market share. It is therefore imperative for Aircel to analyze the customer's opinion with regard to its services, so as to take care of dissatisfaction.

### AIM OF THE PROJECT

The Indian Telecommunication industry has grown into a billion dollar industry. In this highly competitive industry it is not just doing something right that matters, but it is also important that a company is doing nothing wrong. Making profit no longer remains the sole purpose of organizations, as focus nowadays is on customer satisfaction. Therefore it is important for every company to analyse the existing level of satisfaction of their customers, so as to bridge any gaps between the expectations of the customer and the product or service provided by the company. The aim of this study would supplement this effort of the company in a small way.

**OBJECTIVES**

**Broad Objective**

1. To find out whether the existing HNI, JK Bank Corporate Plan customers and Dongle customers of Aircel are satisfied

**Specific Objectives**

1. To find out the specific areas of satisfaction of Aircel customers
2. To find out major problems faced by Aircel customers
3. To know the overall satisfaction level of Aircel customers
4. To figure out possible improvement areas for Aircel
5. To generate suggestion and recommendations for Aircel to improve the present market
6. To bring out Voice of the customers for Aircel in the form of their suggestions, so that Aircel can use them to improve its performance

**LIMITATIONS**

1. Due to time and cost constraints, the study is confined to a sample of only 100 respondents
2. Some of the respondents were reluctant to reveal complete information
3. The area of study was restricted to Srinagar only, hence the results may not necessarily be true for other geographical regions
4. The respondents consisted of people from varying levels of education and classes and hence during the interview process the language was suitably modified.
5. Although great care was taken while doing so, but can be a chance that the respondents might have interpreted the question in a different way.

**REVIEW OF LITERATURE**

Rayport and Bernard, (2004), have explained the importance of customer interface as competitive advantage in the era of shorter product cycles and fast commoditisation of products. Failing to manage these interfaces to the firm's advantage will affect its profits. Lack of proper management of touch points can cause a churn among the firm's existing customers. A study of 700 mobile service customers in Cochin, Kerala reveals that 70 per cent of the customers switched over to other mobile service because of poor customer service and lack of proper complaint handling.

Mitra, K., (2005), analysed various factors contributing to competition in Indian Telecom Industry. Besides lowering of prices, increased efficiency, greater innovation, high tech industry and better quality services are some of the reasons which are boosting competition amongst various telecom service providers.

Raja, Sharma and Shashikala, (2006), have identified product quality, service support, product distribution, service personnel, information services and corporate brand equity as the underlying factors of customer satisfaction. The article examined the customer satisfaction of mobile handset end users in India. It is important that technological models of the supply side need to be supplemented with the views and impact of perceptions from the demand side of mobile end users. It ranks the mobile handset users on the basis of various factors and identifies homogenous subgroups among the end users.

Harish B., (2006), has discussed the importance of company to identify the customer touch points and manage those touch points effectively. Companies spend millions of dollars for acquiring customers but after they behave miserly when managing those critical touch points. For example, while customer

interactions at the point of sale are usually initiated by company, complaints and queries are initiated by the customers. It is important to understand that customer oriented interfaces are more personal in nature and have more impact on customer satisfaction than company initiated interfaces. Hence, the voice integrated services, internet enabled services and customer query response services should be treated with greater importance.

Teneja, G., and Kaushik, N., (2007), conducted a study on “Customers Perception towards Mobile Service Providers: An Analytical Study” in order to deduce the factors that customers perceive to be the most important while utilising the services of a mobile service provider.

Seth, A.,(2007),in his study on “Quality of Service Parameters in Cellular Mobile Communication” developed a model of service quality and a set of dimensions for comparative evaluation which could provide useful directions to regulators and service providers.

Seth et al (2008),in their study titled “Managing the Customer Perceived Service Quality for Cellular Mobile Telephone: An Empirical Investigation” analysed that there is relative importance of service quality attributes and showed that responsiveness is the most important dimension followed by reliability, customer perceived network quality, assurance, convenience, empathy and tangibles. This would enable the service providers to focus their resources in the areas of importance. The research resulted in the development of a reliable and valid instrument for assessing customer perceived service quality for cellular mobile services.

Rick (2008),in his study has found that companies with sound customer strategies can use loyalty programme as a differentiator in an increasingly muddled market. In an increasingly competitive market, customer loyalty efforts can play a major part in the attraction of new customers and the retention of current ones. As consumers’ choices expand, the importance of a sound customer relationship strategy becomes more and more important for the success of the company.

Ganguli, S.,(2008),conducted a study on “Drivers of Customer Satisfaction in Indian Cellular Services Market” in which he discussed the impact of service quality and features on customer satisfaction from the cellular users viewpoint.

Power, J.D., (2009), conducted a study on “Customers increasingly want telecom services and products to be bundled” based on responses collected from 11,911 customers nationwide and examined the overall customer satisfaction on six factors - customer service, reliability, billing, brand image, cost of service, and offers and promotions.

### RESEARCH METHODOLOGY

Descriptive Research

#### Sources of Data

##### Primary sources:

- Direct interview through a structured questionnaire
- Telephonic interview based on a structured questionnaire

##### Secondary sources:

- Internet
- Journals
- Newspapers
- Information provided by Aircel

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## Data Collection

### Questionnaire Design

Structured Questionnaire with both open ended and close ended questions is used. Proper care has been taken to ensure that the information needs match the objectives which in turn match the data collected through the questionnaire.

### Pre-Testing, Revision & Final Draft

The questionnaire was pretested with 10 respondents chosen at random. After the pretesting some question were modified as per the response towards the questionnaire. The 'validity' of the questionnaire was also looked into. Validity refers to whether the Questionnaire is measuring what it is supposed to measure. Content Validity, i.e. the contents of the questionnaire whether it is aligned with the objectives was looked into by the guide in charge in the Aircel office and approval was given. The 'reliability' of a questionnaire refers to a measurement free from random errors or put in another way, whether the results obtained from the measurement are the same for a particular respondent when interviewed between two intervals. Around 10 respondents who were involved in pre-testing the questionnaire were interviewed after a period of 10 days and the results did not show any deviation. Hence reliability was achieved.

### Sampling

Population: All the HNI , JKBank Corporate plan and Dongle customers of Srinagar.

Sample size: 100

Sampling Technique: Simple random sampling without replacement

## ANALYSIS AND DISCUSSION

### 1. AGE

**Table 1.** Table Showing Age Group of Customers

S. No.	AGE GROUP	HNI		JKBANK		DONGLE	
		No. of respondents	(%)	No. of respondents	(%)	No. of respondents	(%)
1	20 - 30	9	30	10	33.33	4	10
2	31 - 40	12	40	16	53.34	12	30
3	41 - 50	8	26.66	3	10	21	52.5
4	51 &Above	1	3.34	1	3.33	3	7.5
5	<b>TOTAL</b>	<b>30</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>40</b>	<b>100</b>

### 2. GENDER

**Table 2.** Table showing gender composition of customers

S. No.	GENDER	HNI		JKBANK		DONGLE	
		No. of respondents	(%)	No. of respondents	(%)	No. of respondents	(%)
1	Male	27	90	16	53.34	37	92.5
2	Female	3	10	14	46.66	3	7.5
3	<b>TOTAL</b>	<b>30</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>40</b>	<b>100</b>

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**3. How long have you been using Aircel services?**

**Table 3.** Table showing distribution of customers based on time on network

S. No.	Time on network	HNI		JKBANK		DONGLE	
		No. of respondents	(%)	No. of respondents	(%)	No. of respondents	(%)
1	< 3 months	-	-	2	6.67	-	-
2	3 – 6 months	-	-	11	36.66	2	5
3	6 months to 1 yr	-	-	13	43.33	3	7.5
4	More than a year	30	100	4	13.34	35	87.5
5	<b>TOTAL</b>	<b>30</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>40</b>	<b>100</b>

**4. How satisfied are you with Aircel as a telecom service provider?**

**Table 4.** Table showing overall satisfaction level of customers

S. No.	Degree of Satisfaction	HNI		JKBANK		DONGLE	
		No. of respondents	(%)	No. of respondents	(%)	No. of respondents	(%)
1	Very Satisfied	11	36.67	19	63.33	17	42.5
2	Quite Satisfied	6	20	5	16.67	9	22.5
3	Indifferent	3	10	3	10	-	-
4	Quite Dissatisfied	6	20	1	3.33	9	22.5
5	Very Dissatisfied	4	13.33	2	6.67	5	12.5
6.	<b>TOTAL</b>	<b>30</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>40</b>	<b>100</b>

**5. How satisfied are you with the tariff linked with the connection that you are using?**

**Table 5.** Table showing satisfaction of customers with Aircel tariff

S. No.	Degree of Satisfaction	HNI		JKBANK		DONGLE	
		No. of respondents	(%)	No. of respondents	(%)	No. of respondents	(%)
1	Very Satisfied	14	46.67	19	63.34	17	42.5
2	Quite Satisfied	11	36.67	9	30	9	22.5
3	Indifferent	1	3.33	1	3.33	-	-
4	Quite Dissatisfied	3	10	1	3.33	9	22.5
5	Very Dissatisfied	1	3.33	-	-	5	12.5
6.	<b>TOTAL</b>	<b>30</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>40</b>	<b>100</b>

**6. Are you currently facing any problem with Aircel services?**

**Table 6.** Table showing distribution of customers who are and who are not facing any problem with Aircel

S. No.	Whether facing a problem or not	HNI		JKBANK		DONGLE	
		No. of respondents	(%)	No. of respondents	(%)	No. of respondents	(%)
1	Yes	20	66.67	11	36.67	22	55
2	No	10	33.33	19	63.33	18	45
3	<b>TOTAL</b>	<b>30</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>40</b>	<b>100</b>

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7. If yes, what is the problem related to,

**Table 7.** Table showing nature of problems faced by Aircel customers

S. No.	Nature of Problem	HNI		JKBANK		DONGLE	
		No. of respondents	(%)	No. of respondents	(%)	No. of respondents	(%)
1	Data/ Internet speed	12	48	5	31.25	12	50
2	Billing	3	12	2	12.5	2	8.33
3	VAS	1	4	4	25	-	-
4	Network Coverage	5	20	5	31.25	5	20.84
5	Others	4	16	-	-	5	20.83
6.	<b>TOTAL</b>	<b>25</b>	<b>100</b>	<b>16</b>	<b>100</b>	<b>24</b>	<b>100</b>

8. In your most recent customer service experience , how did you contact the representative?

**Table 8.** Table showing data related to the medium used by customers for contacting Aircel

S. No	Mode of Contact	HNI		JKBANK		DONGLE	
		No. of respondents	(%)	No. of respondents	(%)	No. of respondents	(%)
1	In Person	1	3.33	4	13.33	7	17.5
2	Telephone	28	93.34	25	83.34	30	75
3	Internet	1	3.33	1	3.33	1	2.5
4	Through dealer / representative	-	-	-	-	2	5
5	<b>TOTAL</b>	<b>30</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>40</b>	<b>100</b>

9. About how long do you have to wait before speaking to a representative?

**Table 9.** Table showing waiting time of customers before speaking to a representative

S. No.	Waiting Time	HNI		JKBANK		DONGLE	
		Frequency	(%)	Frequency	(%)	Frequency	(%)
1	Immediately	5	16.67	10	33.33	7	17.5
2	Within a Minute	15	50	12	40	10	25
3	2- 3 Minutes	8	26.67	5	16.67	21	52.5
4	More than 3 Minutes	2	6.66	3	10	2	5
5	<b>TOTAL</b>	<b>30</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>40</b>	<b>100</b>

10. Response from representative,

**Table 10.** Table showing type of response from representative

S. No.	Type of response	HNI		JKBANK		DONGLE	
		No. of respondents	(%)	No. of respondents	(%)	No. of respondents	(%)
1	Quickly identified the problem	13	43.33	14	46.67	27	67.5
2	Route you to some other representative	3	10	4	13.33	2	5
3	Could not provide you the solution	14	46.67	12	40	11	27.5
4	Hung up your call	-	-	-	-	-	-
5	<b>TOTAL</b>	<b>30</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>40</b>	<b>100</b>

**FINDINGS**

- Majority of HNI and JK Bank Corporate plan customers fall within the age group of 20-40 years , however , Aircel Dongle has lesser penetration in the same age group irrespective of the vast importance of internet in the age group of 20-40
- Majority of HNI and Dongle customers have been using Aircel from over a year, whereas, JK Bank customers who are availing the service of Aircel from over a year is not much significant
- Majority of the customers across the three segments have revealed that they are very satisfied with Aircel as a service provider
- Majority of customers across the three segments are very satisfied with the tariff of their Aircel connection
- A considerable percentage of HNI and Dongle customers of Aircel have revealed that they are facing certain problems with Aircel , with poor network coverage and poor internet speed being the most prevalent
- Majority of the customers across the three segments use telephone as a medium for contacting Aircel incase of any issues
- Dongle customers have revealed that the waiting time for getting connected to customer care representative is much longer
- Majority of Aircel customers said that they would repurchase and recommend Aircel to others
- Among the suggestions, majority of the customers have suggested to improve Network coverage, provide faster internet speed and improve customer care service

**SUGGESTIONS**

- During the project it came to light that there is unawareness among majority of JK Bank employees about the presence of a dedicated corporate plan from Aircel exclusively for them. Therefore steps should be taken to improve awareness of JK Bank Corporate plan among the employees of JK bank
- Network coverage must be improved as early as possible because it was a problem area revealed by majority of customers. If steps in this direction are not taken , it can be a threat for company as it has become easy for the customers to switch to some other service provider with the introduction of MNP(Mobile Number Portability)
- Missed call alert should be offered by Aircel for free. Customers understand that network improvement cannot be done overnight. But if missed call alert service is offered free of cost the existing customers may compromise with the current situation Thus, dissatisfaction may reduce regarding network problems.
- Speed of internet & its network coverage must be improved as it is one of the major problems faced by the customers across all the three segments.
- People are the most important elements in any service organization, as majority of the customers in such cases evaluate an organization on the basis of functional specifications because of their inability to evaluate on technical specifications.
- Keeping this in mind, Aircel executives at all the customer touchpoints especially customer care executives must be given proper training so that they can handle the customers properly and provide them the best solutions.
- There must be a separate helpline number for Dongle customers because the nature of their problems is different and must be handled by a person of technical knowledge. This initiative

can also solve the issue of longer waiting time for speaking to a customer care representative which was revealed by majority of Dongle customers.

### CONCLUSION

The main aim of this paper was to probe the customer satisfaction of Aircel customers. . The project has brought to surface various gray areas where Aircel needs to pay attention .At the same time, it has also revealed various things which Aircel should feel proud of.The customer's expectation from the various segments and the problems faced by them were identified. Today Aircel is facing severe challenges from the other telecommunication companies like Airtel, Vodafone etc but still there is a big scope of further penetrating into the current market scenario by more innovative marketing strategies. Connectivity, network coverage, call rate and network quality is the most important parameters nowadays. Without proper coverage and network quality the companies cannot survive in the market. Through the survey it was found out that Aircel is doing exceptionally well in the area of tariffs & Brand Value , but it has a huge scope for improvement in the area of network coverage and internet speed.

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**BOON OR BANE - E RECRUITMENT'S IMPACT  
UNDENIABLE**

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**ABSTRACT**

*The aim of this paper is to determine whether the introduction of e-recruitment has an impact on the process, underlying tasks and subtasks and activities of recruitment. The world is simultaneously shrinking and expanding, growing closer and farther apart: National borders are increasingly global change is extremely rapid, and even those trained to track and analyze it, have difficulty keeping up with new developments and trends.*

*The question arises as to how one really links prospective applicants to the organization. Markets which are expanding have workforce available from all nooks and corners of the globe, for this mobility of workforce, one need to reach out effectively. E-recruitment has a considerable impact not only within the domestic boundaries but also overseas. Changes in the sequence, divisibility and repetitiveness of a number of assignments take place in any organization. New process designs supported through the medium of communication and technologies, like e recruitment develop employer branding and a reputation to create new relationships with potential applicants.*

*The article highlights the need for an organization to shift from a traditional recruitment strategy to a technologically advanced medium of e recruitment, which incorporates a diverse range of sources to reach quality applicants in the desired market.*

**Keywords:** E-Recruitment; HRM; Staffing; Online Recruitment; Web-Based Recruitment

**INTRODUCTION**

**Recruitment**

The most important resource for the survival of any organization is its Human Resource. This is one resource which needs to be carefully analyzed and put into use for an optimum outcome.

Be it small, medium, or large organization one needs to pay utmost attention to this primary resource. All the factors of production i.e. Land, Capital, Enterprise depend upon the human resource. Recruitment of the right person plays a vital role for the success of any organization.

Times change and so do the demands of the market. While little attention was paid in the past to human resources, the current scenario is way different. The cut throat competition in the market has caused the organizations to produce more and provide quality outputs. To enable any organization to achieve this competitive edge, one needs the right person for the right job.

In today's scenarios, those firms survive which have an edge over the other in the form of human resources

The most important challenges faced by the human resource department are,

1. The art of attracting potential employees

2. The task of reducing the ambiguity between the employer and the employee
3. The task of retaining employees

Recruitment is an ongoing process and it is not restricted only to the early stages of an organization. Employees quit the firm to explore better opportunities, some retire and some employees die. Besides an organization grows/ merges/takes over other organizations or also diversifies into various sectors. All these activities require new employees to be hired. The hiring of employees stops only when the organization ceases to exist. Recruitment is the process of searching for and obtaining applications for jobs, so that the right people can be selected from this pool.

### **E- Recruitment**

The traditional method of recruitment has been revolutionized with the advent of the internet. Hence the use of internet in the last decade has dramatically changed the face of Human Resources, and the ways an organization thinks about the recruiting methods. In the coming years, online recruitment and hiring of new candidates will be continued ensuring their explosion and growth.

According to Edwin B. Flippo (1979), "recruitment is the process of searching for candidates for an employment and stimulating them to apply for jobs in the organization". It is an activity that links employers with job seekers. It is the process, trying to discover sources of manpower to meet the requirement of staffing schedule and employing competent measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient work force. E-recruitment, also known as "Online Recruitment" "is the use of technology or web based tools to assist the recruitment process. The e-recruitment sources help assessing the importance of such recruitment from the perspective of the applicant as well as the organization.

A job website like Naukri.Com, the organization's corporate web site or its own intranet are using internet as a source of recruitment. They advertise Job vacancies through worldwide web. The job seekers send their applications or Curriculum Vitae (CV) through an e-mail using the internet. Alternatively jobseekers place their CV's in worldwide web, which can be drawn by prospective employers depending upon their requirements. The internet penetration in India is increasing and has a tremendous potential.

Presently, e- recruitment has been adopted in many large organizations as well as in small sized companies. Most organizations are already using e-recruitment to advertise jobs and accept applications through the internet. They correspond with the applicants by e-mail. It adds to the benefit of the organizations.

A key element of human resource management is the recruitment of staff, as this function generates the human capital that acts as the base and backbone of any organization. The future success of any company is predominantly based on the success of human resource efforts, which evolves through the identification and attraction of new quality employees

Traditional sources commonly used by the companies include employee referrals, newspaper advertisements, employment agencies, and direct applications (also known as "Walk Ins"). More recently, organizations introduced various alternatives, such as the internet recruitment to identify potential candidates and to reach out to them.

The twenty first century saw a rapid growth in the use of online recruitment and transformation of electronic recruitment into one of the fastest growing recruitment techniques. The most often reported benefits included a more extensive widespread outreach, low cost advertising, faster information exchange between potential employees and employers, reduced cost of communication, increase in data availability and accessibility and increased organizational attraction. In terms of the general literature on e recruitment, advantages have been attributed to this method which relate to its being cost effective, speedy, geographical reach and ease of use. While a coin has two sides the benefits of an online recruitment source is also riddled with drawbacks..

This article highlights the need and the importance for an organization to develop an e recruitment strategy which incorporates a diverse range of sources to reach out to potential applicants in the desired targeted market.

### **REVIEW OF LITERATURE**

A study by Weiss and Barbeite (2001) focused on reactions to internet-based job sites. A web-based survey was developed that addressed the importance of job site features, privacy issues, and demographics. They found that the internet was clearly preferred as a source of finding jobs. In particular, respondents liked job sites that had few features and required little personal information. Older workers and women felt less comfortable disclosing personal information at job sites. Men and women did not differ in terms of preference for web site features, but women were less comfortable providing information online.

Karla Jurgan et al (2008) highlighted current trend, usage of information technology and web2.0 service in the recruitment process in Germany. How e- recruitment helped IBM company to reduce recruiting time from six weeks to one day and Bank of Montreal saved 1 million dollar cost. At last it was concluded that company can retain and attract high potential candidates only if their specific interest and preferences are met with.

An article by Vyas (2011) has shown the critical role of online recruitment system. Organizations are looking for methods of reducing the time and effort. As per his study, this rush and explosion gave way to job portals to make recruitment more in-house and more effective.

Job portals came as a transparent medium between the recruiter and the job seeker.

A paper was recently presented at an international conference by Florea & Badea (2013), which emphasized the manner in which the organizations use technology increases or decreases its positive net effect. The findings suggest that through the Internet, HR can develop an effective recruitment program, which helps manage the highly competitive and time-consuming process of finding skilled personnel

It is evident from the literature that use of e- recruitment helps the company to reduce costs, saves time and expedites the recruitment process.

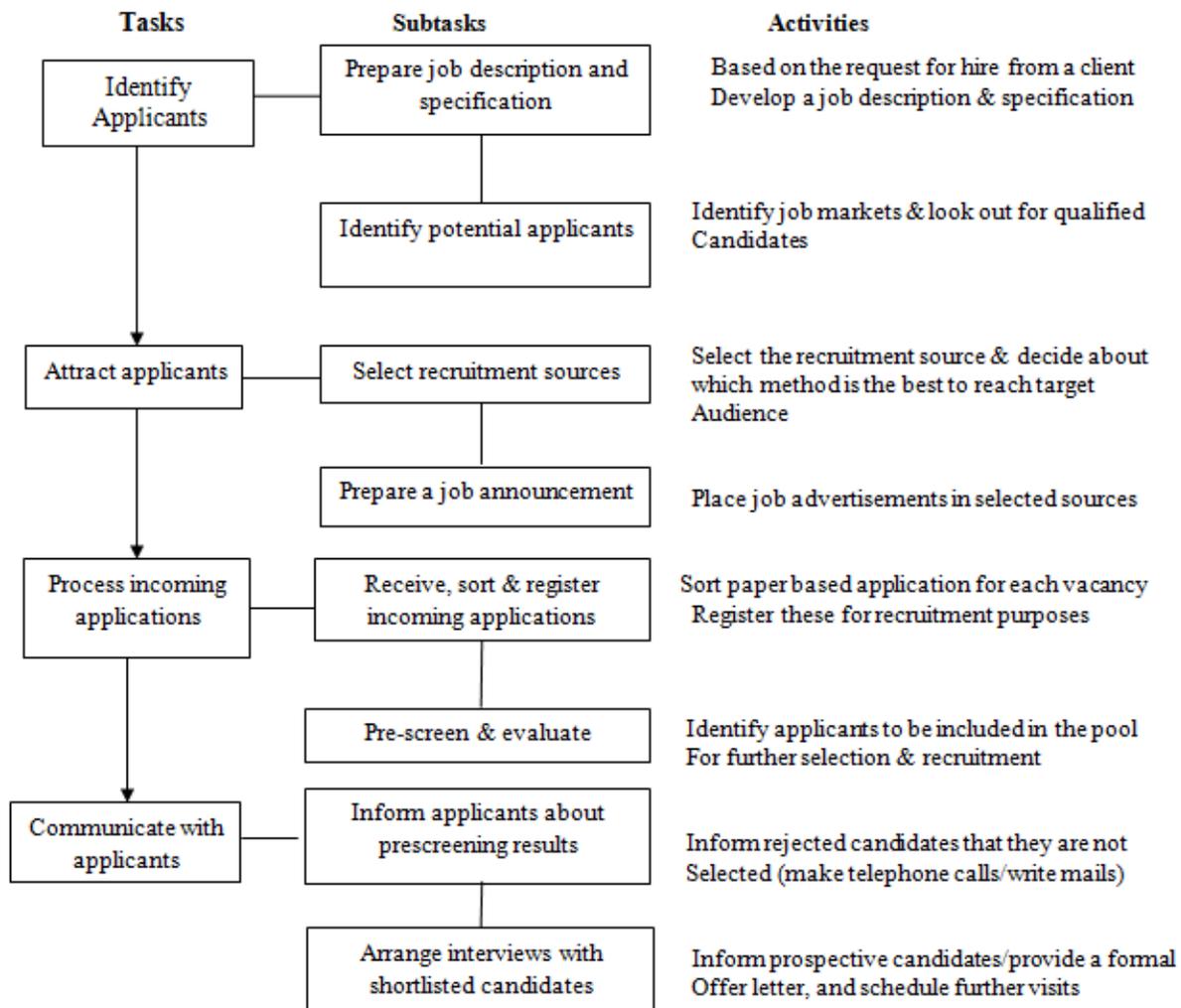
### **The Transition from “Traditional Recruitment to E-Recruitment”**

The main objective of recruitment is to identify and attract potential employees. Recruitment can be defined as a practice which is carried out by an organization for the primary purpose of identifying, recruiting, and attracting potential employees.

The recruitment process can vary in parameters; the degree of difficulty depends upon the recruitment objectives and the sources. The most sought after external recruitment sources relate to the use of formal source, such as job advertising. This starts with the process of identifying the potential applicants, their location and placement in the job market, and eventually proceeds with activities to attract and persuade potential applicants to apply. Following which applications are received, screened and sorted keeping various parameters in mind which leads to the short listing of selected candidates. This traditional process ends with communicating the pre screened results to the applicants.

A summary of the Traditional mode of recruitment is presented through Figure 1.

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**Source:** Holm, A. (2010) .The effect of e-recruitment on the recruitment process: Evidence from case studies of three Danish MNCs, Proceedings of the 3<sup>rd</sup> European Academic workshop on Electronic Human Resource Management held in Bamberg, Germany, 20-21<sup>st</sup> May, 2010(pp 91-111).

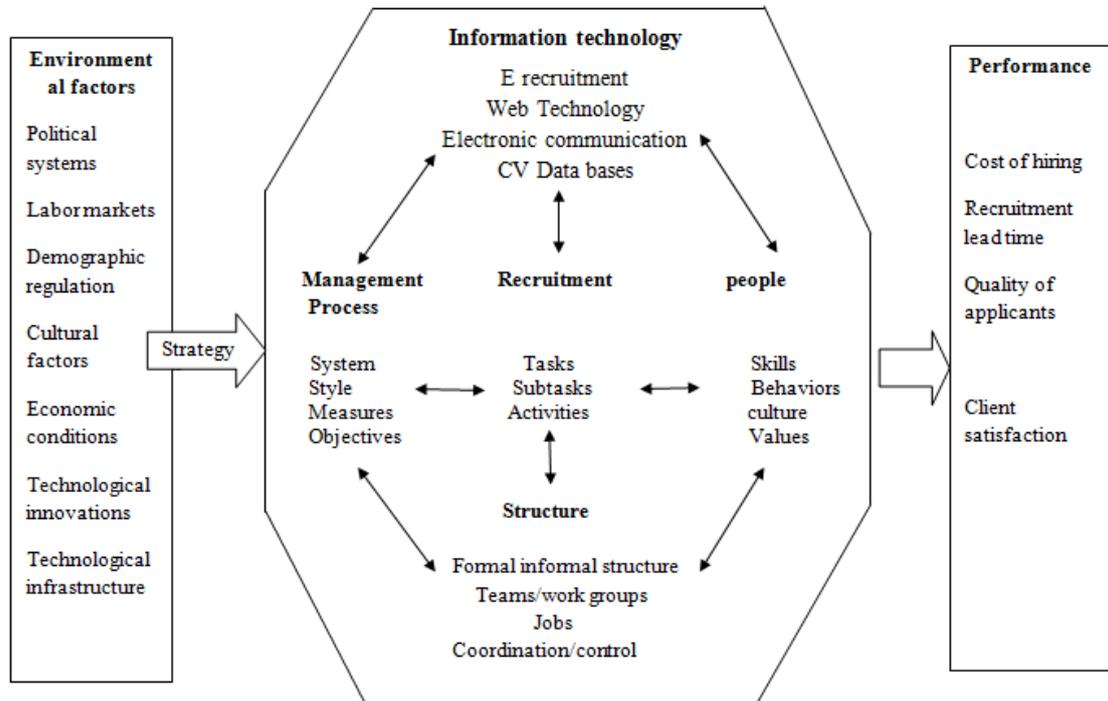
**Figure 1.** Traditional mode of recruitment

Traditional based recruitment has under gone a transformation. As proposed by Kettinger and Grover (1995) a BPC (Business Process Change) is now the need of the hour as it affects the organization in several ways. There seems to be a transition towards e recruitment, thus causing a change in the traditional form of recruitment. The model rests on the assumption that an organization is a complex, social system consisting of mutually interrelated and self-adjusting subsystems of organizational change, namely task, technology, people, and structure.

The structured increased use of ICTs(Information, Communication & Technology) in recruitment has had a fundamental impact on all aspects of an organization’s recruitment function, including people, processes, organizational structures, and forms. They suggest that new processes are needed to lower costs, accelerate transactions, improve efficiency, and provide better service. One example of such processes is the automated, web-based, pre-screening of applicants

Lee (2005), who has studied the evolution of e-recruitment systems and analyzed the corporate career websites of Fortune 100 companies, emphasizes that e-recruiting has fundamentally changed the corporate recruiting process from batch mode to continuous mode, suggesting a major change in the business process. Unlike the traditional paper-based recruiting process, e-recruiting allows a round-

the-clock collection and processing of job applications. Thus, a modern e-recruiting process is a two-way communication process, web-enabled, time- and space-independent, and a ubiquitous system for both job seekers and recruiters



**Source:** Holm, A. (2010) .The effect of e-recruitment on the recruitment process: Evidence from case studies of three Danish MNCs, Proceedings of the 3<sup>rd</sup> European Academic workshop on Electronic Human Resource Management held in Bamberg, Germany, 20-21<sup>st</sup> May, 2010(pp 91-111).

**Figure 2.** Recruitment process change model

Figure 2 gives an insight into the exhaustive use of ICT (Information Communication & Technology) as a recruitment process,

A study on Internet recruiting, Cappelli [2001] examines different service providers, new technologies, and company’s recruitment strategies. The study consisted of three major exhaustive steps: attracting, sorting, and contacting candidates.

1. The first step involves the appropriate design of web pages, using electronic networks for promotion and tracking potential candidates on the internet.
2. The next step is sorting; it involves the screening of candidates with the help of sophisticated on-line tests.
3. In the third step, the candidates are contacted. E-recruitment system plays a passive role in this step as the communication is automated

Recruitment is a process of developing a pool of job seekers in accordance with the human resource plan. This planning for personnel needs has to be done taking into account both the external as well as the internal factors. Various environmental factors play a passive role in the management process of an organization. The recruitment of people through a channelized structure is very important. With the help of information technology, organizations today are able to coordinate and manage the recruitment process more effectively.

Organizations consist of various tasks, subtasks and activities that differ in system, style and objectives. The use of IT thus helps in improving the overall recruitment process, thus enabling an

organization to improve its performance through reduction in the cost of hiring. The time required for recruitment, which in turn increases the quality

### Methods of E-Recruitment

Methods of e-recruitment are many, such as,

**Employer web sites:** These sites can be of the company owned sites, or a site developed by various employers. Candidates usually have an access to the various job openings which are posted online. They are able to understand if they “Fit the Bill” in terms of their required qualifications and desired skills.

**Commercial job boards:** Commercial job boards are amongst the most common form of online recruiting sources. These are places where the employers post jobs and search for candidates. Job boards work like classified ads in the newspaper. These are global and allow a larger reach into the candidate pool. Candidates become aware of the vacancies. One of the disadvantage is, it is generic in nature

The scope of social media is huge, social media is a shared place where people meet each other, share information and interact. Social networks link people together. Due to / Because of their wide member database, it can be used as an excellent advertising tool, and mostly companies are using it in recruitment.

**LinkedIn:** It is a business oriented social network website, mainly used for professional networking, it is more business oriented, to gain access one needs to register themselves personally. Information with reference to key skills, talents, qualifications are entered by the applicant, through this data base prospective employers are then able to contact the concerned applicant, if the employee meets the requirement of the employer.

**Facebook:** Face book is a social networking site. A” company page “is created by the organization stating the various job openings available in the organization. One can get hands-on information about the company by visiting face book page or its advertising page, additional information about the company and its activities are also available. Eventually the applicant is continuously updated about company Thus we realize that while the medium of traditional recruiting and modern recruiting are different, the underlying strategies are still largely the same. Modern recruiting, however, offers the added convenience of faster and wider information dissemination, with opportunities for feedback and engagement.

### Significance of “E Recruitment”

Online job portals have revolutionized the recruitment landscape for both employers and job seekers and increased the efficiency with which hiring decisions can take place

**Reduced time to hire:** E-recruitment allows for an immediate real time interaction and 24\*7 hiring/job search activity. While employers can post job vacancies on career sites and start receiving CVs immediately. The posting usually remains active on the portals until job seekers come across it. In comparison to traditional methods where newspaper advertisements would appear a week later and recruiters had to wait till month end to reap benefits. E-recruitment hiring on average is faster than traditional hiring methods at every stage from posting, to receiving CVs, to filtering to managing the contacts and workflow.

**Reduced cost of hire:** Cost of posting jobs and/or searching for candidates on job portals can be much lower than the cost of using traditional search firms. The traditional recruiters charge or the cost of newspaper/publication advertisements for the same are also curtailed down considerably

**Extensive reach for employers:** Traditional methods which are usually restricted by career level, geography, industry or other parameters, online recruitment portals typically have current and active talent databases that cover all career levels, industries and regions. Sprawling business development

teams also ensure that affiliations are established whereby the portals are always prominent and top-of-mind with the relevant candidates and are visited by the target job seekers regularly.

**Wider reach for applicants:** Candidates are able to access jobs in companies, industries and locations they may not otherwise have learned of and can apply immediately with the click of a mouse. By posting their resumes they can be contacted by employers/recruiters directly for opportunities that may not even be advertised

**Branding opportunity for employers:** Job advertisements can be used to develop a company's image/values to prospective job seekers. Candidates can be very particular about whom they work for and these company descriptions often serve as a basis for their application decisions.

**Sophisticated management tools:** The entire recruitment process is managed from one location which allows the employer to post vacancies, receive CVs, screen, prioritize and contact candidates individually or collectively and track all activities from the confines of a private and highly functional employer workspace. Job seekers can track the progress of their application at every stage of the hiring process.

**Confidentiality:** Employers can elect to search the databases without posting a job if the vacancy is sensitive in nature, or they can post a vacancy while keeping the company name confidential. Candidates too can post their CVs online while keeping their names and present employer's name confidential.

**Proactive:** The recruiter is in full control of the hiring process with online recruitment, the employer gains valuable insight into the nature of the marketplace and the competitive landscape for the position. He is also able to ensure a superior match and a better fit for the long term.

**Allows for database build-up:** Employers can save high profile or particularly attractive CVs from an existing online search to build a priority database of pre-screened star talent for future use.

### **Drawbacks of "E-Recruitment"**

**High volume of responses:** Employers may be inundated with responses because anybody in the world with internet access could potentially see the job advertisements. Scrutinizing each application would take time. To avoid unwanted applications, employers need to be careful as to how they word their job posting and be as specific as possible about the job duties and the qualifications.

**Logistical Problems:** If the best-qualified candidate lives halfway around the world, in that case, the employer will have to consider conducting screening interviews by telephone or Skype, which limits the expense of an in-person meeting. If the process moves forward, it poses the dilemma of whether it is really worth bringing the person in for an interview. If it turns out the candidate wasn't serious about relocating, then the employer has wasted potential time, energy and resources.

**Technology issues:** Some candidates may not want to take the time or may not be confident enough with the security of an online application. There's always the possibility that the application system may operate slowly or lose information during the submission process.

**Poor website:** In many cases, candidates who wish to apply will be relying on the website to gain additional information about your company, its mission and method of operation. If the website is poorly designed or not updated, the candidate may not even bother to respond. There's also the possibility that the site may not have relevant information regarding the candidate's area of interest.

**Too impersonal:** Because much of the online recruiting process may involve emails and possibly telephone interviews, it can be viewed as somewhat impersonal. Without the opportunity for the employer to hold multiple in-person interviews, it can be difficult to determine if the candidate will be a good fit for the company and its culture. The candidate may also have a hard time gauging whether the company is the right place for his/her interest.

**CONCLUSION**

E-Recruitment cannot replace the traditional methods, it should supplement. The loopholes of e-recruitment can be covered by the traditional methods. There is many times in which only traditional method can be used while recruiting the employees.

The, traditional recruitment cannot be replaced by e-recruitment completely, and the limitations of traditional methods of recruitment can better be rectified by e-recruitment and vice versa. Due to rapid increase in technology many new techniques of recruitment are available with companies which are better than traditional techniques; in many aspects one method cannot replace the other. When two vacancies are there and two candidates are available the companies do not have much choice, so they prefer to widen their search and attract numerous applications.

Despite the widespread use of e recruitment methods a gap seems to have developed between introduction and the practice of e recruitment. Although recruitment by and for any firm is important to increase its performance, the academic research on the subject form the organizations point of view is still sparse. A slip between the Cup and the Lip exists in this system.

The article contributes to the body of knowledge on the subject of e recruitment which is relevant for both, the academia and practitioners. Nevertheless an online recruitment process is still regarded as the best sought alternative which is regarded as being cost efficient, and a faster route to finding the right candidates than a traditional based recruitment process.

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**AN OVERVIEW OF INDIAN TELECOM SECTOR**

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**ABSTRACT**

*Society today has made itself so used to telecommunication that the world would collapse if it was taken away. The reason for the tremendous growth of telecommunications is because we needed a better way to relay messages to each other.*

*Globalisation has made telecommunication an integral part of the infrastructure of the Indian economy. India's telecommunication network is the second largest in the world based on the total number of telephone users (both fixed and mobile phone). It has one of the lowest call tariffs in the world enabled by the mega telephone networks and hyper-competition among them. It has the world's third-largest Internet user-base. According to the Internet and Mobile Association of India (IAMAI), the Internet user base in the country stood at 190 million at the end of June, 2013. Major sectors of the Indian telecommunication industry are telephony, internet and television broadcasting.*

*In this research paper, main emphasis has been placed to bring to light the history and development of telecommunication sector in India. It also uncovers the importance of telecom sector in India and the various factors that have played a major role in facilitating the growth of telecom sector in India. Data has been collected from multiple sources including books, journals, websites, newspapers etc. The paper describes the current scenario of Indian telecom sector.*

**Keywords:** National Telecom Policy 2012; Telecommunication Sector; Telecom Circles

**INTRODUCTION**

Communication is a hugely important aspect, not only for people around the world, but also for small and large businesses. Long distance communication has been around for years with the oldest methods that can be remembered to date being the use of smoke signals. With time, methods such as horns became a means of communication. But with time there has been a lot of development and with that came the more advanced technologies such as radio, phone, television and the Internet. Businesses would be lost without the current technological advancements and a lot of companies would cease to exist. But this is not the only benefit that telecommunications can bring. With these advancements also comes science. Without telecommunications, we would be unable to fly on planes and helicopters or effectively navigate in the seas. Besides this, space travel would be nearly impossible.

A world without telecommunications would not be possible; society has made itself so used to this type of technology that the world would end up collapsing if it was taken away. The reason for the tremendous growth of telecommunications is because, as people and cities throughout the planet grew, we needed a better way to relay messages between one another.

The greatest technological advancement that we could have possibly got from this is the creation of phone and the Internet. The phone was a major piece of communication, whereby you could instantly communicate with another person that was on the other side of the world. Almost every household now has at least one phone, with most having several.

But the development of the Internet was the major turning point and it sees the potential future expanding further than we could have ever imagined. With VoIP growing at tremendous speeds, calls are getting cheaper, and with portable ways to connect to the Internet it looks as though most of the modes of communication will use the Internet as a connection unit.

The vast impact that telecommunication has had on the world can be seen anywhere and everywhere, wherever you go or whatever you do. If you are driving your car, immediately there are two instances, which include your radio and your satellite navigation. Telecommunications is a must and it provides better awareness of the society we are living in. It makes us communicate with every corner of the earth to solve problems and make the world a much safer place.

The last decade is characterised by significant penetration of telecommunications in India. The number of telephone connections has increased to 893 million in January 2013 as compared to 41 million in December 2001. This growth has been primarily fuelled by the cellular segment (mobile phones) which alone accounted for 862 million connections at the end of January 2013. The composition of the telecom sector too has witnessed a structural change, with the private sector accounting for around 88 % of the total connections. While urban teledensity has risen to 148%, rural teledensity has also increased significantly to 40%.

The socio-economic impact that this growth has had on the country, points to both the opportunities and challenges confronting the sector in the years to come. Recognising these new opportunities and the imperatives arising from the challenges in terms of consumer needs, technology and structure of the industry, Government has adopted the National Telecom Policy 2012, to drive the next revolution in growth of telecom services and provide a stable policy regime for the years to come.

The policy has set ambitious targets of 100% rural teledensity and 600 million broadband connections by 2020. NTP- 2012 outlines various measures envisaged to develop a conducive ecosystem to achieve these lofty aspirations. To spur this phase of growth of the sector, Government has already launched a national optical fibre network project called NOFN. NOFN will connect over 250,000 gram panchayats through high speed, high capacity optical fibre medium. This network in conjunction with private sector participation at the last mile would result in provision of a range of innovative services to rural India. At the same time, this would enable people in rural areas to participate in, contribute to and derive benefits from the information economy. Telecommunication has supported the socioeconomic development of India and has played a significant role to narrow down the rural-urban digital divide to some extent. It also has helped to increase the transparency of governance with the introduction of e-governance in India. The government has pragmatically used modern telecommunication facilities to deliver mass education programmes for the rural folk of India.

## **OBJECTIVE AND METHODOLOGY**

This paper throws light on the evolution of telecom sector in India. It is descriptive in nature where the focus is on providing and understanding the growth, importance, facilitating factors and challenges of telecom sector. For this purpose, secondary data has been collected through books, journals, websites, govt. reports etc.

## **Industry Profile**

India's telecommunication network is the second largest in the world based on the total number of telephone users (both fixed and mobile phone). It has one of the lowest call tariffs in the world enabled by the mega telephone networks and hyper-competition among them. It has the world's third-largest Internet user-base. According to the Internet and Mobile Association of India (IAMAI), the Internet user base in the country stood at 190 million at the end of June, 2013. Major sectors of the Indian telecommunication industry are telephony, internet and television broadcasting.

Indian telecom sector is more than 165 years old. Telecommunications was first introduced in India in 1851 when the first operational landlines were laid by the government near Kolkata (then Calcutta), although telephone services were formally introduced in India much later in 1881. Further, in 1883,

telephone services were merged with the postal system. In 1947, after India attained independence, all foreign telecommunication companies were nationalized to form the Posts, Telephone and Telegraph (PTT), a body that was governed by the Ministry of Communication.

Liberalisation of Indian telecommunication industry started in 1981 when Prime Minister Indira Gandhi signed contracts with Alcatel CIT of France to merge with the state owned Telecom Company (ITI), in an effort to set up 5,000,000 lines per year. But soon the policy was let down because of political opposition. Attempts to liberalise the telecommunication industry were continued by the following government under the prime-ministership of Rajiv Gandhi. He invited Sam Pitroda, a US-based Non-resident Indian NRI and a former Rockwell International executive to set up a Centre for Development of Telemetric(C-DOT) which manufactured electronic telephone exchanges in India for the first time. Sam Pitroda had a significant role as a consultant and adviser in the development of telecommunication in India.

In 1985, the Department of Telecom (DoT) was separated from Indian Post & Telecommunication Department. DoT was responsible for telecom services in entire country until 1986 when Mahanagar Telephone Nigam Limited (MTNL) and Videsh Sanchar Nigam Limited (VSNL) were carved out of DoT to run the telecom services of metro cities(Delhi and Mumbai) and international long distance operations respectively.

The demand for telephones was ever increasing and in the 1990s Indian government was under increasing pressure to open up the telecom sector for private investment as a part of Liberalisation-Privatisation- Globalisation policies that the government had to accept to overcome the severe fiscal crisis and resultant balance of payments issue in 1991. Consequently, private investment in the sector of Value Added Services (VAS) was allowed and cellular telecom sector were opened up for competition from private investments. It was during this period that the Narsimha Rao-led government introduced the National Telecommunications policy (NTP) in 1994 which brought changes in the following areas:

- Ownership,
- Service and
- Regulation of telecommunications infrastructure

The policy introduced the concept of telecommunication for all and its vision was to expand the telecommunication facilities to all the villages in India. Liberalisation in the basic telecom sector was also envisaged in this policy. They were also successful in establishing joint ventures between state owned telecom companies and international players. Foreign firms were eligible to 49% of the total stake. The multi-nationals were just involved in technology transfer, and not policy making.

During this period, the World Bank and ITU had advised the Indian Government to liberalise long distance services to release the monopoly of the state owned DoT and VSNL and to enable competition in the long distance carrier business which would help reduce tariffs and better the economy of the country. The Rao run government instead liberalised the local services, taking the opposite political parties into confidence and assuring foreign involvement in the long distance business after 5 years. The country was divided into 20 telecommunication circles for basic telephony and 18 circles for mobile services. These circles were divided into category A, B and C depending on the value of the revenue in each circle. The government threw open the bids to one private company per circle along with government owned DoT per circle.

For cellular service two service providers were allowed per circle and a 15 years licence was given to each provider. During all these improvements, the government did face oppositions from ITI, DoT, MTNL, VSNL and other labour unions, but they managed to keep away from all the hurdles.

In 1997, the government set up TRAI (Telecom Regulatory Authority of India) which reduced the interference of Government in deciding tariffs and policy making. The political powers changed in

1999 and the new government under the leadership of Atal Bihari Vajpayee was more pro-reforms and introduced better liberalisation policies. In 2000, the Vajpayee government constituted the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) through an amendment of the TRAI Act, 1997. The primary objective of TDSAT's establishment was to release TRAI from adjudicatory and dispute settlement functions in order to strengthen the regulatory framework. Any dispute involving parties like licensor, licensee, service provider and consumers are resolved by TDSAT. Moreover, any direction, order or decision of TRAI can be challenged by appealing in TDSAT. The government corporatized the operations wing of DoT on 1 October 2000 and named it as Department of Telecommunication Services (DTS) which was later named as Bharat Sanchar Nigam Limited (BSNL). The proposal of raising the stake of foreign investors from 49% to 74% was rejected by the opposite political parties and leftist thinkers. Domestic business groups wanted the government to privatise VSNL. Finally in April 2002, the government decided to cut its stake of 53% to 26% in VSNL and to throw it open for sale to private enterprises. TATA finally took 25% stake in VSNL.

This was a gateway to many foreign investors to get entry into the Indian Telecom Markets. After March 2000, the government became more liberal in making policies and issuing licenses to private operators. The government further reduced licence fees for cellular service providers and increased the allowable stake to 74% for foreign companies. Because of all these factors, the service fees finally reduced and the call costs were cut greatly enabling every common middle-class family in India to afford a cell phone. Nearly 32 million handsets were sold in India at that time. The data reveals the real potential for growth of the Indian mobile market. Many private operators, such as Reliance Communications, Tata Indicom, Vodafone, Loop Mobile, Airtel, Idea etc., successfully entered the high potential Indian telecom market.

The breathtaking growth of the telecommunication companies in India over the last twenty years has made a history. The economic resurgence affected in the early 1990s brought around a paradigm shift on the overall business scenario of India. With the arrival of private telecommunication companies in India, the industry observed introduction of mobile phones into the Indian market and it became extremely popular amongst the Indian masses.

Removal of restrictions on foreign capital investment and industrial de licensing has allowed various private players to enter into the Indian telecommunication market.

The Indian telecom industry is characterised with intense competition, and continuous price wars. Currently, there are around a dozen telecom service providers who operate in the wired and wireless segment. The Industry has grown over twenty times in just ten years, from under 37 million subscribers in the year 2001 to over 898 million subscribers in the year 2013.

### **Factors Facilitating Growth of the Telecom Sector in India**

The phenomenal growth in the Indian telecom industry was brought about by the wireless revolution that began in the nineties. Besides this, the following factors also aided the growth of the industry.

#### **Liberalisation**

The relaxation of telecom regulations has played a major role in the development of the Indian telecom industry. The liberalisation policies of 1991 and the consequent influx of private players have led the industry on a high growth trajectory and have increased the level of competition. Post-liberalisation, the telecom industry has received more investments and has implemented higher technology.

#### **Increasing Affordability of Handsets**

The phenomenal growth in the Indian telecom industry was predominantly aided by the meteoric rise in wireless subscribers, which encouraged mobile handset manufacturers to enter the market and to cater to the growing demand. Further, the manufacturers introduced lower-priced handsets with add-on facilities to cater to the increasing number of subscribers from different strata of the society. Now even

entry-level handsets come with features like coloured display and FM radio. Thus, the falling handset prices and the add-on features have triggered growth of the Indian telecom industry.

### **Prepaid Cards Bring in More Subscribers**

In the late nineties, India was introduced to prepaid cards, which was yet another milestone for the wireless sector. Prepaid cards lured more subscribers into the industry besides lowering the credit risk of service providers due to its upfront payment concept. Prepaid cards were quite a phenomenon among first-time users who wanted to control their bills and students who had limited resources but greater need to be connected. Pre-paid cards greatly helped the cellular market to grow rapidly and cater to the untapped market. Further, the introduction of innovative schemes like recharge coupons of smaller denominations and life time incoming free cards has led to an exponential growth in the subscriber base.

### **Introduction of Calling Party Pays (CPP)**

The CPP regime was introduced in India in 2003 and under this regime, the calling party who initiated the call was to bear the entire cost of the call. This regime came to be applicable for mobile to mobile calls as well as fixed line to mobile calls. So far India had followed the Receiving Party Pays (RPP) system where the subscriber used to pay for incoming calls from both mobile as well as fixedline networks. Shifting to the CPP system has greatly fuelled the subscriber growth in the sector.

### **Changing Demographic Profile**

The changing demographic profile of India has also played an important role in subscriber growth. The changed profile is characterised by a large young population, a burgeoning middle class with growing disposable income, urbanisation, increasing literacy levels and higher adaptability to technology. These new features have multiplied the need to be connected always and to own a wireless phone and therefore, in present times mobiles are perceived as a utility rather than a luxury.

### **Increased Competition & Declining Tariffs**

Liberalisation of the telecom industry has fuelled intense competition, especially in the cellular segment. The ever-increasing competition has led to high growth of subscribers and has put pressure on tariffs, which have seen a sharp drop over the years. When the cellular phones were introduced, call rates were at a peak of Rs 16 per minute and there were charges for incoming calls too. Today, however, incoming calls are no longer charged and outgoing calls are charged at less than a rupee per minute. Thus, the tariff war has come a long way indeed. Increased competition and the subsequent tariff war has acted as a major catalyst for attracting more subscribers. Apart from these major growth drivers, an improved network coverage, entry of CDMA players, growth of value-added services (VAS), advancement in technology, and growing data services have also driven the growth of the industry.

### **Challenges**

Even though the Indian telecommunications sector has come a long way since the time of liberalization and promises growth, there are a number of issues which still pose a challenge to its progress. Two critical issues are:

- High capital investments
- Well-established players who have a nationwide network
- License fee
- Continuously evolving technology
- Declining Average Revenue Per User
- Lack of Telecom Infrastructure

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- A wide variety of choices available to customers both in fixed as well as mobile telephony has resulted in increased bargaining power for the customers.

### Indian Telecom Circles

A telecom circle is a cellular mobile service area in India classified by subscriber base and revenue potential. The four types of telecom circles are Metro, A, B and C. While a Metro telecom circle has the highest revenue potential, a C telecom circle has the lowest. At present, there are 23 Telecom Circles or Service Areas.

The 'metro' circles cover very dense population centers in the very largest Indian cities: Delhi, Kolkata, Chennai and Mumbai.

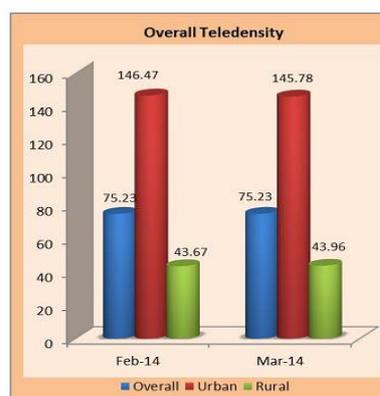
The 'A', 'B', and 'C' circles cover various geographic territories of varying population sizes. 'A' circles are the largest in terms of population coverage. 'C' circles contain the smallest population.

The borders of the circles roughly correspond to the borders of the Indian states -- but there are exceptions. For instance, some smaller states are folded into larger neighboring states, some other smaller states are combined together to form one circle, etc.

### Key Statistics

**Table 1.** Highlights on Telecom Subscription Data as on 31st March, 2014 (Source: TRAI)

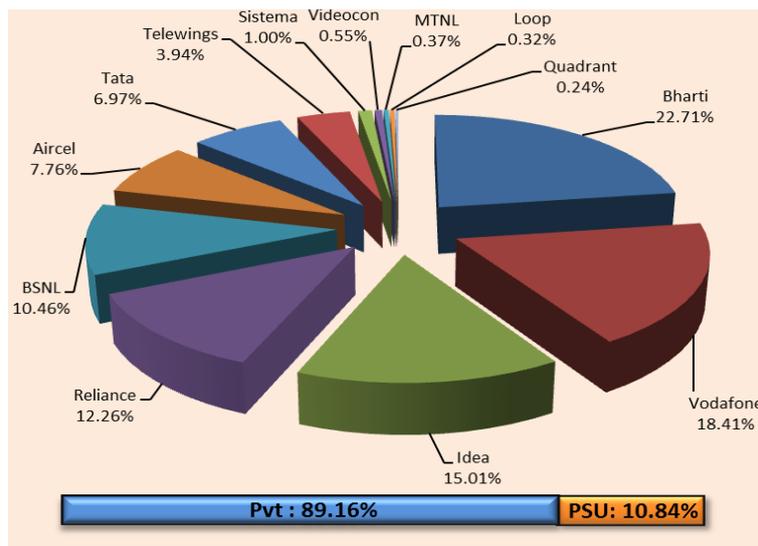
Particulars	Wireless	Wireline	Total
Total Subscribers (Million)	904.51	28.49	933.00
Total Net Monthly Addition (Million)	1.15	-0.11	1.04
Monthly Growth	0.13%	-0.37%	0.11%
Urban Subscribers (Million)	532.73	22.53	555.26
Urban subs. Net Monthly Addition (Million)	-1.67	-0.06	-1.73
Monthly Growth	-0.31%	-0.25%	-0.31%
Rural Subscribers (Million)	371.78	5.96	377.73
Rural subs. Net Monthly Addition (Million)	2.82	-0.05	2.77
Monthly Growth	0.76%	-0.85%	0.74%
Overall Teledensity	72.94	2.30	75.23
Urban Teledensity	139.86	5.91	145.78
Rural Teledensity	43.27	0.69	43.96
Share of Urban Subscribers	58.90%	79.09%	59.51%
Share of Rural Subscribers	41.10%	20.91%	40.49%



Source: TRAI

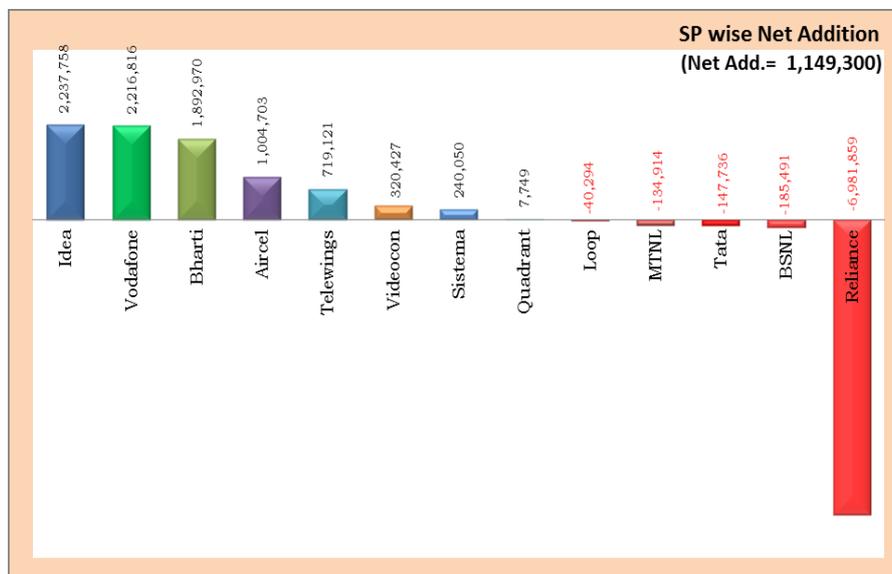
**Chart 1.** Showing Total Subscribers and overall Teledensity in India as on 31<sup>st</sup> March 2014

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Source: TRAI

**Chart 2.** Service Provider wise Market Share as on 31st March, 2014



Source: TRAI

**Chart 3.** Service Provider wise net subscriber addition during March, 2014

**Table 2.** Summary of Wireless Subscriber base of various circles as on March 2014

Operator	Feb 2014	March 2014	Net Addition	VLR For march 2014
Airtel	203495933	205388903	1892970	95.86
Reliance	117875020	110893161	-6981859	99.36
Vodafone	164344170	166560986	2216816	95.55
Tata	63147468	62999732	-147736	68.54
Idea	133550428	135788186	2237758	101.53
Aircel	69147005	70151708	1004703	66.41
BSNL	94834936	94649445	-185491	59.55
MTNL	3507250	3372336	-134914	64.30
Telewings	34887258	35606379	719121	75.89

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**Table 2.** Summary of Wireless Subscriber base of various circles as on March 2014

Operator	Feb 2014	March 2014	Net Addition	VLR For march 2014
Sistema	8796991	9037041	240050	67.00
Loop	2936575	289621	-40294	49.06
Videocon	4666892	4987319	320427	55.98
Quadrant	2170557	2178306	7749	54.85

Source: TRAI

## CONCLUSION

Telecommunication has emerged as a key driver of economic and social development in an increasingly knowledge intensive global scenario. The cellular segment is playing an important role in the industry by making itself available in the rural and semi urban areas where teledensity is the lowest. Sustained adoption of technology offers viable options in overcoming developmental challenges in education, health, employment generation, financial inclusion and much else. Today, India is one of the fastest growing telecom markets in the world.

India's teledensity has improved from under 4% in March 2001 to around 75.23% by the end of March 2014. Cellular telephony continues to be the fastest growing segment in the Indian telecom industry. The mobile subscriber base (GSM and CDMA combined) has grown from under 2 m at the end of FY00 to touch almost 932 m at the end of March 2014. Tariff reduction and decline in handset costs has helped the segment to gain in scale. The cellular segment is playing an important role in the industry by making itself available in the rural and semi urban areas where teledensity is the lowest.

The unprecedented increase in teledensity and sharp decline in tariffs in the Indian telecom sector have contributed significantly to the country's economic growth. Besides contributing to about 3% to India's GDP, Telecommunications, along with Information Technology, has greatly accelerated the growth of the economic and social sectors and will continue to do so in future.

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**FOREIGN DIRECT INVESTMENT IN RETAIL: OPPORTUNITY  
AND CHALLENGES WITH SPECIAL REFERENCE TO INDIA**

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**ABSTRACT**

*FDI globally is considered to be a significant component of development strategy of any country and more so for developing countries and India is no exception to it. Indian Market is constantly on the path of growth due to its increasing size and rise in purchasing power of the people. This has gained the attention of several foreign retailers with regard to Indian Market. Opening up retail sector for FDI has its own pros and cons. Present paper focuses on a brief description of the status of Indian retail industry as of now along with challenges and opportunities which might be faced in case it is decided to open up the entire retail sector for FDI.*

**Keywords:** FDI; India; Opportunity and Challenges; Retail

**INTRODUCTION**

As per Dictionary of Economics, FDI is defined as, "Investment in foreign country through the acquisition of local company or the establishment there of an operation on a new site."

FDI on a more generic note means long term investment in a country by an entity which is not the resident of the host country.

Issue of opening up the retail sector for FDI is very sensitive in India. There is a tremendous potential for growth and development of retail sector in India as most of it is unorganized. Considering the size aspect also, as per the Investor's Commission of India's Report, it is expected that Retail sector will grow to the level of 660\$ by 2015. Seeing the massive size of Retail Sector in India, many MMCs want to enter India. FDI is one of the many preferred routes of investment

As per Swar(2007), "Important driver for the growth of retail sector in India includes the rapid growth in income, Increasing Urbanization, Increasing young population and increasing attitude of individual to Spend now and save earlier.

But the issue of opening up Retail Sector for FDI is very sensitive. Presently there is no permission for FDI in multi brand retail in India. Proposed figures of 26% or 49% may have major and immediate consequences. Impact of FDI in retail is expected to be mixed.

One strong view point is that opening up Retail sector for FDI will offer tremendous opportunities for growth and development. More choice of goods will be there and it will also lead to appropriate pricing by increasing the level of competition.

Contrary view point suggests the upfront challenges in the form of increase in unemployment for the local traders along with many others. There has been uproar in the parliament concerning the issue of FDI in multi brand retail.

### **OBJECTIVE OF THE STUDY**

The main objectives of this study is to understand the current scenario of retail sector in India and to analyze the impact of opening up of sector in retail in terms perceived opportunities and challenges posed.

### **METHODOLOGY**

Nature of the study is descriptive and exploratory.

Study is entirely based on the secondary data. Data sources includes various books, news papers, research papers published in leading journals and also various reports and websites.

### **Indian Retail Sector:**

Retailing as per Delhi High Court (2004) is defined as, "Sale for final consumption in contrast to sale for further sale or processing.

Retailing is thus direct interface between Producer of goods and that of individual consumer who is buying the goods for final consumption. However, the direct interface between Producer of Goods and Institutional buyers like government.

Retail Industry is considered to be one of the Pillars of Indian Economy accounting for about 35% of GDP. It is a sector which is growing at a very fast pace.

Retail Industry is divided into two segments:

1. Organized retail
2. Unorganized retail.

Organized retailing basically means the retail activity done by retailers who have license. For eg Retail Chain, Whereas Unorganized retailing means traditional ways of doing retailing business. For example local grocery shops, local general stores etc.

Study says that in India about 97% of retail business is done by unorganized retailers.

Single Brand Retail: None of the circulars or notification of the Government provides a clear-cut definition of single brand. However even in the absence of a precise definition, the implied meaning is that foreign companies can sell goods which are sold internationally only under a single brand. For example Addidas, Reebok etc. With Reference to FDI, it implies that retail stores having foreign investments are allowed to sell only one brand. Separate permission is required if they intend selling more than one brand.

Multi Brand Retail: Similar to Single brand Retail, Government has not given any definition for multi brand Retail. With Reference to FDI, the implied meaning is that retail stores which has foreign investment can be allowed to sell multi brands under one roof. As of now multi brand retail sector in India is dominated by Kirana store.

As of now the Retail sector in India is highly fragmented with no single player dominating any segment. This structure is beneficial to both suppliers as well as consumers.

As per the Global Retail Development Index, 2012 India has been given the rank of fifth among the top 30 markets which are emerging for retail. India is considered to have strong fundamental. High Saving and Investment Rate, Growth of GDP at approx 9% real rate in 2010. In addition to above approx. 8.7% yearly growth is forecasted annually through 2016. Compound Annual Growth Rate of 13.3% has been observed in the Indian Retail industry during the financial year 2006-2010. As per

Shukla(2007) and Goya et al.(2009) fastest growing sectors within the organized retail includes food and grocery, health and Beauty, Jewellery, Apparel, Consumer Durables.

FDI in Retail: Present Status of the Regulation:

FDI in India is very much restricted in retail sector. Policy was eased by the government for the first time in 2006 allowing up to 51% FDI in Single Brand Retail.

In India,. Foreign Investments are governed by the Government of India's FDI policy and the % nodal agency for reviewing the FDI policy from time to time is the Ministry of Commerce and Industry.

As per FDI policy of 2010,

1. FDI up to the extent of 100% for cash and carry for whole sale trading and export trading is allowed under the automatic route.
2. FDI up to the extent of 51 % with the prior approval of Government ( Foreign Investment Promotion Board) for retailing of single brand Product
3. No FDI in multi brand Retailing in India.

This is the situation as per current regulatory situations. Thus as of now FDI in multi brand retail is totally prohibited. It is only allowed to the extent of 51% in Single brand retail that too through the government route.

Impact of FDI: Whenever we try to analyze the impact of opening up of this retail sector for FDI with the discussion of probable pros and cons, we need to consider the effect over a long time period instead of immediate effects considering the various unique factors specific to individual country.

#### **Perceived Opportunities:**

A Survey was conducted by CII in 2011-2012, for studying the impact of FDI on SMEs (Small and Medium Enterprises). Number of SMEs surveyed was 250.As per survey result, Majority of SMEs were for 100% of Foreign Direct Investment in single brand retail sector .About 66.7% see the FDI in retail as an opportunity whereas 21% perceived it to be a threat.12.5% opined that there would not be any impact of FDI to their SME sector.

One school of thought suggests that opening up of retail sector for FDI will offer significant benefit both to Indian economy as well as Indian retailers.

As per Kalhan(2007), Indian retailers will benefit from the international experience and best practices introduced by foreign retailers.

Organized retailing might benefit the farmers also. DIPP(2010) report suggests that farmers get only about approx one third of the price paid by the consumers whereas this proportion is two third in case of those countries where retail sector is more organized.. Big retailers in order to be competitive in the market will buy the product directly from the farmers by eliminating middleman. This will benefit the farmers as well as also help the economy by controlling the food inflation.

Inefficient supply chain is a matter of concern in India especially when it comes to agricultural produce. As per data, around 35-40% of fruits and vegetables and approx 10% of food grains get wasted annually in India. It is also argued at length that there can be a significant improvement in Warehousing and Distribution System in India leading to overall improvement in supply chain because of the technical expertise from foreign firms.

As per DIPP discussion paper (2010), there are several companies in retail sector in India

Which are under considerable debt. Opening up of retail sector for FDI would stimulate investment in this sector benefitting the companies.

Company	DEBT(Rs)	Market Capitalization(Rs)
Pantaloon	4200 Cr	386.7Cr
Vishal Retail	700 Cr	42 Cr
Provogue	400 Cr	275 Cr

It is also argued that Big Retailers will source from Indian Producers and will benefit many FMCG Companies like Godrej, Dabur etc.

And finally from the angle of end consumers as per Baskar(2007), it is seen from the United States experience that there has been an increase in the overall efficiency in the retail sector leading to the better price and increased convenience for the ultimate consumers.

It is also argued that probably opening of retail sector might lead to quality job opportunities in the retail sector leading to the overall improvement in the standard of living and also life style of common man.

### Perceived Challenges:

There is a massive outcry about the negative impact which liberalization of Retail sector might have on local communities ie. Small unorganized retailers, farmers, consumers etc.

According to Charles Fishman(2006), Wal Mart effect occurs when Wal-Mart or any other big retailers comes to town. They re shape the shopping habit and the viability of traditional local shopping areas is drained out.

First Concern relates to loss of employment. As per NSSO Report( 2007), after agricultural sector , retail sector is the second largest employer in India. Liberalization in this sector may probably lead to loss of jobs for the middleman and also unemployment for front end retailers.

However the empirical studies have given mixed results as to the impact of liberalization on loss of jobs. As per study conducted by Basker(2005) ,entry of Wal Mart increased the level of Retail employment in USA during the year of entry. But there is a contradictory conclusion of an study conducted by Neumark,Zhangand Ciccarella(2008) which states that one Wal Mart worker replaces approximately 1.4 retail. This when computed means on an average 2.7% reduction in retail employment.

It is also argued that multinational companies considering their considerable size might use size as their weapon to kill the competition .Kalhon( 2007) , have highlighted that local small shopkeepers in Mumbai are badly affected because of growing shopping mall culture in Mumbai.

MNCs may even try to squeeze the margins from their suppliers in an attempt to offer competitive price, thus challenging the argument that Indian Supplier will be benefitted. There is a case of Mexico highlighting this aspect. Wal Mart Mexico had a disastrous impact on Mexico's Manufacturing Unit since its arrival to the country in 1991.Many suppliers were driven out of the business In a bid to maintain their profit margins while passing on the benefits to the consumers, they ended up forcing local suppliers to cut costs. Local suppliers got badly affected because of this. After a decade they ended up importing more than 50% of merchandise from low wage foreign countries like China. Thus it is feared that the argument that consumers will be benefitted seems to be happening only in short term. In the long run probably entire economy seems to be affected very badly.

It is also said that opening of this sector for FDI can also lead to perceived distortion of Indian Culture to some extent.

### CONCLUSION

FDI in retail is a highly debatable issue which needs to be resolved after considering the long term impact on various shareholders.

As per a study conducted by Anusha.C and TCA M Raghvan(2011) potential benefits significantly outweighs cost in case of entry of large scale retailers into the country. Indian Council of Research in International Economic Relations (ICRIER), had also concluded that investment in retail sector would not harm the interest of small and traditional retailers in the long run.

More ever it is also equally significant to understand that most of the focus in case of debate for and against opening up of the sector for FDI has been on the issue of impact on small retailers whereas the issues of impact on ultimate consumers have been grossly under considered. While ultimate consumers will ultimately get benefitted due to increased competition and wide choice, small retailers may not lose much provided they try to provide quality services because ultimately its consumer's choice to decide where he wants to go that is big shopping malls or small retail stores.

Considering the various Opportunities vs. Challenges with reference to opening up of Retail Sector, it can be concluded that retail sector should be opened up FDI gradually with a proper machinery of vigilance by having a strong regulator. It should be dealt very cautiously seeing its impact and our unique social economic conditions. It is a widely known fact that foreign capital inflow if uncontrolled and unregulated may end up widening the gap between rich and poor. Appropriate safeguards must be taken to ensure that positives outweigh the negatives and also it should be ensured that small retailers can also coexist along with the bigger ones.. For example investment in infrastructure and back end supply chain can be a made a precondition before granting permission for investment in multi brand retail. Some sort of job reservation can also be proposed for rural youth. Planning should be done in such a manner that there should be a win win situations for all stake holders

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**A STUDY ON INVESTORS PERCEPTION TOWARDS INITIAL  
PUBLIC OFFERING IN MUMBAI**

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**ABSTRACT**

*Initial Public Offering is the most phenomenal event for an organization. For any company, “being public” is just as important as “going public.” IPOs are normally issued by small and new companies who are in need of capital to expand their business, but sometimes large companies also issue them for public trading. Going public is a very big decision for any company. It permanently changes the way company does business. A public company has more sources of capital than a private company. But going public or offering an IPO is very tedious and time consuming process for any company.*

*Whenever a firm needs money, the first thing it does is, it goes to the bank. However sometimes banks may not be in a position to provide huge sum of money for a long time. In such a scenario the best way to raise money is through offer of shares. It is the first sale of stock or securities by a company to the public.*

*Sourcing money through IPO is a very tedious process. It requires a huge analysis and implementation of numerous commercial laws applicable to public offerings e.g. Companies Act, FEMA, Income Tax Act Securities Contract Act and SEBI Guidelines on “Disclosure and Investor Protection”.*

*Therefore to understand this complex subject, this study is conducted. IPOs can be a risky investment. For any individual investor, it is difficult to predict, how the stocks will perform, on their initial days of trading and in near future as there is little or no historical data available to analyze the company or firm.*

**Keywords:** Initial Public Offering; FEMA; SEBI

**INTRODUCTION**

IPO or Initial Public Offer is a way for a company to raise money from investors for its future projects and get listed to Stock Exchange. Or An Initial Public Offer (IPO) is the selling of securities to the public in the primary stock market.

**Definition of IPO:**

The securities which the companies issue for the first time to the public either after incorporation or on conversion from private to public company is called “**INITIAL PUBLIC OFFERING**” or ‘IPO’. Company raising money through IPO is also called as ‘Company Going Public.’

**Reasons for Going Public**

- To raise funds for financing capital expenditure needs like expansion diversification etc.
- To finance increased working capital requirement
- As an exit route for existing investors
- For debt financing.

**Advantages of Going Public:**

**Stock Holders diversification:** As a company grows and becomes more valuable, its founders often have most of its wealth tied up in the company. By selling some of their stock in a public offering, the founders can diversify their holdings and thereby reduce somewhat the risk of their personal portfolios.

**Easier to raise new capital:** If a privately held company wants to raise capital a sale of a new stock, it must either go to its existing shareholders or shop around for other investors. This can often be a difficult and sometimes impossible process. By going public it becomes easier to find new investors for the business.

**Enhances liquidity:** The stock of a closely held firm is not liquid. If one of the holders wants to sell some of his shares, it is hard to find potential buyers-especially if the sum involved is large. Even if a buyer is located there is no established price at which to complete the transaction. These problems are easily overcome in a publicly owned company

**Establishes value for the firm:** This can be very useful in attracting key employees with stock options because the underlying stock have a market value and a market for them to be traded that allows for liquidity for them.

**Image:** The reputation and visibility of the company increases. It helps to increase company and personal prestige.

**Other Advantages:** Like additional incentive for employees in the form of the companies stocks. This also helps to attract potential employees. It commands better valuation of the company. Better situated for making acquisitions.

**Disadvantages of Going Public:**

**Cost of Reporting:** A publicly owned company must file quarterly reports with the Securities and exchange Board of India. These reports can be costly especially for small firms.

**Disclosure:** Management may not like the idea of reporting operating data, because such data will then be available to competitors.

**Self dealings:** The owner's managers of closely held companies have many opportunities for self-transactions, although legal they may not want to disclose to the public.

**Inactive market low price:** If a firm is very small and its shares are not traded frequently, then its stock will not really be liquid and the market price may not be truly representative of the stock's value.

**Control:** Owning less than 50% of the shares could lead to a loss of control in the management.

**Other disadvantages:** The profit earned by the company should be shared with its investors in the form of dividend. It is a costly affair around 15-20% of the amount realized is spent on raising the same and also substantial amount of time and effort has to be investing for going public.

**Opportunities to Investors and Company:**

From an investor point of view, IPO gives a chance to buy shares of a company, directly from the company at the price of their choice (In book build IPO's). Many a times there is a big difference

between the price at which companies decides for its shares and the price on which investor are willing to buy share and that gives a good listing gain for shares allocated to the investor in IPO.

From a company prospective, IPO help them to identify their real value which is decided by millions of investor once their shares are listed in stock exchanges. IPO's also provide funds for their future growth or for paying their previous borrowing.

### **What is primary & secondary market?**

**Primary market** is the market where shares are offered to investors by the issuer company to raise their capital.

**Secondary market** is the market where stocks are traded after they are initially offered to the investor in primary market (IPO's etc.) and get listed to stock exchange. Secondary market comprises of equity markets and the debt markets. Secondary market is a platform to trade listed equities, while Primary market is the way for companies to enter in to secondary market.

### **Who decides the Price Band?**

Company with help of lead managers (merchant bankers or syndicate members) decides the price or price band of an IPO.

SEBI, the regulatory authority in India or Stock Exchanges do not play any role in fixing the price of a public issue. SEBI just validate the content of the IPO prospectus.

Companies and lead managers do lots of market research and road shows before they decide the appropriate price for the IPO. Companies carry a high risk of IPO failure if they ask for higher premium. Many a time investors do not like the company or the issue price and doesn't apply for it, resulting unsubscribe or undersubscribed issue. In this case companies' either revises the issue price or suspends the IPO.

### **Who decides the date of the issue?**

Once 'Draft Prospectus' of an IPO is cleared by SEBI and approved by Stock Exchanges then it's up to company going public to finalize the date and duration of an IPO. Company consult with the Lead Managers, Registrar of the issue and Stock Exchanges before decides the date.

### **Role of registrar of an IPO:**

Registrar of a public issue is a prime body in processing IPO's. They are independent financial institution registered with SEBI and stock exchanges. They are appointed by the company going public.

Responsibility of a registrar for an IPO is mainly involves processing of IPO applications, allocate shares to applicants based on SEBI guidelines, process refunds through ECS or cheque and transfer allocated shares to investors Demat accounts.

### **Role of Lead Managers in an IPO**

Lead managers are independent financial institution appointed by the company going public. Companies appoint more than one lead manager to manage big IPO's. They are known as Book Running Lead Manager and Co Book Running Lead Managers.

Their main responsibilities are to initiate the IPO processing, help company in road shows, creating draft offer document and get it approve by SEBI and stock exchanges and helping company to list shares at stock market.

### **LITERATURE REVIEW**

The published work relating to the topic is reviewed. The relevant literature is reviewed on the basis of Books, Periodicals, News Papers and Websites. The detailed review is given below:

Arwah Arjun Mamdan (2003), in his research work mentioned that once IPO's are listed, after 5 years, there is a drastic fall in their returns.

Anand Adhikari (2010), pointed out that those companies which has unique business models in 2009-2010, have made their investors reach.

Mahesh Nayak, (2010) in his article, point out that, IPOs have grown in size and entered their own brave new world. Further he states that raising money in India's booming economy cannot be a onetime affair; if a company does not maintain a good relationships with investors and rewards them well it may not able to go back to them when it want to raise money later

Jagannadham Thunuguntla (2011) in his research ,pointed out that, the age old philosophy of understanding the company and sticking to the basics should be given due respect. Let the buyer be made aware that the investor has to put a price tag to his hard earned money. There is a dire need for investor education and awareness and the connections should be on a stable income than a becoming rich overnight.

Jignesh B. Shahet et al.(2013)in their research, concluded that, the recent IPO Scam indicates that even a highly automated system will not prevent malpractices. But steps should be taken by SEBI to restrict such IPO Scam by applying know your customer (KYC) and unique identification number to market players and investors.

Madhumita Gosh, Vice President (PM & Research) Unicon Financial Intermediaries in her article "IPOS: More Misses Than Hits", published in the Dalal Street Investment Journal, pointed out that, in the recent past a majority of IPOs haven't performed well because valuation wise they are priced more than the fundamentals. This has happened mainly due to the greed of promoters, who want to price their issue invariably at a much higher price. In such cases merchant bankers' role also comes under scanner as they usually don't give proper advice to the promoters in the wake of losing the business.

Prithvi Haldea, CMD, Prime Database in his article "IPOS: More Misses Than Hits", published in the Dalal Street Investment Journal pointed out that, IPOs in India have become an instrument of trading rather than investment and a majority of people are parking their money into such IPOs just to make a fast buck at the time of listing. So, in my view, they are not the investors who are investing money as per the valuations of the company by taking a long term horizon.

Sunil Damania in his article "Primary Issues" published in Dalal Street, mention that, the primary market has been always been a great area of interest for retail investors. But over the last few years the quality of IPOs and their issue prices have been a matter of concern. Due to this investors are losing faith in the IPO system and this is a very dangerous sign for the country. For any new investor to enter the market, the primary market is the first step. If that first experience of investment is not a happy one, it is unlikely that investors would continue investing in the market.

### RESEARCH AIM

The aim of this research is to empirically investigate the perception of Indian investors towards IPO.

### RESEARCH OBJECTIVES

1. To find out the level of awareness about IPO in the investors.
2. To find out investors confidence level and their preference while investing money (whether investors feel that they can make money in the stock market?).
3. To analyze and evaluate the complex IPO process and study and incorporate the legal requirements of an IPO, SEBI Norms and Guidelines

**RESEARCH QUESTIONS**

1. Do retail investor feel IPOs are more risky than other investment option?
2. Do recent scam in IPO affect the investors' confidence on SEBI and IPO?
3. Is there enough awareness among middle income group people regarding IPO?
4. Do investors and companies find IPO procedure and SEBI's rules and regulation is complex?

**HYPOTHESES**

The main purpose of this study is to find out how these IPO provide opportunities to Investors as well as Companies. To be able to fulfill the purpose of this research we find it appropriate to test the perception of investors towards IPO. This led into generating the following hypotheses to test accordingly:

**Hypothesis 1:** IPO's is a risky investment.

**Hypothesis 2:** The retail investors' greatest worry is too much price volatility, price manipulation and corporate fraud which shaken confidence of the investors.

**RESEARCH METHODOLOGY OF STUDY**

**Data Source:** This report is based on primary as well as secondary data. The study aims at finding out the attitude of the investors towards IPO in Mumbai. Questionnaire is used to collect the primary data. The secondary data were collected from various journals, libraries and books.

**Duration of Study:** The study was carried out for a period of one month, from 10<sup>th</sup> February 2013 to 9<sup>th</sup> March, 2013.

**Sampling procedure:** By adopting convenience sampling, approximately 100 respondents were selected for this study. The essential data were collected with the help of questionnaire. The sample was selected of them who are the traders, brokers and individual investors. It was collected through filling up the questionnaire prepared. The data has been analyzed by using Statistical tool.

**Sample size:** The sample size of our project is limited to 103 people only. Out of which only 95 people had invested in IPO. Other 8 people had not invested in IPO.

**Sample design:** Data has been presented with the help of bar graph, pie charts, line graphs etc.

**LIMITATION OF THE STUDY**

- Some of the persons were not so responsive. Respondents may not be prepared to contribute to the research due to lack of time and resources required.
- Possibility of error in data collection because many of investors may have not given actual answers of questionnaire.
- Sample size is limited to 100 investors.
- Some respondents were reluctant to divulge personal information which can affect the validity of all responses.
- The research is confined only to the city Mumbai.

**Profile of Sample**

This chapter provides the profile of sample like age, gender, Income etc. The sample was selected of them who are the traders, brokers and individual investors. The sample size of our project is limited to 103 people only.

Most of the respondents belong to the age group of 25-34, followed by 35-44, and 20-24 and 45 - Above. This shows that Age group of 25 to 34 are highly invest in capital market and IPO.

From the total respondents' 78% were males and 22% were females. We can see that the number of males is more compared to that of the number of females. This clearly talks about the interests of the female population in investments.

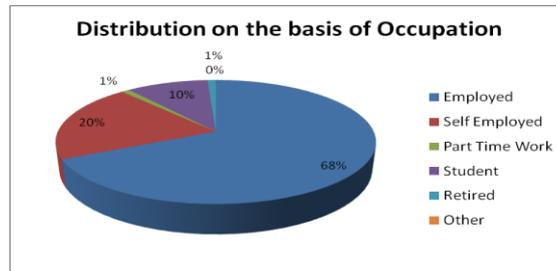


Figure 1: Distribution on the basis of Occupation

The above mainly talks about the various occupational details of various respondents who participated in the survey. We can see that the maximum number of respondents were Employed followed by Self employed, students and Part time workers and Retired persons. This clearly shows us that the maximum numbers of people who are interested in investment activities are employed persons; they have the panache for investment activities. They are nearly 68% of the sample. The interesting factor is that the employed persons are very much interested in investment activities which are a very good sign.

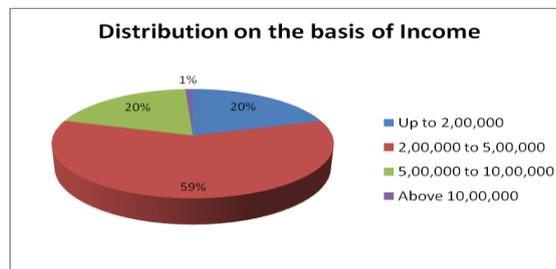


Figure 2: Profile of Investors on the basis of Income

The income level of various respondents is depicted in the above chart. We can see that the maximum number of people fall in the category of 2, 00,000 to 5, 00,000 lakhs followed by the people falling Up to 2, 00,000 lakhs category. There are comparatively less people in the 5, 00,000 to 10, 00,000 category and very few people in the more than 10, 00,000 category. This shows that the investors fall in both high income and low income categories. These are those people who are interested in investing in IPOs.

**ANALYSIS AND FINDING**

This chapter provides results obtained from the survey, which have been examined and evaluated through data analysis techniques. Findings are subjected to hypotheses testing. This chapter evaluates perception of Indian Investor's towards the IPO.

**Question 1: Do you invest in IPO?**



Figure 3: No. of Investors who invest in IPO

**Data Interpretation:** This chart mainly talks about the respondents' interest in investing in Initial Public Offers. Out of 103 people surveyed it is seen that 92% of the people are investing in IPOs whereas just 8% of the people are not investing in IPO. This shows that IPO is considered as a good option for investment by most of the respondents.

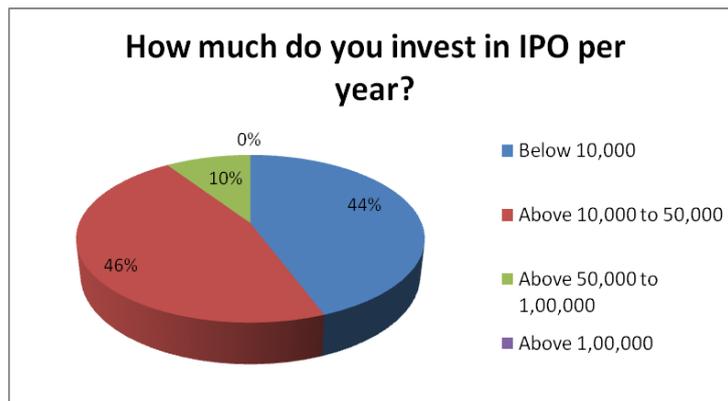
**Question 2: Reasons for not investing in IPO**



**Figure 4: Reasons in Percentage**

**Data Interpretation:** Figure 4 is clearly shows that 50% of people who don't invest in IPOs are due to lack of awareness and knowledge. And second most important reason is risk factor and recent scam which are associated with IPO. Also delay in getting returns is also one of the factors.

**Question 3: How much do you invest in IPO per year?**

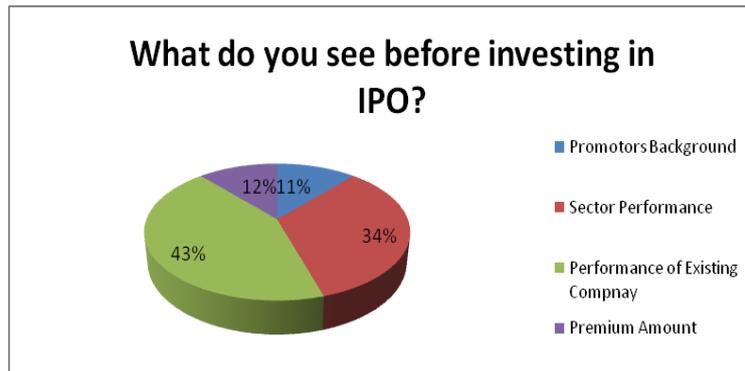


**Figure 5: Amount invested in IPO per year**

**Data Interpretation:** When the investors were asked to how much they invest in an IPO, we found that maximum number of the people invest somewhere between 10,000 to Rs 50,000 in an IPO that is 46% and followed by people who invest less than Rs 10,000 in an IPO that is 42%. There were very few people who invest in IPO for an amount more than Rs 50,000 and Rs 1, 00,000.

**Question 4: How long you have been trading in Stocks and IPO?** It is found that most of the investors are trading in the primary and the secondary market since last 2 years and not more. Their number stands to be at 48% followed by 40% people who are trading in these markets more than 2 years but less than 5 years and there are just 12% of the people who are dealing in these markets since 5 to10 years.

**Question 5: What do you see before investing in IPO?**



**Figure 6: Factors which influence investor's perception**

**Data Interpretation:** Figure 6 talks mainly about the various factors that should be considered before investing in an IPO. Out of total samples taken, 43% of the people believe that one should consider performance of existing company whereas 34% believe that sector performance needs to be considered compared to others, 12% believe that Premium Amount should be considered compared to others and the rest 11% feel that the promoters are the most important factor for taking a decision in the investment of IPO.

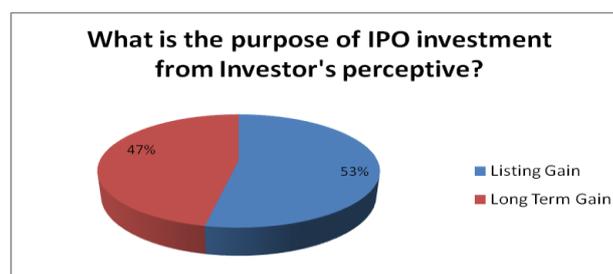
**Question 6: How do you come to know about the new IPO listing?**



**Figure 7: Source of Information for Investors**

**Data Interpretation:** Figure 7 mainly talks about the source of information for IPO investors. It is clearly seen that the Brokers stands first as the main source of information that is 39% of sample size followed by the Newspapers (that is 22% of sample) through Televisions (that is 20% of sample) and Friend's advice (that is 18% of sample). The point to be noted is that people do prefer friend's advice before investing in IPO. The main source of information regarding an IPO comes mainly from the Brokers advice and the Newspapers rather than the other forms of media.

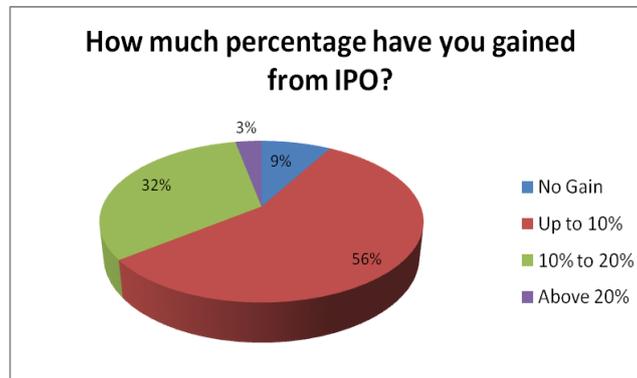
**Question 7: What is the purpose of IPO investment from Investor's perspective?**



**Figure 8: Purpose of Investment**

**Data Interpretation:** Figure 08 talks that the respondents invest in an IPO for the purpose of obtaining the listing gains that is 53% and the long term gains that is 47%. This clearly shows us that more no of people invest in IPO to earn profit at the time of listing and they are not the long term investors.

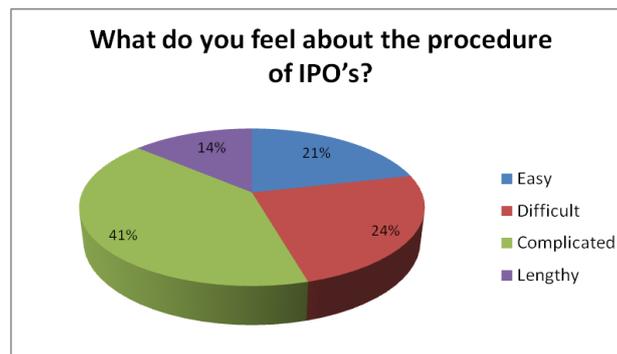
**Question 8: How much percentage have you gained from IPO?**



**Figure 9: Gained from IPO**

**Data Interpretation:** Figure 09 mainly talks about the returns that the investors have received by investing in an IPO. We can see that most of the investors have received Up to 10% of returns that is 56% of sample size. And there are also people who received 10 % to 20% returns that are 32% of sample size and very few people received above 20% returns and that are 3% of sample as well. As figure shows there few people haven't got the returns on their investment that is 9% of sample size. Hence we can say that IPO would be the good option for investment which gives you around 10% to 20% returns on your investment.

**Question 9: What do you feel about the procedure of IPO's?**



**Figure 10: Investors perception towards Procedure of IPO**

**Data Interpretation:** Respondents' feeling about the IPO procedure is discussed in the above figure 14. It has been observed that 41% of the respondents are of the opinion that the IPO listing procedure is complicated. 24% of the respondents feel it is difficult where 21% of the people feel that it is easy and 14% of the people feel that it is lengthy. The overall opinion of the respondents is that the IPO procedure is complicated and difficult.

Question 10: What difficulties did you face after applying for IPOs?

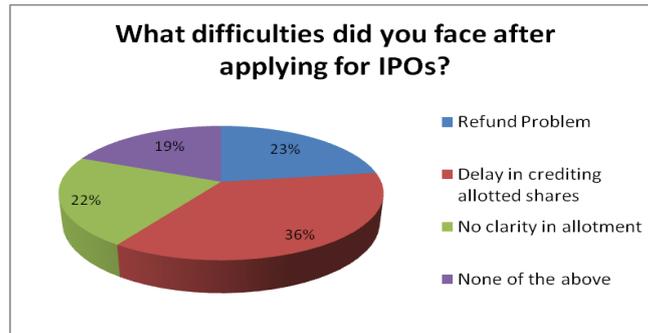
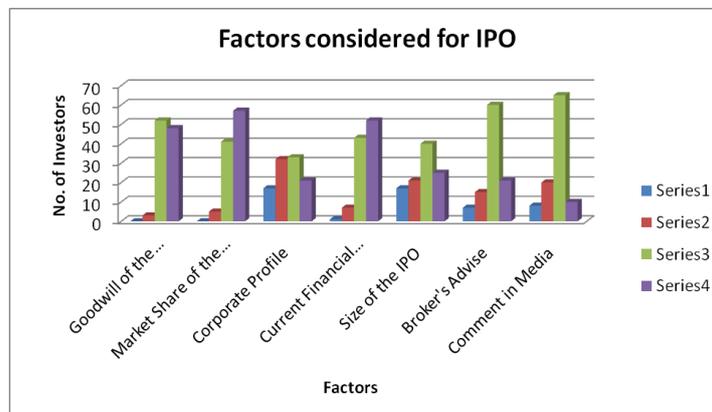


Figure 11: Difficulties faced by Investors

**Data Interpretation:** Figure 11 mainly talks about the problems faced by the investors after applying for IPOs. We can see that 36% of the respondents have faced problem Delay in crediting allotted of shares where as 23% of the people have the problem with Refund and 22% faced problem of No clarity in allotment where as 19% respondents do not get any problem after applying for IPOs.

Factors consider for IPO

List of factors consider for IPO



**Data Interpretation:** The above chart mainly talks about the various factors that are considered by the investors while investing in an IPO. After a clear observation of the data presented above, we see that the Goodwill of the Company, Market share of the company and Current Financial Position are the Very Highly and Highly considered factors for investment in IPO. The least considered factors stand out to be Corporate Profile and Size of the IPO issued etc. It is also to be noted that the comments that are being passed in the media and Broker's advice do affect the investor's sentiment towards IPO investment. Overall, all the factors are taken in to consideration before making any investment in the IPO. So a company has to mainly focus on market share of the company and also its goodwill in the market.

CONCLUSION

1. After making the project, we would like to conclude that IPO is no more risky investment as SEBI is playing very important role in regulating the risk and financial aspects of the investors. As per our finding IPOs gives returns up to 10% to 20% to 88 of total investors hence IPO can be consider good option for investment.
2. Therefore, we reject the null hypothesis 1 and conclude that IPO is not a risky investment with the help of careful research and study and with the help of broker advice the individual

investor can predict what the stock or shares will do on its initial day of trading up to some extent.

3. Also this project report has proven that large no of investors have shown confidence in IPO and prefer to invest in IPO and according to them IPO is one of the good option for Investment.
4. Therefore, we reject our second null hypothesis and conclude that despite of too much price volatility, price manipulation and corporate fraud investors still have confidence in this investment tools.

### RECOMMENDATION

The research clearly indicates that there is still need of improvement in primary market in terms of awareness and procedure. The detail recommendation can be given specific head.

#### Recommendation to Company:

We would like to give recommendation to company who are going launch their IPO's in recent future are:

1. Around 39% people came to know about IPO through their brokers and hence Company should maintain good relationship with brokers and also create faith in them about their organization.
2. Factors like Goodwill of the Company, Market share of the Company, Broker's advice and comment in media are highly considered before investing in IPO hence companies should focus on this factor more. Also they have to use media as an important tool to create good image in the mind of investors since it is one of the highly considered factor.

#### Recommendation to Government and SEBI:

We would like to give recommendation to Government and SEBI in order to attract more investors towards capital market:

1. As per our finding around 9% of total investors end up losing the money invested due lack of understanding and awareness. Hence we would like to recommend that "Investor Awareness Program" should be conducted which can help such investors to made their investments on safer side and have maximum returns at lowest possible risk.
2. As per our finding around 79% of the total investors find IPO procedure more difficult, lengthy and complicated hence SEBI should take necessary action to make it more investors friendly and also provide guidance to new investor while applying for in IPO.
3. Investors have also faced lot of problems like refund problem, delay in crediting allotted shares and no clarity of shares. SEBI take strict actions in order to solve problems of Investors.

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**PARADIGM SHIFT IN THE CONCEPT OF SUSTAINABLE  
DEVELOPMENT IN TIMES OF GLOBALIZATION**

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**ABSTRACT**

*Sustainable development is a cause for which each and every country and organization is working for either on paper or ground or both. This paper analyses different aspects of sustainable development in times of globalization and impact of globalization on sustainable development in different countries. Also it discusses about shifting paradigms of sustainable development in time of globalization.*

**JEL Classification:** F64, Q01

**Keywords:** Globalization; Sustainable Development

**INTRODUCTION**

The process of globalization and integration of economies has resulted into increased economic activities across the world resulting into high growth and development. The increased growth and development has been helpful in bridging the gaps of economic inequality to some extent but it has posed huge challenge for the whole world. At present the whole world is experiencing the heat of climate change that is leading to environmental problems of different types and kinds creating imbalances that are capable to threat the existence of human being. This peculiar situations demand for a development model that is compatible and sustainable for every stakeholder in the process. This brought the issue of sustainable growth and development to fore and Brundt and Commission in 1987 defined the sustainable development as "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Since then the whole economic realities have changed across the world. The process of economic globalization and integration has increased significantly during this period and many economies like India, China, Brazil, South Africa, Argentina, Russia and other East Asian countries have increased efforts to increase economic activities in their respective economies. These collective efforts have huge impact of environment leading to permanent changes in weather and climate. Reports suggest that if problem of climate change and global warming are taken care off in time in right ways, these would catastrophic consequences for mankind. Such findings force to think about ways and process with which sustainable development is possible.

**OBJECTIVE**

The objective of this paper is to analyze the changes and broadening horizons of sustainable development because of increasing pace of globalization and industrialization

**Globalization, Growth and Sustainable Development**

Globalization is the process of the mobilization and distribution of resources (tangible and intangible) from one geographic boundary to another and it leads to interdependence. Generally globalization has been associated with significant economic growth in many countries. But even after increased

economic growth in these countries the problems of poverty and inequality still persist and in some cases the situation has become worse (Upadhyay, 2014). The integration and globalization of markets across the world had been very helpful in achieving higher economic growth bringing millions of the poor into mainstream economic life across countries but a number of empirical studies in different countries and scholars have argued that this process of globalization has resulted into degraded environment and economic inequality (Borhgesi, 2001).

It is a common perception of masses that the process of economic integration and globalization results into tilted growth and development and it is at the cost of some stakeholders adversely affecting the process of sustainable development. It has been proved that higher economic growth is achieved at cost of environment; directly or indirectly and rights of common man. Besides these it has been experienced across the developing countries that multinational corporations often misuses their cult and financial power to tilt rules and laws in their favor either through political liaison or kickbacks (Bajpai & Sachs, 2000). It has been empirically established that the inequality between the countries have increased due globalization and integration of economies. So the present day economic growth model cannot be termed as sustainable (Vercelli, 2003). As result of economic reforms, opening and easier access to markets, huge amount of foreign capital in different forms flow in economies. Different studies show that foreign capital had played an important role in restructuring of the Argentinean economy in late 20<sup>th</sup> century and early 21<sup>st</sup> century. With the help of foreign capital it was able to increase the size and provide employment opportunities to jobseekers that eventually resulted into higher purchasing power of common man. There have been many similar experiences in many countries like China, India and Brazil etc. that have increased opportunities for their citizens (Chudnovsky, 2008).

Many studies have shown that there had been huge growth because of globalization but at the same time there had been claims that the growth arising from globalization has been without any development in these economies and societies. This has generated heated discussion across the world. Theoretically growth is a quantitative measurement the increase in physical attributes while development is a measure of qualitative improvements or unfolding of potentialities. And there is possibility that an economy may grow with or without any real development although the claim of growth without any real development is contested idea. The human economy is subsystem of a finite global ecosystem which does not grow even though it does develop. It is clear that the growth of the economy cannot be sustainable over long period of time. The term sustainable should be rejected as a bad oxymoron (Daly, 1991).

The concept of sustainable growth and development gained importance where it was witnessed that globalizations has different facets. It is capable to impact large number of poor positively but at the same time increases the inequality in the society as it favorable to the rich (Dollar, 2001). Evidences shows that the rich have been benefited disproportionately from that growth and the processes of globalization and wealth of the whole world is concentrating in few hands (UNEP, 2002). These opposing results and evidences force the world to embrace the concept of sustainable development that can help societies to grow and develop without causing any imbalances. It is tough to achieve but has to be achieved.

### **Climate Change, Energy, Environment and Sustainable Development**

Sustainable development and environment cannot be isolated from each other. Rather there is great linkage between the two. For any economy it could never be possible achieve the goal of sustainable development without having environment friendly policy and attitude as well as righteous allocation and the usage of natural resources. Also one must keep it in mind that the environment conservation and economic development are not conflicting goals but in long term they can only sustain together. So it is important to seek for 'environmentally sustainable' economic development though it would be difficult but not impossible (Barbier, 1987).

The degradation of the environment is huge challenge to humanity in the process of economic growth and development. There is need for policy responses from the respective governments in their countries (Giddings, 2002). It is very important that all the resources; natural as well as artificial (technology) are used mindfully and sustainably so that there is minimal environmental degradation but higher economic and social benefits. Also one must keep in the mind that social and economic benefits cannot be segregated. So while using natural resources like energy and water, both social and economic costs must be taken into account.

The relationship of economic growth and energy are very critical and inseparable as energy is needed for any economic activities. Growth and development in any economy is completely dependent on the energy resources in the economy. So the allocation and usage of energy resources have bearing on sustainable development (Lele, 2002).

### **International Efforts**

The fatigue and efforts for higher economic growth is bringing complete changes in the whole world and all the countries; developed, developing and least developed countries are facing the heat of the same. Different international agencies like World Bank, IMF, Asian Development Bank have been engaged in cause of sustainable development. World Bank through its Millennium Development Goals for countries to achieve the goal of sustainable development has been advocating for the inclusive growth of the world economy and has been trying to persuade all the countries to participate in process (Stiglitz, 1999).

In line to achieve the goal of sustainable development a number of environmental summits have been held by different United Nations' agencies and member countries have agreed upon many proposals but still there are contentions on many issues mainly relating to energy and emission. Many studies and conferences has indicated that the present economic activities and pattern of development cannot continue for longer without paying heed to environmental causes (Brundtland G. H., 1987).

### **Experiences in Different Countries**

The process of globalization has taken many countries into its fold. Countries like China, India, Brazil, South Africa and Argentina etc are some examples. China has been one of the biggest beneficiaries of globalization. Over time it has been able to accelerate its economic growth and has been able grow its GDP by around 10% for long time positively impacting millions of poor. It has brought huge prosperity and increased employment opportunities to Chinese citizens. But there have been allegations that China has been ignoring the environment and rights of people in the process. It has set up large industrial and manufacturing zones to increase manufacturing and economic activities and in this process it has compromised with many aspects of sustainable development. Also urbanization of Chinese society is another challenge for China to achieve the goal of sustainable development as this would create imbalance in the society for different natural resources. Besides these, energy needs of China has increased manifold and for that it is making arrangements. This situation also puts a challenge for Chinese authorities (Ziegler, 2006). The goal of sustainable development for Chinese economy seems to be a dream as the Chinese government and authorities are engaged in such activities that promote tilted growth in the economy. They have been promoting large industrial complexes and for that have been mobilizing resources from across China. This practice itself puts the whole environment, economy and society at strain. Also they are hardly worried about environmental changes. So before the authorities don't put policies in place, it would not be possible for China to achieve sustainable growth and development. Rather it would become a live example of crony capitalism where most of the people don't have access to resources.

Like China, India has also been an important beneficiary of globalization bandwagon. India joined in the process in 1991 when it facing balance of payment problems. As a result of reforms in India the GDP growth rate has increased significantly far higher from so called Hindu growth rate. In last two decades a lot of changes have taken place in Indian economy that have eventually changed the

economic structure of the country. Industrialization of economy is taking place. Importance of service sectors has increased in overall economic life of country. Also demand for import as well as export from India has increased significantly. In the process the consumption of energy is increasing with every passing day. These things all together have resulted into environmental degradation. Although India has been party to the World Bank's Millennium Development Goals but the goal of sustainable development has been compromised and a lot is needed to be done. Also India needs to bring down the economic inequality for a better society (Bajpai N. a., 2004). India needs to be more prudent about regulatory framework regarding environmental practices to achieve the goal of sustainable development along with better policy for redistribution of income.

Liberia and Sierra Leone also have been beneficiaries of globalization post conflict circumstances. These countries have experienced increased in economic prosperity but have been facing problems such as a history of economic reversals, extremely weak institutional capacity, and popular distrust of government. These challenges have overplayed. Different stakeholders have been operating on their own without any commitments towards sustainable development. They have been reckless in their activities and often not complying with norm. As a result the impact of globalization has not been that beneficial for the countries (Humphreys, 2005). The goal of sustainable development for the two countries seems to be not important as a lot needs to be done and regulatory and policy front before one can start thinking about sustainable development in these countries. It is only the commitment for safe environment that can help countries to achieve goal of sustainable development. Besides that it needs to redistribute the income in the hands of lower class.

Argentina too benefitted a lot form the process of globalization. Globalization of Argentinean economy has brought structural changes in overall economic discourse of the country. Many industrial zones and cities have come into existence. The importance of service sector increased significantly. As a result the use of energy and other environmental hazards have increased that eventually had negative impact on the environment and climate. Until and unless a lot is done and a concrete and practical framework for sustainable development is not put in place, the goal of sustainable development will be only a mirage for the country.

In Latin American countries and other parts of world as well, it has been experienced that policies are biased in favor of international investors. Such biases are not good for the sustainable development as these practices pressurize and induce local investors to assort to mal-practices that harm sustainability in medium to long term. Mortimore (2009) analyses the arbitration and dispute resolution provisions in Latin America's numerous trade and investment agreements and found that such provisions are biased toward international investors. Such a bias can skew overall economic environment and this is harmful for the concept of sustainability (Mortimore, 2009).

### **Shifting Paradigms of Sustainable Development**

Smit and Pilifosova in their study found that climate change and environment degradation are the most important factors in relation to the sustainable development as well as the adaptation to these changes. Different kinds of adaptations are taking place in ecologies, societies as well as the economies as result of increased focus on the economic growth and these adaptations emphases the importance of the sustainable growth as the future conditions are dependent on these adaptations and an advance planning can help in this process (Smit & Pilifosova, 2001).

In spite of critical population, energy and global warming issues sustainable development is possible. It is noted that true sustainability requires industries to pay attention to the entire life cycle of products and to the changing needs customers (Elkington, 1994). To keep tab on the sustainable development efforts of different countries, it important to develop an indicator that would measure the sustainable development. With the help of such indicator, it would be easier to assess the efforts of countries to sustainability goals (Pearce & and Atkinson, 1993).

Gladwin (1995) in his study found the shift in paradigm regarding the sustainable development. His study rejects the theory and paradigm of techno centrist and antithetical egocentrism on the basis of incongruence. His study advocated the need for sustain-centrism. It articulates the need for sustainable development (Gladwin, 1995). Chichilnsky (1996) in his research proposed two axioms about the concept and how sustainable development in any economy can be achieved. He found that it is the welfare of people (in some welfare state) that can help in attaining sustainable development and growth in any society and economy. He found that neither present nor the future play a dictatorial role. Rather it is the sustainable preferences and the continuity of the sustainable preferences. It is the two important factors that have impact on the sustainable development of any society or economy. But also these two factors cannot exactly indicate about the sustainable growth in the economy (Chichilnsky, 1996).

### CONCLUSIONS

Sustainable development is the only way without which there is no future for the world in times of reckless economic growth at the cost of environment. The world must have to come and put together in their efforts in creating an environment and climate friendly economic environment where everyone can foster and aspire to grow with minimum or without causing any harm to other stakeholders in the process. For this it is important that each and every stakeholder and country puts a prudent policy in place and makes adequate efforts in this regards.

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**INTERNATIONAL FINANCIAL REPORTING STANDARDS  
(IFRS): STANDARDIZATION OR HARMONIZATION**

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**ABSTRACT**

*This paper focuses on the issue of standardization and harmonization of International Financial Reporting Standards. For the purpose qualitative analysis of the secondary data has been done. Findings and conclusion suggests that harmonization of accounting and financial reporting standards, practices and frameworks for making it homogenous is better option than that of the standardization because of its accommodative and inclusive nature.*

**Keywords:** IFRS; Standardization; Harmonization; Accounting Standards

**INTRODUCTION**

With the introduction of International Financial Reporting Standards, a lot of discussion and consultations started among accounting and financial management professionals and academicians about the consequences as well as the implications of the acceptance and implementation of the same on future course of financial reporting. This resulted into claims and counter-claims about the implications of the acceptance of IFRS. Though IABS has been lobbying and trying to convince all the stakeholders including national accounting authorities and bodies as well as accounting firms to come on the board to encourage homogenous accounting practices across the world that eventually benefits the investors in decisions making process (Wyatt, 1991).

Of a number of issues identified, two have been considered to be very important in this discussion and those two issues are standardization and harmonization of accounting standards besides the principle based accounting practices. There has been a lot of support for both the processes of standardization as well as harmonization in accounting and financial management fraternity as there are some valid and strong rationales being forwarded in the favour of both standardization as well as harmonization of accounting standards (Daske, 2006).

There are a number of critics who are dead against the process of standardization. Instead they are in favour of the process of harmonization of accounting standards as this process leaves a lot of scope and space to adjust for the national differences that arises due to different economic cycles and stage of development.

**OBJECTIVE**

The objective of this paper is to put forward arguments and rationales to decide between the standardization and harmonization of IFRS.

**Acceptance of IFRS**

There are more than 85 countries that have accepted and adapted to the IFRS accounting framework on the accounting better accounting practices in times of intensifying efforts for globalization where geographical boundaries for business will lose significance. In such situations standardization of

accounting practices seems to be imperative for the participating nations (Paul, 2007). Also it is expected that the transition to IFRS will facilitate huge benefits to the countries in form of more accurate and fair representation of financial statements hence easy access to international capital market. Also it would be easier for the firms having international operations and investments or engaged in mergers and acquisitions. So on overall this will increase economic activities and competitiveness of the participating countries (Daske, 2008).

Fair representation of financial statements would lead towards fair interpretation of the financial indicators as a result of the adaptation to IFRS and this would be a favorable situation for the investors across the world when they are taken any investment decisions in any part of the world (Ball, 2006). Another benefit of adaptation of IFRS is homogenous representation. Homogenous representation will ease the overall process of decision making and for a multinational company it would be favorable situation (Bradshaw, 2007). Also the homogenous financial statements will ease the process of comparison of the financial statements from different industries and countries that eventually will help in improving the efficiency (Daske, 2008).

### **Standardization of Financial Reporting**

It is rigorous process with a clear goal of coming with a set of accounting and financial reporting standards, practices and framework that are accepted to all the parties in the process. It is a rigid and narrow approach of achieving homogeneous accounting and financial framework as it may hamper the economic growth and development in some regions that need some kinds of positive discriminations (Barth, 1991). It is a well known fact that there are a number of nations across the world that needs concessions and positive discrimination to achieve the goal of inclusive growth (Upadhyay, 2015). Besides in any country it is quite possible that there are some industries that need preferential treatments but in this process there is room for any compromise. This is the main reason why it attracts so much criticism from academics and professionals. Also the rigid reporting requirements would require all the nations who are party to change their overall financial accounting and reporting framework, laws and infrastructure according to the new rules. This is not only expensive but time taking exercise and less inclusive.

### **Harmonization of Financial Reporting**

There is another way for coming up with a set of standards, practices and framework for accounting and financial reporting that is homogenous. That practices in accounting and financial reporting arena is known as harmonization process. This is an inclusive and cohesive process of coming up with a homogenous accounting framework by increasing the compatibility of the accounting methods and financial reporting frameworks with some degree of variations (Bradshaw, 2007). This is a liberal and accommodative approach and tries to look into everyone's views and interests in process. The process of harmonization takes a lot of time as it involves a lot of discussions and consultations (Lochner, 1991).

In the process of increasing the compatibility of accounting practices by setting bounds to some degree of variations an accommodative and liberal approach is taken and each and every possible aspect of issue is taken care of so that none has to compromise with his interests in the process. In this process through discussion and consultations first differences in the practices are identified and over a time those are narrowed down in such ways that it becomes beneficial to parties in the process. So the standards, practices and frameworks that evolve from this process are inclusive and acceptable to each and every party and take care of the interests of everyone to some degree of comfort.

It is well known fact that the practice of accounting and financial reporting is heterogeneous in nature and different countries have different accounting practices depending on a number of factors; some domestic and some bilateral or multilateral. So any effort of making these diverse and heterogeneous methods of accounting and reporting standard is a tough as well as an exclusive task to some extent as in the process a lot of issues have to be ignored that may be very important and vital for some or other.

But in the process of harmonization each and every valid issue is taken care of and remedies are customized accordingly. So it is better that instead of standardization, one should go for homogeneous accounting standards through harmonization.

The diversity in the process of accounting and reporting is truth of the day and none can deny about it. Even if a number of countries advocating and adopting to IFRS, but if one revisits the accounting standards of these countries (prior to adapting to IFRS) one will find significant differences in practices and these differences are not meaningless. Instead these differences have been in the system as safety valve for the industries and sections who are vital for economy but need government support in some ways or other and respective governments have taken route of benefits though accounting along with other benefits. For example the same transactions is treated differently in two different standards resulting into significant differences in profits and net assets (Accounting Headline 4.1, p.108)

Besides the above discussed issues there are some other factors that force different countries to use different accounting rules and standards depending upon the prevailing societal situations, ethical environment, cultural dynamics, globalization and the economic conditions of the country. One must be aware that the accounting standards are not merely for the transparent financial reporting but also are tool in the hands of the respective government to mete out positive discrimination to industries and sections in need and standardization of IFRS would take away this tool from the hands of the respective government and it would not be good for the economies (Shil, 2009). It would be better that governments use these tools to the benefit of its economy and industries. For example social, religious and cultural beliefs are very important for any nations and no nation can afford to ignore those beliefs. In an Islamic country interest on money is considered to be Haram (unacceptable). So the rules and laws must comply with this belief where Islam is state religion. Similarly legal system of any country does have impact on overall reporting framework. For example barring a few issues in some peculiar situations, Indian Supreme Court can review anything that it feels to be against the fundamental principles of Indian Constitution. So in conditions Indian government needs to have enough space and scope to adjust to such needs.

Likewise taxation system is dependent on a number of factors such as economic condition of the country, the legal set up, social, religious and cultural dynamics and government. For example, in India, tobacco and alcoholic products are taxed at very high rates because in Indian social, cultural and religious set up consumption of tobacco and alcohol is considered to be wrong besides the scientific reasons. The trade of liquor is highly regulated in India but in many countries it is like another business and people accept it normally. So the treatment meted to tobacco and liquor is quite different than many other countries.

Apart from all the factors discussed above there are a number of other factors that influence the overall accounting and taxation system of a country. The political system and structure of countries play important role in the process. One must understand that the accounting and taxation system helps a country to achieve its important goals and priorities. So for all these every government would like to have an accounting and reporting process that can suit to their goals and motives. So in such situations standardization of accounting and financial reporting system does not find favor. Instead harmonization is better option for the countries; be it democratic, military, communist, and capitalist.

### **FINDINGS AND CONCLUSION**

The process of harmonization is far better than that of the standardization of accounting and financial reporting framework because of huge flexibility and accommodative and inclusive nature. It enables authorities of different countries to adjust accounting process to their favour in such ways that it does not have negative impact on the homogenous nature of accounting standards, practices and framework. Unlike standardization harmonization provides enough scope and space for the policy makers to frame positively discriminating policies and rules to favor to the industries and sectors that need attention from the government to sustain and develop over time and become strong enough to weather the tough standards in future. Also harmonization of process empowers the governments to go behind the local

priorities and still remain part of the international efforts of making accounting and financial reporting homogenous. This is helpful for under developed and developing countries in facing giant MNCs in times of globalization. There is no denial that the standardization of accounting and financial reporting standards, practice and framework is needed but it would be better if it is left to future discourses until a better time comes in. as far as the question a number frauds arising in times of globalization, the problems of financial frauds can be better tackled by principle based accounting approach than the way of standardization. Also in the process other factors like social, cultural and religious believes, political priorities and legal and taxation environment cannot be ignored. So process of harmonization becomes the natural process for homogenous accounting and financial reporting standards, practices and frameworks.

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**IMPACT OF WORKING CAPITAL ON LIQUIDITY AND  
PROFITABILITY OF INDIAN COTTON INDUSTRY**

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**ABSTRACT**

*Cotton is the most famed material in the textile industry in India and the cotton textiles are considered amongst the oldest industries in India. In 2008, the county's textile enterprises above designated sales income of 12.85 billion yuan, 3.32 billion yuan in added value has become the county an important part of the county's economy. Second, cotton economy has become a major source of revenue. Working capital in business is just live blood in human body. Optimum and appropriate movement of blood through the body is extremely necessary to continue life. Like human blood, the proper circulation of funds (working/circulating capital) is utmost necessary to continue business. Management of working capital is an extremely important area of financial management as current assets represent more than half of the total assets of a business. Thus by good working capital management, we mean that norms should be pre-set for adherence and control. Considering the importance of working capital in any type of business we have to analyze the working capital position and its impact on liquidity and profitability position of Indian cotton textiles industries.*

**Keywords:** Indian Cotton Industry; Working Capital; Profitability; Textiles

**INTRODUCTION**

Cotton is the most famed material in the textile industry in India and the cotton textiles are considered amongst the oldest industries in India. There are several worth mentioning features of the cotton textile industry in India. It is based on indigenous raw materials. The cotton textile industry in India provides livelihood to farmers, and workers who are engaged in singeing, spinning, weaving, bleaching, dyeing, scouring, designing and packaging, and also sewing and tailoring. In India cotton textiles production is basically located in Maharashtra, Tamil Nadu and provinces of Gujarat. Interestingly, several government programmes have sustained cotton textile industries in almost all the states in the country. During 2008-2009, the cotton textile industry had suffered unfavorable climatic conditions that hampered cultivation; yet, it managed to generate 290 lakhs bales of cotton, and still retained the second position in world cotton production. Lately, the readymade cotton garments industry has been developing in tremendous momentum to cater to foreign markets. Overall, in recent years, county cotton textile industry, the main achievements are: First, cotton economy has become a county an important part of the county's economy. In 2008, the county's textile enterprises above designated sales income of 12.85 billion yuan, 3.32 billion yuan in added value has become the county an

important part of the county's economy. Second, cotton economy has become a major source of revenue.

### IMPORTANCE OF THE STUDY

The textile industry in India occupies a unique position in our economy contributing to nearly a third of the country's export earnings. This industry includes manufacturers, suppliers, wholesalers and exporters of Cotton Textiles, Handloom, and Woolen Textiles etc. Working capital in business is just live blood in human body. Optimum and appropriate movement of blood through the body is extremely necessary to continue life. Like human blood, the proper circulation of funds (working/circulating capital) is utmost necessary to continue business. Management of working capital is an extremely important area of financial management as current assets represent more than half of the total assets of a business. For shortage of working capital, the enterprise would suffer reduction in earnings due to productive capacity remain unutilized. While, excess working capital leads to extra cost for want of productive capacity. Thus, the amount of working capital in every enterprise, whether manufacturing or non-manufacturing, should be neither more or less than what is actually required. Thus by good working capital management, we mean that norms should be pre-set for adherence and control. Considering the importance of working capital in any type of business we have to analyze the working capital position and its management in cotton textiles industries.

### SURVEY OF RELATED LITERATURE

A number of research studies have been conducted in the area of finance covering various aspects, such as, financial planning and control, capital structure planning, fixed investment management, industrial sickness, management of profitability and management of liquidity.

Banerjee (1974) reported that too much working capital would invite many dangers which would stand in the profitable working of a firm. He suggested that an efficient manager would strike a balance between the two, possibly, by a careful study of movements of working capital in successive periods.

Agarwal 1977 examined nine industry groups representing all the classes of industries for performance evaluation of the industries under study have failed to plan their working capital requirement properly. In most of the industries, liquid resources have not been controlled and utilized effectively. It is evident from his study that industries in India have yet to realize the importance of proper planning of working capital.

Drucker (1980) has started that a business can survive long periods of low earnings if it has adequate cash flow and financial strength but the opposite is not true. Woods (1984) has made an attempt to elaborate the term liquidity and has opined that the test of solvency arises only at the time of a firm going into liquidation, otherwise a firm is said to be solvent if its true net worth is not negative. Accordingly, if a firm remains liquid, it would be equally solvent.

### OBJECTIVE OF STUDY

The main objective of the study is to make an empirical survey to analyse and evaluate working capital performance of corporate India. The major objectives of the study are:

1. To measure the impact of working capital on profitability.
2. To make working capital analysis of individual and total sample companies.
3. To test few parameters having impact on working capital management.

### METHODOLOGY

The present study includes the study of working capital performance with reference to cotton textile industry. The period of study has been confined to one decade commencing from 2001-2002 and ending 2010-2011. This period includes one major five year plan (2002-2007). The study covers last three years of 1 year (2001-2002) plan and 10th year plan (2002-07) and 1st 4 years of eleventh five

year plan (2007-2011). The data for the above purpose is collected from secondary source. The data relating to the growth and distribution of companies of work has been collected from the company's news and notes. Journal of companies affairs, various Annual reports on the working and Administration of the companies Act 1956, Dept of company Affairs, books and periodicals of RBI bulletins and general reports, the periodicals of ICMF (Indian Cotton Mills Federation) helps us to a great extent.

For the purpose of our study we have taken those companies as samples which are listed in the stock exchange of India. Keeping in view the scope of the study, it was decided to include all public limited companies in the private sector which registered and working in the states of Gujarat, Maharashtra, West Bengal, Punjab and Delhi and have listed themselves in any of the Stock Exchange in India. The sample companies have been classified into three age groups: new, old, and very old. For determining the age of the individual companies, their date of incorporation is taken into consideration. The companies incorporated after 1970 are new companies. The companies incorporated after 1946 and before 1970 are classified as old companies, and the company registered prior to 1946 is considered as very old companies.

Following hypothesis are formulated for the study:

1. The current ratio and quick ratio conform to the conventional standard norm of 2:1 and 1:1 respectively.
2. The industry norm represents a target ratio for individual firms.
3. The size and age of a firm have a great bearing on its working capital policy.
4. The management of working capital has a direct bearing on firm's profitability.
5. There is always a negative relationship between liquidity and profitability.

### ANALYSIS AND INTERPRETATION

**The current and quick ratio confirm to the conventional standard norm of 2:1 and 1:1, respectively.**

There is no hard and fast rule regarding an ideal current and quick ratio. Usually current ratio of 2:1 is considered as the acceptable norm. Therefore an attempt has been made to test whether the current ratio and quick ratio confirm to the standard norm of 2:1 and 1:1 respectively. In order to test the hypothesis,  $\chi^2$  method has been employed. The following theoretical model has been used:

$$X^2 = \sum (O_t - E_t)^2 / E_t$$

Where  $O_t$  is the observed ratio corresponding to period  $t$  and  $E_t$  is the expressed ratio corresponding to that period. The null hypothesis tested is that the current ratio and quick ratio confirm to the standard norms of 2:1 and 1:1 respectively. On the basis of this hypothesis, it is expected that the current ratio would be 200% for each year and the quick ratio would be 100%. The calculated value of  $\chi^2$  have been presented in table 1 and Table 2.

**Table 1.** Company-wise Computed Value of  $X^2$  (chi-square) for Current Ratio

Name of the Company	Sample Size	d.f.	Tabulated Value of Chi-Square	Computed Value of Chi-Square	Decision about $H_0$
Arvind Ltd.	10	9	16.919	56.235	Significant
Alok Industry Ltd.	10	9	16.919	65.32	Significant
Abhishek Ind. Ltd.	10	9	16.919	11.235	Insignificant
Bombay Dey. & Mfd. Ltd.	10	9	16.919	89.256	Significant
Blue Blend (India) Ltd.	10	9	16.919	98.256	Significant

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**Table 1.** Company-wise Computed Value of  $X^2$  (chi-square) for Current Ratio (Contd. ...)

Name of the Company	Sample Size	d.f.	Tabulated Value of Chi-Square	Computed Value of Chi-Square	Decision about $H_0$
Century Text & Ind. Ltd.	10	9	16.919	112.365	Significant
Grasim Industry Ltd.	10	9	16.919	48.63	Significant
Hindoostan Spn. & Wev Ltd.	10	9	16.919	56.362	Significant
Kesoram Industry Ltd.	10	9	16.919	35.65	Significant
Lakshmi Mills Company Ltd.	10	9	16.919	11.23	Insignificant
Modern India Ltd.	10	9	16.919	75.365	Significant
Nahar Ind. Enterprise Ltd.	10	9	16.919	8.365	Insignificant
Ruby Mills Ltd.	10	9	16.919	54.321	Significant
Raymond. Ltd	10	9	16.919	56.325	Significant
Reliance Ind. Ltd.	10	9	16.919	8.569	Insignificant
Sri Dinesh Mills Ltd.	10	9	16.919	26.369	Significant
Spentex Ind. Ltd	10	9	16.919	9.568	Insignificant
Sintext Ind Ltd.	10	9	16.919	48.695	Significant
Simplex Mills	10	9	16.919	74.356	Significant
Standard Ind. Comp. Ltd.	10	9	16.919	10.235	Insignificant
Salem Text. Ltd.	10	9	16.919	56.658	Significant
Vardhman Spn. Wev. M. Ltd.	10	9	16.919	89.256	Significant
Veena textiles Ltd.	10	9	16.919	74.569	Significant

**Source:** Compiled and computed from collected data

**Table 2.** Company-wise Computed Value of  $X^2$  (chi-square) for Quick Ratio

Name of the Company	Sample Size	d.f.	Tabulated Value of Chi-Square	Computed Value of Chi-Square	Decision about $H_0$
Arvind Ltd.	10	9	16.919	5.632	Insignificant
Alok Industry Ltd.	10	9	16.919	78.235	Significant
Abhishek Ind. Ltd.	10	9	16.919	5.632	Insignificant
Bombay Dey. & Mfd. Ltd.	10	9	16.919	45.635	Significant
Blue Blend (India) Ltd.	10	9	16.919	35.36	Significant
Century Text & Ind. Ltd.	10	9	16.919	56.3265	Significant
Grasim Industry Ltd.	10	9	16.919	4.235	Insignificant
Hindoostan Spn. & Wev Ltd.	10	9	16.919	3.652	Insignificant
Kesoram Industry Ltd.	10	9	16.919	78.569	Significant
Lakshmi Mills Company Ltd.	10	9	16.919	45.365	Significant
Modern India Ltd.	10	9	16.919	32.568	Significant
Nahar Ind. Enterprise Ltd.	10	9	16.919	4.563	Insignificant
Ruby Mills Ltd.	10	9	16.919	3.216	Insignificant
Raymond. Ltd	10	9	16.919	45.635	Significant

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**Table 2.** Company-wise Computed Value of  $X^2$  (chi-square) for Quick Ratio (Contd....)

Name of the Company	Sample Size	d.f.	Tabulated Value of Chi-Square	Computed Value of Chi-Square	Decision about $H_0$
Reliance Ind. Ltd.	10	9	16.919	33.265	Significant
Sri Dinesh Mills Ltd.	10	9	16.919	43.562	Significant
Spentex Ind. Ltd	10	9	16.919	23.564	Significant
Sintext Ind Ltd.	10	9	16.919	2.345	Insignificant
Simplex Mills	10	9	16.919	4.568	Insignificant
Standard Ind.Comp. Ltd.	10	9	16.919	25.369	Significant
Salem Text. Ltd.	10	9	16.919	85.236	Significant
VardhmanSpn.Weav. M. Ltd.	10	9	16.919	2.356	Insignificant
Veena textiles Ltd.	10	9	16.919	38.69	Significant

**Source:** Compiled and computed from collected data

The table value of  $x^2$  at 95% confidence level for degrees of freedom 9 is 16.919. The calculated value of  $x^2$  in respect of each individual sample companies is different. The decision regarding the null hypothesis in respect of current ratio of Abhishek Ind.Ltd, Laxmi Mills, Nahar Ind. Enterprise Ltd, Reliance Ind. Ltd, Standard Ind. Comp. Ltd is accepted while for rest of the companies it is rejected while regarding quick ratio the null hypothesis stands accepted for Arvind Ltd, Abhishek Ind.Ltd, Grasim Ind. Ltd, Hindoostan Spn & Wev Ltd, Nahar Ind. Ent. Ltd, Ruby Mills, Sintex Ind.Ltd, Simplex mills Ltd and Vardhman Spn.Weav. Ltd . For rest of the companies it is rejected. Thus it is concluded that the standard norms are not applicable for all cotton textile industries.

**The Industry norm represents a target ratio for Individual firm.**

In this sub-section, it is intended to test whether the industry's mean(value weighted arithmetic mean) liquidity ratios can be perceived as the target ratios by the companies in that industry. When a company observes a deviation in its ratio from the industry's mean ratio and finds no substantive reason for the deviation, then it will take steps to adjust its ratio in the next period, so that its ratio approaches the industry's mean and the observed deviation will be partially eliminated. This hypothesis has been tested by using two liquidity ratios, current ratio and quick ratio for the period 2001-2002 to 2010-2011. The following theoretical model has been used in our analysis in respect of each firm:

$$Y_i = \alpha + \beta X_i + e$$

Where,  $Y_i = Z_t - Z_{t-1}$  and  $x_i = Z^*_t - Z_{(t-1)}$

$Z^*_t$  is the company's target ratio for time 't' which is assumed to be the industry's mean for time 't-1' and  $Z_t$  is the company's ratio in time 't'. The speed of adjustment is determined by value of  $\beta$ . If  $\beta$  is nearer to 1, the period of adjustment is faster.

**Table 3.** The computed  $\beta$  and D-W statistic for the sample companies

	Current Ratio		Quick Ratio	
	$\beta$	D-W Statistics	$\beta$	D-W Statistics
Arvind Industry Ltd	0.539	2.136	0.393	1.677
Alok Industry Ltd.	0.612	2.165	0.235	3.214
Abhishek Ind. Ltd.	0.521	2.031	0.023	2.332
Bombay Dey. &	0.423	2.564	0.356	1.569
Blue Blend (India)	-0.235	1.986	-0.235	2.356
Century Text &	0.536	1.115	0.654	3.256
Grasim Industry	0.459	1.564	0.456	1.562

**Table 3.** The computed  $\beta$  and D-W statistic for the sample companies

	Current Ratio		Quick Ratio	
	B	D-W Statistics	$\beta$	D-W Statistics
Hindoostan Spn. &	0.897	1.625	0.789	1.985
Kesoram Industry	1.129	-0.564	1.126	-0.456
Lakshmi Mills	0.643	1.606	0.781	1.325
Modern India Ltd.	0.721	3.214	0.854	1.658
Nahar Ind.Ent.Ltd.	0.564	4.321	0.445	2.356
Ruby Mills Ltd.	0.665	0.569	0.778	3.356
Raymond. Ltd	0.564	0.897	0.446	0.789
Reliance Ind. Ltd.	1.129	0.125	1.239	0.126
Sri Dinesh Mills Ltd.	0.035	3.625	0.564	0.445
Spentex Ind. Ltd	0.069	3.214	0.069	3.325
Sintext Ind Ltd.	0.856	-0.356	0.789	-0.356
Simplex Mills	0.546	3.564	0.446	2.568
Standard Ind.Comp. Ltd.	0.246	2.356	0.236	0.269
Salem Text. Ltd.	0.536	2.469	0.456	3.256
VardhmanSpn.We.v.M.Ltd.	0.235	1.254	0.325	2.123
Veena textiles Ltd.	0.456	1.256	0.214	3.251

**Source:** Compiled and computed from collected data

The estimated  $\beta$  is statistically significant at 0.05 level for 11 companies in respect to current ratio and 9 companies for quick ratio. It is negative only for Blue Blend (India) Ltd. Further D-W statistic for most of the companies lie between -0.356 to 4.321 for current ratio and between -0.356 to 3.356 for quick ratio, this statistic is nearer to 4. So the residuals are serially uncorrelated for most of the companies. Hence the estimated  $\beta$  is unbiased estimator of population  $\beta$  value.

The above analysis supports the hypothesis that the Industry norm represents a target ratio for Individual firm. The firms having lower liquidity ratios try to adjust their ratios towards industry's average liquidity ratios.

**The size and age of the firm have a great bearing on its working capital policy.**

The working capital management practices of a firm are, more or less, expected to differ for companies pertaining to different size-groups or age-groups. To enjoy edge over competitors, new firms are required to invest larger funds for maintaining inventories of finished goods to minimize the risk of being stock out. Further, they offer lucrative credit terms to attract customers. This will make the firm to go for larger volume of funds, to satisfy working capital needs, which will be required for financing larger volume of inventories and book debts. Old firm can manage to buy raw materials on credit basis and avail favorable credit terms. This will reduce the level of working capital. The null hypothesis tested is that the size group-wise mean of the respective ratios of each of the three size-groups of companies is the same. Similar null hypothesis has also been developed for age variables. The alternate hypothesis is that the mean of the respective ratios of at least one size-group is significantly different from other two size-groups and at least one age-group mean ratio is significantly different from the other two age-groups. The statistical test used here is a two-way analysis of variance (ANOVA). By applying a two-way ANOVA technique, not only the group-wise differences but also the year-wise differences, if any, can be tested. The calculated values of 'F' ratio for size-groups and age-groups are presented in table 4 and table 5.

**Table 4. Calculated Values of ‘F’ Between Size-Groups and Age-Groups Current ratio**

Sources of Variation	Sum of Square	Mean sum of square	Degrees of freedom	‘F’ Ratio	Tab. Value at (5%) level of significance	Decision
Between size-groups	36.33	18.165	2	18.44	3.52	Rejected
Between years	18.36	2.04	9	3.30	2.42	Rejected
Residual	11.72	0.618	19			
Total			30			
Between Age groups	42.35	21.175	2	32.93	3.52	Rejected
Between years	26.96	2.995	9	4.65	2.42	Rejected
Residual	17.92	0.643	19			
Total			30			

**Source:** Compiled and computed from collected data

**Table 5. Calculated Values of ‘F’ Between Size-Groups and Age-Groups Quick Ratio**

Sources of Variation	Sum of Square	Mean sum of square	Degrees of freedom	‘F’ Ratio	Tab. Value at (5%) level of significance	Decision About H <sub>0</sub>
Between size-groups	36.33	18.165	2	17.625	3.52	Rejected
Between years	19.36	2.151	9	2.008	2.42	Accepted
Residual	19.72	1.03	19			
Total			30			
Between Age-groups	29.35	14.675	2	15.56	3.52	Rejected
Between years	18.96	2.106	9	2.29	2.42	Accepted
Residual	17.92	0.9431	19			
Total			30			

**Source:** Compiled and computed from collected data

It is observed from the table 4 & 5 that the calculated values of ‘F’ between size group are more than the table value of  $F_{(0.05)}$  for the current and quick ratio even the calculated value between age –group is also more than the table value. While the calculated value of ‘F’ between years is more than the table value for current ratio but regarding quick ratio it is less. Thus on the basis of above findings, the null hypothesis is completely rejected for both the ratios under size and age variables . Further , the null hypothesis that is mean of the ratio of each year can be accepted for both the ratios. Hence it is concluded that there exists a significant difference in the ratios of different size-groups and age-groups of companies. Thus size and age of a firm have a great bearing on its working capital policy.

**Management of working capital has a direct bearing on firm’s profitability.**

The profitability of a firm depends upon efficient management of its fixed as well as working capital. The scope of increasing efficiency of fixed capital is limited. Profitability of an enterprise, therefore, depends largely upon efficient management of its working capital. Generally, the higher the working capital, the less is the return on capital employed. In this sub-section, an attempt has been made to study the impact of working capital on profitability. The hypothesis has been tested by examining coefficients of correlation between profitability ratio and working capital ratios i.e current and quick ratio. The current and quick ratio are taken as the independent variables while the gross surplus ratio which is a measure of overall profitability, has been taken as the dependent variable. For the purpose of establishing definite relationship between working capital ratio and profitability ratio, product movement coefficient of correlation between the variables has been found out. The correlation coefficient studies the interdependence of the set of variables upon each other in such a way that the changes in one are in sympathy with the changes in the other, but it fails to study the impact of

independent variables on the dependent variables. The product moment coefficients of correlation (r) between working capital ratio and profitability ratio of the sample companies have been presented in table 6.

**Table 6.** Correlation (R) between Working Capital Ratio and Profitability Ratio

Name of the Companies	Correlation Coefficient (r)	Calculated value of 't'	Tabulated value of 't' with 9 d.f	Decision
Arvind Ind Ltd.	0.731	1.787	2.262	Insignificant
Alok Industry Ltd.	0.658	1.235	2.262	Insignificant
Abhishek Ind. Ltd.	0.656	2.102	2.262	Insignificant
Bombay Dey. &	0.758	1.968	2.262	Insignificant
Blue Blend (India)	0.596	3.256	2.262	Significant
Century Text &	0.691	1.235	2.262	Insignificant
Grasim Industry	0.685	1.235	2.262	Insignificant
Hindoostan Spn. &	0.669	6.325	2.262	Significant
Kesoram Industry	0.795	3.625	2.262	Significant
Lakshmi Mills	-0.235	-0.123	2.262	Insignificant
Modern India Ltd.	0.456	0.256	2.262	Insignificant
Nahar Ind.Ent.Ltd	0.568	0.789	2.262	Insignificant
Ruby Mills Ltd.	0.156	0.896	2.262	Insignificant
Raymond. Ltd	0.258	0.123	2.262	Insignificant
Reliance Ind. Ltd.	-0.456	-0.568	2.262	Insignificant
Sri Dinesh Mills Ltd.	0.865	0.698	2.262	Insignificant
Spentex Ind. Ltd	0.562	1.234	2.262	Insignificant
Sintext Ind Ltd.	0.236	3.256	2.262	Significant
Simplex Mills	0.258	6.356	2.262	Significant
Standard Ind.Comp. Ltd.	-0.423	-1.236	2.262	Insignificant
Salem Text. Ltd.	0.235	0.569	2.262	Insignificant
VardhmanSpn.Wev.M.Ltd.	0.332	0.895	2.262	Insignificant
Veena textiles Ltd.	-0.1236	-0.659	2.262	Insignificant

**Source:** Compiled and computed from collected data

Only four companies reported a negative correlation between the current ratio and gross surplus ratio. The positive correlation for five companies is significant. The negative correlation is insignificant for the sample. Therefore the hypothesis, that higher the current assets, the less is the return on capital employed cannot be generalized. The coefficient of correlation between quick ratio and gross surplus ratio shows moderate type positive correlation between them. Individual company wise analysis further reveals that two companies have negative correlation between the ratios and one of them is insignificant. Whereas only five companies shows significant positive correlation between them. Therefore the hypothesis that the higher the quick or liquid asset, the less is the profitability can be accepted.

**There is always a negative relationship between liquidity and profitability.**

Generally, it is believed that there is an inverse relationship between liquidity and profitability ; that is rise in liquidity gives rise to low profitability because excess or idle investment in current asset is unproductive. There is always need for the minimum level of liquidity in all enterprise. Sound liquidity position up to a certain level enhances profitability. Beyond that profitability remains constant. Any further attempt to hold more current assets to increase liquidity will lead to decline in profitability. So it is assumed that the relationship between liquidity and profitability has the shape of an inverted cup.

To test this hypothesis, a liquidity ratio and profitability ratio have been selected. Liquid ratio has been taken as a measure of liquidity as it represented a more pertaining measure of liquidity. GSR ( ratio of earnings before depreciation, interest and tax to gross total assets) has been selected to represent the overall profitability of an enterprise. The statistical tool to test this hypothesis is OLS regression analysis. The following theoretical model has been used in respect of each individual firms.

$$\Delta Y_t = \hat{\alpha} + \beta \Delta X_t + \hat{e}_t$$

Where  $\Delta$ = First difference operator, and  $Y_t$  and  $X_t$  are respectively the liquid ratio and gross surplus ratio of the selected 23 cotton textile companies understudy time t.

**Table 7.** The computed  $\hat{\beta}$ ,  $\hat{e}_t$  and Durbin –Watson statistic for the firms

Name of Companies	$\hat{\beta}$	$t_{\hat{\beta}}$	D-W stat
Arvind Ind Ltd.	0.064	0.587	2.714
Alok Industry Ltd.	-0.037	-0.538	2.935
Abhishek Ind. Ltd.	0.043	0.096	2.072
Bombay Dey. &Mfg Ltd.	0.147	2.864	1.933
Blue Blend (India)	-0.056	-0.784	1.707
Century Text & Ind Ltd.	0.056	0.320	2.141
Grasim Industry	0.078	1.489	1.135
Hindoostan Spn. &	-0.075	-1.254	2.119
Kesoram Industry	0.104	2.085	2.170
Lakshmi Mills	-0.085	-1.087	1.268
Modern India Ltd.	0.099	3.910	1.787
Nahar Ind.Ent.Ltd	0.185	0.612	2.637
Ruby Mills Ltd.	0.086	0.671	2.217
Raymond. Ltd	-0.018	-0.286	2.206
Reliance Ind. Ltd.	-0.251	-1.482	2.179
Sri Dinesh Mills Ltd.	-0.048	-0.859	2.211
Spentex Ind. Ltd	-0.299	-5.798	2.357
Sintext Ind Ltd.	-0.038	0.484	2.149
Simplex Mills	-0.018	-0.358	1.833
Standard Ind.Comp. Ltd.	-0.012	-0.203	2.810
Salem Text. Ltd.	0.113	1.698	2.413
VardhmanSpn.We.v.M.Ltd.	0.051	0.788	1.732
Veena textiles Ltd.	-0.061	0.782	2.772
Total sample	-0.054	-0.793	2.078

**Note:** Table value of  $t_{(0.05)}$  For 7 d.f = 1.895

**Source:** Compiled and computed from collected data

If there exists negative relationship between liquidity and profitability then the estimated value of  $\hat{\beta}$  will be negative and significant for the aforesaid model. The value of  $\hat{\beta}$  will be significant at 5% level of significance if the calculated value of  $t_{\hat{\beta}}$  is greater than 1.895. It is observed from the table that  $\hat{\beta}$  is negative for the industry as a whole . Out of 23 companies  $\hat{\beta}$  is negative in case of eleven companies. Further the  $\hat{\beta}$  value is significant in as many as 12 companies. The D-W statistic for most of the companies and the industry lies between 1.35 and 2.65 and for many it is nearer to 2. So the residuals are serially uncorrelated for most of the companies. Hence the estimated  $\hat{\beta}$  can be taken as unbiased estimator of population  $\beta$  value. The above analysis does not strongly support our hypothesis that the liquidity and profitability are inversely related. The reason being increase in liquidity up to a particular level enhances the profitability. Hence we conclude there is a positive relationship between liquidity up to a particular level and beyond that level there exists an inverse relationship.

### CONCLUSION

The working capital management performances of a firm are more or less, expected to differ if the size and age of the firm differs. The study implicitly assumes inter-group differences and intra-group similarities in the management of working capital. The current ratio and quick ratio do not confirm the conventional standard norm of 2:1 and 1:1 for all cotton textile industry. Hence the industry's average ratio over a period can be taken as the standard norm. The industry norm represents a target ratio for individual firms in that industry. The firms having lower liquidity ratio try to adjust their ratio towards industry's average liquidity ratio. The size and age of a firm have a great bearing on its working capital policy. There exists a significant difference in the ratios of different size-group and age-group of companies. Management of working capital has a direct bearing on firm's profitability. The higher the quick or liquid asset, the less is the profitability can be accepted. There is a positive relationship between liquidity and profitability up to a particular level and beyond that level there exists an inverse relationship.

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**PERFORMANCE OF INDUSTRIAL SECTOR DURING THE  
PERIOD 2005 TO 2015 WITH SPECIAL REFERENCE TO  
CONTRIBUTION IN DEVELOPMENT OF ECONOMY**

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**ABSTRACT**

*The industries are economic agents of the country. The industries are engines of economic growth. The entrepreneurs are driven by different motives. They are the contributors of Govt. exchequers, international trade, social services and employment centers. The country's growth rate depends on growth rate of industrial sector. The average job creation remains at 264 lakhs persons per year. The total collection of corporation taxes is increased. The industries are life blood of economy. Achievement of economic objectives and prosperity is not possible without industries. Since 1991 industrial sector is looking for the benefits of globalization. In spite of world recession, the manufacturing sector display smart growth rate, but in current period it is reduced substantially as per available report. The industries are facing competition at international level. Change in industrial, commercial and labor laws is also one of the significant factors in the development. Recent announcement of establishment of Mudra bank (Micro Units Development and Refinance Agency) with initial funding of Rs 20 thousand corers is a positive step taken by government in this regard. But the report of defunct Special Economic Zones is not good sign for this sector. The contribution of Public Sector Units in for dividend and to exchequer is smart, but less number of units is established in recent years. The achievements of Disinvestment target is not as per expectations however recently the issue is properly taken up by the present government.*

**Keywords:** Industrial Performance; F.D.I. in Industrial Sector; Corporation Taxes

**INTRODUCTION**

Industries plays vital role in economic development. Agriculture and industry are two important sectors of Indian economy. The developed countries are so called developed because they are developed at the front of industrial sector. Japan has set the excellent example of the small scale industrial sector. The country is developed due to number of small enterprises. The country's growth rate depends on growth rate of industrial sector. The industries are necessary for economic development. The industries are contributing in form of production, corporate taxation, and generation of employment opportunities. The contribution in international trade, quality with sufficient production of core units helps to develop the sector. After first generation of reforms followed by second, slow down at international front the evaluation of the role of industries becomes essential. Quality product and service with economical use of natural resources, generation of employment opportunities, increase in investment and ethical governance is expected from this sector. Amount collected from licenses of Coal blocks and 3 G spectrum along with corporation tax collection is significant to provide proper industrial infrastructure in form of spacious roads, speedy transportation, health, financial, marketing and power services to industrial belts at various parts of the country.

### OBJECTIVES OF PAPER

1. To highlight the role played by Industries in Indian Economy.
2. To evaluate the performance of Indian Industries during the period of study

### Important Concepts

#### Concept of Industry

It refers to part of business which is engaged in producing and manufacturing of goods and services. It may be consumer's goods or industrial or capital goods in form of machineries. The industries are classified as primary industries, secondary and tertiary industries. Primary industries include agriculture extractive and genetic industries. Secondary industries include manufacturing and constructive industries. The tertiary industries include industries of services like transport banking insurance and marketing.

#### Concept of Economic Development

**Traditional View-** As per traditional approach, economic development means planned changes in the structure of national product and the occupational pattern of labour force also the institutional and technological changes that bring about such changes or accompany such changes.

**Modern view-** If there is substantial reduction in poverty unemployment and inequality, then beyond doubt this is period of development for a particular country. The modern view is much border the traditional view.

#### Role of Industries

The role of industries in economy can be judged by considering the factors like the contribution in public revenue, GDP, employment generation and so on. The industries are classified as small scale medium scale and large scale industries. Various financial and non-financial institutions are extending services for development of industries. Separate ministry in form of Ministry of Heavy Industries and ministry of Small and Medium scale industries are monitoring the affairs of industrial sector.

**Generation of Capital Goods-** The industries can be classified as industries producing consumer goods and industries producing capital goods. The industries are generating capital goods for business. It is in form of machineries. It is essential factor of the production. The heavy and large scale manufacturing industries contributes to the growth rate. Support of capital goods industries is essential to industries producing consumer goods. The requirement of heavy industries is more in form of capital, infrastructure and human resource.

**Contribution towards Economy-** This contribution is vital of balance of trade as well as balance of payment. The enterprises can contribute towards Govt. exchequer way of corporate taxes, and indirect taxes and service tax. The industries can provide quality goods and services to people. The contribution towards revenue is significant. After the adoption of New Economic Policy the tax structure is simplified. The lower rate with broad base of taxation is implemented in tax collection. In recent Budget Hon. Finance Minister assured stable rate of corporate taxes. The contribution on account of corporation taxes is as follows

**Table 1.** Corporate Tax Collection

S.N	YEAR	AMT.	S.N.	YEAR	AMT	S.N	YEAR	AMT
1	2001	35696	6	2006	101277	11	2011	298687
2	2002	40934	7	2007	144318	12	2012	322816
3	2003	46172	8	2008	192910	13	2013	358874
4	2004	63562	9	2009	213395	14	2014	419520

**Table 1.** Corporate Tax Collection (Contd....)

S.N	YEAR	AMT.	S.N.	YEAR	AMT	S.N	YEAR	AMT
5	2005	82679	10	2010	244725	15	2015	426079
	TOTAL	269043		TOTAL	896625	16	2016(P)	1825976
	AVE.	53809		AVE.	179325		AVE	365195

**Note:** Amt.in Corers

**Source:** Public Finance (2013-14 Govt. Budget 2015)

**Employment Opportunities-** India is large populated country and is facing the problem of unemployment .Significant part of population depends on agricultural. This sector depends on natural conditions like suitable environment, quality of sand and monsoon. Agriculture sector has its own limitations. The industries can provide job opportunities. These opportunities may be permanent or seasonal in nature. Creation of skilled and unskilled employment opportunities is possible in industrial sector.

The creation of job opportunities is vital for economic development. The figures from 2005 onwards in private sector are encouraging. It shows increase in job opportunities. In spite of world recession the Indian Industries are moving forward.

**Reduction in the inequality –** Problem of income and wealth inequality is common in developing countries. It is difficult to maintain peace in the society. It is bottleneck to economic development. Social peace cannot be maintained under such condition. The income inequality is harmful for social and economical development. The rich person may control all factors of production, which may leads to monopoly. They may become owners of natural resources. The small entrepreneurs, by starting small scale industries are helping Govt. in reducing the inequality. This is very important role of entrepreneurs.

**Contribution in GDP -** The industrial sector continues to contribute on growth rate of a country. The share in Gross Domestic Product can be mention in following manner. The share in GDP continues to increase except at the time of world recession. The share of basic industries in form of iron and steel cement, fertilizers crude oil is also increased. In recent period it is reduced. There is major reduction in manufacturing sector.

**Table 3.** Index of Industrial Production IIP Growth Rate (Base 2004-05)

Year	Mine Quarrying	Manu facture	Elect	Basic Goods	Inter. Goods	Consumer Goods	Durable Consumer Goods	Non-Durable Consumer Goods
2010	7.9	4.8	6.1	4.7	6	7.7	17	1.4
2011	5.2	8.9	5.5	6	7.4	8.5	14.2	4.2
2012	-2	3	8.2	5.5	-0.6	4.4	2.6	5.9
20-13	-2.3	1.3	4	2.5	1.6	2.4	2	2.8
2014	-0.6	-0.8	6.4	2.1	3.1	-2.8	-12.2	4.8
2015	3.2	3.1	11.3	7.6	3.1	-3.6	-9.6	0.7

**Source:** India 2015 Govt. of India Publication

**Performance Of Public Sector Enterprises-** Under industrial sector the performance of public sector enterprises in terms of contribution to Central Exchequer is also vital. Public Sector is a feature of mixed economy. These units are large scale units providing multiple advantages to economy. Public sector industries are the backbone of mixed economy. It is needed for achievement of socio-economic objectives. The Government of India introduced the Maharatna scheme with the objectives to delegate more powers to Navaratna industries. Public sector units are back bone of this sector. The policy of disinvestment is adopted by government to generate cash flow from selling un-economical units.

**Table 3.** Trend of Performance of Central Public Sector Enterprises

Year	Dividend	Contribution To Exchequer	Year	Dividend	Contribution To Exchequer
2003	8068	61037	2009	28123	148789
2004	13768	62806	2010	25501	165994
2005	15288	81867	2011	33233	151543
2006	20718	89035	2012	35700	139918
2007	22866	110599	2013	42627	157194
2008	26819	125456	2014	49701	162402

**Source:** Annual Report Ministry of Corporate Affairs

**Recent Growth in Industrial Sector-**The industrial sector is expanding every year. The expansion in industrial sector means expansion in investment employment opportunities, services, national income, per-capita income, corporation tax etc... These are real growth engine of nation. Following position shows growth in industrial unit. Establishments of Public Private and Government units will provide benefits like employment opportunities increase in national income and revenue generation from corporate taxes. The benefits will be extended to capital market. Following table shows increase in units with capital contribution.

**Table 4.** Growth in Industrial Units

Yr.	PUBLIC	Increase/ Decrease	AUTH CAP.	PVT. COM	Increase/ Decrease	AUTH CAP.	GOVT. COM.	AUTH CAP.
2010	2031	---	25960	65539	----	15836	61	5081
2011	3036	1005	41075	88601	23062	27842	51	28658
2012	3480	444	11600	96159	7558	23218	52	5750
2013	3385	-95	26118	88998	-7161	31418	46	5406
2014	3165	-220	19174	94924	5926	19693	63	15307

**Source:** Ministry of Corporate Affairs Govt. Of India, Annual report 2013-14

**Contributions of small scale industries in Indian economy-** Small scale industries contribute more than 40% export of our country. The agro-based industries can provide and have provided job opportunities to seasonal unemployed youth. The small scale or medium scale formula is suitable in Indian conditions. It based on the principle of self employment and employment to others. The Ministry of Small Scale shows following data.

**Industrial Investment-** Industrial investment and capital formation in this sector is necessary for economic development. The growth in industrial investment indicates confidence of businessmen in sector as well as economy. The industrial investment can be mentioned in two ways. One the Gross Capital Formation and second the Foreign Direct Investments in this sector. The investment in industries gives multiple advantages like generation of employment opportunities, increasing government revenue, development of area or region where the industry operates and so on. The capital formation leads to additions in productive capacities. The problem of unemployment can be solved up to great extent. Industrial sector is important tool for generation of employment. The industrial sector is much higher in paying dividend in form of income, interest, employment, product utility and quality assurance. The government is trying to encourage Foreign Direct Investment in this sector.

**The investment made** in this sector is mentioned in annexure 1.

The domestic investment and capital is not sufficient for industrial sector.

The government is trying to attract Foreign Direct Investments (F.D.I.) in the sector. Since the New Economic Policy (N.E.P) is accepted the government is encouraging the F.D.I. in this sector. . Foreign investment helps to use the natural resources for production as well as for generation of employment

opportunities. It fills the gap between the available capital and required capital. More and more industries are included under automatic route.

**Table 5.** Sector-wise FDI Inflows (in US\$ million) Source DIPP

Industry Groups	1991-2000	2000-10	2010-11	2011-12	2012-13	2013-14	Total
Food products	707.4	1237.3	246.9	239.7	522.1	4007.5	6960.9
Fermentation Industries	24.0	770.1	57.7	69.7	107.2	814.6	1843.4
Textiles	241.8	828.6	129.8	164.7	104.0	199.4	1668.3
Wood Products	0.0	18.8	1.6	29.6	29.2	6.2	85.3
Paper	250.5	716.9	44.0	454.7	19.4	140.6	1626.1
Leather	33.5	42.6	9.3	8.3	46.7	6.1	146.5
Chemicals	1480.9	4446.1	2690.2	7534.1	1618.2	2196.2	19965.7
Products , oil exploration	90.3	2953.6	573.6	2217.4	857.0	482.8	7174.6
Non Metallic Minerals	261.1	2263.6	657.3	310.0	225.9	447.2	4165.1
Metals, Metal Products	186.2	3143.2	1098.1	1786.1	1466.2	567.6	8247.5
Machinery, Equipments	2043.1	15670.4	1836.3	4147.5	1907.8	2759.6	28364.6
Transport Equipments	0.0	4603.2	1299.4	923.0	1537.3	1517.3	9880.1
Others Manufacturing	1761.6	5705.6	1495.6	850.5	282.1	511.3	10606.6
Mining & services	0.0	730.9	79.5	142.7	57.9	15.7	1026.6
Power	1038.9	5220.9	1486.2	2104.6	1642.2	1480.3	12973.1
Telecommunication	1089.4	8915.9	1664.5	1997.2	303.9	1307.0	15277.9
Total (Industry)	9208.6	57267.7	13369.9	22979.7	10727.2	16459.3	130012.4
Services	3037.6	53021.6	8013.1	12141.1	11696.4	7840.0	95749.9
Others	4453.3	0.0	0.0	0.0	0.0	0.0	4453.3
Total	16699.6	110289.3	21383.1	35120.8	22423.6	24299.3	230215.6

**Production of Core Industries-** Core industries like coal, crude oil, natural gas fertilizers, steel, cement and electricity are core industries of this sector. Acceleration of speed of industrial sector depends on the core industries.

**Table 6. Growth of Production of 8 Core Industries**

YEAR	COAL	CRUDE OIL	N. GAS	REF.	FER	STEEL	CEMENT	ELECT
2010	8.1	0.5	44.6	-0.4	12.7	6	10.5	6.2
2011	-0.2	11.9	10	3	00	13.2	4.5	5.6
2012	1.3	1.0	-8.9	3.1	6.4	10.3	6.7	8.1
2013	4.6	-0.6	-14.5	29	-3.4	4.1	7.7	4.0
2014	0.7	-0.2	-13	1.6	1.5	6.8	3.0	5.7
2015	5.6	-0.1	-3.9	-1.1	8.6	1.6	9.5	10.9

**Note:** Ref.- Refinery, Fer. -Fertilizers

**Source:** India 2015 Govt. of India Publication

**Contribution in international trade-**Industries is contributing in from of exports. The table shows export of the sector including import as well as performance of special economic zone and export oriented units.

Table 7. Trends of Export Import in India

Year	Export	Growth %	Import	Growth%	SEZ Exp	Growth %	EOU Exp
2004-05	375340	28	501065	40			
2005-06	456418	22	660409	32			
2006-07	571779	25	840506	27			
2007-08	655864	15	1012312	20	66638	93	
2008-09	840755	28	1374436	36	99689	50	176923
2009-10	845534	0.57	1363736	-0.78	220711	121.4	84136
2010-11	1142922	35	1683467	23	315868	43	76031
2011-12	1465959	28	2345463	39	364478	15	79343
2012-13	1634319	11	2669162	14	476159	31	92089
2013-14	1894182	16	2714182	02	494077	4	82073

## FINDINGS

The finding depends on the analysis of the role indicated in the discussion of the paper

**Revenue Generation** -The Corporation taxes in total has been increased. The average percentage of increase in tax collection per year is 25. During the year 2008-09 and 2009-10 is reduced below average. Average tax collection for the period 2001 to 2005 remains at Ts. 53109crs. Whereas for the year 2006 to 2010 it was Rs 179325. The period 2011 to 2016 recorded the average collection of Rs. 365195

**Performance of Public sector units**- The contribution of public sector undertaking is reduced 2008-09. Dividend declared by these units at average rate from the period 2003 to 2008 was Rs 17921 corers where as for the period 2009 to 2014 is was 35814crs. However the industrial units in Public sector are not showing growth in the year 2013-14. The trend is nit steady. It is also applicable to private and government sector industries.

**Production of Major Units**- Coal, crude oil, fertilizers and cement industries are considered as major industries. The performance of other industries depends on the production of major crucial industries. Production of coal is increasing continuously from 2012. The average coal production for 2009 to 2015 remains at 4430 lakhs tones. Production of crude oil remains very low in the year 2011-12 .Production of cement remains stable from 2009 it increased after 2009. Average production for last 5 years is Rs 2370 lakhs tones.

**Export and Imports**- The growth rate of export remains at 18 % per year on average basis. But growth accounted by special economic zone is reduced from 2011 onwards. During the year 2009-10 it was highest at 121%. The average exports of export oriented units are recorded at Rs 98432.5 corers during the period 2008-09 to 2013-14.

**Industrial Investment**- Industrial investments and capital formation is increased in 2007-8. The gross capital formation in the year 2011-12 was Rs. 275 319 corers but it is reduced in the year 239778 and Rs. 238976 crs in 2013-14

## CONCLUSION

The role of industries is vital in economic development. The stable growth depends on stable policy of taxation, trade and banking. In spite of difficulties in recent years at international level the sector has maintain the growth rate.

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**ANNEXURE**

Industry Groups	2008	2009	2010	2011	2012	2013	2014
Food and Food Products	15,924	15,637	19,663	30,848	13704	15876	14429
Fermentation industries	8,230	4,566	3,139	6,644	4365	4916	2229
Textiles and Apparels	10,730	9,200	26,566	26,174	14839	81667	16634
Wood & Wood products	622	96	122	488	469	1182	760
Paper & Paper products	5,841	6,037	6,264	5,315	7428	3903	2175
Leather, products	106	106	161	474	26	550	136
Chemical, products	155,756	27,661	56,110	57,097	95146	89017	141442
Rubber products	2,867	2,118	5,819	8,292	1987	7191	4790
Cement, Build. Materials	125,948	53,742	101,318	81,406	40107	33149	21477
Metals	364,978	254,285	391,805	268,895	141983	106893	27239
Machinery	556,635	503,651	955,091	815,030	170539	103674	46434
Transport, auto equipments	24,862	5,048	12,290	9,695	24591	7602	6109
Others	207,842	95,958	80,368	218,777	50842	56340	118615
Fuel	42,225	61,743	73,015	8,575	1804	17868	1870
Total	1,522,566	1,039,848	1,731,731	1,537,710	567830	529828	404339

**Gross Capital Formation by industry of use at constant (2011-12) prices (Rs. crores)**

	Item	2011-12	2012-13	2013-14	% Change over previous year	
					2012-13	2013-14
1	Agriculture, forestry and fishing	275,319	239,778	238976	-12.9	-0.3
2	Industry	1,188,712	1,235,615	1,228,391	3.9	-0.6
(I)	Mining & quarrying	66568	76150	97909	14.4	28.6
(ii)	Manufacturing	627398	664,132	628053	5.9	-5.4
	Electricity, gas & water supply &	286244	310,892		8.6	4.9
(iii)	utility services			326130		
(iv)	Construction	208502	184,441	176299	-11.5	-4.4
3	Services	1721770	1688594	1741078	-1.9	3.1

(I)	Trade, repair, hotels & restaurants	204686	300,760	364400	46.9	21.2
	Transport, storage communication & services related to broadcasting	225796	216,644	181083	-4.1	-16.4
(ii)	services related to broadcasting			181083		
(iii)	Financial services	46164	41,621	37210	-9.8	-10.6
	Real Estate, ownership of dwellings & professional services	835256	709,007	636539	-15.1	-10.2
(iv)	professional services			636539		
(v)	Public administration and defense	261548	265,961	335836	1.7	26.3
(vi)	Other services	148320	154,601	186010	4.2	20.3
4	Total GCF by industry of use*	3,185,801	3,163,987	3,208,445	-0.7	1.4

**Source:** Central Statistics Office

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**A STUDY OF WORK LIFE BALANCE OF FEMALE  
TEACHING PROFESSIONALS IN COIMBATORE**

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**ABSTRACT**

*Researchers and experts have focused on difficulty that working women face in balancing office work and household work to achieve some degree of “work-life balance” in today's organizations. This research focuses on the problem of work-life balance and how it affects women employed as teaching professionals. It is an attempt to identify whether it is as easy as it is assumed for women to balance between work and life in the so-called conventionally suitable profession called “teaching”. It also enumerates some solutions to arrive at a more equitable work-life balance.*

**Keywords:** Stress; Teaching Professionals; Work-Life Balance

**INTRODUCTION**

The teaching faculty members are the facilitators for knowledge and skill through interactive learning methods in management education. Fast changing educational process in the present century has influenced the role of teaching professionals, their responsibilities and teaching activities at management institutes. As a result, they may face “stress in their day to day life through common work and non work stressors, ultimately lowering down their psychological well being. Along with teaching, a faculty member has to perform varied other duties such as doing administrative jobs, attending faculty meetings, advising students, guiding project work, internship, summer placement of students, conducting exams, doing assessment and undergoing faculty advancement schemes. In present times, young teaching professionals are increasingly confronted with a problem of conflict between work role and an equally demanding role at home.

**Teaching Profession: A Cake-Walk or a Rope Walk?**

Considering the traditionally accepted role of a “caretaker” or a “mother figure” and naturally gifted with talents of empathy and patience, women are considered to be suitable for teaching. Coupled with the convenient timings, minimal power and politics and respectable position, academics seems to be the perfect career option for women. But, is the picture really as rosy as it seems? Teaching is a profession that one could spend virtually hours upon hours working at every day, all day long – 365 days a year and still never be truly finished off. Teachers soon realize that there is always something that needs to be done: Students need enrichment, others need remedial assistance, answer sheets have to be checked, students have to be prepared for various competitions and so on and so forth....Add to this the 'last minute changes in routine', “difficult-to deal” with the youth of today, inadequate resources, and loads of non-academic “frill” responsibilities given to teaching faculties, and you have the recipe for a very tiring and demanding life. In the words of Doug, McAvoy, General Secretary of National Union of Teachers, 'Excessive teacher workload has stolen teacher's time and sapped creativity'. Strong sentiments maybe, but a view no doubt shared by many of today's teaching professionals.

**STATEMENT OF PROBLEM**

In order to understand the reciprocal relationship between the three variables namely Stress- effects, roles stressors and job satisfaction, this study was planned. The problem was stated as “A critical analysis of stress faced by teaching professionals at Arts and Science College in Coimbatore”

**SIGNIFICANCE OF THE STUDY**

Teaching faculty members may experience role stress because of multiple roles they play in society. The conflict between work and family demands may all put a strain on the teaching faculty members. The proposed study would be useful and socially relevant to the present problem of work and family role balance and the stresses arising therein.

**REVIEW OF LITERATURE**

Artemis Chang, Paula McDonald and Pauline Burton ( 2010) , The way individuals balance their work and non-work lives is an area of academic enquiry that has received increasing scrutiny over the past two decades. Theoretical orientations and the operationalization of their related constructs in empirical research have evolved and developed in response to, or at least in parallel with, the progressively higher profile of work-life balance issues and concerns in the media, the rhetoric of political and business leaders, and organizational policy and human resource priorities.

R. Baral & S. Bhargava, (2011), Family-friendliness of employers in India have been reflected in various welfare provisions which has been a matter of concern for employers since industrialization. With time, the scope and coverage of such initiatives have broadened and have become more individual growth and family well-being oriented. However, these policies and practices are more prominent in new economy organisations such as software and services organisations.

A big section of research focuses on the implications of work-life imbalance or measuring the detrimental impact of work life imbalance on various aspects such as job satisfaction, burnout (Y. P. S. Kanwar, A. K. Singh & A. D. Kodwani, 2009), Organizational commitment (T. G. Vijaya; R. Hemamalini, 2012), health issues (Smita R. Chavan & Balkrushna Potdar, 2011) etc. However, very few studies have focuses on the work life balance issues in the teaching profession.

**OBJECTIVES**

1. To identify the stress experienced by Women faculty members
2. To know the causes of stress among faculty members
3. To find the perception of female faculty members with respect to work Life balance
4. To understand ways to achieve work life balance.

**HYPOTHESES**

H1: The span of service duration will influence the extent of stress-effects experienced by women teachers

H2: The extent of stress-effects felt by women teachers differ by antecedent factors: personal factors, family factors and situational factor

**Variables**

Based on the framework and with elaborate justification two sets of variables were selected for this study namely independent and dependent variables. The independent variables were then again classified into two categories namely individual and job related variables. All the variables under study were as follows

**I. Independent variables**

A. Individual factors (Personal factors, Family factors)

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B. Job related factors (Situational Factor, Service Duration, Role, Stressors, Job Satisfaction)

## II. Dependent variables (Effects of Stress)

Delimitations of the study

Women teaching professionals working at various colleges in Coimbatore

### Data Collection Procedure

A survey study method was adopted for the present study. Questionnaire was used as an instrument for gathering data. It was constructed keeping in mind the objectives of the study. A total of 250 questionnaires were various colleges in Coimbatore. In the total sample, 200 were women faculty members. The data collection period fell between April and August, 2013

### RESEARCH METHODOLOGY

After considering the nature of the issue to be studied, a systematic approach was adopted. Keeping in mind the research objective, a statistical survey method of research was identified as a suitable method of sampling, data collection and interpretation. Primary data was collected with the help of a questionnaire which was distributed to lecturers, professors and visiting faculties in various colleges in Coimbatore. The questionnaire consisted of close ended questions to analyze various aspects of work-life balance of female teaching professionals. The sample consisted of 100 respondents, all women employed as faculty in various colleges in Coimbatore. The sampling technique used was purposive quota sampling. Also, secondary data was used as per the scope of the study.

### MAJOR FINDINGS

**Table 1.** Table showing the extent of stress-effects felt by women teachers differ by antecedent factors: personal factors, family factors and situational factor

INDIVIDUAL FACTORS	N	MEAN	STD.DEVIATION	F-RATIO	LS
PERSONAL FACTORS	23	18.88	4.26	2.34	N.S
FAMILY FACTORS	15	17.69	2.24	2.34	N.S
DURATION	10	17.05	1.85	2.34	N.S
JOB SATISFACTION	12	18.56	2.26	2.34	N.S
TOTAL	60	18.52	2.91	2.34	N.S

**Source:** Primary Data

Respondents do not differ significantly on Individual factors the result reveals that the obtained F-ratio (2.34) is not significantly at 0.01 levels. Hence the stated hypothesis is accepted. So respondents do not differ significantly in their Work life balance on the basis of Individual factors.

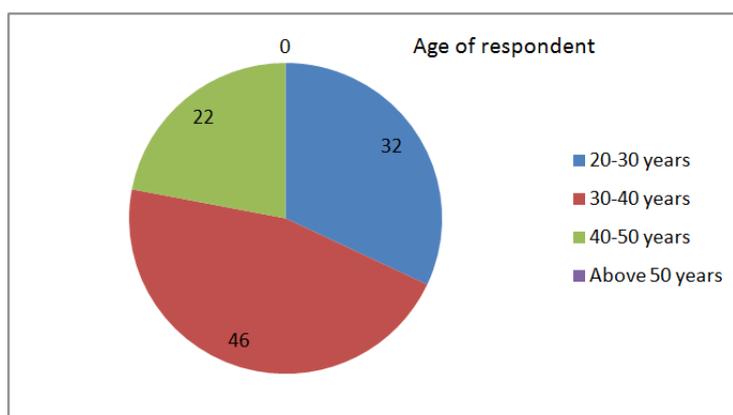
Education Institution and Work life balance of women Teachers. Fast changing educational process in the present century has influenced the role of teaching professionals, their responsibilities and teaching activities at management institutes. As a result, they may face “stress in their day to day life through common work and non work stressors, ultimately lowering down their psychological well being. Along with teaching, a faculty member has to perform varied other duties such as doing administrative jobs, attending faculty meetings, advising students, guiding project work, internship, summer placement of students, conducting exams, doing assessment and undergoing faculty advancement schemes.

**Table 2.** Grouping of Respondents

BASIS	GROUPS	%
AGE	20-30 YEARS	32
	30-40 YEARS	46

**Table 2.** Grouping of Respondents (Contd....)

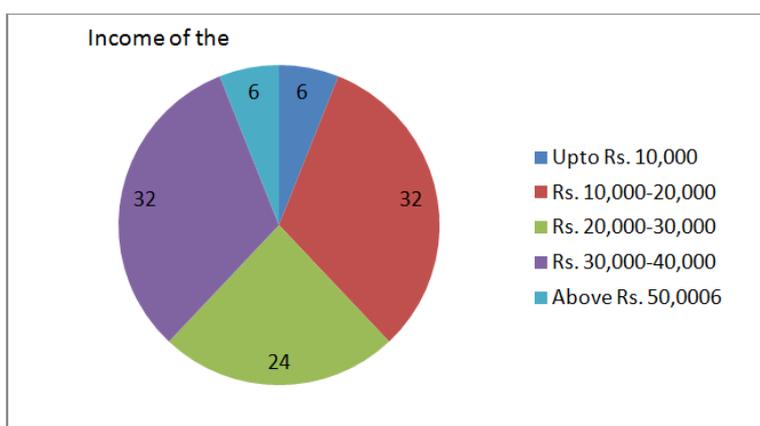
BASIS	GROUPS	%
	40-50 YEARS	22
	ABOVE 50 YEARS	0
INCOME	UPTO RS. 10,000	6
	RS. 10,000-20,000	32
	RS. 20,000-30,000	24
	RS. 30,000-40,000	32
	ABOVE RS. 50,0006	6
MARITAL STATUS	UNMARRIED	6
	MARRIED WITHOUT ANY CHILD	34
	MARRIED WITH 1 CHILD	32
	MARRIED WITH 2 OR MORE CHILDREN	28



**Chart 1.** Age of the Respondent

Source: Primary Data

46% of the respondent belongs to the age group of 30-40 years, 32% of the respondent belongs to the age group of 23-30 years, 22% of the respondent belongs to the age group of 40-50 years.



**Chart 2.** Monthly Salary of the Respondent

Source: Primary Data

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32% of the respondent falls in the income group of 10,000 – 20,000 and 30,000 – 40,000, 24% of the respondent belongs to income group of 20,000 – 30,000 and 6% of the respondent belongs to the income group of upto 10,000 and above 50,000.

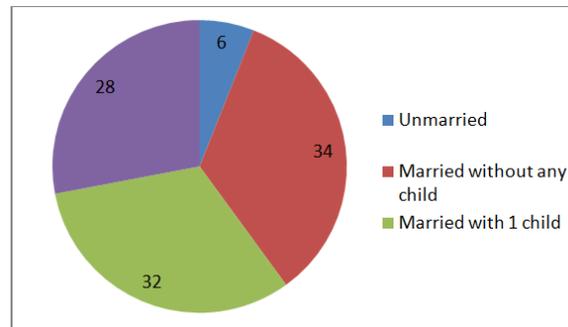


Chart 3. Marital Status of The Respondent

Source: Primary Data

34% of the respondent are married without any child, 32% of the respondent are married and got a child, 28% of the respondent are married and got 2 or more children and 6% of the respondent are unmarried.

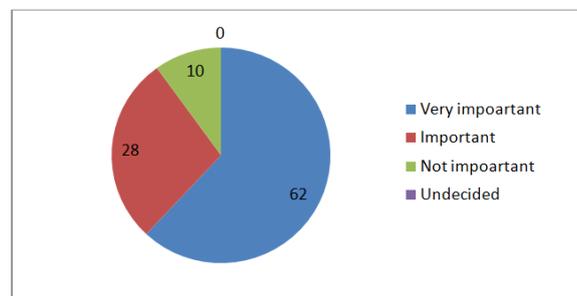


Chart 4. Importance of Work Life Balance

Source: Primary Data

62% respondents felt that it is very important and 28% respondents felt that it is important to achieve work- life balance and 10% respondents felt that it is not important to achieve work- life balance. There were no respondents who were undecided about balance between work and life. This clearly indicates that there is definitely high amount of importance attached to work-life balance by women from the teaching field.

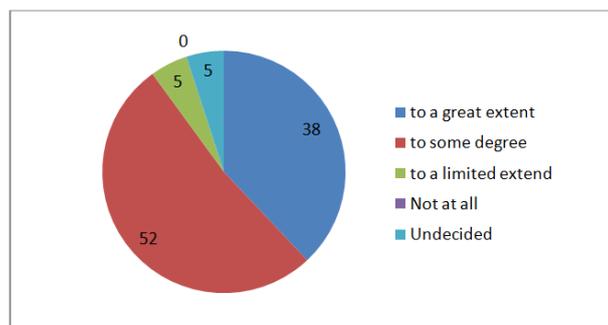


Chart 5. Ability to Achieve Work-Life Balance

Source: Primary Data

38% of the respondents said that they were able to achieve work life balance to a great extent, 52% of the respondents said that they were able to achieve work life balance to some degree, whereas 5%

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respondents said that they were able to achieve work life balance to limited degree and 5% respondents were undecided. Thus, there were some respondents who were not sure whether they are able to achieve work life balance or not.

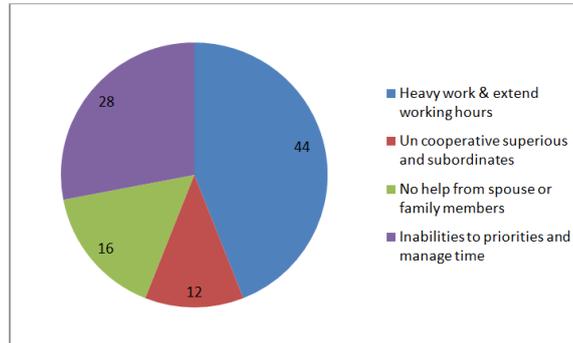


Chart 6. Causes of Work-Life Imbalance

Source: Primary Data

44% respondents accounted heavy workload & extended working hours to be responsible for work life imbalance. 28% respondents said that inability to prioritize and manage time is the cause for work life imbalance, 12% respondents felt that uncooperative superiors and subordinates is the reason whereas only 16% said that according to them, no help from spouse or family members is the reason for not being able to balance between work and life.

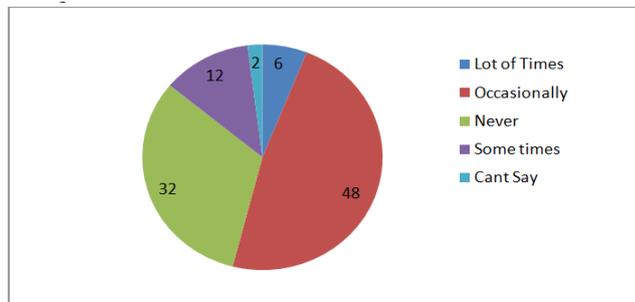


Chart 7. Inability to Achieve Work Life Balance And The Frequency Of Stress Experienced

Source: Primary Data

48% of the respondents said that they face stress sometimes due to their inability to balance between work and life, 32% said they are stressed occasionally and about 6% said they feel stressed lot of times. Thus about 86% of the respondents agreed that they feel stressed at not being able to achieve work life balance either lot of times, sometimes or at least occasionally. Only 12% respondents said that they are not stressed and 2 % chose not to comment.

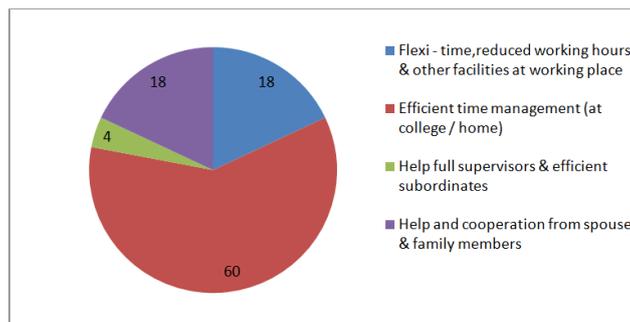


Chart 8. How to Achieve Work-Life Balance

Source: Primary Data

According to 60% of the respondents, efficient time management (at college/home) is the key to achieving work life balance. While 18% of the respondents said that flexi-time, reduced working hours & other facilities at the workplace can help to achieve work life balance, 18% of the respondents said that help & cooperation from spouse & family members is required and 4% of the respondent said that to achieve work life balance helpful supervisors and efficient subordinates is required.

### REGRESSION ANALYSIS

**Table 3.** Estimated Regression equation results (Dependent variable: Work Life Balance)

S. No	Respondents	Constant	JS	DP	OC	WS	WP	R	R2	F
1	WOMEN PROFESSIONALS	4.4	.089	-.12	.165	-.058	.307	.101	.492	10.984

**Source:** Primary Data

The results for women professionals indicate that 49.2% of variations in Work- Life Balance are explained by set of six independent variables (Table1). The impact of work pressure emerged to be statistically significant at 5% level. Further, it has a negative impact on Work- Life Balance. Thus if an individual believes that she is overburdened in her job and is not able to manage her other roles there is bound to be discomfort and will lead to a sense of disquiet and lead to a reduced Work-life balance.

### Other Important Observations

1. 50% of the respondents feel that women in the both academic field and corporate are equally stressed, reasons may be different.
2. 80% of the respondents feel that they are able to achieve work-life balance to a great extent.
3. 24% of the respondents that they always or often felt that they do not get enough time to spend with their family
4. 78% of the respondents felt that they do not get enough time for relaxation & hobbies often or always.
5. 80% of visiting/part-time faculties admitted that they opted for a part-time/visiting job so that they could balance between their work & life.
6. 10% of the respondents falling into the age group 20- 30 yrs said they were able to achieve work life balance to a great extent whereas 27% and 29% of the respondents falling into the age groups 31-40 years and 41-50 years respectively responded that they were able to achieve work life balance to a great extent.
7. 10% of women teachers were extent of job satisfaction among faculty members was influenced by both family role stressor and work roles stressors. Role ambiguity was the most influential stressor with reference to job satisfaction in faculty members.
8. 20% of the respondent indicated as the job satisfaction in teaching faculty members increased, the extent of stress effects experienced by them decreased.
9. 10% of the teachers were indicated that the span of service duration did not have much influence on the extent of stress-effects experienced by faculty members.
10. 20% of the respondent indicates that the family factors namely family type and family size had no influence on stress-effects in faculty members.

### SUGGESTIONS

1. The college can introduce certain family-friendly measures such as extended maternity leave, child care facilities, special leave, rationalization of work load and working hours, pick and drop facilities for women employees etc.

2. The spouse, children and family members will have expectations from the woman employee. They should help in routine household tasks. For this, awareness and training programs can be arranged to create awareness among the family members, spouse, children.
3. She should be realistic about her strengths and weaknesses and adopt a balanced outlook towards work and life by managing her time and prioritizing wherever required.
4. An understanding of stress in management teaching professionals may not only form the basis of stress analysis but may also be useful in rationalizing stress behaviour and formulating coping strategies for the entire teaching population
5. Modules for stress management can be designed on the basis of lifestyles, beliefs and attitudes of management faculty members for different profile groups. It may also help in developing sound overall workplace strategies for management faculty members

### CONCLUSION

There can be no debate on the fact that work life balance is essential and important for a stress free and fulfilling life, especially for a woman. Juggling between the burden, obligations and responsibilities of work and multiple family roles, balancing becomes an uphill and an ongoing task for teaching professionals, as much as, if not more than any other working woman. The findings of the study can justify its utility since knowing the faculty members precisely and reaching out to them in the effective way, is the key to minimize stress. The research can be summed up with a quote by Christina Winsey: "Life's demands may not slow up any time soon, and learning life balance is an ongoing art. If you think one day you will get it all done, and then you can relax, you are bound to be disappointed." The study can also direct employers of institution to evolve flexible work strategies and provide better working conditions which will help in overcoming stress in faculty members to some extent.

### SCOPE FOR FURTHER RESEARCH

The recommendations made by the researcher at the professional level can be given a due thought by the institutional heads. Then, as per the suitability of the needs and availability of resources, each institution can prioritize and implement these recommendations for minimizing stress in their faculty members these leads such a work life balance among women teachers in any education institutions.

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**ASSOCIATION OF CUSTOMER BEHAVIOR WITH LED  
PURCHASES**

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**ABSTRACT**

*The lighting technology has shown a massive growth right from its advent in form of incandescent bulbs. The costs incurred in production vary in nature based on various factors. Some costs are fixed while others are variable. Some costs depend on operational factors or volume factors while some depend on both factors. Scaling down on all the costs factors is not possible due to regulatory factors linked to it. Hence, the study aims into developing the variables like price, place, promotion and product for a better marketing mix which can be helpful for the lighting industry and more to the LED lights. It also focuses on providing a marketing model for the LED industry to increase its awareness, demand and indirectly profits. This will automatically help in saving large amounts of energy on the mother earth. Non-Probability Sampling methods like the Chi- Square test. . The only problem with LED's is that cost of LED's is higher than the conventional bulbs. It is important for marketers to look for ways to reduce the cost of LED so that the demand increases rapidly. This will also save a large amount of energy on the planet. The study focuses on the consumer perception towards these LED lightings*

*High brightness led's and organic LED are two technologies that will grab attention in the next 2 to 5 years since they cause a lot of energy saving. The architects now have also started focusing on designing buildings such that they utilize sunlight to its maximum possible extent. Such efforts help in saving the energy along with protecting the mother earth. Based on the opinions and information collected from the respondents, this paper attempts to identify and evaluate the pros and cons of GREEN LIGHTING.*

**Keywords:** Light Emitting Diode; Green Lighting

**INTRODUCTION**

The awareness level of the architects and the electrical consultants in terms of LED lightings is measured. It also tries to focus on improvement in manufacturing technology and the processes so that wastage is reduced and price of products can be reduced.

The distribution and supply chain of the lighting industry is studied properly in term of availability, timely delivery, safety and accessibility and the transportation costs.

The study helps in designing some promotional methods that increases the awareness levels about the LED lights amongst the general public. It studies the consumer perception towards purchasing LED bulbs and the factors that influence the purchase of an LED bulb.

**OBJECTIVES**

1. To understand the factors affecting the purchase of LED lights
2. To understand the dependence of locality on the purchase of LED lights

**HYPOTHESIS**

1. There is a correlation between the type of light used and the payback amount offered by the light.
2. There is a correlation between the locality and the type of light used.

**LITERATURE REVIEW**

**A Prakash (2000)** believes that it is important to know whether the consumers view the tag 'green' as a motivation to buy the product. If this becomes possible, green revolution can receive an automatic boost and lead to great profits. There are a few exceptions even if the public prefer firms like the ISO 14001 certification which approve green revolution. The best example for this is the trade competition between the EU and US where in the Europeans are reluctant to buy low cost products and the products which are the modified and altered food products from the US.

**ArteeAggrawal et al (2010)** declares that organizations have to face a difficult responsibility managing their product offering mix such that they can ask for competitive prices and also attract a wide range of new customers while retaining the old ones. Such a task can prove to be a square peg in a round hole if not properly followed.

**Arbutnot and Lingg (1995)**, carried out an in depth study to compare the attitudes of American and the French towards the environment .The results moved out in favor of the Americans. Americans were found to be more environmentally aware and consistent towards environment safety than the French.

According to **Arcury (1990)**, the knowledge about the environment has a positive and a consistent relation with the attitudes of the consumers towards the environment. Though, the author also stated that this relation was not very firm. After studying the association between the two variables, it was observed that if the environmental knowledge is weak, it may have adverse effects on the policies of the governments.

**Henry Assael (2006)** studied the U.S. market and infers that there are efforts being taken by the companies to promote environmental control and green marketing. For example : Reynolds Wrap promotes recycling , while Crane Papers advertises the natural content of its products, McDonald's switched from plastic to paper wrapping and uses recyclable products to build its restaurants.

**Hari Shankar Asthana &BrajBhushan(2007)**: Chi square test forms one of the important and widely used non-parametric tests. It helps to obtain significance of the data which are in percentages or proportions reducible to frequencies. It examines whether or not, the two variables are significantly independent of each other.

**Balderjahn (1988)** stated that Demographic, socioeconomic, cultural, personality, and attitudinal variables specify five categories of an environmentally aware consumer. He studied the model which specifies such consumers namely the LISREL (linear structural relations, is a statistical software package used in structural equation modeling) model. The analysis predicted that each category possesses its own group of consumers.

Waste reduction, reuse and recycling were the three waste management parameters studied by **Barr (2007)**. He developed a model to study the above three parameters. It was stated that waste management behavior can be properly predicted through environmental values, situational characteristics, and psychological factors. These predictions lie within the framework of the relationship between intention and behavior.

**METHODOLOGY OF THE STUDY**

**Sources of Data**

**Primary Sources-** Primary data are in the form of “DIRECT MEETINGS WITH ARCHITECTS AND ELECTRICAL CONSULTANTS RELATED TO LIGHTING” to which statistical methods are applied for the purpose of analysis and interpretations.

**Secondary Sources-** The secondary data mainly consists of data and information collected from records, company websites and also discussion with the management of the organization. Secondary data was also collected from journals, magazines and books.

**Sampling Method**

It refers how sampling units are selected.

**Types of sampling** – Non Probability Sampling

**Method of Non Probability Sampling**

**Quota Sampling** – This method is viewed as a two-stage restricted judgmental sampling and it is as follows:

Firstly, the relevant control characteristics of the sampling elements (architects & B-School professionals) are identified. The architects who possess the right knowledge about the lightings and LED lightings are treated as a control characteristic.

Secondly, based on the convenience and accessibility of the sample elements, the information has been collected to match their control characteristics.

**Sample Size**

The sample of respondents for this study consists of two groups (25 architects+ 100 B-school professionals)

**Research Area**

**For Architects:** In the state of Maharashtra comprising Thane and Mumbai district.

**For B – school Professionals:** In the state of Maharashtra from South Mumbai

**Tests of Hypothesis**

The hypothesis has been tested by using the following statistical tools:

**Non Parametric tests-** Chi – Square test

**Analysis and Interpretation**

The following Statistical tools have been used by using SPSS for analyzing and interpreting the data:

**Univariate Analysis-** Chi-Square Test

**Hypothesis 1**

**Null Hypothesis (H0):** There is no association between the type of light used and the payback amount offered by the light.

**Alternative Hypothesis(H1):** There is a strong association between the type of light used and the payback amount offered by the light.

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**Table 1.** Acceptance level

Payback offered	Very Low	Low	Neutral	High	Very High	Total
<b>High</b>	2	7	3	23	5	40
<b>Medium</b>	5	3	3	47	3	61
<b>Low</b>	8	3	1	10	2	24
<b>Total</b>	15	13	7	80	10	125

Source: Primary Data

**Table 2.** Chi- Square analysis

Description	Exact Value	df	Asymp. Sig.
Pearson Chi- Square	27.853	12	.007
Likelihood Ratio	29.324	12	.005
Linear Association	.776	1	.378
N	300		

Source: Primary Data

**Inference:** It is clear that the significance value 0.007 is less than assumed value 0.05. So null hypothesis H<sub>0</sub> is rejected. It can be concluded that the type of light used depends on the payback amount offered by it. If the payback amount offered by the light is more, the consumers are more inclined towards buying that light.

**Hypothesis 2**

**Null Hypothesis (H<sub>0</sub>):** There is no association between the locality and the type of light used.

**Alternative Hypothesis (H<sub>1</sub>):** There is a strong association between the locality and the type of light used.

**Table 3.**

Dimension	Observed	Expected	Residual
<b>Strongly Disagree</b>	6	30	-24
<b>Disagree</b>	18	30	-12
<b>Neutral</b>	12	30	-18
<b>Agree</b>	75	30	45
<b>Strongly Agree</b>	14	30	-16

Source: Primary Data

**Table 4.**

Description	Value
Chi- square	111.37
Df	4
Asymp. fig	.000

Source: Primary Data

**Inference:** It is clear from the table 5.22 a that the assumed value 0.05 is more than the significance value 0.000. Hence, the null hypothesis H<sub>0</sub> is rejected.

**FINDING(S) FROM THE EMPIRICAL STUDY**

1. The hypothetical study indicates that consumers are ready to accept the type of light which offers a high payback amount. This indicates a clear correlation between the payback amount and the type of light used.

2. From the hypothetical study, it is clear that locality also plays an important role in the type of light used. Different areas are differently educated about the newer type of lighting technologies. More the awareness, more is the number of varieties used.

### **CONCLUSIONS/ RECOMMENDATIONS**

1. There is a strong correlation between payback amount and type of light used. LED's which provide a high payback amount over a period have an upper edge over the conventional lights. If the consumers are convinced about this fact, they can also pay an extra amount for LED purchase.
2. Different areas use different types of lightings. Conventional patterns or older technologies exist in some areas while some areas tend towards a more modern and advanced technologies. If the lighting market makes a move, it can attain a newer target audience. It can be most beneficial if the marketing teams are able to convince the stagnant consumers who are resistant towards a change in the technology

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**ASSOCIATION OF CUSTOMER BEHAVIOR WITH LED  
PURCHASES**

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**ABSTRACT**

*As per the proviso of the Companies Act, 2013 Whistle Blower Policy, often called as, Vigil Mechanism provides an adequate safeguard against victimization of employees of a Company which accept deposits from the general public or companies which have taken funds from Banks and Public Financial Institutions of more than Rs.500 millions u/s 177(9) of Companies Rules, 2014. Also, whistle blowing has become a mandatory process to draw attention of top management on any wrongdoing happening within an organization. Under Clause 49 of Corporate Governance Norms, the whistle blowing policy is applicable to all listed companies which are being considered by the Indian Capital Market Regulator i.e. SEBI (Securities and Exchange Board of India) to take curative action against any illicit, licentious or illegal practice, corruption, violation of any law or rule, therefore, providing protection to employees or any member of the company.*

*Earlier in India, most of the companies followed this policy as a perfect corporate governance practice. Nowadays, adding to the list, some other companies like Tata Motors, Mahindra Group, Ernst and Young (LLP) etc. are following the same practice to conform to the sec 177 of the Companies Act, 2013 and Corresponding Rules.*

**Keywords:** Whistle Blowing Policy; Protection of Employees from Victimization

**INTRODUCTION**

“Whistle Blowing Can Be Effective Only When It Is Followed Seriously And Sincerely.”

Whistle blowing policy is a policy with which anyone can account for any alleged, dishonest or illegal actions or misconduct in the company directly to any person having authority or to the director or the CEO. The alleged misconduct can be parted in many ways like fraud, violation of law, threat to the interest of the stakeholders of the company, violation of rule or regulation and gross mismanagement or waste of funds etc.

The term “whistle blowing” originates from the act of the British policemen who blew their whistles on every occasion they observe commission of crime. It can be defined as an act of disclosure of information by people within or outside an organization and that which is not open to public, generally activities of an organization that are in opposition to public interest. It’s a channel of unveiling information about illegal or unethical tasks which help the employee to take a positive step towards reduction of corruption.

Whistle Blowing means calling the attention of the top management to some wrongdoing occurring within the organization.

As for each activity in an organization a specific person is appointed who carries out the assigned task with diligence and utmost care. So, for the purpose of whistle blowing, a person is appointed to raise a concern about malpractice, financial mismanagement being played in the company, who is called as

“WHISTLE BLOWER”. A whistle blower may be a employee, group of employee, formal employee or member of an organization, a government agency who have willingness to take a corrective action on the misconduct. They should also establish an accessible procedure for doing so.

### **OBJECTIVE OF STUDY**

Each and every work in our life is governed by some aims or objectives. Any work without any objective is like a ship in the mid sea without a compass. So for every work objective should be specific and focused. This project is not an exception. So, the objective of the study is to aware the people about the compulsory applicability of the Whistle Blowing Policy w.r.t. revised Companies Act, 2013.

This article will fling some light on importance of whistleblower policy and the article broadly will speak the whistle blower policy in India.

### **RESEARCH METHODOLOGY**

The paper is based on the secondary data. The data is collected from the published corporate reports, journals, websites etc.

### **Objectives of the Policy**

The main objective of the policy is to know that what opportunities does the whistleblower policy provides to employees or group of employees , for reporting to the top management about any unethical behavior , actual or suspected , fraud or violation of the company’s code of conduct, happening within the organization. Further, to provide necessary safeguards for the protection of employees from any reprisals or victimization.

### **Steps to Create an Effective Whistle Blowing Policy**



### **Rules- Companies Act, 2013 and Rules, 2014 With Reference To Whistle Blowing Mechanism**

**Application of the whistle blowing mechanism is mandatory for:**

- All the listed companies and;
- Companies which accept deposits from the public;
- Companies which have borrowed money from Banks and PFI in excess of Rs.50 crores under section 177(9) read with Companies Rules, 2014.

Companies for which constitution of an audit committee is obligatory , they shall exercise the vigil mechanism through the audit committee, so formed. If any of the members of the committee have a clash of interest in a given case, they should liberate themselves and the others and committee would deal with the matter on hand.

**Who Will Blow the Whistle (Types of Whistle Blowers)**

Whistle Blowing Policy is implemented by whistle blower who may be:

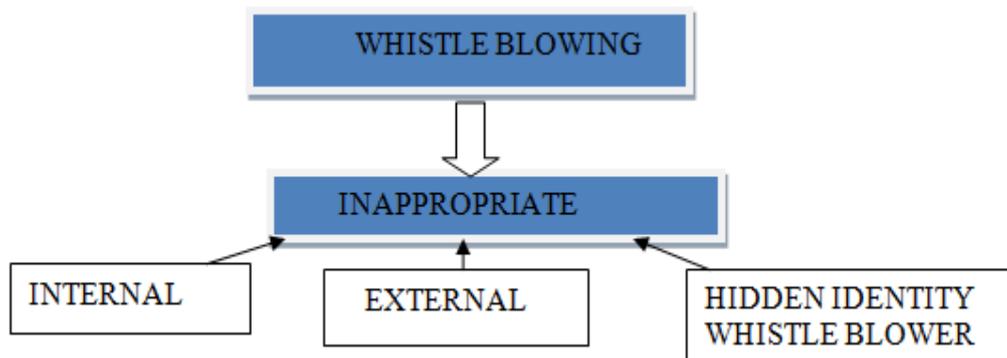
**Internal** – An internal whistle blower is concerned within internal working of an organization who report misconduct on a fellow employee or superior within their company. He/she may be

- i) Employee
- ii) Superior officer
- iii) Any designated officer

**External** - An external whistle blower reports misconduct or any immoral, licentious or illegitimate practices to outside persons and entities. He/she may be

- i) Lawyers
- ii) Media
- iii) Law Enforcement
- iv) Watchdog Agencies
- v) Any Other Local, State or Federal Agencies

**Hidden identity whistle blower** - This involves utilizing an external agencies to inform the individuals at the top of the organization pyramid of misconduct, without disclosing identity of whistle blower. E.g.- international whistle blower of an organization involved in delivering a third party service to whistle blowers.



**Why Employees Are Considered To Be The Best Whistle Blowers?**

Fraud within companies has increased to a great extent be it the Citibank employee hurling the cash or the Satyam founder misleading the industry, every incident has been a knock to corporate image. In such a circumstance it would have been favorable if someone would have disclosed the mishandlings at the initial stage and here the role of the employee becomes important. Employees are usually the first to come to know about any sort of illegal or improper business practices within the company. Employees working in the same department are more aware about the fact that who is corrupt and is involved in malpractice but they often feel frightened about expressing their concern or blowing the whistle as they are afraid of the result that will follow thereafter .As an employee, a person has to keep certain information confidential as it's a duty towards the employer. This is what usually restricts the acts of the employee to bring into the forefront any form of wrongdoing. They also have a duty not to destroy the “mutual trust and confidence” of the employer on which employment relationship exists.

**When To Blow Whistle???**

The whistle blower must choose between the various alternatives available to blow the whistle, like to blow in a group, by presenting the evidence, disclosure through internal channels, through external

channels. Whistle blowing through external channels have gigantic threat as it bring about big exposure in public which may be detrimental. A whistle is blown in circumstance like:

- Knowledge of inappropriateness – Making proprietary software available to public, Embezzlement or redirection of funds.
- Bad claims – Unrealistic date projection, advertising hype, etc.
- Knowledge of future doom - When you know the project is doomed for failure and can prove it, yet no one else realizes it yet.

### How to Report?????

<p><b>MANNER OF REPORTING FOR WHISTLE BLOWING:</b></p> <p>DATE:</p> <p>NAME OF THE EMPLOYEE/DIRECTOR:</p> <p>E-MAIL ID OF THE EMPLOYEE/DIRECTOR:</p> <p>COMMUNICATION ADDRESS:</p> <p>CONTACT NUMBER:</p> <p>SUBJECT MATTER WHICH IS REPORTED: (NAME OF THE PERSON/ EVENT FOCUSED AT):</p> <p>BRIEF ABOUT THE CONCERN:</p> <p>EVIDENCE (ENCLOSE, IF ANY):</p> <p>SIGNATURE</p>
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### Illustrating with Indian Examples

Various companies are establishing Whistle Blower Policy in the company.

**Maruti Suzuki India Ltd** in its preamble of their Whistle Blowing Policy mentions that Clause 49 Of The Listing Agreement provides, a binding requirement, to establish a mechanism called “Vigil Mechanism” for all the employees to report unethical behavior actual or suspected fraud or violation of the company’s code of conduct or ethics policy to the management of the company.

**HCL** adopted a Whistle Blower Policy to afford appropriate avenues to the employees, contractors, clients, vendors, internal or external auditors, law enforcement / regulatory agencies or other third parties to bring to the kindness of the management any issue which is recognized to be in breach or in quarrel with the essential business principles of the company. The employees are encouraged to raise any of their concerns by way of whistle blowing.

### Requisites of a Perfect Whistle Blowing Policy

A good whistle blowing policy should:

- Be simple and easy to understand;
- Cover as much as the workforce possible;
- Should set a measuring line of behavior expected of the human resource;
- Present a clear view of list of malpractice covered under the policy;
- Should clear ‘to whom’ and ‘by whom’ the report should be submitted;
- To let the employee circumvent the person to which the concern relates and developing employee friendly environment;

- Distributing the highlights of the procedural steps involved in the policy to each and every employee;
- To make clear that the employee who blow the whistle about any wrongdoing is not detrimental to the interest of any other employee;
- Warn that the victimization of genuine whistle blowers, including malicious allegations and other abuses of the whistle blowing policy, are disciplinary offences.

### Advantages of Whistle Blowing Policy

The culture and the process of whistle blowing is extremely beneficial to the organization, its employees, stakeholders and society and the general public at large. Violations, misconduct and malpractices which would cost stakeholders, can be minimized and the offenders are duly punished. Employees, whose integrity and dedication towards the organization are flawless, work as watchdogs of the company's values. Such individuals can be assumed perfect for the role of whistleblowers. Whistle blowing is an important aspect that has the intrinsic power to alleviate a crisis-like situation. The whistleblower's revelation should to be handled correctly and promptly for sustained value creation in the organization.

It provides legal protection as well, as the federal government's Whistleblower Protection Policy protects whistle blowers interest.

### Barriers to Whistle Blowing

- Lack of reliance in the organizational internal structure by showing disloyalty or indiscreet manners for not keeping company secrets and industry practices under wraps.
- Reluctance of the employees to be under observation all the time.
- Fear of the employees regarding the biased approach of the top management for different level of employees.
- Fear of revenge from former supervisors and co-workers
- Fear of disaffection from peers.
- Diminished Career Prospects
- Personal Complications

### “Blowing the Facts” – Whistle Blowing In India

The Government of India has been considering adopting a Whistle Blower Protection Law from the past many years. On 9<sup>th</sup> May, 2014 the Whistle Blower Protection Act, 2011 received the presidential assent and the same got published subsequently in the official gazette of the Government of India by the Ministry Of Law And Justice, Government of India.

India had weak whistleblower protection laws. The companies Act, 1956 provided various provisions through which mismanagement can be ventilate does not expressly provide for the protection of whistleblower as such. However after coming into force of the Companies Act, 2014 there is a provision to protect the Whistle Blower. Every listed company which is prescribed shall establish a Vigil Mechanism specifically for the directors and employees. It also seeks to provide adequate protection to the employees from victimization as a result of disclosure made using the mechanism.

There are a diversity of theories as to why Whistle Blowing hasn't being used as extensively in India as it is internationally Says Bharat K, Chartered Accountant, JR Desai & Co, "An organizational culture which encourages honesty, transparency and a sense of moral obligation or responsibility is most likely to give rise to individuals who would not hesitate to blow the whistle in case they spot any wrongdoing. It is important for the whistleblower to have access to communication channels and reach

the people that matter. Hence, a very hierarchical organizational set-up with a single nucleus of power, as we commonly see in India, can prove to be a major roadblock to Whistle Blowing."

Laws which are related to whistle blowing policy and the protection of whistleblowers are also indefinite and inadequate. Framing a Whistle Blower Policy is not mandatory in India under Clause 49 of the Companies Act even though it states that every company should unveil in its annual report whether a Whistle Blower Policy is in place or not and on whom it is applicable to. Bharat K. says "What we need is concrete, holistic law which protects the whistleblower and his/ her interests. This will ensure that the whistleblower is not harmed by the miscreants he/she is targeting and would give more individuals the courage to report the ills they see."

With Employee education about Whistle Blowing, the policies of the company will help remove the ambiguity associated with any act being undertaken by the employees. Further, opening of two-way communication channels, which surpass organizational hierarchies, will help employees to report any wrongdoings to the higher authorities of the company.

In A Statement Given By Assocham – Ernst & Young, the report said, "Most frauds result in some form of business disruption as well as reputational and financial losses. Whistle blowing is still at a nascent stage in India, and most Indian companies do not use it as an effective tool against fraud.

### **CONCLUSION**

Now the Corporate(s) will have to institute rigorous policy to allow employees to bring unethical and illegal practices to the forefront and also train managers and executives on how to encourage openness. Some of the companies already have a Whistle-Blower policy as a good corporate governance practice and now most of the companies are started to frame this policy to comply with section 177 of the Companies Act 2013 & Corresponding Rules.

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**ROLE OF KNOWLEDGE MANAGEMENT FOR FUTURE  
PERSPECTIVE**

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**ABSTRACT**

*Many organizations are primarily knowledge focused. They obtain data & Information and produce either a product or service. In this production process they use their own & other's Knowledge and information. Much of the knowledge in an enterprise is grounded in the minds of employees. Past experiences and internal learning create processes, insights, methodologies, Know-how and understanding that represent what the business is and how it adds value. Since knowledge is the most basic of all competencies its recognition, creation, application and management should be a critical success factor for attainment of a competitive advantage.*

**Keywords:** Knowledge; Skills; Knowledge Management

**INTRODUCTION**

Over the past decades, the world has been experiencing vital changes. The key to alter its awareness, sharing, ideas and arising with new and Innovative ways that of staying previous the competition. There's an excellent want now a days economies have accumulate, utilize and share Knowledge. Now-a-days economies have evolved into knowledge economies And are characterized by the actual fact that knowledge becomes the main Issue of production within the value-adding economies activities (Jon sumacs & Megan santosus). Organizations are discovering that they have to try & do a much Better job of capturing, distributing, sharing, preserving, securing & valuing their Precious knowledge so as to remain competitors by managing its knowledge assets. Associate enterprise will improve its aggressiveness, ability & increase its Scope of active implementation of a knowledge management strategy within the Work of business organizations. It is the realization in my opinion that makes Knowledge Management attractive to many organizations. Knowledge

Management brings a new dimension the need to manage tacit knowledge by focusing on people and enhance their capability by improving communication Information transfer and collaboration. Knowledge management is concerned with creating, managing & sharing explicit knowledge (e.g reports, policy statements, procedures, practice Guidelines, books and journals articles) as well as tacit knowledge that they have gained Through experience.

**REVIEW OF LITERATURE**

Knowledge management is a key concept in today's business world Evidence of this fact is apparent if one only peruses the current business Management & organization literature. Many of the practices set-up in Organizations can be broadly constructed as contributing to the knowledge Agenda. These Knowledge projects range from setting-up an intranet or other team oriented software, creating personal development plans mentoring or sharing information on best practices. Increasingly Organizations are applying knowledge management throughout their Organizations (skyrme, 1999.p.109) As skyrme & Amidon (1999) write, "the knowledge agenda is new, yet not new

(p.108).Most organizations are already involved in managing Knowledge and have been for a long time. Many of them, however do not Realize the full extent of what they are undertaking. The purpose of this Paper is to provide role of knowledge management for future perspectives In India.

**Knowledge Management**-Knowledge management is the process of capturing, sharing and effectively using organizational knowledge. It refers to a multi-Disciplined approach to achieving organizational objectives by making the best use of knowledge many large companies, public institutions and non-profit Organizations have resources dedicated to internal knowledge Management efforts, often as a part of their business strategy, Information technology or human resource departments. Several Consulting companies provide strategy & advice regarding knowledge Management to these organizations. Knowledge Management efforts typically focus on organizational Objectives such as improved, competitive advantage, innovation, the sharing of lessons learned, integration and continuous Improvements of the organization. Knowledge is linked to performance, the more you know (as a Team, individual or company) the better you perform.

### **Defining Knowledge Management**

“Knowledge is the ability to take effective action. It is known how, born of experience, which allows correct decisions to be made and effective processes to be developed & applied.” While there are many organizations undertaking Knowledge management projects, there is dispute Over what exactly knowledge-Management is:

According to Snowden (1999),maintain that” Knowledge Management is the identification, optimization and active management of intellectual assets either in the form of explicit knowledge held in artifacts or as trait knowledge possessed by individuals or communities”.

Nonako & konno (1999) categorize Knowledge as either explicit or tacit. Explicit Knowledge can be expressed in terms of words & numbers. It can be shared in the form of data. Tacit Knowledge, on the other hand is highly personal, hard to formalize and difficult to communicate.”

### **Objectives of Knowledge Management**

1. Knowledge Management strategy must be dependent on corporate strategy. The objective is to manage, share & create relevant knowledge assets that will help meet tactical& strategic Requirements
2. The organizational culture influences the way people interact, the context within which knowledge is created the resistance they will have towards certain changes &ultimately the way they share knowledge.
3. The right processes, environments & systems that enable knowledge management to be implemented in the organization.
4. The systems, tools & technologies that fit the organizations requirements properly designed and implemented.

**Types of Knowledge**-There are two types of knowledge explicit knowledge & tacit knowledge. Explicit knowledge can be expressed in linguistic terms and communicated among different Persons & tacit knowledge as special knowledge engrained in personal experience& concerning Personal acceptance, views & standards (Brelade & Harman, 2000)

**Research Methods**-The main objective is to identify the combined knowledge of the organization’s and the Indian market successfully.

**Need of Knowledge Management**-The following are certain precise business aspects that produce the requirement for knowledge management in business organizations:-

1. Diminutions in staffing generating a requirement to replace informal knowledge with formal Approaches.

2. The extent of time available to experience obtain knowledge has moderated.
3. Primary retirements & growing flexibility of the workforce lead to damage of knowledge.
4. There is a requirement to manage growing difficulty as small operating companies are transnational sourcing operations.
5. Products and facilities are progressively complex, endowing them with a important Information concept.
6. Markets are gradually competitive & the speed of innovation is increasing.
7. Maximum of our work is information based.
8. Organizations strive on the basis of knowledge.

**Knowledge Management Technologies-** Knowledge management requires technologies to support the new strategies, processes ,methods techniques to better create, share & apply the best knowledge anytime & anyplace, across the team, across the organization across several organizations especially its client, customers, partners, suppliers & other key stake holder. The key technologies are communication & collaboration technologies such as pc's, telephone & video-Conferencing. For an effective KM initiative across the organization, there needs to be in place at-least.

(i)Knowledge Portal-Knowledge Portal contains software technologies to at-least, support the Processes of virtual team communication & collaboration & software technologies to support the 9 – step process of managing knowledge. Furthermore, it contains intelligent software to identify automatically distribute information knowledge effectively to knowledge workers based on knowledge profiling.

(ii)Knowledge profiles-within the knowledge portal; each knowledge worker can update & maintain a personal 'knowledge-profile' which identifies his/her specific knowledge needs, areas of interest & frequency of distribution.

(iii)Urgent request-Within the knowledge portal, it is very useful to have a facility & underlying Process to enter any 'urgent request' into the portal & receive back any responses from across the organization.

(iv)Document Libraries-The document library is typically the location where all documents are Stored. The library should be context relative & allow the ease of control over any document type.

(v)Knowledge server & services-In order to foster knowledge networking across the entire organization & support knowledge process for creating, retaining, reusing & optimizing the use of the organizational knowledge assets ,a centralized knowledge server is required that skill:-(i)Manage the communication & collaboration between networks of people.

(ii)Enable the access, creation & sharing of knowledge between them. The centralized knowledge server will manage the processes & knowledge services that generate & disseminate Knowledge assets.

**Technological Aspects of Knowledge Management-**Many organizations rely heavily on computers, internets and the internet for knowledge packaging. Infract, much of the credit for the widespread use of knowledge management theories practices must go to the development of the world wide increasingly smaller in its short history. The internet began in 1969 as a pentagon-sponsored program called the Advanced Research Agency (Albert & Brodley, 1997.p-144), Information Technology has become a key in the implementation of knowledge management. It's a role is emerging as an integrator of communications technology, rather than solely a keeper of information. The critical role for IT lies in its ability to support communication, collaboration & those searching for knowledge information.

**Social Aspects of Knowledge Management-**It is important to remember that ideas form in the minds of individuals and the interaction between individuals is a key to developing further ideas Or

knowledge. The tradition is that knowledge is transferred in a social context. The social context often times dictates meaning. Without face-to-face, social contact, some knowledge might not be shared because it can only be conveyed in the person. In small medium enterprise there is a need of customized knowledge management packages as every enterprises thrust area in one or two module of knowledge management so as a better accepting of key area where knowledge management should be implementation of knowledge management.

**The Role of Knowledge Management in Anticipating the future for Businesses-** Why does the future take most of us by surprise most of the time? Why do businesses that are at the pecking order in terms of sales market share find them relegated to the bottom of a few years down the line? Why do some reputed business leaders fail to anticipate the upcoming trends whereas others have the knack of spotting trends before they transform into full-scale business opportunities?

For Example:-The legendary Bill Gates of Microsoft was supposed to have missed the bus on the bus on the internet band Wagon as well as the mobile revolution & this resulted in Microsoft being unable to cash in on both the trends. On the other hand, the late Steve jobs had a knack of anticipating the future better than most other business leaders.

Organization are encouraged to take a long term view to information management and knowledge management & to identify the major information knowledge obstacles faced by staff now & to plan for the elimination of these over time. An audit of all the information knowledge systems in an organizations may be an action that can help identify the urgent need for information management knowledge management strategies of data sources, held in filing cabinets, insecure laptops, hard disks that are not regulatory backed-up, in the heads of key staff approaching retirements etc. The audit can also be a tool for identifying Priorities for attention in the information management knowledge management strategies.

### **FUTURE DIRECTIONS**

Knowledge management as a conception is very attractive offers vast business opportunities that should not be missed. It is an engine that converts knowledge into Business value. However implementation of knowledge management is not easy for small &medium enterprise. Organizations have to grapple various issues challenges such as organization culture, policy, information technology, knowledge organization.

As far as India is concerned knowledge management implementation is still beginning stage. It has to cover a lot of ground to come up the level of knowledge management implementation. In India there is requirement of national knowledge management concept to generate & harness the knowledge of our own people start producing & using our own software packages. The core competency definitely exists in our Research Developments Laboratories academics, institutions, and software houses industries.

### **CONCLUSION**

The objective of this paper is the decision on whether or not among an organization should outsource a part of their business is a complicated one and should not be taken lightly. Knowledge can be classified into two broad categories-: tacit and explicit. Tacit knowledge resides in the minds of people .The acquisition of tacit knowledge is usually developed through a process of trial and error during practical experience. Explicit knowledge Is formal knowledge or information. The acquisition of explicit knowledge is usually achieved by Formal study through some type of education process.

What really distinguishes an organization from another is not its explicit knowledge. The key to its competitiveness resides in tacit knowledge and one of the core objectives of knowledge management is to expand the understanding and application of tacit Knowledge throughout an organization.

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**BLACK MONEY IN INDIA: CURRENT STATUS AND IMPACT  
ON ECONOMY**

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**ABSTRACT**

*In the present era, issue of BLACK MONEY has come into forefront of the society with active participation of our youth and parliament. In the context of current status it includes sources from where black money is generated and its uses in the country at different levels. This paper represents the framework, policy options and strategies that Indian government should adopt to tackle with this issue and also describes the Impact on economy in this context. It also studies the one of the main reason behind the generation of black money i.e. corruption. It shows up to what extent, the corruption leads to its generation which has considerable impact on various sections of the society. At last but not least, conclusion of this paper is provided representing the ongoing issue of black money in our country and its future course of action. To control the generation of black money there should be a strong and appropriate legislative framework. The present paper helps to know about present status of black money in INDIA & its Impact on economy.*

**Keywords:** Black Money; Corruption; Present Status; Indian Economy

**INTRODUCTION**

As we know that in Ancient times our country, INDIA, was popularly known as „Golden Bird“ because people of our country were more civilised in terms of coordination and co-operation, worked in a very enthusiastic & honest manner so as to provide fruits of their work to everyone without any selfishness and/or jealousy i.e. they were not concerned about their earnings as compared to others. They focused on the welfare of the nation as a whole. So it could be predicted at that time that our country will become one of the greatest economies in the world and be at the top as regards developed country very soon, but sadly it did not happen. There are many reasons behind it but the basic reason is the “Use of BLACK MONEY” to a large extent in our country.

In Ancient times the ways to generate money as well as its usage was very transparent i.e. everyone knew the sources of money and its application, which may be referred as WHITE MONEY. So, in the past, White Money was in use but now the colour of Indian money has changed to Black. Before discussing the use of black money one must know what Black Money is.

**LITERATURE REVIEW**

Black Money in India has induced many empirical Studies. I am present a brief review of the literature:

Sukanta Sarkar (2010) conducted a study on the parallel economy in India: Causes, impacts & government initiatives in which he focused on the existence of causes and impacts of black money in India. According to him, the main reason behind the generation of black money is the Indian Political System i.e. Indian govt. just focused on making committees rather than to implement it .So, he concluded that laws should be implemented properly to control black money in our economy.

CA lalit Mohan Aggarwal (2012) edited the White Paper on Black Money studied that violation of laws by central and state govt. leads to criminal activities which in turn leads to generation of black money in Indian economy.

Vijay Kumar Singh presented a paper on controlling money laundering in India- problems & perspectives that to control black money in India is very difficult task only due to the existence of one reason i.e. poor implementations of laws which leads to sophisticated crime in the economy and thus generates black money.

### **OBJECTIVES OF THE STUDY**

1. To know the present status of black money in INDIA.
2. To Study the main reason behind the generation of black money.
3. To Study the Impacts of Black Money on Indian Economy.

### **Defining 'Black Money'**

There is no uniform definition of black money in the literature or economic theory. In fact, several terms with similar connotations have been in vogue, including 'unaccounted income', 'black income', 'dirty money', 'black wealth', 'underground wealth', 'black economy', 'parallel economy', 'shadow economy', and 'underground' or 'unofficial' economy. 'Black money' can be defined as assets or resources that have neither been reported to the public authorities at the time of their generation nor disclosed at any point of time during their possession.

According to National Institute of Public Finance and Policy (NIPFP) defines-

"Black Money is the aggregate of incomes which are taxable but not reported to authorities." Thus, in addition to wealth earned through illegal means, the term black money would also include legal income that is concealed from public authorities:

- To evade payment of taxes (income tax, excise duty, sales tax, stamp duty, etc);
- To evade payment of other statutory contributions;
- To evade compliance with other laws and administrative procedures.

### **Generation of Black Money**

It is generated through main two activities or means – Illegal means and Legal means

- It is earned through Illegal means such as drug trafficking, weapons trading, terrorism, selling counterfeit or stolen goods etc.
- By Corruption which includes bribe given to and by public officers.
- Hiding income through Legal activities i.e. not reported to public authorities or we say to the government for the purpose to evade taxes.
- Even commercial classes generate black money through Trade.

### **From where is it used?**

In INDIA it is mainly used by ministers in Elections to promote their own interests. It is also used in air travel, land, jewellery etc.

### Who is involved in it?

List is never ending but to name few are Ministers, Liquor Traders, Top Industrialists, Senior Officers, Chief Ministers, etc.

### Present Status of Black Money In India

As we know, in the recent times the issue of black money and corruption has come into being with participation of our civil society and parliament institutions. In this context two main issues have come into being-

- Firstly, without any adequate factual basis, a large magnitude /amount of black money and unaccounted wealth stashed abroad every year.
- Secondly, Govt. Response to address this issue has been inadequate or we say considerably negligible.

### Now let us look at the picture of Black Money in India

Almost every sector in our country generates and uses black money for its survival in the market, society....etc. It includes Real estate, financial market, bullion & jewellery market, non-profit organisations, external trade and so on. Apart from this, in India black money persists due to the existence of Demonstration Effect i.e. the way to live a life in terms of others point of view or we say live a life by looking at others livelihood. People of India are very much affected by the lifestyles of other people of the society who are maintaining considerable high status, and in turn want to be like them. For this, they want to generate money by any means. Therefore to fulfil these desires or to maintain their status in society they force themselves to generate and use black money.

Corruption in India is a major issue that adversely affects its economy. In 2014 India ranked 85th out of 175 countries in Transparency International's Corruption Perceptions Index, compared to its neighbors Bhutan (30th), Bangladesh (145th), Myanmar (156th), China (100th), Nepal (126th), Pakistan (126th) and Sri Lanka (85th)

Another reason for the existence of black money is the presence of Corruption in every field of the economy. For example,

1. If any common man wants to get a job in any public institution like in a bank, or any transport or educational institution etc., then he will have to pay adequate consideration to the authority of that respective institution i.e. Bribe have to be paid. For this, common man is forced to generate money by illegal means. In this way, we can say that, both, the public authority and a common man generate and use black money in a considerable manner.
2. Likewise, if a student wants to get admission in any big and reputed institution, he will have to pay some extra money other than fees in the form of Donations etc.
3. Also in some Educational institutions, more fees are charged for examination forms or for practical which is considerably higher than the quoted fees. In this way, black money is generated and used in big and reputed educational institutions.

**Black Money of India in Swiss Accounts-** India has slipped to 70th position in terms of foreign money lying with Swiss banks and accounts for a meager 0.10 per cent of total global wealth held in the country's banking system. An article in the reputed newspaper "The Hindu" in 2010 revealed that unofficial estimates indicate that Indians had over US\$1456 billion in black money stored in Swiss banks (approximately USD 1.4 trillion). While some news reports claimed that data provided by the Swiss Banking Association Report (2006) showed India has more black money than the rest of the world combined, a more recent report quoted the SBA's Head of International Communications as saying that no such official Swiss Banking Association statistics exist. Another report said that Indian-owned Swiss bank account assets are worth 13 times the country national debt. These allegations have been denied by the Swiss Bankers Association. James Nason of Swiss Bankers Association in an

interview about alleged black money from India holds that “The (black money) figures were rapidly picked up in the Indian media and in Indian opposition circles, and circulated as gospel truth. However, this story was a complete fabrication. The Swiss Bankers Association never published such a report. Anyone claiming to have such figures (for India) should be forced to identify their source and explain the methodology used to produce them.”

In a separate study by Global Financial Integrity concludes, “media reports circulating in India that Indian nationals held around US\$1.4 trillion in illicit external assets are widely off the mark compared to the estimates found by their study.” The report claims that the amounts are significantly smaller, only about 1.5% of India’s GDP on average per annum basis, between 1948–2008. This includes corruption, criminal activities bribery and kickbacks, trade mispricing and efforts to shelter wealth by Indians from India’s tax authorities. According to a report, published in May 2012, Swiss National Bank estimates that the total amount of deposits in all Swiss banks, at the end of 2010, by citizens of India were CHF 1.95 billion (INR 92.95 billion, US\$ 2.1 billion). The Swiss Ministry of External Affairs has confirmed these figures upon request for information by the Indian Ministry of External Affairs. This amount is about 700 fold less than the alleged \$1.4 trillion in some media reports. The report also provided a comparison of the deposits held by Indians and by citizens of other nations in Swiss banks. Total deposits held by citizens of India constitute only 0.13 per cent of the total bank deposits of citizens of all countries. Further, the share of Indians in the total bank deposits of citizens of all countries in Swiss banks has reduced from 0.29 per cent in 2006 to 0.13 per cent in 2010. In 2011, according to the data provided by Swiss Bank, India is topping the list almost \$1500 billion of its black money deposited with them, followed by Russia \$470 billion. The amount of black money is increasing day by day at very rapid speed.

According to Report published by SWISS NATIONAL BANK estimates total deposits as below: From this analysis it is clear that India has a Top Position in case of black money deposits.

Country	Money Deposited
INDIA	\$ 1,456 billion
RUSSIA	\$ 470 billion
UK	\$ 390 billion
UKRAINE	\$ 100 billion
CHINA	\$ 96 billion

**Source:** Swiss Banking Association Report.

### Impacts of Black Money on Indian Economy

The flow of black money can seriously affect the entire economic system of India. Some important impacts are discussed here:

**1. Less Tax for the Government**—Many times, the Indian Government has failed to collect the estimated amount of tax from the people of our country and for this, credit has to go to the black money driven underground economy. Recently, a report was submitted to the Finance Ministry of India that divides the spread of black money in different sectors like real estate, mining, telecom etc. The study, headed by NIPFP chief P.Kavita Rao, explains how illicit wealth is likely to exceed 10% of GDP.

**2. Uncontrollable Inflation**—When black money is out in the market, the amount of money in the system is higher than the Government expects. This causes the prices of commodities to increase to a level beyond normal. This is a direct result of people having more money offering more money on specific items. Even if the Government tries to control the credit flow in the market by taking necessary measures, the amount of black money present upsets the move, resulting in some sort of pressure on the economy.

**3. Leads to Mass Poverty**–The distribution of wealth and income in our country has been severely affected by the growth of underground economy. The common people get affected indirectly in so many ways. The tax evaders are keeping the money away from the deserved. If all the black money in the tax havens is recovered and used by the Indian government, all the outstanding liabilities of the country could be paid off and money would still be left for spending.

**4. Lack of Technology**–Due to the existence of black money, India is facing the problem of shortage of capital. This has the direct impact on the up gradation of technology in all sectors. The major reason behind such backwardness is the parallel economy.

**5. Impact on Growth by moving investments on Gold, Stones and Jewellery**–People who are looking to turn black money into white money are largely investing in precious metals like Gold and other jewelry. There are people who believe that almost 70% of the total gold investment in our country is black money. One reason for people to invest in gold is that it is hard to trace. People in black market may buy gold bars, coins, jewelries etc. because one can buy gold easily and can be converted back to money anytime. This flow of underground money has caused Indian economy to stall on its growth. It is estimated that if all the money in the underground economy could be diverted to our main economy, our economy would grow by more than thrice in no time.

**6. Corruption**-While corruption creates black money in the economy, it can also be a result of the growing underground market. People with black money are able to bribe the administrators and politicians to get what they want. By doing this, they are able to get what they want and others are pushed down the stack.

**7. Inflated Real Estate** –When people with deep pockets are ready to pay more for a piece of land, the price of surrounding land also tends to increase; thus artificially inflating the prices of an entire area. Generally, people involved in black money market are always ready to pay more for a piece of land as this helps in converting their colored money to legal money.

**8. Transfer of Indian Funds Abroad to Safe Havens**–The black money generated in India is kept in foreign tax havens. For this, money has to be transferred from India to other countries through secret channels. Under-invoicing of exports and over-invoicing of imports are two of the main methods used by black money holders for transferring money overseas.

**9. Encourages Anti-Social Activity**–It is no doubt that black money is a curse to any country. Black money is always promoting anti-social activities in the society. Bribery, mentioned earlier, is only one example. The anti-social effects of black money include activities like terrorism, a huge threat already to our country.

### **Measure by Government**

Generation of black money, stashing it abroad in tax havens and recovering such illicit wealth secreted in these accounts was one of the dominant issues in the run up to the 2014 General elections. In fact on assuming office one of the first decisions of Narendra Modi led NDA Government was to constitute a Special Investigating Team [SIT] as mandated by the Hon'ble Supreme Court to look into these matters.

While the SIT was operating on a narrow compass the fact remained – much was left to be done by the Government. It is in this background that Budget 2015 has pronounced certain measures to deal with the “generation of black money and its concealment effectively and forcefully.”

This statement of intent has been backed by providing highest priority to investigations into cases of undisclosed foreign assets. This is over and above that investigation conducted by SIT. According to the Finance Minister “major breakthrough” has been made with the Swiss Authorities and certain critical and actionable information obtained from such authorities

**New Legislation-** Buoyed by success achieved thus far, Budget 2015 now proposes a new legislation to deal with the black money parked abroad.

Key features of the new law include:

- Punishment of 10 years Rigorous Imprisonment in case of evasion of tax in relation to foreign assets besides penalty of 300 percent with no recourse to Income-tax Settlement Commission
- Non-filing of IT returns with inadequate disclosures to result in 10 years Rigorous Imprisonment
- Concealment of income/evasion of income in relation to a foreign asset to be made a predicate offence under the Prevention of Money Laundering Act [and that can attract a separate prison term]
- Further, Foreign Exchange Management Act is to be amended to ensure punishment in such cases too.

In short, illicit foreign asset would attract imprisonment under the new black money law, get taxed at the maximum marginal rates, invite 300 percent penalty besides being prosecuted under PMLA and possibility of assets of equivalent value within India being attached with appropriate amendments to FEMA.

### RECOMMENDATIONS AND SUGGESTIONS

- After studying the concept of black money & its various sources of generation in our country, it's time for some Recommendations & Suggestions that may help to control black money in India. These are as follows:
- Our Government should make its foremost objective to control black money in our country.
- E-Governance should be started by the Government i.e. the use of technology be made as far as possible like E-Registration with Revenue Authorities, E-Filing of Returns, etc. because more
- The involvement of human beings more is involvement of corruption, ultimately generating Black Money.
- Agriculture income should be taxed for those who have both the agricultural as well as non-agricultural income.
- Black money revolves around in cash only so the Government should put restriction on cash transactions wherever possible and instead should increase the use of Plastic Money like Debit Cards, Credit Cards, etc. and by other such means.
- The Government should not give absolute power of work to any one person as it creates monopoly and instead should segregate the work among many persons.
- The tax rates should be made helpful to some extent in solving this problem. For this purpose tax rates should be lowered
- Tax evasion should be checked by plugging loop-holes in tax system.
- All the aspects of its generation should be looked into and stopped.
- Competitive bids should be motivated.

### CONCLUSION

This paper presents the different aspects of black money and its relationship with policy and administrative measures in our country. It also reflects the policy and strategies that the Government has been pursuing in the context of recent initiatives, or need to take up in the near future, in order to address the issue of black money and corruption in public life. There is no doubt that existence of

black money has a significant impact on social, economic and political levels of our lives which has a significant effect on the institutions of governance and conduct of public policy in the country.

So we can't say that India is a poor nation. In fact, India is amongst the Richest Nations if Stashed Black Money is brought back & converted to White Money and fresh generation of Black Money is put to an end.

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**MICRO FINANCE-ROLE OF SELF HELP GROUPS A STUDY  
WITH SPECIAL REFERENCE TO WEST GODAVARI  
DISTRICT**

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**ABSTRACT**

*This article focuses on the role of the self help groups in West Godavari district of Andhra Pradesh, and how the microfinance is provided by them by establishing links to banks. Self Help Group (SHG) methodology is the most dominant form of microfinance in India. Organization of women around thrift and credit has emerged as one of the more effective methods for poverty reduction and women empowerment. Over the past 10 years, close to half a million SHGs have been formed in Andhra Pradesh. Self-help groups are run by and for group members. Professional providers may participate in the self-help process at the request and sanction of the group and remain in an ancillary, or consultant role. This article focused on the role of these groups in providing the key element for progress of poor, namely finance. The article finds that SHGs provide a better vehicle to provide microfinance and the challenges to their operations can be addressed by government.*

**Keywords:** Microfinance; Self Help Groups; Andhra Pradesh; West Godavari District; DWCRA

**INTRODUCTION**

Andhra Pradesh leads the SHG movement in India with almost 439,000 SHGs covering approximately 54,00,000 women. Cumulatively, over 350,000 SHGs have been linked to banks under the linkage-banking program in AP. As on date, over Rs. 500 crores is outstanding with SHGs as loans from the banks. The most important government program involving women in savings and credit is DWCRA. In AP, almost Rs 500 crores was provided as revolving fund as against a saving of Rs 550 crores by the groups till March 2002.

By 2000, DWCRA became a flagship program of Government of AP to implement all its poverty reduction programs. State Government introduced schemes like Deepam (subsidized gas connections for DWCRA women) and State funded Revolving Fund, in addition to the Central Government Schemes. Several thousands of groups were formed instantly to access various Government Schemes. To give further impetus to the DWCRA movement, the State Government established a separate department called "Women Empowerment & Self Employment" under the Rural Development Department to focus on promoting DWCRA groups, increase bank linkage and to promote micro

enterprises. NABARD played a proactive role in sensitising NGOs, Government Officials and Bankers on SHG – Bank linkage. Greater Coordination was witnessed among DRDAs, Banks and NGOs during 1999 – 2002. NGOs that had internal capacities supported capacity building of DWCRA groups. During 1996-2001, UNDP funded Poverty Alleviation Program was implemented in Mahabubnagar, Kurnool and Anantapur districts with a total outreach of 3,200 SHGs. In 1999, CARE began the implementation of a DFID funded project called Credit and Savings for Household Enterprise (CASHE) to support the emergence of quality SHGs through NGOs and Government. Instances of competition among NGOs, DRDA and UNDP were also noticed. In June 2000, World Bank funded District Poverty Initiatives Project (DPIP) was initiated in six poorest districts of AP based on the UNDP experience. In 2002, the project was scaled up to all the 22 rural districts of AP with funding support from World Bank and the project is called AP Rural Poverty Reduction Project.

### SHG-Bank Linkage

The rural credit delivery system in most of the developing countries was weakened by poor credit discipline among the borrowers resulting in low recovery of dues. High operating (intermediation) costs, burden of subsidized interest rates, non-viability of operations and heavy dependence on concessionary outside funding or refinance support were some of the other constraints in the development of self-sustaining systems. Many credit programmes started with support from the State or donor agencies operated as per their dictates and were abandoned due to poor results.

Generally all members of the group should belong to families below the poverty line. However, if necessary, a maximum of 20% and in exceptional cases, where essentially required, up to a maximum of 30% of the members in a group may be taken from families marginally above the poverty line living contiguously with BPL families and if they are acceptable to the BPL members of the group. This will help the families of occupational groups like agricultural labourers, marginal farmers and artisans marginally above the poverty line, or who may have been excluded from the BPL list to become members of the Self Help Group. However, the APL members will not be eligible for the subsidy under the scheme. The group shall not consist of more than one member from the same family. A person should not be a member of more than one group. The BPL families must actively participate in the management and decision making, which should not ordinarily be entirely in the hands of APL families

In a recent study in India, the transaction cost to a small rural borrower raising a loan from a commercial bank under a poverty alleviation programme was placed at 24.6 %. Further, the transaction costs of operating a saving account with a bank was placed as high as 10% of the saving, on the assumption of only one transaction per month.

The core problem of rural finance is high transaction costs to the banks in financing a large number of small borrowers who require credit frequently and in small quantities. The same holds true of costs involved in providing saving facilities to small, scattered savers in rural areas. The rural savers and borrowers also face high transaction costs while dealing with banks due to distances, small value of financial transactions etc. In a recent study in India, the transaction cost to a small rural borrower raising a loan from a commercial bank under a poverty alleviation programme was placed at 24.6 %. Further, the transaction costs of operating a saving account with a bank was placed as high as 10% of the saving, on the assumption of only one transaction per month.

Credit needs of the poor are determined in a complex socio-economic milieu where the dividing line between credit for 'consumption' and 'productive' purposes is rather blurred making it difficult to adopt the traditional banking approach to lending. The result is that financial services of the formal banking system have remained inaccessible to majority of the poorer sections of the rural population in most developing countries and their reliance for credit is mainly on the informal credit channels. Informal channels include money lenders who operate outside the legal and policy framework of banks, market vendors, shopkeepers and others including friends and relatives. Credit in the informal system is usually available immediately, when and where required and often without collateral and lengthy

documentation formalities, since the lender usually relies on personal knowledge of borrowers and their circumstances. However, interest rates are not only extremely high, but sanctions often include conditions, verbal or written, which are heavily loaded in favour of the lender and are sometimes carefully disguised and are detrimental to the interests of borrowers.

In most developing countries, attempts have been made to develop cooperatives by bringing together people of small means for fostering thrift and mutual help for their economic betterment. However, cooperatives have achieved only a limited success in selected pockets. On account of their large size, and the heterogeneous economic status of their members, the decision making gets invariably delegated to a small number of usually well-off and influential members. Such influential members are often also able to corner benefits at the cost of those who are poor and do not command ownerships of productive assets or influence.

Linkages of SHGs with banks aims at using the intermediation of SHGs between banks and the rural poor for cutting down the transaction costs for both banks and their rural clients. The objectives of the linkage program are:

- a. To evolve supplementary credit strategies for meeting the credit needs of the poor by combining the flexibility, sensitivity and responsiveness of the informal credit system with the strength of technical and administrative capabilities and financial resources of the formal financial institutions.
- b. To build mutual trust and confidence between bankers and the rural poor.
- c. To encourage banking activity, both on the thrift and credit sides, in a segment of the population that formal financial institutions usually find difficult to reach.

### The Micro-Finance Operations of SHGs

The following key principles are applicable for the operations of SHGs:

- Savings first, no credit without saving.
- Saving as partial collateral
- Bank loans to the group, for on lending to members
- Credit decisions for on lending to members by the group
- Interest rates and other terms and conditions for loans to members to be decided by the group
- Joint liability as a substitute for physical collateral
- Ratio between savings and credit contingent upon credit worthiness of the group; increasing with good repayment record.
- Small loans to begin with.

### Data of Microfinance & SHG

The table below provides the detail of borrowers of microfinance and the means of finance.

Agency providing Microfinance	Number of clients
Commercial banks (including RRBs) small loan accounts	410,000
Primary cooperative societies Borrowers (small, vulnerable)	28,540
SHGs—members	470,000
MFIs—clients	14,100
Total	931,000 (adjusted for overlap)

We find that over 50% of the potential and target borrowers are through the SHGs thus outlining the importance of SHGs in delivering the monetary assistance for the poor.

### Quality of Growth in Microfinance

The number of SHGs that were having a savings account with the banking system had increased from 4.16 million in 2007 to 5.01 million in 2008 and further to 5.99 million in 2009. This impressive increase of about 25 and 20 per cent in the number of savings in group over a one year period indicates that there is still a lot of momentum in the programme. In terms of actual amount saved, the increase was from Rs 35.12 billion to Rs 37.85 billion and further to Rs 54.47 billion in 2009. The incremental savings outstanding of Rs 16.62 billion in 2009 over 2008 was a phenomenal growth of 44 per cent. New groups bring in savings very slowly and incrementally. With 25 per cent of the groups having come in new over a year's period, one does not expect a high average level of saving across all the groups. It is with time that the savings level increase and as such the high level of growth in amount saved should be a welcome phenomenon.

The average savings levels across agencies had been compared. The average savings in the case of commercial banks increased to Rs 7,800 in 2009 from a level of Rs 7,400 in the previous year. In the case of regional rural banks (RRBs), the average savings increased to Rs 12,300 from a level of Rs 8,400 in the previous year. In the case of cooperative banks the average per savings per group was higher in the year 2009 at Rs 8,400 compared to Rs 7,000 in the previous year.

### Important Observations on SHG Function

- Village Leaders are aware about SHG performance
- Attendance in meetings is similar to that in Federations and is 77%, on average
- VO staff have basic education and "technical" skills
- Excellent fund availability – Rs 27,900/- per SHG
- Fund management is good. Idle funds are low in majority of the cases and in some cases, almost non-existent.
- As mentioned earlier, repayment of external loans is good.
- There is a limited awareness on social issues and development programs. There is a marked increase in political consciousness, and many are voting in elections. In some instances, SHG members have contested in elections to Village Panchayat and Mandal Parishad.
- The VO Board and staff have limited capacity to conduct training, to help improve the SHG performance.
- Systems to monitor SHG performance are not adequate.
- There is a need for better bookkeeping and accounting systems at the VO level.
- The VO is highly self-reliant in managing its affairs, and rarely depends on the Federation and/or promoter for its day-to-day functioning.

### KEY FINDINGS

- Almost all (85%) SHGs are homogeneous. Members come from similar socio-economic background, and are from the same neighborhood.
- The primary objective/purpose of coming together is credit
- Meetings are regular, but attendance is low (76%).
- Adequate records are maintained, but accuracy in recording information is low.
- SHG members are well aware about functioning and activities of the SHG and VO.
- In majority of the SHGs, all transactions are within the group.

- Limited leadership rotation. Many a time leadership is based on considerations like who can afford time to participate in meetings at the VO, transact with the bank etc.
- Almost all SHGs provide multiple loans to their members. It is also noticed that many a time, the leaders take either more number of loans or a large chunk of the portfolio as loan(s).
- SHGs have good availability of funds, irrespective of bank linkage. Average availability is in excess of Rs 25,000/- per SHG. These funds comprise of member savings, loans from VO/Federation, Banks and other Financial Institutions (FIs).
- Idle funds are low (less than 6%) or almost non-existent.

### CONCLUSION

Governance is a key area, which requires immediate attention. Leadership rotation, without giving adequate time for the leaders to understand the functioning of Self-Help Groups (SHGs) as they are mostly informal groups whose members pool savings and re-lend within the group on rotational or needs basis. These groups have a common perception of need and impulse towards collective action. Many of these groups got formed around specific production activity, promoted savings among members and use the pooled resources to meet emergent needs of members, including consumption needs. Sometimes the internal savings generated were supplemented by external resources loaned/donated by the Voluntary Agency which promoted the SHGs. Since SHGs were able to mobilize savings from the poor who were not expected to have any savings and could also recycle effectively the pooled savings among members, they succeeded in performing/providing banking services to their members, may be in a primitive way, but in a manner which was cost effective, simple, flexible at the door step of the members. In addition, the character of SHGs and their relations with members offered ways of overcoming the problem of collateral, excessive documentation and physical access which reduced the capacity of formal institutions to serve the poor.

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**BRAND USERSHIP OF TOOTHPASTE BUYERS: A STUDY  
ON BERHAMPUR CITY**

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**ABSTRACT**

*'Consumer is treated as the king of market', because products are made, designed and allowed to come in market according to the need and preferences of the consumers. Thus, success of any organisation always depends on being able to attract, satisfy and retain customers. This requires an understanding of what factors affect consumers' satisfaction with a product or service and what determines their decision to purchase a product. Based on the various analysis of scientific literature, brand is a key factor and it generates customer satisfaction. For attracting and retaining customers, branding is one of the important factors which influence on consumer buying behavior.*

*This paper analyses upon awareness and user ship of different toothpaste brand Buyers. It also focuses on understanding the demographic factors of consumers which ultimately impacts on buying toothpaste. Besides that the study has conducted by the researcher to find out various reasons which are influenced by factors of brand choice towards toothpaste.*

**Keywords:** Consumer Satisfaction; Consumer Behavior; Toothpaste Awareness; Brand User Ship

**INTRODUCTION**

The concept of marketing has undergone tremendous change with the advance in science and technology, with the vast and fast communication networks, the awareness of the consumer about anything now is at higher state. The consumers now-a-days are quite aware of the distinguishing characteristics among the different brands of a particular product i.e. the brand characteristics. The marketers are also making efforts to incline and to stimulate the buyer's motives through advertisements to corner a good share in the market. Traditionally the concept of marketing was limited to the sales function only without any regard to the consumer needs and satisfactions. But with the increase in competition it becomes very difficult to achieve the sales target without much emphasis upon the actual consumer needs and means to satisfy the need. In this regard peter drucker has rightly observed that "customer is the purpose of business and keeps it in existence". If the purpose of business is to create and keep customers, it is imperative and to must be the focal point of all the business activities. Thus for attracting and retaining customers, many factors like brand name, physical appearance, price promotional aspects all are playing a very important role. Out of that factor, Brand plays an important role of creating identification and differentiation within products and services for consumers (Hem and Iversen, 2003). It means that brand is reference that consumers recognize considers in their purchase decisions; and it also provides a medium for marketers to target and engage with their customers.

The toothpaste history in India can be tracked back from 1975. In the last few decades the toothpaste industry in India has shown impressive growth. Now it becomes one of the country's largest consumer markets. Day by day it is becoming very competitive. Also day by day the user of toothpaste is growing at a very rapid pace. Advertising is the only and most important promotional method followed

by all toothpaste companies in India. The individual toothpaste company appeals individually in their advertising, either with any special features like better cleaning action ability, good flavor or any special medicinal factor present in their brand etc.

It is amazingly revealed that Indian toothpaste industries are being segmented not only on the basis of prices and benefits but also it is characterized by heterogeneity in consumers' response to the marketing mix into more homo-geneous submarkets. All brands of toothpastes available in the market offer a tremendous to study the concept of brand positioning in the market. In the context of market segmentation of toothpaste (R.I. Haley, 1968) has developed a market segment description. According to him, the toothpaste market has four major identifiable segments namely; one particularly concerned with "tooth decay preservation", one with "brightness of teeth", one with flavor and one with price. Besides these some toothpaste companies give importance only upon the hygienic value such as Vicco- Vajordanti, Dabur and Neem and thus try to attract the more health sensitive people. On the other hand, toothpastes like Close-up, Colgate and Pepsodent gives emphasis upon the higher class people as well as self esteemed people. So, people using these brands feel higher in status and their performance is more psychological.

To raise the awareness of the importance of preventing dental disease and dental pain, increased knowledge of prevention and for promoting the product consumption government has taken initiative like dental health camps. Manufactures have used advertising campaigns to promote higher consumption of toothpaste. The private, non-profit organization is known for such iconic advertising campaigns as Smokey Bear's "Only You Can Prevent Forest Fires" and McGruff the Crime Dog's "Take A Bite Out Of Crime." But the simple messages have been proven to motivate the public to take action.

### OBJECTIVES

1. To know the consumers test and preference towards different brand of toothpastes.
2. Consumer's awareness of various brands in the toothpaste market.
3. How much impact does a brand has on their purchase decision?
4. To know the Reasons influencing on the choice of various brand of toothpaste.

### SAMPLING DESIGN

**Area of Study:** The study was conducted to ascertain the perception of customers of Berhampur town, towards the different brands of toothpaste.

**Sample Size:** The determination of sample was 100; it was decided arbitrarily from different areas of Berhampur town.

**Sources of data collection:** Research data was collected from both primary and secondary sources. The primary data was collected by administering questionnaire to the respondents. Secondary data sources were also used to collect the data for this research study which include journals, industry reports and other publications.

### DATA ANALYSIS AND INTERPRETATION

The data has been collected with the help of questionnaire. It has been analyzed and interpreted with the help of tables along with relevant Interpretations. It has been interpreted in two sections.

In the first section the analysis has mainly concerned with the awareness and usership of different toothpaste brand and also outlined brand usership relates with demographic variables of consumers.

In the second section it has concerned on the various reasons influencing on the usership of different brands. Data has been analyzed and interpreted with the help of tables along with relevant explanations.

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## Awareness:

Brand awareness can also effect decisions about brands at the time of buying a product. It helps to bring the product to the forefront of consumers' minds when it's time to make a decision to purchase. Consumers do not always spend a great deal of time making purchase decisions in a study of pre purchase search on (laundry, Hoyer 1984) or before a selection made. So the manufacturing companies and government both are responsible for creating awareness through advertising campaign.

Based on this study the awareness level of toothpaste brand was less in Berhampur city, People knows only the popular brands like Colgate, Pepsodent and Close-up. So they purchase only known brand then regional players like Anchor, Vicco - Vajordanti, Neem etc. This is supported by the following review.

**Table 1.** Awareness of Brands

Sl. No.	Brand Name	Number of Users	Percentage
1	Colgate	32	32
2	Close-up	22	22
3	Pepsodent	20	20
4	Anchor	10	10
5	Vicco- Vajordanti	5	5
6	Neem	4	4
7	Dabur	7	7
	Total	100	100

With a view to find the awareness of toothpaste brand, the data presented in table 1. The table reveals that most of the people aware of Colgate, Close-up, Pepsodent, Anchor and Dabur. Before some time Colgate was the generic name for toothpaste, this is the main reason, most of the respondents (32%) aware of Colgate. (22%) respondents aware of Close-up, Pepsodent have awareness level is 20% and Anchor, Vicco-vajradanti, Neem and Dabur have awareness levels are 10%, 5%, 4%, 7%.

## Usership:

The research performed by (Wansink, 1996) demonstrated that larger package sizes influence the volume of usage of variant products, partially because larger packages are perceived to be less expensive to use (lower perceived unit costs). Based on this study, it has been noticed in the Table. 2, that about 32 percent of the respondents are using the Colgate brand. So Colgate paste has the largest market share. After Colgate next comes Close-up and Pepsodent brands of toothpaste which occupy second and third place in the market.

**Table 2.** Brand Usership of Toothpaste

Sl. No.	Brand Name	Number of Users	Percentage
1	Colgate	32	32
2	Close-up	22	22
3	Pepsodent	20	20
4	Anchor	10	10
5	Vicco-vajradanti	5	5
6	Neem	4	4
7	Dabur	7	7
	Total	100	100

## Brand usership relates with Demographic Variable:

Based on the study of demographic factors like age, gender, education, status, and income influence for people indirectly decision making. This is supported by following evidence.

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**Table 3.** Toothpaste Usership Pattern - Gender-wise Analysis

Sl. No.	Brand Name	Males (%)	Females (%)	Total
1	Colgate	20	12	32
2	Close-up	15	7	22
3	Pepsodent	12	8	20
4	Anchor	6	4	10
5	Vico-vajradanti	2	3	5
6	Neem	2	2	4
7	Dabur	3	4	7
	Total	60	40	100

But the facts revealed in this above Table that, Colgate and Close-up occupies the first and second positions respectively in case of male population. After Colgate the male respondents choose Close-up and the female consumers prefer Close-up as their second choice. One important thing marked here, that the users of the medicated toothpastes such as Vicco-Vajradanti, Neem and Dabur is very low. Again they are all from the female section. So though a few people have a choice for the medicated toothpastes they are mainly females. In the brand usership analysis one unique response was found. One of the respondents has replied that he was using toothpastes on rotation basis. And the cause given for his answer is that the resistance power of the bacterias may develop after using a particular paste for a long time. So the use of tooth pastes on an orderly rotation basis can kill all types of bacteria and so helps in strengthening the teeth.

**Table 4.** Toothpaste Usership Pattern- Age-wise Analysis

Sl. No.	Brand Name	20-30 Yrs.	31-40 Yrs.	41-60 Yrs.	Total
1	Colgate	10	11	11	32
2	Close-up	9	7	6	22
3	Pepsodent	8	6	6	20
4	Anchor	5	3	2	10
5	Vicco-Vajradanti	-	2	3	5
6	Neem	-	1	3	4
7	Dabur		3	4	7
	Total	32	33	35	100

Age wise analysis of the brand usership shows that the percentage of the respondents using Colgate paste goes on rising as the as the age goes on. For example, it was 10% in the age group of 20-30 years, 11% in the age group of 31-40 years and 11% in the 41-60 years category. It was found that Close-up occupies the second place 9% in the younger population (20-30 years), and Pepsodent occupies third place. It was only Close-up which comes the second choice in the middle age group (31-40 years). After Colgate, Close-up (6%) comes in the second place in case of the older population (41-60 years). Again it has been noticed that Pepsodent occupies third place in the younger group and Anchor has no least preference in the older population age groups. The users of the medicated (or Herbal) pastes such as Vicco- Vajradanti, Neem and Dabur are mainly concentrated in the middle and older age groups. The younger population has no choice for such pastes.

**Table 5.** Toothpaste Usership Pattern -Qualification-wise Analysis

Sl. No.	Brand Name	Graduates (%)	P.G. (%)	Total
1	Colgate	11	21	32
2	Close-up	10	12	22
3	Pepsodent	10	10	20
4	Anchor	5	5	10
5	Vicco - Vajradanti	2	3	5

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**Table 5.** Toothpaste Usership Pattern -Qualification-wise Analysis (Contd....)

Sl. No.	Brand Name	Graduates (%)	P.G. (%)	Total
6	Neem	1	3	4
7	Dabur	2	5	7
	Total	41	59	100

Qualification-wise analysis, Table 5 displayed that the percentage of choice in case of Post-Graduates for Colgate paste carries 21% which was more than that of the Graduates only 11%. Although in both the cases Colgate comes in the first position. But after Colgate, Close-up and Pepsodent occupies the second place among the Graduates whereas among the Post-Graduates Close-up comes as the second choice and Pepsodent as the third one. Pastes of Anchor have more choice among the graduates than post-graduates. The users of the medicated pastes such as Vicco- Vajradanti, Neem and Dabur are mainly concentrated among Post-graduate group. The Graduates has least choice for such pastes.

**Table 6.** Toothpaste Usership Pattern -Occupation-wise Analysis

Sl. No.	Brand Name	Students	Teachers	Others	Total
1	Colgate	14	12	6	32
2	Close-up	9	7	6	22
3	Pepsodent	8	6	6	20
4	Anchor	5	3	2	10
5	Vicco-Vajradanti	-	3	2	5
6	Neem	-	2	2	4
7	Dabur	-	3	4	7
	Total	36	36	28	100

Occupation-wise analysis in Table 6 of the brand usership gives the following results. While Colgate occupies the first position among the students and Close-up in the second place and Pepsodent in the third position the difference among them is very marginal. But in case of teachers the second choice is mainly Close-up and Pepsodent is in the third place. The users of the medicated pastes seen only among the teachers and others but not among students.

**Table 7.** Income-wise Analysis

Sl. No.	Brand Name	Income			Total
		Lower	Middle	Higher	
1	Colgate	8	10	14	32
2	Close-up	6	7	9	22
3	Pepsodent	4	6	10	20
4	Anchor	5	3	2	10
5	Vicco- Vajradanti	-	2	3	5
6	Neem	-	2	2	4
7	Dabur	1	2	4	7
	Total	24	32	44	100

Income-wise analysis Table 7 indicates the brand usership gives a different picture. The percentage of people using the Colgate paste among the lower income group 8% than the Middle income group 10% and Higher income group 14% respectively. Middle income group and lower income group people use Colgate, Close-up and Pepsodent less than the higher income group due to expensive. But lower income groups prefer Anchor paste more as compared to middle and higher income group due to economical. All herbal pastes are using more among higher income group than middle income group. The lower income group has no choice for such pastes due to high price.

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**Reasons influencing the choice of Different brand of toothpaste:**

**Table 8.**

<b>Reasons/Factors influencing choice of toothpaste.</b>	<b>Number of respondents</b>	<b>Percentage</b>
<u>Dentist's advice</u>		
Using toothpaste with fluoride in it.	25	25
Medicinal value	25	25
Calcium Content	20	20
Cavity Protection	20	20
Cleansing Power	10	10
<u>Product attributes</u>		
Healthy tooth & gums	30	30
Long lasting freshness	10	10
Prevention of tooth decay	20	20
Whiteness	15	15
Good foam	10	10
Use of natural herbs	15	15
<u>Brand image</u>		
Brand name	40	40
Quality	30	30
Flavor	20	20
Others	10	10
<u>Advertising</u>		
Television	32	32
Press Advertisement	15	15
Celebrity endorsement	27	27
Banner	14	14
Others	12	12
<u>Sales promotion</u>		
Gift	28	28
Discount	20	20
Extra Quantity	25	25
Price off	15	15
Others	12	12
<u>Reference group</u>		
Friends	20	20
Kids	15	15
Parents	40	40
Spouse	20	20
Self	5	5
<u>Misllaneous factors</u>		
Price	40	40
Availability	30	30
Packaging	15	15
Others	15	15

Based upon this survey most of the respondents accepted the advice of dentist to avoid dental problem. Some respondents changed their brand also due to dental problem and few respondents are also following strict dentist advice. Now the Government and Toothpaste companies are creating awareness through dental campaign to avoid dental problem and increase the consumption of toothpaste in India. The above table reveals that 30% of the respondents are influenced by Medicinal value, 25%

respondents preferred toothpaste having fluoride, 20% respondents preferred calcium content toothpaste, 15% respondents preferred the toothpaste having cavity protection and 10% respondents preferred the toothpaste having cleansing power.

With a view to find the reasons to buy toothpaste based on product attribute, the data presented in table 8. The table reveals that, most of the consumers preferred healthy tooth & gums, prevention of decay, natural herbs, whiteness, freshness, and foam. The above table clearly shows that 30% of the respondents are influenced by Healthy tooth & gums, 20% respondents preferred prevention of tooth decay, 15% respondents preferred for both Whiteness and Use of natural herbs, 10% preferred long lasting freshness and Good foam.

Preference for selecting toothpaste is mainly based on brand. Brand image influencing the consumer mind and consumer feel the quality of the product. Zinkhan & Martin (1978) found that the consumer has a more positive attitude toward the product with a brand image than toward the product with no brand image. The above table 8 reveals that, most of the consumers preferred brand, quality and flavor. In the above table 40% of the respondents preferred brand name, 30% of the respondents preferred quality, 20% of the respondents preferred flavor, and 10% of the respondents preferred other factors.

Based on the above study now majority of the respondents influenced by advertisement for buying toothpaste. In recent circumstances technology plays an important role in decision making; especially in advertising field, the technology role is very high. Television advertisement inducing the consumer mind for decision making, especially kid's advertisement for toothpaste influencing the kids to influence the parents to buy a particular brand. Other kind of advertisement in magazine, newspaper also influencing the people. Celebrity endorsement also influencing the consumer for decision making; attractive banner in road side attracts the consumer to select a particular brand. A successful nation economy depends on advertising promoting sales so that factory production is maintained, people are employed and have spending power, and the money goes round and round. The data pertaining to this is presented in Table 8, reveals that, most of the consumers preferred Television Advertisement (32%), 27% respondents preferred Celebrity endorsement, 15% preferred

Press Advertisement, 14% preferred Banners and 12% preferred other mode of promotion. Advertisement creates attention and stimulates the consumer to buy a particular brand.

Based on this study most of the respondents are also influenced by Sales promotion Techniques such as free gift, extra quantity and discount. The power of promotional product rests with reciprocation. If the right gift is presented properly the recipient will want to give something back. So the free gift is an essential tool in promoting the product. Normally human being is attracted by any kind of promotional attributes. An examination of the above data reveals that, gift attracted more respondents (28%), 25% of the respondents preferred extra quantity, 20% preferred discounts, 15% preferred price off and 12% preferred other tools.

With a view to find out the persons who influenced consumer to purchase toothpaste, the data pertaining to this is presented in the table 8. The table reveals that the person who influenced more are parents, friends, spouse, kids and self decision. Based on the above data, 15% kids are influencing the parents for buying particular brand, parents are the main deciding authority for buying toothpaste (40%), spouse and friends are equally influencing (20%) and 5% decide them self. So reference group also influencing the consumer in decision making.

With a view to find the various reasons or various factors to buy toothpaste, the data pertaining to this is presented in table 8. The table reveals that, consumers are influenced by the price, availability and packaging. Of the total respondents 40% of them influenced by the price, 30% influenced by the availability, 15% influenced by the packaging and 15% influenced by the other factors. When the respondents were asked to mention the factors which motivate them to buy a particular brand of toothpaste, their replies are mostly price and availability. For increasing the price of a product the

company should consider the views of consumer otherwise the consumer switch over to competitor product. Consumers face brands with varying prices and perceived quality levels, and make a choice consistent with the relative importance attached to both attributes (Campo, Gijsbrechts and Nisol, 2000). Similarly, the customer will come to expect the availability of the product at the time and place where he wants and not when and where the supplier wants to deliver. In other words just in time delivery will be a basic factor, and hence will not create any sustainable edge for any organization.

### **CONCLUSION**

In the present study, the effect of advertisement upon consumer's brand choice of toothpaste certain important thing has explored. In case of toothpaste industry the role of advertising is creating brand loyalty, brand awareness and brand image. The toothpaste advisers must lay emphasis on research. They must endeavor to study the psychology of the consumers.

There are some important factors considered by the consumer for decision making while buying toothpaste. Brand image, advertising, and offer play an important role in purchasing toothpaste. Sometimes based on the offer the consumer compares with competitor product and select the best one. Product attribute also analyzed by the consumer for deciding a brand. Switching of one product to other company product is mainly based on advertisement, brand name, packaging availability, and price rise, etc. So the companies analyze all these factors and find out the best suitable tools for promoting their toothpastes in India. Toothpaste advertisers should lay emphasis not only on establishing a stronger brand preference but also on persuading the millions to become users of the product for the first time to make advertising economically and socially justified.

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**A STUDY ON PROSPECTS AND CHALLENGES OF WOMEN  
ENTREPRENEURSHIP IN WAYANAD DISTRICT OF KERALA  
STATE**

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**ABSTRACT**

*Women Entrepreneurs are inspiring. An entrepreneur is someone that organizes, manages, and assumes the risk of a business enterprise. Today, more women are breaking free from the traditional, gender-specific roles and venturing into the business world. Not only are they holding high corporate positions but they are also successful women entrepreneurs. The steady rise in female entrepreneurs can be due to many different reasons, most of which share the same rational as their male counterparts—passion for their ideas, the desire to become their own boss, and the need to address philanthropic causes. The educated Indian women have to go a long way to achieve equal rights and position because traditions are deep rooted in Indian society where the sociological set up has been a male dominated one. Despite all the social hurdles, Indian women stand tall from the rest of the crowd and are applauded for their achievements in their respective field. The transformation of social fabric of the Indian society, in terms of increased educational status of women and varied aspirations for better living, necessitated a change in the life style of Indian women. She has competed with man and successfully stood up with him in every walk of life and business is no exception for this. These women leaders are assertive, persuasive and willing to take risks. They managed to survive and succeed in this cut throat competition with their hard work, diligence and perseverance. Women have been successful in breaking their confinement within the limits of their homes by entering into varied kinds of professionals and services women entrepreneurs have proved to be on par with their men counterparts in business acumen and are emerging as smart and dynamic entrepreneurs. Women owned businesses are highly increasing in the economies of almost all countries.*

**Keywords:** Women; Business; Gender; Entrepreneurship; Purpose; Challenges and Prospects

**INTRODUCTION**

In this dynamic world, women entrepreneurs are an important part of the global quest for sustained economic development and social progress. In India, though women have played a key role in the society, their entrepreneurial ability has not been properly tapped due to the lower status of women in the society. It is only from the Fifth Five Year Plan (1974-78) onwards that their role has been explicitly recognized with a marked shift in the approach from women welfare to women development and empowerment. The development of women entrepreneurship has become an important aspect of our plan priorities. Several policies and programs are being implemented for the development of women entrepreneurship in India.

Entrepreneurship among women is an important avenue through which women can overcome their subordination within the family and the family and the society as a whole. Women have been successful in breaking their confinement within the limits of their homes by entering into varied kinds of professionals and services women entrepreneurs have proved to be on par with their men

counterparts in business acumen and are emerging as smart and dynamic entrepreneurs. There are many reasons for women to enter into entrepreneurial ventures in a predominantly society. Therefore, development of entrepreneurship among women has received special attention of the policy makers. In this direction, a special character in the seventh plan has converted into the integration of women in economic development. The new industrial policy has stressed the need for conducting special Entrepreneurial Development Programme (EDPs) for women. Besides this, today, a network of institutions exists in the country to promote women entrepreneurship. The commercial banks and the financial institution are an integral part of this network. Many organizations and association promote and develop women entrepreneurship by providing financial assistance at concessional rates of interest and also organize industrial fairs and exhibitions. Entrepreneurship Development Programme (EDPs) for women creates entrepreneurial awareness among them. Besides organizing short-term EDPs for women, continues training in all management areas should be given to them.

Separate industrial estates may be set up for women entrepreneurs to create altogether a special environment. At the national level and the state level, there is a need to set up Women Industrial Development Bank in the existing banks and financial institutions, and it is advisable to start a separate cell called "Women Entrepreneurs Guidance Cell" to promote and guide the women entrepreneurs. More and more research is to be conducted to identify the problems, which are faced by them. Organizing the implant visit of successful women entrepreneurs may encourage the new entrants. Besides this, to promote and development the rural women entrepreneurship, efforts shall be made to get the achieve involvements of "Mahila Samajs" organization by launching village adoption schemes. In recent years, there has been heightened global awareness regarding the contribution, which women can make for the process of economic development, although it is still in the growth stage, there is unquestionably a business revolution in the works across the nation and women are major part of it.

### Women As Entrepreneurs

Even if the entrepreneurial world is still male dominated, women participation is on the rise every year. Over the last few decades there has been a slow but steady change taking place with respect to development of women. The gross enrolment ratio (GER) for women has increased and women have increasingly come forward to participate in the employment sector. Not only that, women have come forward to establish their own enterprises as well and became job providers. Be it micro or small or medium scale operation, women have come forward to establish them as owners and/or manage them. Probably what is noteworthy, is, that women have plunged into the field of entrepreneurship and have been found effective in emerging socio- economic role.

A number of them have been engaged in home-based small scale entrepreneurial activities like selling home-prepared food items, selling home-grown vegetables, milk vending, butter and ghee making by maintaining one or few milk animals. Women are also engaged in goat rearing, poultry farming, money-lending, pawn brokering, selling textiles in the neighborhood etc. The money generated through such home-based entrepreneurship helps augment family income in a modest way. Women owned businesses are highly increasing in the economies of almost all countries. The hidden entrepreneurial potentials of women have gradually been changing with the growing sensitivity to the role and economic status in the society. Skill, knowledge and adaptability in business are the main reasons for women to emerge into business ventures. "Women Entrepreneur" is a person who accepts challenging role to meet her personal needs and become economically independent. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life. With the advent of media, women are aware of their own traits, rights and also the work situations. The challenges and opportunities provided to the women of digital era are growing rapidly that the job seekers are turning into job creators. They are flourishing as designers, interior decorators, exporters, publishers, garment manufacturers and still exploring new avenues of economic participation. In India, although women constitute the majority of the total population, the entrepreneurial world is still a male dominated one. Women in advanced nations are recognized and are more prominent in the business

### Factors Responsible For Emergence And Growth Of Women Entrepreneurship

Emergence of women entrepreneurship could be attributed to changes in the general environment in the world around us. We can list some of the factors which are responsible for the growth of women entrepreneurship in India. These are:

**General Change in the Attitude of the Society towards Women:** With growth in modern civilization overtime and due to expansion of business as well as social and political activities, the societies all over the world have realized the potential of women as contributors to economic growth and development, strengthening of democracies and social development etc.

**International Network and Globalization:** Globalization has become the key word in the recent times. Expansion in trade between nations, movement of capital, exchange programmes between institutions across borders, growth of tourism, scope of employment abroad etc. have contributed tremendously towards bringing about change in the thinking process in general. Women have also benefited out of this.

**Continuous Innovation and Progress in Technology:** Mobile telephony and Internet have brought about revolution in creation of knowledge and research network all over the world. Multinationals and other big companies as well as government all over the world are spending lots of money on research and development. Obviously women have benefited from this development over the years.

**Role of Media:** Print and Electronic media offer infinite scope in terms of given shape to the imagination of individuals. Media has continuously focused on issues pertaining to various sections of society including women. It has given lots of strength to women and encouraged them to stand up.

**Lessons from the Past:** In Ancient India, some record indicates that women enjoyed respectable status in the society. In the middle age, the position of wife was an honored one as no religious ceremony could be performed by the husband alone. There have been examples of outstanding women who have risen alone despite the constraints of their time- Razia Sultana, Akkawaha Devi, Begum Rokeya and many others.

**Self-Realisation:** By nature women have a tendency to sacrifice for the sake of their family and children and allow men to take up the leadership in managing things. Economically majority of women have become completely dependent on men under the holy institution of marriage. Their household works are never been evaluated in monetary terms even if these works directly and indirectly contribute towards the generation and growth of national income and output.

**Democracy and Pressure on the Government:** India has been evolving as a democratic society since long. In democracy, political parties and people in government must perform by effectively addressing the issues of public interest in order to retain the faith and support of people. So no government or political party can ignore the issues concerning women who constitute the second largest vote bank in terms of population.

**Support of Non-Governmental Organisations(NGOs):** There are a very large number of NGOs working in the area of development of women entrepreneurship at the district/state and all India level. Some of the prominent NGOs which have been working for more than a decade include- Self-employed women's Association (SEWA), 1972, Ahmedabad; Association of Women Entrepreneurs of Karnataka, 1983; etc....

### Main Features of Women Entrepreneurship in India

- Growth of women entrepreneurship in India
- Distribution of women enterprises
- Activity preference in women entrepreneurship
- Operational feature of women entrepreneurship

- Organizational set up of women entrepreneurship
- Performance of the women enterprises

**Problems Faced By Women Entrepreneurs**

- Shortage of Finance
- Inefficient arrangements for Marketing and Sales
- Stiff Competition
- Lack of Education
- Low Ability to Bear Risk
- Social Attitude
- Low Mobility
- Family Responsibilities

**STATEMENT OF PROBLEM**

According to World Bank, investing more in business of women rather in men leads to greater development of a nation. Entrepreneurship is one of the important factors of industrialization; in the absence of entrepreneurship, industrialization cannot take place. Entrepreneurs are playing an important role in the economic development of underdeveloped country. Women's skills and knowledge, their talents and abilities in business and a compelling desire of wanting to do something positive are some of the reasons for the women entrepreneurs to organize industries. Empowering women in entrepreneurship leads to break the inequalities and reduces the poverty. Entrepreneurship plays an important role in developing society of a fast developing country like India. Nowadays it has been realized that enterprising women have cast entrepreneurial talents which could be harnessed so as to convert them from the position of 'Jobseekers' to 'Job givers'. The government has realized the importance of women entrepreneurship. As a result, it offers a variety of programmes for women entrepreneurs. As compared to men, women are less motivated to start business units due to some unwanted fear, lack of motivation and kind of activities. Thus, the study aims at undertaking the entrepreneurial development among women highlights their motivational forces and relationship between socio-economic background of women entrepreneurs, motivational factors and their existing entrepreneurial traits.

**OBJECTIVES OF THE STUDY**

The present study has been carried out with the following objectives in

1. To analyze the motivational factors and other factors that influence women to become entrepreneurs.
2. To analyze the major strength and weakness of women entrepreneurs and the environmental opportunities and threats which promote the entrepreneurship. In wayanad district of Kerala state
3. To offer suggestions to improve the satisfaction of women entrepreneurs and to framework for the promotion of women entrepreneurship in India.

**SCOPE OF THE STUDY**

The study focuses on the women entrepreneurs in selected districts in wayanad district, Kerala selected depends on industrial growth has been phenomenal. The selected districts with its good infrastructural facility, offers sound prospects for industrial developments. The scope of the study encompasses women entrepreneurs in wayanad District and the problems faced by women entrepreneurs who are

engaged in starting a new enterprise. The study is limited only to the women entrepreneurs of selected groups in wayanad District.

### **Sampling Design**

Women entrepreneurs who are the main source of primary data are collected from the women entrepreneurs through a well structured questionnaire. As the area of study is limited in wayanad district of Kerala and as the total population of women population is numerable, the researcher has proposed the sampling techniques for the selection of respondents. Finally 100 respondents were selected and included the study from various taluks of wayanad districts who have engaged to start an enterprises and running successfully.

### **Tools of analysis**

Personal interview is the major tool of data collection. Interview technique is to be made at women entrepreneurs. The secondary data are also proposed to collect from various departments. All these data are to be arranged in various form of tables and proposed to critically analyse with the help of a number of statistical tools. Following various statistical tools applied.

- Percentage Analysis,
- Average,
- Weightage Score and
- Chi-Square Test

### **LIMITATION OF THE STUDY**

This study is based on the secondary source of data which are collected from Fourth All India Census on MSME (Micro, Small and Medium Enterprises) published by Government of India. The limitation of the study is availability of data. The latest data available regarding women entrepreneurs are for the year 2006-07, published by Government of India through Fourth All India Census on MSME. The last Census was conducted in 2002-03 with reference year 2001-02, the Government of India published data only for registered SSI (Small Scale Industries) sector in the 1st and 2nd censuses. These censuses did not provide data on women enterprises in the same manner as the Fourth Census provided. Because of this our study only refers to a particular point of time (2006-07) rather than making any "over the period analysis". Considering the importance of database for policy formulation, an All India 4th Census was introduced in 2008. The Census relates to the reference year 2006-07. To strengthen the database for MSME sector, 4th Census reflects more data, e.g., classification of entrepreneurs on the basis of religion, on the basis of caste, on the basis of credit limits (Micro, Small and Medium enterprise), women owned units and registered and unregistered units etc.

### **FINDINGS AND SUGGESTIONS**

- Most of the women entrepreneurs are of the opinion that because of lack of training, they are not able to survive in the market. Hence, the government should conduct frequent training programmes with regard to new production techniques, sales techniques, etc, This training should be made compulsory for women entrepreneurs.
- Finance is the first major problem for women entrepreneurs. Hence, the government can provide interest free loans to encourage women entrepreneurs. To attract more women entrepreneurs, the subsidy for loans should be increased.
- Since the number of entrepreneurs from scheduled caste and most backward communities is very low, awareness is to be created those women, by providing special attention.

- Women entrepreneurs should be encouraged to start their entrepreneurs as joint stock companies rather than as a sole trade and partnership concerns to avail the advantages of large scale operation.
- Parents of unmarried potential women entrepreneurs should be encouraged in spending money on setting up business rather than giving preference to their marriage.
- Marketing product is one of the main problems for women entrepreneurs. Here, women co-operative societies can be started to procure the products from women entrepreneurs. They will help them in selling their products at a reasonable price.
- Improper location and inadequate infrastructure facilities are the hurdles in the way of development of women entrepreneurship. Hence, separate industrial estates may be set up exclusively for women entrepreneurs to reduce the initial investment and to create a special environment.

### CONCLUSIONS

Entrepreneurial movement among women started late and is still in its infancy. Changes in the global and domestic environment have contributed towards the growth of women entrepreneurship in India. There has been a steady increase in the participation of women in small business indicating immense potential for entrepreneurial development among them. From the point of view of performance, it was observed that the women enterprises in India have made significant contribution towards generation of employment, gross output, asset creation and exports. Women form the family, which participate to develop society and Nation. As observed the success of women entrepreneurs differs from State to State in India. It was also observed that women enterprises are concentrated in the micro segment of the MSME sector. To enlarge their participation in small and medium segments a stronger coordinated role of Indian Government, financial institutions, voluntary agencies and educational institutions with an integrated approach is necessary. Young female entrepreneurs should share their success stories in the world of e-commerce to speed up entrepreneurial movement in India.

It is evident from the study that women are ready to face the challenges associated with setting up of business. Society is very much receptive to the concept of women entrepreneur, so is the family. Women are not into business for survival but to satisfy their inner urge of creativity and to prove their capabilities. Women education is contributing to a great extent to the social transformation. The future will see more women venturing into areas traditionally dominated by men. The socio background including factors, type and mode of business, training programmes are the important problems of women entrepreneurs in wayanad district.

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**SUCCESS THROUGH EMOTIONAL INTELLIGENCE**

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**ABSTRACT**

*Every individual, a big or small, wealthy or poor, wants to be happy and live a comfortable life. Each one has certain abilities, cultures, beliefs, priorities, ideas and what not. In a society we observe there is at times conflicting people. Conflict arises because of lack of acceptability and likelihood for adaptation. Therefore, everyone perceives that few are successful and many are unsuccessful, like him. But intelligence is a commodity not commonly available, as is said about common sense. This feeling is the outcome of individual emotional back-ground. To convert this phenomenon into successful feeling, emotions play a vital role. It is the subject matter of this paper.*

**Keywords:** Traits; Intelligence; Understand; Habit

**INTRODUCTION**

Every individual is striving for success in life. Be he or she an employee, businessman, professional, agriculturist, shop-owner, teacher, professor, principal or doing any activity for earning livelihood. Success brings an individual recognition, prestige and respect. Success is a relative term based on objectivity. However, success and failure are two sides of same coin and there is very thin line between them.

Success depends on the life style one has adopted and what has been the state of mind. It is determined on the basis of assets one posse, from the point of others, whereas the state of mind is a composition of one's tangible and intangible assets. If we draw, in a very crude Balance Sheet format, the capital value of one's earnings as compared against liabilities is the value of what one has achieved in life.

**OBJECTIVE**

Now a day we come across many situations when people are not able to adapt to it, resulting into anger and culminating into clash between inter-personal relations. It may be due to changed family model, self centered attitude, no hopeful tomorrow etc. This is the resultant from lack of understanding and taking the things on face value. To overcome such a deadlock and help develop individuals into better citizens, Emotional Intelligence plays a vital role. The purpose of this paper is to highlight and clarify the importance.

Plato has simplified the concept of Emotional Intelligence as "Emotional intelligence involves our ability to understand, express, and control our emotions." Further he advocated that all learning has an emotional base.

The ability to express and control our own emotions is important. Our ability to understand, interpret, and respond to the emotions of others has a role play in our interactions with other individuals. Psychologists refer to this ability as emotional intelligence, and some experts even suggest that it can be more important than Intelligence cotenant.

The objective of this paper is to relate the fundamental functions relating to emotions and its intellectual use in managing behavioural pattern while communicating others. The sense of control on emotions, effective use of techniques to handle different situations live a peaceful and lead a successful life.

### HISTORY AND BACK-GROUND

It would be interesting to know how emotional intelligence has progressed during the 20<sup>th</sup> century. In 1930s, Edward Thorndike described the concept of "social intelligence" as the ability to get along with other people. During 1940s David Wechsler suggested that effective components of intelligence may be essential to success in life. Humanistic psychologist named Abraham Maslow described how people can build emotional strength, through cognition in 1950s.

After 25 years, since then Howard Gardner published his book named "The Shattered Mind," which introduced the concept of multiple intelligences 1985, Wayne Payne introduced the term emotional intelligence in his doctoral thesis entitled "A study of emotion: developing emotional intelligence; self-integration; relating to fear, pain and desire. In 1987, in an article published in Mensa Magazine, Keith Beasley used the term "emotional quotient." He claimed to have used this term for the first time, however, after few months it was noticed Reuven Bar had used the same terminology, in his graduate thesis which was not published. The concept of emotional intelligence was popularized after publication of psychologist and New York Times science writer Daniel Goleman's book Emotional Intelligence: Why It Can Matter More Than IQ.

Emotional intelligence is a very recent philosophy, hardly emerged during last 25 years. Peter Salovey and John D. Mayer have been the leading researchers on emotional intelligence since 1990. In their influential article "Emotional Intelligence," they defined emotional intelligence as, "the subset of social intelligence that involves the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions"

### Definition

There were different opinions as to whether Emotional intelligence is a science before 1950s. Sir Isaac was the leading psychologist who did not accept it as science. 'The ability to perceive and understand feelings of others and the act of controlling own feelings can be treated as emotional intelligence' as defined by John Mayer and Peter Soothe. They tried to establish relation between emotions and intelligence.

Emotional Intelligence can be defined as" the ability to monitor one's own and other people's emotions, to discriminate between different emotions and label them appropriately and to use emotional information to guide thinking and behaviour. However, substantial disagreement exists regarding the definition of emotional intelligence, with respect to both terminology and operational methods.

Egyptians believed that heart is the place of origin of both emotions and intelligence. Darwin advocated that, free expression of emotions is necessary to survive the struggles of life. Therefore after death, while preserving the bodies in mummies they used to separate the brain from the body.

Currently, there are three main models of emotional intelligence, as follows -

### 1. Ability model      2. Mixed model      3. Trait model

Different models have led to the development of various instruments for the assessment of the construct. While some of these measures may overlap, most researchers agree that they tap different constructs.

**1. Ability model:** The ability-based model views emotions as useful sources of information that help one to make sense of and navigate the social environment. The model proposes that individuals vary in their ability to process information of an emotional nature and in their ability to relate emotional

processing to a wider cognition. This ability is seen to manifest itself in certain adaptive behaviours. The model claims that emotional intelligence includes four types of abilities:

**Perceiving emotions** – the ability to detect and decipher emotions in faces, pictures, voices, and cultural beliefs including the ability to identify one's own emotions. Perceiving emotions represents a basic aspect of emotional intelligence, as it makes all other processing of emotional information possible.

**Using emotions** – the ability to harness emotions to facilitate various cognitive activities, such as thinking and problem solving. The emotionally intelligent person can capitalize fully upon his or her changing moods in order to best fit the task at hand, and modify behaviour and responses as the situation needs.

**Understanding emotions** – the ability to comprehend emotion language and to appreciate complicated relationships among emotions.

**Managing emotions** – the ability to regulate emotions in both one and in others. The emotionally intelligent person can manage emotions to achieve intended goals.

The current measure of Mayer and Salovey's model of, the Mayer-Salovey-Caruso Emotional Intelligence Test (MSCEIT) is based on a series of emotion-based problem-solving items. By testing a person's abilities on each of the four branches of emotional intelligence, it generates scores for each of the branches as well as a total score. Central to the four-branch model is the idea that emotional intelligence requires attainment to social norms. The MSCEIT is unlike standard IQ tests, because these items do not have objectively correct responses.

**2. Mixed model:** The model introduced by Daniel Goleman focuses as a wide array of competencies and skills that drive leadership performance. This model outlines five main constructs.

**Self-awareness** - the ability to know one's emotions, strengths, weaknesses, drives, values and goals and recognize their impact on others while using them to guide decisions.

**Self-regulation** – this involves controlling or redirecting one's disruptive emotions and impulses and adapting to changing circumstances.

**Social-skills** - managing relationships to move people in the desired direction

**Empathy** - considering other people's feelings especially while making decision

**Motivation** - being driven to achieve for the sake of achievement.

Goleman included a set of emotional competencies within each construct of emotional intelligence. Emotional competencies are not innate talents, but rather learned capabilities that must be acquired and can be developed to achieve outstanding performance. He narrated that individuals are born with a general emotional intelligence that determines their potential for learning emotional competencies.

The Emotional Competency Inventory (ECI), which was created in 1999, and the Emotional and Social Competency Inventory (ESCI), a newer edition of the ECI was developed in 2007.

**3. Trait model:** Konstantinos Vasilis Petrides proposed a conceptual distinction between the ability based model and a trait based model of emotional intelligence. Emotional intelligence has been developing over many years in numerous publications. Trait model is "a constellation of emotional self-perceptions located at the lower levels of personality." This definition encompasses behavioural dispositions and self-perceived abilities and is measured by self report, as opposed to the ability based model which refers to actual abilities, which have proven highly resistant to scientific measurement.

The conceptualization of emotional intelligence, as a personality trait leads to a construct that lies outside the testimony of human cognitive ability. This is an important distinction in as much as, it bears direct relationship with operational construct and the theories and hypotheses that are formulated about it.

Emotional intelligence is that “something” within us that help to sense how we feel and enables to truly connect with others and form a bond. Emotional intelligence gives us the ability to be present and listen to someone when it is most needed. Emotional intelligences is that sense of internal balance within us that enables to keep our composure, make good decisions, communicate successfully and continue our effective leadership even when under stress.

Every individual is born with some intelligence; few are born with a great deal of emotional intelligence; while others are not. Most of us are not aware of how our emotions may be adversely affecting our thinking and our reactions. Now a day, it is possible to learn and increase our emotional intelligence. We can take an assessment to determine our emotional quotient and level of emotional intelligence. When one gains ability for effective use of emotional intelligence, which results in increasing ability to develop more solid, trusting relationships in personal life.

Our understanding of emotional intelligence will vastly improve our internal relations and deepen our sense of personal achievement and professional accomplishment. The stronger internal relations mean a stronger bottom line. IQ (Intelligence Quotient) is an individual’s score when performing a series of tests designed to measure intellectual intelligence. Higher IQs indicate better cognitive abilities - including the ability to learn and understand - and people with higher IQs are more likely to do well in academics, without exerting the same amount of mental effort as those with lower IQ scores.

A logical assumption is that people with higher IQs will be more successful at work and through life. This assumption has been proven incorrect – there is more to success than simply being ‘clever’. Emotional Intelligence is the measure of an individual’s abilities to recognise and manage their emotions, and the emotions of other people, both individually and in groups.

To generalize, we can say that ppeople with higher emotional intelligence find it easier to form and maintain effective interpersonal relationships and to ‘fit in’ to group situations. And so also people with higher EIs are better at understanding their own psychological state, which include managing stress effectively and being less likely to suffer from depression.

### **Elements of Emotional Intelligence**

Emotional Intelligence is split between our personal and interpersonal skill, these are sometimes referred to as personal and social competencies. Within each of these sections are a range of skills which are the elements of emotional intelligence.

**Personal Skills:** Self awareness is the skill of being aware of understanding own emotions as they occur and evolve. Emotions are not either positive or negative, but rather appropriate or inappropriate. Anger is normally associated with a negative emotion.

People find ways to mask emotions rather than giving an ear to it. They can find it difficult to analysis own emotions. It becomes difficult when they have suppressed them for a long time. For many, it may be hard to accurately recognise emotions and therefore understand them. Effective self assessment demonstrates good emotional intelligence and will help to improve confidence and self esteem.

Self management skills relate to the emotions at a given time. The fundamental to self management is self-control. Self control is recognising emotions and controlling them appropriately. Self management includes knowing personal limits and abilities. Personal time-management, self-motivation and assertiveness are the key skills. Personal development is a concern to become a better person by learning new skills.

**Inter-personal skills:** These are skills used to interact with other people. Emotional intelligence includes how one understands others and their emotions. Social awareness is a set of skills used to understand the feelings and emotions of others, individually as well as a group. In the process it is very pertinent to inculcate habit of effective listening, both verbal and non-verbal, body language, gestures, physical sings etc.

The last element is concerned with developing strong social skills through building rapport with others. Rapport enhances the effectiveness of communication which the basis for building meaningful, lasting relations. By developing social skills, it becomes easy to talk freely, be a good listener, command respect and trust, and improves self esteem.

### **Observations**

To put in simple words, emotional intelligence can certainly be improved, whatever be the present level, through concerted efforts and willingness to change ways. Those having high EQ should consider jobs which ask for interaction with people on a regular basis. This would offer exposure to personality and the varied experiences will help improve. Emotional intelligence basically aims, not just controlling feeling but control oneself, and for that the things need to be analysed properly in details.

The process of development has to be step by step and may need to be reviewed, analysed, and modified in between. We can narrate the steps as follows –

1. Note emotional reactions to events throughout the day.
2. Pay attention to body behaviour.
3. Observe how emotions and behaviour are connected.
4. Do not be judgmental on emotions.
5. Analyse and note patterns in emotional history.
6. Practice deciding how to behave.
7. Be open minded and ready to agree.
8. Improve empathy skills.
9. Learn to read and understand from body language of others.
10. Measure effectiveness on others.
11. Practice being emotionally honest.
12. Make SWOT analyse and find out areas need to be improved.
13. Learn to control stress level by raising EQ.
14. Be lighted hearted at work, home, rather every walk of life.

### **CONCLUSION**

What are the indications of success? In general, success does not come free, it has a cost. One has to forgo many materialistic things to gain success. Human being is a social animal, he cannot live in isolation. His intangible needs, such as recognition, respect, trust, communication, relationship etc. are possible only when he is a part of society. He has to create and maintain relations, interact with others, listen, talk and walk within the construed social norms. We come across many examples of successful people, and also getting carried away with the achievements. Those who become successful and still manage to remain attached to the ground are respected by everyone.

Normally, it is felt that wealth is the source to obtain success, but it is not the truth. One may possess wealth, but living a stressful life is not worth. One who lives stress free life, getting a goodnight sleep, healthy and no worries, is well accepted by the social groups, to which he is associated, can be a successful individual in true sense. To my mind, Sachin Tendulkar and Amitabh Bacchan can be the role models of success for everyone in 21<sup>st</sup> century.

Very recently we experienced the ICC World Cup tournament. Australians lifted the Cup for the 5<sup>th</sup> time. I would quote two major instances from the tournament. Why, Australians are called as

professionals? They enter the ground with full preparation, analyse each member from the opposite team, have a specific strategy for each player, and most importantly are determined to execute the same under any given circumstances. This, according to me, they have achieved only through emotional intelligence. The second example is relating to Australia's match with Pakistan. I would prefer to remain away from commenting whether it was right or wrong, but certainly it was not a cricket match but an emotional war between two teams.

With the help of continued research, science has discovered the role that emotional intelligence plays in our life. It has now been established that IQ alone cannot be of great help to advance life. On the contrary, as stated by John Gothman, emotional awareness and ability to handle feelings determine the level of success and happiness in all walks of life.

Daniel Goleman described importance of emotional intelligence, in his book, Emotional Intelligence which is based on case studies. He has analysed and narrated a 3 point formula,

1. Use of intelligence while expressing emotions helps improve life.
2. Emotions are like habits. Many times, while expressions emotions, one tends to use habitual pattern which, distract the exact feelings conveyed through words.
3. The ability to control emotions will avoid wasteful activities, which can be channelized for inculcating positive things and improve living process.

In his book 'Working with Emotional Intelligence' he has identified 4 fundamental concepts, such as, understanding and recognising self, manage own activities effectively, perceive and understand feelings of others and effective management of relations.

To summaries, emotional intelligence helps an individual to change oneself according to the situation one is facing. Lastly, when one knocks a closed door, he is not aware, who would be opening it. The probability can vary from small child, a young lady, a teenager, house-wife, retired person or an old lady. At such an instance, the visitor should be ready with alternate opening statement, to face any of the probability. This is not an easy task, but one has to learn and develop the skill. Emotional intelligence is the answer to develop oneself and become a more successful person.

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**PROBLEMS AND PROSPECT OF SILVERWARE  
MANUFACTURING UNITS IN SALEM DISTRICT: AN  
EMPIRICAL STUDY**

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**ABSTRACT**

*The most important factor for the economic development of a country is its industrialization. In the process of industrialization, emphasis is given to large-scale industries, medium-sale industries, small-scale industries and micro enterprises. In developing countries, micro and small enterprises are important in the context of employment opportunities, equitable distribution of national income, balanced regional growth and development of rural and semi-urban areas. Silver anklets made in Salem are sold across India and has a sizeable export market. Salem Silver anklets are made from high quality of raw material which ensures durability at its user end. These products are available in market at most economical rates. Making of silver ornaments and artifacts by hand work is an important cottage industry in Salem. Silver anklets made in Salem are popular throughout the country. There are 1200 micro and small silverware manufacturing units in Salem district. Nearly 12500 employees are working in silverware manufacturing units. The production value is estimated to be Rs.900 crores in the year 2015. However, the silverware manufacturing units face more problems. With this background, the researchers have made a novel attempt to study the problems and prospects of silverware manufacturing units in Salem district. In the present study, by adopting simple random sampling, 100 silverware manufacturing units were selected out of the 1200 units. As an essential part of the study, the primary data were collected from 100 owners of the silverware manufacturing units with the help of well designed interview schedule. The study reveals that unattractive market, power cut, lack of financial assistance, inadequate subsidies and concessions, cumbersome formalities and maladministration, problems in marketing of products under capacity utilization, inadequate working capital and dependence on private parties for raw materials are the problems of silverware manufacturing units in Salem district. Effective implementation of the suggestions could lead to the growth of the silverware manufacturing units and eventually result in creation of employment as well as poverty reduction.*

**Keywords:** Silverware Units; Micro and Small Industries; Cottage Industries; Industrialisation

**INTRODUCTION**

The most important factor for the economic development of a country is its industrialization. In the process of industrialization, emphasis is given to large-scale industries, medium-sale industries, small-scale industries and micro enterprises. In developing countries, micro and small enterprises are important in the context of employment opportunities, equitable distribution of national income, balanced regional growth and development of rural and semi-urban areas. Micro and small enterprises provide immediate large-scale employment, offer a method of ensuring a more equitable distribution of the national income and facilitate effective mobilization of resources of capital and skill which might otherwise remain unutilized. The micro enterprises are considered an engine of growth, especially in a developing country like India due to their contribution to income generation,

employment, gross domestic product and so on. The development of micro and small enterprises has been an important plank of India's industrial policy. They enable the process of modernization as well as entrepreneurship to spread to more regions and layer of society. In India too, the micro enterprises play a momentous role in the overall economic development of a country, where millions of people are unemployed or underemployed. The micro enterprise sector solves many problems viz. poverty and unemployment through providing immediate large-scale employment, with lower investments, and proves to be a second largest manpower employer, after agriculture. Micro and small enterprises not only help in providing employment opportunities to millions of people across the country, especially to the village artisans and rural people, but also check the problem of economic concentration in the hands of a few. They create a sound entrepreneurial base in the economy by developing and nurturing the talents, skills, etc. of micro and small entrepreneurs. Thus, this sector has been given a priority status by both the Central and the State Governments.

### **STATEMENT OF THE PROBLEM**

As a district, Salem has its significance in various aspects. Silver anklets made in Salem are sold across India and has a sizeable export market. Salem Silver anklets are made from high quality of raw material which ensures durability at its user end. These products are available in market at most economical rates. Making of silver ornaments and artifacts by hand work is an important cottage industry in Salem. Silver anklets made in Salem are popular throughout the country. There are 1200 micro and small silverware manufacturing units in Salem district. Nearly 12500 employees are working in silverware manufacturing units. The production value is estimated to be Rs.900 crores in the year 2015. However, the silverware manufacturing units face more problems. Many small units have complained of inadequate availability of such facilities. These units get the facility from outside. It escalates the cost of production in small silverware manufacturing units. Further, power cut is a major hindrance to the normal functioning of many silverware manufacturing units. Silverware manufacturing units depend on the urban co-operative bank for finance. But, there is a lukewarm support from urban co-operative bank to the development of silverware manufacturing units. When the government extends many subsidies and concessions to small scale manufacturing units, it is strange that many silverware manufacturing units are facing difficulties in obtaining such concessions. Silverware manufacturing units complained of cumbersome formalities and maladministration. Besides, there are serious shortcomings in the marketing of silverware products like defective marketing system, inadequate market information, competition, lack of adequate orders, excessive government rules, delayed payment from customers, indifference to product advertisement, etc. All these result in poor marketing and unremunerative prices. The average capacity utilized by silverware manufacturing units in Salem district is relatively lower. The common problems pertaining to production are inadequate working capital, delayed payment from customers and irregular power supply. Many silverware manufacturing units suffer from lack of knowledgeable personnel. A large majority of the units depend on private parties for the supply of raw-materials. With this background, the researchers have made a novel attempt to study the problems and prospects of silverware manufacturing units in Salem district.

### **OBJECTIVES OF THE STUDY**

The study has the following objectives:

1. To find out the factors influencing the business owners to start-up silverware manufacturing units in Salem district.
2. To examine the problems of the silverware manufacturing units in Salem district.
3. To study the impact of silverware manufacturing units on the socio-economic conditions of business owners in Salem District.
4. To suggest suitable measures for the prospects of silverware manufacturing units in Salem district based on the findings of the study.

**HYPOTHESES**

**H<sub>01</sub>:** There is no significant relationship among the acceptance levels of the business owners belonging to different demographic profiles towards problems of the silverware manufacturing units in Salem district.

**H<sub>02</sub>:** There is no significant relationship among the acceptance levels of the silverware manufacturing units belonging to different enterprise characteristics towards problems they face in Salem district.

**H<sub>03</sub>:** There is no significant relationship among the acceptance levels of the business owners belonging to different socio-economic profiles towards impact of the silverware manufacturing units in Salem district.

**RESEARCH DESIGN**

The present study is empirical in character based on survey method. To enhance the quality of data, the researchers have employed multiple data sources for the study: primary and secondary data. The research process was started by collecting secondary data about silverware manufacturing units. A total number of 1200 micro and small silverware manufacturing units were found to be functioning in the Salem district as on 31.09.2014. In the present study, by adopting simple random sampling 100 silverware manufacturing units were selected out of the 1200 units. As an essential part of the study, the primary data were collected from 100 owners of the silverware manufacturing units with the help of well designed interview schedule for a period of 3 months from October 2014 to December 2014. Taking into consideration the objectives of the study, a schedule was prepared after a perusal of available literature and thorough consultation with the experts of related fields. Pre-testing of schedule was done during September 2014, involving 15 respondents to know the relevance of the questions. In the light of pre-testing, necessary changes were incorporated in the questions and their sequences. Secondary data were collected from published sources. The data collected for the purpose of the study were edited, quantified, categorized and tabulated in logical order. In analyzing data, statistical tools such as student t test, analysis of one-way variance, analysis of co-efficient of variation and percentage analysis have been employed.

**FINDINGS**

1. The overall influence of all the fifteen factors is considered 'strongly agree' in motivating them to operate silverware manufacturing units by 23 per cent of the respondents, as 'agree' by 21 per cent of the respondents, 'neither agree nor disagree' by 32 per cent of the respondents, as 'disagree' by 8 per cent of the respondents and as 'strongly disagree' by 16 per cent of the respondents. The average acceptance score reveals that desire for independence is the most important factor (3.38) for the respondents to own and operate silverware manufacturing units, followed by dissatisfaction with the job (3.36). With regard to locus of control, the respondents assign least acceptance (3.12).
2. There is no significant relationship among the acceptance levels of the respondents belonging to different genders, educational status groups and years of experience towards problems of the silverware manufacturing units. There is a significant relationship among the acceptance levels of the respondents of different age groups towards problems of the silverware manufacturing units.
3. Male respondents, respondents in the age group 36-45 years, respondents belonging to H.Sc qualification and respondents having experience above 15 years have higher acceptance level towards problems of the silver-ware manufacturing units.
4. There is consistency among the acceptance levels of the male respondents, respondents in the age group 36-45 years, respondents who have degree qualification and respondents who have 11-15 years of experience towards problems of the silverware manufacturing units.

5. There is no significant relationship among the acceptance levels of the silverware manufacturing units belonging to varied years of existence, amount of investments and annual sales groups towards problems of the silverware manufacturing units.
6. Silverware manufacturing units have existence 3 and 4 years, enterprises having investment Rs.1000001-1500000 and enterprises having annual sales above Rs.400000 have higher acceptance level towards problems of the silverware manufacturing units.
7. There exists consistency in the acceptance level of the enterprises having existence 5 and 6 years, enterprises having an amount of investment Rs.1500001-2000000 and enterprises having annual sales Rs.300001-400000 towards problems of the silverware manufacturing units.
8. No significant relationship is found among the acceptance levels of the respondents belonging to different genders, age groups, educational status groups and years of experience towards socio-economic impact of the silverware manufacturing units in Salem district.
9. Male respondents, respondents in the age group upto 35 years, respondents belonging to postgraduation and above qualifications and respondents having business experience upto 5 years have higher acceptance level towards socio-economic impact of the silverware manufacturing units.
10. There is consistency among the acceptance levels of the female respondents, respondents in the age group above 55 years, respondents who have degree qualification and respondents who have business experience above 15 years towards socio-economic impact of the silverware manufacturing units.
11. Unattractive market, power cut, lack of financial assistance, inadequate subsidies and concessions, cumbersome formalities and maladministration and problems in marketing of products are the problems of the silverware manufacturing units ranging from 30 per cent to 45 per cent. Under capacity utilization, inadequate working capital and dependence on private parties for raw materials are the problems of silverware manufacturing units ranging from 46% to 62% in Salem district.

### **SUGGESTIONS**

1. Small silverware manufacturing units should establish a common generator. Facility of a common generator should be made available to all these units who become members of the organization. The government should provide capital subsidy required for the purchase of the generator. This would wipe out from the problem of power-cut and consequent loss of production.
2. A co-operative bank can be established for financing silverware industry exclusively. The bank shall consist of all the small units as members and shall mobilize capital from them. The bank would advance loans to silverware manufacturing units at lower rate of interest.
3. The government shall simplify the formalities and streamline the administrative machinery and make it entrepreneur friendly. This step would enable the silverware manufacturing units in availing such benefits without any difficulty.
4. There shall be a separate marketing agency. The agency shall be on co-operative lines. It shall procure products from small units and market on their behalf with more resources at its command the agency would be able to obtain for its members the benefits of common advertisement, direct marketing etc. It would result in remunerative prices for the products of small units.
5. To ensure uninterrupted production and to augment the volume of production, adequate facilities of finance, power and raw materials should be made available by the government

since production depends upon the facilities of adequate finance, power, marketing, raw materials and labourers.

6. A training scheme should be supplemented to improve the knowledge and skill of the workers of silverware manufacturing units. This would work towards motivating them for higher productivity. Further, it would reduce absenteeism and turnover among workmen which would ultimately contribute towards better work culture and efficiency.
7. The silverware manufacturing units should start a common organization for procurement and supply of silver. This organization should take steps to acquire the raw-materials in bulk at cheaper rate and supply them to the silverware manufacturing units. Moreover, raw material depots should be opened to cater to the demand from silverware manufacturing units.

### **CONCLUSION**

Micro and small enterprises contribute a colossal percentage to gross domestic product in ensuring economic growth, employment, income stability and poverty reduction in most developing countries like India. However, most of these enterprises are now collapsing as a result of not performing creditably well. It is in line with this that this study identifies the problems of the silverware manufacturing units and come out with ways and means, which will establish and sustain the vibrancy for silverware manufacturing units so that they can play the expected vital roles as the engine of growth in the economic development. In regards to various problems, unattractive market, power cut, lack of financial assistance, inadequate subsidies and concessions, cumbersome formalities and maladministration, problems in marketing of products under capacity utilization, inadequate working capital and dependence on private parties for raw materials are the problems of silverware manufacturing units in Salem district. Effective implementation of the suggestions could lead to the growth of the silverware manufacturing units and eventually result in creation of employment as well as poverty reduction.

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**A STUDY ON THE LINKAGE BETWEEN POST PURCHASE  
BEHAVIOUR AND REASONS FOR NPA IN SCHEDULED  
COMMERCIAL BANKS**

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**ABSTRACT**

*The banking sector is facing the problem of Non Performing Assets (NPA). NPA is an asset of a bank that has failed to produce any income to the bank. It can be defined as a credit facility in respect of which interest and /or installment of principal has remained past due for a period of 90 days. NPA will adversely affect the performance and operation of the banks. So the problem of NPAs must be tackled out in such a way that would not destroy the operational, financial conditions and would not affect the image of the banks. In order to reduce NPA, an analysis of the reason for NPA and post purchase behaviour of the customers is also necessary. Hence this paper attempts to study the linkage between post purchase behaviour and reasons for NPA in Scheduled Commercial Banks.*

**Keywords:** NPA; Reason for NPA; Post Purchase Behavior; Scheduled Commercial Banks

**INTRODUCTION**

The world is going faster in terms of services and physical products. In the nation economy also service industry plays vital role in the boosting up of the industry. The banking sector is one of the appreciated service industry. The banking sector accepts the deposits of the people and provides fruitful return to people on the invested money. But for providing the better returns plus principal amounts to the clients, it becomes important for the banks to earn the main source of income. i.e., the interest earned on the loans that have been disbursed to general person, businessman, or any industry for its development. Thus, we may find the input-output system in the banking sector. Banks first, accept the deposits from the people and secondly they lend this money to people who are in need of it. By the way of channelizing money from one end to another end, banks earn their profit.

However the banking sector has faced the serious problem of NPA. An asset is classified as Non-Performing Asset if dues in the form of principal and interest are not paid by the borrower for a period of 180 days. However, with effect from March 2004, an asset becomes NPA if the dues are not paid for 90 days. If any advance or credit facilities granted by banks to a borrower becomes non-performing, then the banks will have to treat all the credit facilities granted to that borrower as non performing without having any regard to the fact that there may still exist certain credit advances having performing status.

The problem of NPAs is danger to the banks because it destroys the healthy financial conditions of them. So the problem of NPAs must be tackled out in such a way that would not destroy the operational, financial conditions and would not affect the image of the banks.

### Classification of Bank Assets

On the recommendations of the Narasimham Committee on banking sector reforms, Reserve Bank of India has issued directions to banks to classify their assets (advances) into the following four categories:

- **Standard Assets:** Standard assets are those assets, which do not cause any problems to the bank. Standard assets fetch a regular income to the bank and therefore they are treated as performing assets. Standard assets carry only the normal risk attached to the business.
- **Sub-standard Assets:** Sub-standard Assets are those assets, which have been classified as NPA for a period not exceeding 12 months. In the case of sub-standard assets, the current net worth of the borrower, guarantor or the market value of the security is not enough to recover the asset in full. Sub-standard Assets have credit weaknesses that prevent the recovery of the debt and if the weakness is not cured, there is every possibility of incurring loss to the bank.
- **Doubtful Assets:** Doubtful Assets are those assets which have remained as NPA for a period exceeding 12 months. A loan classified as doubtful debts has all the weaknesses of Sub-standard Assets plus some more additional risk problems.
- **Loss Assets:** Loss Assets are those NPA accounts where the bank or internal auditor or RBI inspector has identified loss but that amount has not been written off wholly or partly. A loss asset is considered irrecoverable and it has no realizable value of security.

Standard Assets are treated as performing assets and the remaining three of Sub-standard Assets, Doubtful Assets and Loss Assets are considered as Non-performing asset.

### RESEARCH PROBLEM

NPA affects the profitability and solvency of the bank. The various recovery measures are necessary for the early recovery of NPA. But the recovery measures cannot itself recover the NPA. Here arises the need for analyzing customers post purchase behaviour. Hence this paper attempts to study the linkage between post purchase behaviour and reasons for NPA in Scheduled Commercial Banks.

### REVIEW OF LITERATURE

(Balasubramaniam) opined that the Indian banking system has undergone significant transformation following financial sector reforms as laid out by Shri. Narasimham Committee in 1991. Several prudential and provisioning norms has been introduced, and these are expecting the banks to usher overall efficiency, bring down NPA, to improve the profitability and overall financial health in the banks, in general. (Samir, 2013) opined that with the introduction of international norms for income recognition, asset classification and provisioning in the banking sector, managing NPAs has emerged as one of the major challenges facing Indian banks. NPA constitute a major portfolio of the banks portfolio and hence an inevitable burden on the banking industry. (Barge, 2012) remarked that Non-performing Asset (NPA) has emerged since over a decade as an alarming threat to the banking industry in our country sending distressing signals on the sustainability and durability of the affected banks. A high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and net-worth of banks and also erodes the value of the asset. The problem of NPAs is not only affecting the banks but also the whole economy. (Siraj. K.K, 2012) opined that NPA is a virus affecting banking sector. It affects liquidity and profitability, in addition posing threat on quality of asset and survival of banks. (Singh, 2013) opined that the problem of non-performing assets has shaken the entire Indian banking sector. The main reason of high percentage of NPA is the target-oriented, which deteriorates the qualitative aspect of lending. NPAs put detrimental impact on the profitability, capital adequacy ratio and credibility of banks (Gupta, 2012) conclude that the PSBs, which are the main pillars of the Indian banking system, are in trouble with excessive manpower, excessive NPA and excessive government equity, while on the other hand the private sector banks are consolidating themselves through adoption of latest technology and system. (Dr. T.R. Gurumoorthy,

2012) opined that complete elimination of NPA in public sector bank is not possible because government business and development schemes are mostly routed through the PSBs, but banks can always aim to keep the losses at the low level. (H.S., 2013) remarked that banker can avoid sanctioning loans to the non creditworthy borrowers by adopting certain measures. (Bansal, 2012) concluded that quite often genuine borrowers face the difficulties in raising funds from banks due to mounting NPAs. (G.V Bhavani Prasad, 2011) concluded that it is better to avoid NPAs at the nascent stage of credit creation by putting in place of rigorous and appropriate credit appraisal mechanisms.

### OBJECTIVES

- To know the linkage between post purchase behaviour and reasons for mounting NPA
- To analyze the relation between type of loan and reason for mounting NPA

### HYPOTHESIS

H<sub>0</sub>: There is no relation between type of loan and reason for mounting NPA

H<sub>1</sub>: There is relation between type of loan and reason for mounting NPA

### METHODOLOGY

Present study is based on both primary and secondary data. The primary data were collected through the structured interview schedule. The scope of the study was limited to the loan borrowers of SBT, Mundakayam. The study covers the scheduled commercial banks in Mundakayam. From which SBT were taken as a sample using simple random sampling method. From which 60 samples were selected through the convenient sampling method. Secondary data were collected from various publication of RBI, journal articles, internet etc. The data collected were analyzed using percentage and Chi-Square test (using SPSS).

### Data Analysis

Out of the 60 samples, 15% of respondents are from agriculture background, 31.7% are from business, 28.3% are from Self-employment, 6.7% are Govt.employees, 13.3% are Private employees and 5% are from other field. 71.7% of the customer's income is below Rs.50000. 22.7% respondents are taken agricultural loan, 10.6% are educational loan, 24.2 % are housing loan and 33.3% have taken the vehicle loan. 53.3% of the respondents are taking the loan up to Rs. 100000, 23.3% are up to 200000 and 23.3% are up to 300000. 76.7% respondents are in monthly repayment of loan and 23.3% are in quarterly repayment of loan. Loan payback period of 36.7% respondents are 1 year, 48.3% are 2-5 years and 15% are 5-10years.

The collected data is analyzed as objective-wise with the help of percentage and chi-square is presented below. The first objective is to know the linkage between post purchase behaviour and reasons for mounting of NPA. Here percentage analysis is used.

The norms for finding result include:

- 0-40 : Less affected
- 40-70% : Moderately affected
- Above 70% : Highly affected

**Table 1.** Number of respondents based on Factors affecting Repayment

Factors	Rank							
	1	2	3	4	5	6	7	8
Principle	22	21	17					
Interest					5	23	18	14
Repayment period					37	23		

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**Table 1.** Number of respondents based on Factors affecting Repayment

Factors	Rank							
	1	2	3	4	5	6	7	8
Source of income					7	9	19	25
Willful default	3				11	2	23	21
Diversion of fund	35	18	7					
Deficiencies on the part of bank			25	35				
Other reasons		21	11	25		3		
Total	60	60	60	60	60	60	60	60

**Source:** Primary data

**Table 2.** Multiplication of rank with the number of respondents

Factors	1	2	3	4	5	6	7	8	Total
Principle	22	42	51	0	0	0	0	0	115
Interest	0	0	0	0	25	138	126	112	401
Repayment period	0	0	0	0	185	138	0	0	323
Source of income	0	0	0	0	35	54	133	200	422
Willful default	3	0	0	0	55	12	161	168	399
Diversion of fund	35	36	21	0	0	0	0	0	92
Deficiencies on the part of bank	0	0	75	140	0	0	0	0	215
Other reasons	0	42	33	100	0	18	0	0	193

**Source:** Compiled by the researcher

**Table 3.** Percentage Analysis

Factors	Actual	Maximum	Percentage
Principle	115	480	23.95
Interest	401	480	83.54
Repayment period	323	480	67.29
Source of income	422	480	87.91
Willful default	399	480	83.12
Diversion of fund	92	480	19.16
Deficiencies on the part of bank	215	480	44.79
Other reasons	193	480	40.20

**Source:** Compiled by the researcher

From the above table, it is clear that source of income (87.91), interest (83.54) and Willful default (83.12) are the highly affected factors for repayment of loan. Repayment period (67.29), Deficiencies on the part of bank (44.79) and Other reasons (40.20) are the moderately affected factors for repayment of loan. Principle (23.95) and Diversion of fund (19.16) are the less affected factors for repayment of loan.

The second objective is to analyze the relation between type of loan and reason for mounting NPA. Here Chi-Square Test is used to testing of hypothesis. SPSS software is used for this analysis.

**Table 4.** Chi-Square Test

Factors	Value	Df	Asymp. Sig.
Principle	38.697	9	.000
Interest	29.562	6	.000
Repayment period	40.586	9	.000

Source of income	13.138	6	.041
Willful default	46.766	12	.000
Diversion of fund	13.321	3	.004
Deficiencies on the part of bank	29.043	3	.000
Other reasons	46.977	9	.000

**Note:** Level of Significance = .05

**Source:** Compiled by the researcher from the SPSS output

As per the rule calculated value of significance is less than .05, reject  $H_0$  and otherwise accept it.

Here the calculated value of significance is .000 for all reasons except source of income (.041) and diversion of fund(.004). That means less than .05 (5% level of significance). Hence we reject  $H_0$  and accept  $H_1$ , i.e. there is relation between type of loan and reason for mounting NPA.

### FINDINGS

- The various reasons for mounting NPA is principle, interest, repayment period, source of income, willful default, diversion of fund, deficiencies on the part of bank and other reasons.
- Source of income (87.91), interest (83.54) and willful default (83.12) are the highly affected factors for repayment of loan.
- There is a linkage between post purchase behavior and reasons for NPA.
- There is relation between type of loan and reason for mounting NPA.

### CONCLUSION

NPAs are better avoided at the initial stage of credit consideration by putting in place rigorous and appropriate credit appraisal mechanism. Reduced NPA generally gives the impression that banks have strengthened their credit appraisal process over the years and growth in NPA involves the necessity of provisions, which bring down the overall profitability of the bank.

As per this study, the various reasons for mounting NPA is principle, interest, repayment period, source of income, willful default, diversion of fund, deficiencies on the part of bank and other reasons. Out of this, Source of income, interest and willful default are the highly affected factors for repayment of loan. So the customers must try to utilize the loan in proper manner for getting income and reduce the amount of NPA of the banks. Finally the mindset of the borrowers needs to change so that a culture of proper utilization of credit facilities and timely repayment is developed.

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**EFFECTS OF DECLARATION OF QUARTERLY RESULTS  
ON SHARE PRICE OF SELECTED AUTOMOBILE  
COMPANIES**

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**ABSTRACT**

*There are two objectives of this paper. First objective is to understand the price fluctuation of shares in the selected companies during the pre and post announcement of quarterly result and second objective is to find out the relation between growth in results of the company and changes in the share price. In this research, researcher has considered 4 automobile companies. Four quarters have been considered for the purpose of data collection. Quarterly reports and share price have been collected from company's website and BSE website respectively. Simple average, standard deviation correlation as statistical tools and graph has been used. In this presented that announcement of quarterly result affected the share price in both sides. In some cases prices have been decreased after the announcement of quarterly result but some cases effect was vice-versa. There is no significant correlation between pre-post announcement of share price and growth of the companies. This study will help to the investors for evaluating the effect of announcement of quarterly result on share price. So they can decide that they should invest in the share at the time of announcement or will also help them for considering growth of companies at the time of purchase and sale of share.*

**Keywords:** Share Price; Quarterly Results; Correlation; Company Growth

**INTRODUCTION**

The stock price is the highest amount someone is willing to pay for the stock, or the lowest amount that it can be bought for. Share market is area for which no one predict or assume what should happen in share market u might get huje gain or incur losses when the stock market crashes.

A quarterly result is a sort of financial statement which issued by company in every three months. A quarterly report includes and income statement, balance sheet and cash flow statement for the quarter and the year-to-date, as well as comparative results for the prior year. It also include a discussion and analysis of the company's financial condition , discloser about risk factor that may affect value of the company, a discussion of matters submitted to a vote by a share holders during the quarter. A quarterly report helps investors in predicting for future earning potential, which is highly co-related to accompany share price.

There are some company specific factors that can affect the share price and these are:

- News releases on earnings and profits, and future estimated earnings
- Announcement of dividends
- Introduction of a new product or a product recall
- Securing a new large contract

- Employee layoffs
- Anticipated takeover and merger
- Accounting errors or scandals

There are some economic factors also which affects the share price and these are:

- Inflation
- Deflation
- Economic and political shocks
- Changes in economic policy
- Interest rates

### **REVIEW OF LITERATURE**

Selvam, Babu, Indhumathi and Kogila (2010) “To analyze the share price reaction towards dividend announcement in the Indian capital market” The data consisted of 35 companies from different sectors. The capital asset pricing model (CAPM) and market model was analyzing the impact. The authors conclude that there is a positive impact of dividend announcement on the share prices.

Lazar and Pramod (2010) study “The influence of corporate actions (such as bonus issues, dividend, rights issue, splits, mergers, and Acquisitions etc. on share prices.” Wilcoxon Matched pairs test was adopted to analyze 80 companies listed on BSE and twelve types of corporate actions were identified. The study concluded that corporate actions play an important role in determining the share price of the companies.

Iqbal and Mallikarjunappa (2009) examine Announcement effects of share price market quarterly earnings announcement. Event study methodology is used to analyze the data, new the sample consisted of 152 companies with minimum 20% foreign holdings and it is divided into overall portfolios. The researchers conclude that share price market reaction to the earnings announcement is very slow.

Otogawa (2003) study “The information asymmetry and market liquidity around the quarterly earnings announcements by focusing on quoted depths. Using the transaction data of 121 firm that implemented quarterly earnings reporting during period 2001, the author found that there were significant decreases and increases in daily based depths during the periods just after the release of the quarterly earnings, which were consistent with prediction based on prior theoretical studies.

### **NEED OF THE STUDY**

The need of the study of this particular topic is quarterly result is helpful for investor in making their investment decision and also helpful for the companies to check there is any relationship between the share price and quarterly result. It will also helps to change the investment portfolio. Quarterly report of the company has a great impact on share price either in positive way or in negative way. This will also help investor in decision making to invest in which company for earn profit. Quarterly reports help investors to take the pulse of public companies. By comparing the quarterly information to the previous year’s information for the same quarter, investors can get rich insight into a business's performance and growth. Furthermore, quarterly reports help investors to predict future earning potential, which is highly correlated to a company's share price.

### **OBJECTIVES OF THE STUDY**

1. To understand the price fluctuation in the shares of the selected companies during the pre and post result period.

2. To find out the relation between growth in results of the company and changes in the share price.

### RESEARCH METHODOLOGY

#### Data Collection

This Study has been based on Secondary data. Secondary data has been collected for the share price of the companies from the BSE (Sensex) websites The Company's interim financial report collected from companies' websites. Share price of the company has been collected five days before and five days after the announcements of the every quarter's result. And other secondary data collected from the books, newspaper, journals, magazines, internet and annual report of selected companies.

#### Sample Size

Four Companies has been selected as sample size.

#### Sample Selection Criteria

Top five companies on the basis of market capitalization share on 1<sup>st</sup> July 2013 automobile companies in the BSE.

#### Duration of the Study

The duration of the study from 2013-2014 (four quarter year on 1<sup>st</sup> April to 31<sup>st</sup> March 2014)

#### Tool used for Study

Average, standard deviation, correlation and pie chart have been used in this study.

### ANALYSIS AND INTERPRETATION

#### Hero Motorcorp Ltd.

**First Quarter:** It has been observed that share price was decreased in trend, before the announcement of quarterly result. Average share price for 5 days before announcement of quarterly result were Rs. 1758.04 and S.D was 41.26. but after the announcement, share price has been increased and average share price were Rs. 1840.58 and S.D. was 32.25. it means fluctuation were less after the announcement as compare to the Pre-announcement. Share price has been increase by 4.5% after the announcement.

**Second Quarter:** In the second quarter, the result shows that average share price (Rs. 2084) before the announcement of quarterly result was more as compare to the after the announcement (Rs. 2049). So it means after the announcement, Average price of the share for 5 days have been decrease and fluctuation was more in share price (PRE S.D. 13.32 and after 33.73). A change in average share price was 1.67% and this change was in negative value.

**Third Quarter:** Announcement had the negative impact on share price of the Hero Moto Corp. ltd. After announcement of 3<sup>rd</sup> quarter result Share price has been decreased from Rs. 2026 (five days average) to Rs.1977 (five days average). The changes was 2.5%

**Fourth Quarter:** It has been analyzed that share price of Hero Moto. Corp. Ltd has been increased by 3.67 after announcement of 4<sup>th</sup> quarter result. Average share price (of 5 days) were Rs. 2322.14 and Rs. 2407 before and after announcement respectively of 4<sup>th</sup> quarter result.

In case of Hero Moto Corp. ltd., Share price has been affected by the announcement of the quarterly result. Changes in prices were 1.67 to 4.5%. Changes in the share price were negative as well as positive. Two quarter announcement have positive effect and two quarters have negative effect on share price. Negative impact on share price was less and positive impact was more.

**Tata Motor Ltd.**

**First Quarter:** It has been observed that Tata Motors ltd. Share price has not been affected by the announcement of the quarterly result. Average Share price (of 5 days) were Rs. 289.93 and Rs. 288.47 for pre-post announcement of 1<sup>st</sup> quarterly result.

**Second Quarter:** Announcement of second quarter result had negative impact on share price of Tata motors ltd. Share price has been decreased by 2.8%. Average Share price (of 5 days) were Rs. 387.12 and Rs. 376.12 for pre-post announcement of 2<sup>nd</sup> quarterly result. But it also has been observed that after the announcement share price was in increasing in trend but before the announcement it was in decreasing trend.

**Third Quarter:** It has been observed that share price of Tata Motors Corp. Ltd. has been increased by 5.37% after the announcement of 3<sup>rd</sup> quarter. It also observed that before the announcement share price movement was in positive way but after the announcement share price has been changed Rs. 20. Some but 3<sup>rd</sup> days share price has been decreased. Average share price (of 5 days) were Rs. 357.03 and Rs. 376.24 for pre-post announcement of 3<sup>rd</sup> quarter result

**Quarter Fourth:** announcement played a negative role on the share price of the Tata Motors Ltd. Average share price (of 5 Days) has been decreased from Rs. 433.07 to Rs. 427.40 after the announcement of quarterly result. A change in share price was Rs, 1.5%. Pre announcement share price in decreasing in trend but after the announcement it was in increasing in trend.

In case of Tata motors ltd., there is negative impact of announcement of 2 quarters result on share price. And one quarter impact was the positive and its impact was 5.67% And one quarter result has no impact on share price.

**Nissan Motors Ltd.**

**First Quarter:** Nissan motors ltd. share price has been decreased after the announcement of quarterly result. Before the announcement of quarterly result, share price was Rs. 2.1(five days average). After the announcement share price has been decreased to Rs. 2.02. In this case it has been observed that share price movement was static in pre and post announcement of quarterly result. It has been observed that share price change 3% negative way.

**Second Quarter:** It has been observed that share price was decreased in trend before the announcement of quarterly result. Average share price was not high with Rs. 1.77 (for five days) before the announcement of quarterly result. After announcement, there were changes in the share price, share price increase by 2% as compare to the pre announcement the average of the share for the 5days. Share price was moving in the positive way.

**Third Quarter:** It has been analyzed that Average share price before and after the announcement of 3<sup>rd</sup> quarter result were same. Movements of share price were also same. On the basis of above observation, it can be conclude that share price have not been affected by the announcement of quarterly result. The Changes were the 2% as compare to pre announcement.

**Fourth quarter:** Price movements have been changed after announcement of 4<sup>th</sup> quarterly result. It has been observed that share price has been increased by the 7% after the announcement of quarterly result. But it also observed that pre and post share price movement was same.

In case of Nissan motors ltd. it has been analyzed that share price are increased after the announcement of 2 quarter result, two quarter result have negative impact on the share price.

**Maruti Suzuki Ltd.**

**First Quarter** indicates that announcement of 1<sup>st</sup> quarter result had the negative impact on the share price of the company. After announcement of the quarterly result, share price have been started decrease. Before the announcement of Average share price (for 5 days) was Rs. 1422 and after the

announcement average share price was Rs. 1326. It is indicating that quarterly result announcement had negative impact on the share price of the Maruti Suzuki Ltd.

**Second Quarter:** It has observed that share price was decreased in trend before the announcement of the quarter result but changes were not significant, the fluctuation rate and average share price were not high with value of 4.00 and 1515.10 five days before the announcement of quarterly result. After five days of announcement there were changes in the share price. In this value of average share price was increase with 1633.49 and fluctuation rate was increase with value of 5.74. It has been observed that share price was change in positive way. After the announcement of quarterly result of company share price increase by 8% as compare to the pre announcement of average of the share

**Third Quarter:** It has been analyzed that share price was in decreasing trend before the announcement of the share price. The fluctuation rate and average share price were high with value of 98.53 and 1727.65 five days before the announcement of quarterly result. After five days of announcement there were changes in the share price. In this value of average share price was decrease with 1631.72 and fluctuation rate decrease with value of 26.40. It has been observed that share price was change in positive way. After the announcement of the quarterly result of company share price decrease by 6% as compare to the pre announcement the average of the share for the 5 days.

**Fourth Quarter:** It has been observed that share price was increased in trend before the announcement of quarterly result. The fluctuation rate and average share price were not high with value of 16.18 and 1970.70 five days before the announcement of quarterly result. After five days of announcement there were changes in the share price. In this value of average share price was decrease with 1914.24 and fluctuation rate increase with value of 25.55. It has been observed that share price was change in negative way. After the announcement of the quarterly result of company share price decrease by 3% as compare to the pre announcement the average of the share for the 5 days.

## **Second objective**

### **2. To find out the relation between growth in results of the company and change in the share price.**

To achieve this objective researcher have been used correlation technique. Correlation has been established between two factors 1. Change in the profit & loss and 2. Change in share price. Changes in the profit & loss have been found by comparing the previous quarter and present quarter profit & loss. Changes in share price have been found out by comparing previous quarter average share price and current quarter average share price. Average share price has been calculated by the average of 5 days Pre & Post share price of announcement day of quarterly result. Both factors changes have been find in the %. This study has been analyzed that in case of Hero Motor corpo. Ltd. there is low positive correlation (value is .2373). In case of Tata Motors ltd. there is very low negative correlation (value is 0.021). But Maruti Suzuki Ltd. indicates moderate positive correlation (value is 0.63). Nissan motors corp. ltd. indicates moderate negative correlation (value is -0.6446). on the basis of above finding it conclude that there is no one identical significant relationship between the growth and company share price but its relation vary company to company.

Overall relation between growth in results of the company and change in the share price was very positive low. A correlation value between these two factors is 0.11. So it indicates that growth in profit of the companies does not affect share price of the company. There is no significant correlation between the growth of the companies and share price of the companies.

## **SUGGESTION**

1. Investor should consider the quarterly results for investing the share.
2. The long term investor should ignore the quarterly results for the announcement time because this time share price fluctuation was very high.

3. Investor should not consider only announcement of the quarterly results, but also consider BSE sensex index.

### **CONCLUSION**

Quarterly results show financial performance of the companies, and share price indicates the overall decision or overall performance of the company. Share price is not affected by the company's performance or financial result. Share price of the companies effected by the micro and macro factors. Like FII investment, FDI investment, Government policies, Economic policies, company profile their history etc. quarterly result with just a factor which is responsible for changes in the share price of the companies. This study indicates that quarterly result and growth rate of the companies do not have significant impact on share price of the company.

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**A STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT  
PRACTICES IN BANKING SECTOR IN INDIA**

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**ABSTRACT**

*The banking sector is one of the most dynamic and innovative sectors regarding the economic development in India. Banks are aiming to increase customer profitability with any customer retention the banking sector is regarded as the main pillar of the economy, so all indicators of growth and strengthening of this sector are the basic elements of modelling the expected economic growth. This paper aims at exploring the theoretical foundations of customer relationship management with reference to the Indian banking sector. More detailed, our analysis will focus on the customer perspective of facing CRM policies respectively in the banking system. So, in this paper, i have tried to point out Indian banking Sector. The aim of this paper is to analyze the design and implementation banking environment for CRM in the bank, identify the benefits and challenges, as well as the success factors of the implementation and develop a better understanding of impact of CRM on banking competitiveness as well as to provide a greater understanding of what constitutes good CRM practices.*

**Keywords:** Customer Relationship Management; Banking Sector; Customer

**INTRODUCTION**

Today one of the approaches which are creating the buzz in the banking sector is Customer Relationship Management. Today, Indian banking industry is one of the largest in the world. CRM in the banking sector is of strategic importance. Customer relationship management (CRM) is a strategy that can help them to build long-lasting relationships with their customers and increase their profits through the right management system and the application of customer-focused strategies. CRM in the banking sector is of strategic importance. It is the establishment; development; maintenance and optimisation of long term mutually valuable relationships between consumer and the organisations. Successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organisation's strategy, people, technology and business processes. CRM identifies the present and future markets, selects the markets to serve and identifies the progress of existing and new services.

CRM is a holistic strategy which can help the banks to become customer oriented and implement customer- focused strategies, which in turn will help them build long lasting relationships with the customers and hence increase their profits. CRM is a holistic process of acquiring, retaining, and growing customers. CRM defines is used to define the process of creating and maintaining relationships with business or customers.

Thus in this era of increased competition, in order to prosper, it will be imperative for the banks to develop long term relationships with the customers by offering quality services. Developing long term relations with the customer depends basically on three dimensions product quality, service quality and relationship quality for any kind of industry. This fact is also applicable for banking industry.

**OBJECTIVE OF THE STUDY**

1. To study and understand the concept of CRM.
2. To study the CRM Practices in Banking Sector in India.
3. To examine the importance of CRM in banking sector.
4. To study the Benefits of CRM context in Banking Sector.

**DATA AND METHODOLOGY**

The presents study is completely based on secondary sources of data collection such as electronic resources, books, newspapers, magazines, with the objective of successfully completion of ongoing study data are collected from published and unpublished sources.

**Definition of Customer Relationship Management**

Customer relationship management (CRM) is a co-ordinate approach in business to maintain the relationship between the firm and its customers to satisfy and retain the firm's customer, in turn helps the firm to exist in business and to attract more customers by giving promotions and more comfort in doing business with the firm (This Little Piggy, 2012).

According to Saravanakumar (2009), CRM is all about maintaining a sustainable competitive advantage by serving existing customers and attracting new customers.

**Importance of Customer Relationship Management (CRM)**

The concept of customer relationship management is dynamic in nature and therefore required for its effectively and efficiently implementation in the in organisation of Indian banking sectors. Customer relationship management is not only pure business but also ideate strong personal bonding within people. Development of this type of bonding drives the business to new levels of success.

Once this personal and emotional linkage is built, it is very easy for any organization to identify the actual needs of customer and help them to serve them in a better way. Although It is a belief that more the sophisticated strategies involved in implementing the customer relationship management, the more strong and fruitful is the business, but it may or may not be correct from actual situation is concerned. Most of the organizations have dedicated world class tools for maintaining CRM systems into their workplace. Some of the efficient tools used in most of the renowned organization are BatchBook, Salesforce, Buzzstream, Sugar CRM etc.

1. A CRM system consists of a historical view and analysis of all the acquired or to be acquired customers. This helps in reduced searching and correlating customers and to foresee customer needs effectively and increase business.
2. CRM contains each and every bit of details of a customer, hence it is very easy for track a customer accordingly and can be used to determine which customer can be profitable and which not.
3. In CRM system, customers are grouped according to different aspects according to the type of business they do or according to physical location and are allocated to different customer managers often called as account managers. This helps in focusing and concentrating on each and every customer separately.
4. A CRM system is not only used to deal with the existing customers but is also useful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details into the CRM system which is also called an 'Opportunity of Business'. The Sales and Field representatives then try getting business out of these customers by sophisticatedly following up with them and converting them into a winning deal. All this is very easily and efficiently done by an integrated CRM system.

5. The strongest aspect of Customer Relationship Management is that it is very cost-effective. The advantage of decently implemented CRM system is that there is very less need of paper and manual work which requires lesser staff to manage and lesser resources to deal with. The technologies used in implementing a CRM system are also very cheap and smooth as compared to the traditional way of business.
6. All the details in CRM system is kept centralized which is available anytime on fingertips. This reduces the process time and increases productivity.
7. Efficiently dealing with all the customers and providing them what they actually need increases the customer satisfaction. This increases the chance of getting more business which ultimately enhances turnover and profit.
8. If the customer is satisfied they will always be loyal to you and will remain in business forever resulting in increasing customer base and ultimately enhancing net growth of business.

### **CRM in Banking Sector**

In banking context, CRM is a system which has to deal with a large number of individual retail customers and has the analytical capability to manage the customer retention rates of the bank and to enable them to cross-sell their product effectively (Buttle 2009).

The idea of CRM is that it helps businesses use technology and human resources gain insight into the behavior of customers and the value of those customers. If it works as hoped, a business can: provide better customer service, make call centers more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenues. It doesn't happen by simply buying software and installing it. For CRM to be truly effective, an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information. For example, many financial institutions keep track of customers' life stages in order to market appropriate banking products like mortgages or IRAs to them at the right time to fit their needs. Should be collected to run process engine: 1) Responses to campaigns, 2) Shipping and fulfillment dates, 3) Sales and purchase data, 4) Account information, 5) Web registration data, 6) Service and support records, 7) Demographic data, 8) Web sales data

### **Benefits of Using CRM in Banking Industry**

Certainly a benefit for each company is to achieve better economic results thanks to achieving higher value from every interaction with a customer. Competition is very sharp in current market. Companies must take care of a customer in every area of their specialization by using various communication channels. Customer expects perfect services whether he calls a help line, asks a dealer, browses a web site or personally visits a store. It is necessary to assure him in a feeling that he communicates with the same company whatever form of communication, time or place he chooses.

According to Matusinska (2009, p. 191) the basic advantages and benefits of CRM are these:

- Satisfied customer does not consider leaving
- Product development can be defined according to current customer needs
- The ability to sell more products
- Optimization of communication costs
- Proper selection of marketing tools (communication)
- Trouble-free run of business processes
- Greater number of individual contacts with customers
- More time for customer

- Differentiation from competition
- Real time access to information
- Fast and reliable predictions
- Communication between marketing, sales and services
- Increase in effectiveness of teamwork
- Increase in staff motivation

### **Implementing CRM**

To ensure the well functioning of the concept of customer relationship management for successfully implementation in banking sector prospects, and devotes time and attention to expanding account relationship with those customers through individualised marketing, reprising, discretionary decision making, and customized service through the various sales channels that the bank uses. Any financial institution seeking to adopt a customer relationship model should consider six key business requirements (Chary & Ramesh, 2012), these are:

1. Create a customer-focused organisation and infrastructure.
2. Gaining accurate picture of customer categories.
3. Assess the lifetime value of customers.
4. Maximize the profitability of each customer relationship.
5. Understand how to attract and keep the best customers.
6. Maximise rate of return on marketing campaigns

### **Challenges Faced By Banks in Successful Implementation of CRM**

- The difficulty of obtaining a complete view of customers.
- The need to move away from disjointed, standalone, and inconsistent channels to provide a cohesive, multichannel offering.
- The burden of disconnected legacy systems and disparate databases that store client financial data.
- The cost and complexity of meeting stringent government regulatory and client security and privacy requirements.
- The pressure on margins and growth prospects from increased competition.
- The costs associated with retaining customers and developing customer loyalty.

Although CRM can help banking institutions efficiently manage their customers, many banks fail to meld the concept into the prevailing work culture. But the high incidence of CRM failure has very little to do with the CRM concept itself. Usually it's a case of the banks failing to pay attention to customer data they already have.

A lot of banks underestimate the magnitude of CRM. They tend to treat it just like any other application technology, without realizing that CRM, if done properly, is a strategic initiative that touches all areas of an organization.

### **SUMMARY AND CONCLUSION**

In brief I would like to conclude that customer relationship management is one of the biggest challenges for the Indian banking sector especially for the public sector banking sector, because the customer satisfaction level in public sector banks are not satisfactory as compared to private sector

banks. But we have to understand the reason behind such practices between public sector banks and private sector banks. Therefore, the concept of customer relationship management is not sufficient in itself but the most important thing is that how we are implementing it in an organisation to keep our customer happy so that they can retain their customer and make them loyal.

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**CORPORATE GOVERNANCE PRACTICES IN BANKING  
SECTOR: A CASE STUDY OF PUNJAB NATIONAL BANK**

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**ABSTRACT**

*Corporate governance broadly refers to the mechanisms, processes and relations by which corporations are controlled and directed. The study aim to shows the impact of corporate governance disclosure practices in Punjab National Bank. The objective of the research paper is to evaluate the corporate governance practice in banking sector particularly in Punjab National Bank and corporate governance practices in banking sector has been discussed.*

**Keywords:** Banking Sector; Corporate Governance; Punjab National Bank

**INTRODUCTION**

Honestly speaking the concept of Corporate governance is broadly refers to the mechanisms, processes and relations by which corporations are controlled and directed. Structure of corporate governance identify the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholder and includes the rules and procedures for making decisions in corporate affairs. Corporate governance includes the processes through which corporations' objectives are set and pursued in the context of the social, regulatory and market environment.

**OBJECTIVE OF THE STUDY**

1. To Study and understand the concept of corporate governance.
2. The primary objective is to examine the practice of corporate governance in Punjab National Bank.
3. To study the various issues taken into account in the code of conduct for the corporate Governance in Punjab National Bank.

**DATA AND METHODOLOGY**

This study is primarily qualitative in nature and do not uses any quantitative tool to analyses the data. Secondary data have been used for the study. Various journals, articles, websites, annual reports, books, newspapers and magazine have been used to assess information.

**Definition of Corporate Governance**

The Cadbury Committee (1992) in its report conceptualized corporate governance “as the system by which the companies are directed and controlled”.

Confederation of Indian Industry Code (1998)“Corporate governance deals with laws, procedure, practices and implicit rules that determine a company's ability to take managerial decisions vis-a-vis its stakeholders. There is a global consensus about the objective of good Corporate governance-maximising long-term shareholder value and thereby maximizing corporate value”.

### Principles of Corporate Governance

The Cadbury and Organisation for Economic Co-operation and Development (OECD) reports present general principles around which businesses are expected to operate to assure proper governance. The Sarbanes-Oxley Act, informally referred to as Sarbox or Sox, is an attempt by the federal government in the United States to legislate several of the principles recommended in the Cadbury and OECD reports.

**Transparency in Dealings and Disclosures:** Organizations should clarify and make publicly known the roles and responsibilities of board and management to provide stakeholders with a level of accountability. They should also implement procedures to independently verify and safeguard the integrity of the company's financial reporting. Disclosure of material matters concerning the organization should be timely and balanced to ensure that all investors have access to clear, factual information.

**Integrity and Ethical behavior:** Integrity should be a fundamental requirement in choosing corporate officers and board members. Organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making.

**Rights and Equitable Treatment of Shareholders:** Organizations should respect the rights of shareholders and help shareholder to exercise those rights. They can help shareholders exercise their rights by openly and effectively communicating information and by encouraging shareholders to participate in general meetings.

**Interests of other Stakeholders:** Organizations should recognize that they have legal, contractual, social, and market driven obligations to non-shareholder stakeholders, including employees, investors, creditors, suppliers, local communities, customers, and policy makers.

**Role and Responsibilities of the Board:** The board needs sufficient relevant skills and understanding to review and challenge management performance. It also needs adequate size and appropriate levels of independence and commitment.

### Corporate Governance Practices in Banking

It is worldwide true Corporate Governance is practiced in all the Banks in all its functional areas through high standards of accountability, transparency, social responsiveness, operational efficiencies and best ethical business practices. Hence, the Banks are committed to all the stakeholders of the Bank to protect their interests and for maximizing the shareholders' value. The Banks have well defined policies and guidelines for ensuring compliance of the Regulatory requirements.

### Indicators of Good Corporate Governance

To attain the level of Good Corporate Governance involves a commitment of a company to run its businesses in a legal, ethical and transparent manner. A dedication must come from the very top and permeate throughout the organization. Corporate governance is a voluntarily phenomenon. Law and regulations can, at best, define the basic framework – boundary conditions that cannot be crossed. The report is structure according to the different elements of corporate governance: 1) The Board of Directors, 2) Auditors, 3) Regulatory Agencies, and 4) External Institutions.

### Corporate Governance Practice in Punjab National Bank

#### Profile of Punjab National Bank

PNB, is one of the largest nationalized banks, has continued to provide prudent and trustworthy banking services to its customers. The Bank enjoys strong fundamentals, large franchise value and good brand image. With more than 120 years of strong existence and 6081 total branches including 5 foreign branches, 6940 ATMs, Punjab National Bank is serving more than 8.9 crore esteemed customers. To meet the growing aspirations of the people and compete in these tough conditions, the Bank offers wide range of products and services.

### Board of Directors

The bank believes that at the core of its corporate governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the company. The Bank expects all Directors and members of the Core Management to exercise good judgment, to ensure the interests, safety and welfare of customers, employees and other stakeholders and to maintain a cooperative, efficient, positive, harmonious and productive work environment and business organization. The Directors and members of the Core Management must act honestly and with due diligence while discharging duties of their office.

**Audit Committee of the Board (ACB):** The Audit Committee of the Board (ACB) has been constituted by the Bank as per the guidelines of Reserve Bank of India/ Government of India and Listing Agreement with Stock Exchanges. The main functions of the Committee are as under:-

- Providing direction and overseeing the total audit function of the Bank including the organization, operationalisation, quality control of internal audit and follow up on the statutory/external audit of the Bank and inspections of RBI.
- To interact with Statutory Central Auditors in respect of approval of quarterly/annual Financial Statements and Reports and also follow up on all the issues raised in the Long Form Audit Report.
- To review the internal inspection/Audit function of the Bank – the system, its quality and effectiveness in terms of follow up.
- Overseeing the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and
- To review, with the Management, the Annual Financial Statements before submission to the Board for approval.
- To act as per provisions of the Listing Agreement and in line with the RBI guidelines.

**Risk Management Committee:** The Bank has constituted the Risk Management Committee:

- To guide CRMC, ALCO & ORMC on any issue of importance for risk management and to oversee the functioning of these committees for effective coordination.
- Approving Market Risk Management processes (including people, systems, operations, limits and controls) pertaining to various risk areas viz. credit, market, operational and Pillar II risks.
- Approval of any other action necessary to comply with requirements set forth in Risk Management Policy/RBI guidelines or otherwise required for managing any risk.

**Shareholders / Investors Grievance Committee of the Board:** SIGCB Committee monitors shareholders' grievances received by the Bank the Share Transfer Agent (STA) and redressal of shareholders and investors complaints regarding transfer of shares, non-receipt of annual report, non-receipt of interest on bonds/declared dividends, etc. Out of 57 complaints received from the shareholders during the financial year13-14, 56 were redressed and one complaint was outstanding as on 31.03.2014.

**Remuneration Committee:** The Committee decides entitlement of incentive for CMD & EDs of the Bank employees so that they can avail the financial benefit.

**Customer Service Committee:** The Customer Service Committee has been constituted to discharge the following functions:

- Formulation of a Comprehensive Deposit Policy.
- Issues such as the treatment on death of a depositor for operations of his account.

- Product approval process regarding its suitability and appropriateness
- Annual Survey of depositor satisfaction.
- Triennial audit of such services.
- Monitoring the implementation of awards under the Banking Ombudsman Scheme.

**Information Technology Committee of the Board:** The Committee has been constituted to study various aspects of Information Security & Information Technology and suggest appropriate measures to strengthen the same in the Bank. The various IT initiatives including the IT Policies and IT Expenditure Budget and report on installation and functioning of ATMs are being placed in the quarterly meetings of IT Committee of the Board for information/discussion/guidance/approval.

**Management Committee (Mc):** The Committee considers following matters which are beyond the discretionary powers of CMD/Head Office Credit Approval Committee (HOCAC) III:-

- a) Sanctioning of credit proposals (funded & non funded).
- b) Loan compromise/write-off proposals.
- c) Proposal for approval of capital and revenue expenditure.
- d) Proposals relating to acquisition and hiring of premises including deviation from norms for acquisition and hiring of premises.
- e) Filing of suits/appeals, defending them etc.
- f) Investments in Government and other approved securities, shares and debentures of companies including underwriting.

### SUMMARY AND CONCLUSION

Corporate governance in Punjab national bank is subject to the legitimate initiation through proper mechanism. Ultimately it is the matter of numerous stakeholders whose interest is attached with functioning of Punjab national bank. Therefore to ensure the well functioning of Punjab national bank it is compulsory to adopt the core principle of corporate governance.

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**GROWTH OF THE KANGRA CENTRAL CO-OPERATIVE  
BANKS LIMITED - AN EVALUATION**

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**ABSTRACT**

*The Central Co-operative Banks form an integral part of the short and medium term cooperative credit delivery system and also play a strategic role. These banks are important link between the State Co-operative Bank and the Primary Cooperative Societies. It is necessary to have central banks from administrative point of view and for economic viability of Primary Cooperative Societies. Central Co-operative Banks being an important funding agency help to prevent delay of financing credit to its members and also help to supervise the effective utilization of credit sanctioned to its member societies and individuals. The Central Co-operative Banks have a significant role in relation to cooperative credit structure at the district level. The Central Co-operative Banks undertake various promotional and development activities for welfare of the cooperative movement in a district. These institutions mobilize resources by accepting deposits and borrowing from the State Co-operative Bank. They provide facility for the investment of the resources of primary societies. District Central Co-operative Banks finance to the primary societies affiliated to them. They also supervise and guide the functioning of the member societies at the district level. Since, District Central Co-operative Banks are the important segment of cooperative credit system and also it is important to know the functioning of these banks. Thus, this paper focuses on the study of the growth and performance of the Kangra Central Co-operative Bank Limited functioning in the state of Himachal Pradesh.*

**Keywords:** District Central Co-operative Bank; Kangra Central Co-operative Bank Limited

**INTRODUCTION**

Co-operative Banks play an important role in Indian banking system which establish a link between the common masses a banking system at the grass root level. Cooperative credit system comprises State Co-operative Banks which functions at state level, District Central Co-operative Banks at District Level and Primary Cooperative Societies at village level. District Central Co-operative Banks functions as an intermediary role. The major functions performed by these institutions include mobilization of deposits from the members and non-members and provision of adequate credit to the lower tier credit institutions like Primary Agriculture Cooperatives. These banks provide an extension facility in the rural as well as other banking facilities to their members. In the three-tiered Co-operative Banking Credit Structure, the Central Co-operative Banks occupies a position of intermediary level. In Himachal Pradesh, Cooperative Societies Act was introduced in 1956 and thereafter it was modified in 1968 after the reorganization of the state. At present the state has a good network of Commercial, Co-operative and Regional Rural Banks. As on 31<sup>st</sup> March 2013, the State had a network of 1,666

branches spread throughout the State of Himachal Pradesh. There are 85 branches of all banks which are serving in the urban areas of the State, 250 branches are serving in the semi-urban areas and 1,331 branches are serving in the rural areas of the State. In order to fulfil the demand of long term credit, the Himachal Pradesh State Co-operative Agricultural and Rural Development Bank play an important role. On the other hand, Kangra Primary Co-operative Agricultural and Rural Development Bank which is located in Dharamsala that provides medium and long term financial assistance for agricultural and allied activities with its sixteen branches spread in three districts namely Kangra, Una and Hamirpur. There are five Urban Cooperative Banks catering to the credit needs to their members in the urban areas of Himachal Pradesh. As far as the rural short term credit Co-operatives are concerned, there is an apex State C-operative Bank and two District Central Co-operative Banks financing in the concerned districts of their functioning areas. The Himachal Pradesh State Co-operative Bank is the Apex Bank which also discharges its cooperative role as District Central Co-operative Bank in six districts i.e. Shimla, Mandi, Bilaspur, Kinnaur and Sirmour respectively. Whereas the operational areas of the Kangra Central Co-operative Bank are in Hamirpur, Kangra, Una, Chamba and Lahaul Spiti district of the State. The Jogindra Central Co-operative Bank is functioning in Solan district only.

### SCOPE OF THE STUDY

This study has analysed the performance of the Kangra Central Co-operative Banks Limited. It has analysed with the help of secondary data collected from the annual reports, for a period of twelve years from 2001-02 to 2012-13. The factors taken into consideration for analyzing the performance are: deposit mobilisation, credit management recovery performance, operational and financial performance of the Bank.

### OBJECTIVES OF THE STUDY

The Followings are the main objectives of the study:

1. To analyse the pattern of share capital, deposit mobilization and credit management of the bank.
2. To examine the growth of the bank through selective indicators.
3. To study the profitability and recovery performance of the bank.

### Origin of the Kangra Central Co-Operative Bank Limited

The Kangra Central Co-operative Bank was registered on 17<sup>th</sup> March, 1920 with its head office at civil lines Dharamshala in Kangra district of Himachal Pradesh vide registration No.2048-5 dated 25<sup>th</sup> February 1920. At the time of its registration, the bank was named as Zamidara Bank and it was having only one branch with its head office at Dharamsala. It was established under the constitution of State Co-operative Societies Act 1912. At the time of reorganization of the states, the Kangra District which earlier used to be the Punjab province was merged in Himachal Pradesh and later on it was divided in three districts namely as Kangra, Hamirpur and Una. Four branches of the Hoshiarpur Central Co-operation in Una tehsil work were also merged in this bank at the time of reorganization.

As a result of reorganization of the states in March, 1<sup>st</sup> 1956 the erstwhile Kangra, Kullu, some parts of Hoshiarpur, Ropar and Ambala districts were transferred and merged with Himachal Pradesh and Co-operative banking system of the merged area was also transferred to Himachal Pradesh till the Himachal Pradesh State Co-operative Bank Limited had been working as a sole central financing agency in the whole of the old Himachal on unitary basis. Prior to 2<sup>nd</sup> November 1956, there were only six districts in the state known as Shimla, Kinnaur, Sirmour, Bilaspur, functioning as Central Co-operative Bank Limited in the state of Punjab which started functioning in the Kangra and Kullu districts including that of the then Una tehsil and Hoshiarpur district with its head quarter at Dharamshala. While in Solan district, the Jogindra Central Co-operative Bank which was established in August 1924 with its head office situated at Nalagarh, started functioning. In the year 1972, the area

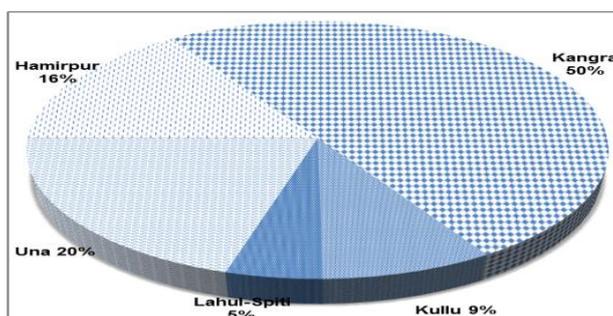
of operation of Kangra Central Co-operative Bank was extended to Kangra, Hamirpur, Una, Kullu and Lahaul Spiti districts of Himachal Pradesh.

**Geographical Coverage**

At present the Kangra Central Co-operative Bank is functioning in five district of the state i.e. Kangra, Hamirpur, Kullu, Lahaul & Spiti and Una. The Kangra Central Co-operative Bank was having 129 branches in 2001-02. At present this bank is functioning through 182 branches and 17 extensions counters with the strength of 1,598 employees.

**Table 1.** Branch Network of the Kangra Central Co-operative Bank (As on 31.03.2013)

Sr. No.	Name of District	Zone	No of Branches	Number of Extension Counters
1	Hamirpur	Hamirpur	13	1
		Nadaun	13	2
		Samirpur	11	1
2	Kangra	Baiznath	13	1
		Dehra	14	1
		Indora	11	3
		Kangra	10	1
		Nagrota Bangwan	13	-
		Nurpur	15	-
		Palampur	15	2
3 & 4	Kullu, Lahul & Spiti	Banzar Kullu	9	1
			16	1
5	Una	Daulatpur Chowk (Amb)	11	1
		Una	18	2
<b>Total</b>			<b>182</b>	<b>17</b>



**District-wise Branch Network of the Kangra Central Co-operative Bank Limited**

**Share Capital**

Table-2 indicates the composition of share capital of the Kangra Central Co-operative Bank Limited. It shows that the State Government was the main contributor to the share capital of the Bank. The Government has decreased its contribution by 4.64 percent over the year 2001-02. But overall share of Government was more than 50% of total paid up capital. The second major contributor to the share capital of the bank was cooperative Societies. The Cooperative Societies increased their participation about 36.83 per cent over the year 2001-02. Average contribution of Societies and State Government were Rs.92.89 lakh (42.89 percent) and 123.59 lakhs (57.07 percent) during the study period. On the basis of above analysis, it can be concluded that the main contribution was made by the State Government and secondly by the co-operative societies.

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**Table 2.** Share Capital of the Kangra Central Co-operative Bank

Year	Ownership of Share Capital						Total
	Individual		Co-operative Societies		State Government		
	Amount	% age of total	Amount	% age of Total	Amount	% age of total	
2001-02	0.09	0.05	74.44	39.20	115.35	60.75	189.88
2002-03	0.10	0.05	83.21	40.27	123.35	59.69	206.65
2003-04	0.10	0.04	84.94	38.02	138.35	61.93	223.38
2004-05	0.10	0.04	87.80	38.81	138.35	61.15	226.24
2005-06	0.10	0.04	92.56	40.07	138.35	59.89	231.00
2006-07	0.10	0.04	95.38	37.28	160.35	62.68	255.82
2007-08	0.10	0.04	96.90	44.25	122.00	55.71	219.00
2008-09	0.10	0.05	98.41	47.89	107.00	52.07	205.50
2009-10	0.10	0.05	99.12	47.38	110.00	52.58	209.22
2010-11	0.10	0.05	99.89	47.57	110.00	52.38	209.99
2011-12	0.10	0.05	100.12	47.63	110.00	52.33	210.22
2012-13	0.10	0.05	101.86	48.06	110.00	51.89	211.96
<b>Mean</b>	0.096		92.89		123.59		216.57
<b>S.D.</b>	0.001		8.148		6.0432		15.7755
<b>C.V</b>	0.579		8.77		12.98		7.28
<b>C.G.R.</b>	0.15		2.94		1.51		1.01

**Source:** Annual Reports of the Kangra Central Co-operative Bank Ltd. various issues.

### Branch Expansion and Membership

Table-3 analyses the branch expansion and growth in membership in the Kangra Central Co-operative Bank. It is clear that the bank had 141 branches in the year 2001-02, which increased to 182 in the year 2012-13. There was no expansion from 2002-03 to 2004-05 and also during the year 2008-09 to 2010-11, but in the year 2011-12 it opened 3 new branches and again in the year 2012-13 it opened 16 branches, registering a compound growth rate of 2.35 per cent per annum. The Co-operative Bank's membership consists of Individual members, Cooperative Societies and the State Government. The Co-operative Bank has a mixed federal structure with regards to its membership. The total numbers of members were 2,132 in the year 2001-02, which increased to 2,239 in the year 2012-13. Analysis of membership rate shows a fluctuating trend during the study period and registered a compound growth rate of 1.01 percent.

**Table 3.** Branch Expansion and Growth in Membership

Period	Number of Branches	Percentage Change Over Previous Year	Number of Members	Percentage Change Over Previous Year
2001-02	141	--	2,132	--
2002-03	<b>157</b>	11.35	2,152	0.94
2003-04	<b>157</b>	0.00	2,163	0.51
2004-05	<b>157</b>	0.00	2,167	0.18
2005-06	160	1.91	2,152	-0.69
2006-07	160	0.00	2,149	-0.14
2007-08	162	1.25	2,189	-0.69
2008-09	163	0.62	2,186	-0.14
2009-10	163	0.00	2,297	1.86

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**Table 3.** Branch Expansion and Growth in Membership (Contd....)

Period	Number of Branches	Percentage Change Over Previous Year	Number of Members	Percentage Change Over Previous Year
2010-11	163	0.00	2,226	-0.14
2011-12	166	1.84	2,226	5.08
2012-11	182	9.64	2,239	-3.09
Mean	160.92		2,189	
S.D	8.80		46.23	
C.V.	5.47		2.11	
C.G.R.	2.35			

**Source:** Annual Reports of the Kangra Central Co-operative Bank Ltd. various issues

## Deposits of Bank

The Co-operative Banking system aims at mobilization of savings from the middle-income groups and provides credit requirement to the middle and economically weaker sections of the society. Thus, it occupies an important position in the financial system of the economy.

**Table 4.** Deposits of KCCB

Period	Number of Branches	Increase/Decrease	Growth Rate
2001-02	1,33,289	--	100
2002-03	1,73,780	40,491	130.38
2003-04	2,02,398	28,618	151.85
2004-05	2,22,944	20,546	167.26
2005-06	228559	5615	171.48
2006-07	246925	18366	185.26
2007-08	280425	33500	210.39
2008-09	328178	47753	246.22
2009-10	380864	52686	285.74
2010-11	439346	58482	329.62
2011-12	520067	80721	390.18
2012-13	598248	78181	448.84
<b>Mean</b>	<b>312918.47</b>		
<b>S.D.</b>	<b>138329.63</b>		
<b>C.V</b>	<b>44.21</b>		
<b>C.G.R.</b>			

**Source:** Annual Reports of the Kangra Central Co-operative Bank Ltd. various issues

## Advances

The Kangra Central Co-operative Bank Limited provides loans and advances for short term, medium term and long term to the co-operative societies and individuals. In addition to it, net credit facility is provided against the cash credit limits to the cooperative societies. The main objective of the bank is focus on rural development. In order to achieve this objective, the bank is providing the credit facilities through the cooperative sector in the rural area.

The growth of aggregate loans and advances of the bank shows that this witnessed an increase of 532.47 percent during the periods over the year 2001-02. The short-term loans of the bank registering an increase of about 744.85 per cent over the period of 2001-02. In case of medium-term loans which were Rs. 29,852 lakh in 2001-02 increased to Rs. 1,26,475 lakh in the year 2012-13 which is 4.24

times of the amount of medium-term loans in the year 2001-02. On the other hand a long term loan which was Rs. 3,388 lakh in 2001-02 increased to Rs. 58470.04 lakh. The compound growth rate of short term, medium term and long term loans was observed 23.31 percent, 14.89 percent and 34.18 percent respectively. The co-efficient of variation was observed highest in case of long term loans i.e. 81.41 percent and lowest in medium term loans (38.39%). It shows that long term loans are less consistent against medium term loans which are more consistent.

**Table 5.** Composition of Advances of the Kangra Central Co-operative Bank Limited

Period	Advances						Total
	Short Term	% of Total	Medium Term	% of total	Long Term	% of total	
2001-02	11,906	26.37	29,852	66.12	3,388	7.50	45,146
2002-03	21,882	34.44	36,378	57.26	5,267	8.29	63,528
2003-04	21,825	28.38	47,636	62.93	7,452	10.69	76,913
2004-05	24,314	28.53	52,980	60.99	11,026	12.48	88,320
2005-06	29,603	31.45	49,771	53.88	14,750	16.67	94,124
2006-07	35,201	32.13	58,615	54.50	15,742	14.37	1,09,558
2007-08	35,791	31.11	60,901	53.94	18,348	16.95	1,15,040
2008-09	40,687	31.63	70,526	53.10	21,610	16.27	1,32,823
2009-10	47,065	31.43	75,976	51.74	26,689	18.82	1,49,730
2010-11	69,385	38.00	82,228	45.04	30,957	17.96	1,82,569
2011-12	93,451	39.59	84,412	34.85	64,296	27.55	2,42,158
2012-13	1,00,588	35.23	1,26,47	44.29	58,470.	20.48	2,85,538
<b>Mean</b>	<b>44,308.19</b>		<b>64,645.83</b>		<b>23,166.25</b>		<b>1,32,120.23</b>
<b>S.D.</b>	<b>27,480.07</b>		<b>24,820.00</b>		<b>18,860.44</b>		<b>69,510</b>
<b>C.V</b>	<b>62.07</b>		<b>38.39</b>		<b>81.41</b>		<b>52.61</b>
<b>C.G.R.</b>	<b>23.31</b>		<b>14.89</b>		<b>34.18</b>		<b>18.26</b>

**Source:** Annual Reports of the Kangra Central Co-operative Bank Ltd. various issues

**Purpose-Wise Advances**

Table-6 shows the purpose-wise outstanding loans and advances i.e. Agricultural and Non Agricultural loans. Table shows that maximum proportion of outstanding loans was made with Non-Agricultural loans with 83.74 percent to 96.04 per cent during the study period. Agricultural loans remained 3.97 percent to 16.26 percent per cent of total outstanding loans during the study period. Agricultural loans registered 31.3 per cent compound growth rate. On the other hand Non Agricultural Loans shows 17.14 percent compound growth rate. The coefficient of variation of agriculture loans was observed to be the highest in case of agriculture loans which indicates that agriculture loans are less stable in comparison to non-agriculture loans.

**Table 6.** Purpose-wise Advances of the Bank

Period	Agricultural Loan		Non-Agricultural Loan		Total Loan
	Amount	% of Total	Amount	% of Total	Amount
2001-02	1,976.92	4.38	43,169.13	95.62	45,146.05
2002-03	2,595.19	4.09	60,932.57	95.91	63,527.76
2003-04	3,090.49	3.97	74,825.82	96.03	77,916.31
2004-05	3,494.61	3.96	84,825.42	96.04	88,320.03
2005-06	4,063.99	4.32	90,060.27	95.68	94,124.26
2006-07	5,220.26	4.76	1,04,338.00	95.24	1,09,558.26

**Table 6.** Purpose-wise Advances of the Bank (Contd....)

Period	Agricultural Loan		Non-Agricultural Loan		Total Loan
	Amount	% of Total	Amount	% of Total	Amount
2007-08	15,354.49	13.35	99,685.60	86.65	1,15,040.09
2008-09	21,592.73	16.26	1,11,230.64	83.74	1,32,823.37
2009-10	21,250.75	14.19	1,28,479.47	85.81	1,49,730.22
2010-11	20,411.08	11.18	1,62,157.82	88.82	1,82,568.90
2011-12	24,039.11	9.93	2,18,119.21	90.07	2,42,158.32
2012-13	39,526.00		2,46,008.00		2,85,534
<b>Mean</b>	<b>13,551.30</b>		<b>1,18,652.66</b>		<b>1,32,203.96</b>
<b>S.D.</b>	<b>11,485.20</b>		<b>58,902.43</b>		<b>64,444.34</b>
<b>C.V</b>	<b>84.75</b>		<b>49.64</b>		<b>52.52</b>
<b>C.G.R.</b>	<b>31.3</b>		<b>17.14</b>		<b>18.26</b>

**Source:** Annual Reports of the Kangra Central Co-operative Bank Ltd. various issues

### Recovery Performance

Table-7 shows the recovery performance of the bank, in the year 2002-03, the bank had collected Rs. 5,270 lakh against the demand of Rs. 6,434 lakh which amounts to 81.91 percent of the total dues. On the other hand, the total demand in 2005-06 was Rs. 10,269 lakh out of which Rs.8.471 lakh was recovered, which was around 82.49 percent of the total demand. In the year 2012-13, the bank had collected Rs. 64,556 lakh against the demand of Rs. 48,675 lakh which amounts to 75.4 percent of the total dues. The maximum percentage of the overdue was recorded 25.62 percent and minimum 10.69 percent in the years 2003-04 and 2007-08 respectively. The compound growth rate of demand and collection was recorded at 25.93 percent and 24.90 percent respectively

**Table 7.** Recovery Performance of Kangra Central Co-operative Bank (Amount Rs. in Lakh )

Period	Demand	Recovery	Overdues	Recovery (%)	Overdue (%)
2001-02	NA	NA	NA	NA	NA
2002-03	6,434	5,270	1,164	81.91	18.09
2003-04	12,195	9,071	3,124	74.38	25.62
2004-05	10,269	8,471	1,798	82.49	17.51
2005-06	24,013	21,482	2,531	89.46	10.54
2006-07	14,074	11,049	3,025	78.51	21.49
2007-08	32,219	28,774	3,445	89.31	10.69
2008-09	31,168	27,319	3,849	87.65	12.35
2009-10	41,586	36,811	4,775	88.52	11.48
2010-11	58,743	51,261	7,482	87.26	12.74
2011-12	58,418	44,895	13,523	76.85	23.15
2012-13	64,556	48,675	15,881	75.4	24.6
<b>Mean</b>	<b>32,152.27</b>	<b>26,643.45</b>	<b>5,508.82</b>	-	-
<b>S.D.</b>	<b>20,155.30</b>	<b>16,232.93</b>	<b>4,638.06</b>	-	-
<b>C.V</b>	<b>62.69</b>	<b>60.93</b>	<b>84.19</b>	-	-
<b>C.G.R</b>	<b>25.93</b>	<b>24.90</b>	<b>29.87</b>	-	-

**Source:** Annual Reports of the Kangra Central Co-operative Bank Ltd. various issues.

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### Profitability

The performance of the bank is decided on the basis of the profit earning capacity. Table-8 exhibits the growth of total income, expenditure and profit of the bank during the study period. The growth rate of the profit of Bank fluctuated during the period of study. The compound growth rate of profit of bank for the period under study was -6.25 percent. The compound growth rate of income and expenditure of the bank for the study period was 11.11 percent and 14.07 percent respectively. This shows that the expenditures of the bank increased with the highest growth in comparisons with income of the bank. The result of which reflected in the profitability level of the bank.

**Table-8.** Profitability of the Kangra Central Co-operative Bank (Amount Rs. in Lakh)

Period	Income		Expenditure		Profit		Profit/ Advances
	Amount	% Increase/ Decrease	Amount	% Increase/ Decrease	Amount	% Increase/ Decrease	
2001-02	18,584.96	--	14,062.76	--	4,522.19	--	10.02
2002-03	22,206.36	19.49	15,740.97	11.93	6,465.39	42.97	10.18
2003-04	24,821.26	11.78	16,312.15	3.63	8,509.11	31.61	11.06
2004-05	23,329.71	-6.11	17,205.86	5.48	6,123.85	-20.03	6.94
2005-06	22,676.95	-2.80	17,862.64	3.82	4,814.32	-21.38	5.11
2006-07	23,185.90	2.24	18,261.49	2.23	4,924.41	2.29	4.49
2007-08	27,466.01	18.46	24,109.43	32.02	3,356.59	-31.84	2.92
2008-09	32,006.83	16.53	27,498.07	14.06	4,508.76	34.33	3.39
2009-10	35,072.12	9.58	30,357.49	10.4	4,714.62	4.57	3.15
2010-11	38,618.97	10.11	33,034.45	8.82	5,584.52	18.45	3.06
2011-12	48,967.60	26.80	46,039.79	39.37	2,927.81	-47.57	1.21
2012-13	59,209.98	20.92	56,623.34	22.99	2,586.64	-11.65	0.91
<b>Mean</b>	<b>31,345.55</b>		<b>26,425.70</b>		<b>4,919.85</b>		
<b>S.D.</b>	<b>11,776.19</b>		<b>12,768.89</b>		<b>1,565.23</b>		
<b>C.V</b>	<b>37.57</b>		<b>48.32</b>		<b>31.81</b>		
<b>C.G.R.</b>	<b>11.11</b>		<b>14.07</b>		<b>-6.25</b>		

**Source:** Annual Reports of the Kangra Central Co-operative Bank Ltd. various issues.

### Profitability Ratios

Table-9 shows the ratio analysis of the Kangra Central Co-operative Bank Limited for the period 2001-02-2012-13.

**Table 9.** Ratios analysis of the Kangra Central Co-operative Bank Limited

Period	Credit Deposit Ratio	Interest Earned Ratio (r)	Interest Expenses Ratio (k)	Spread Ratio S=(r-k)	Man- power Expenses Ratio (m)	Other Expenses Ratio (o)	Non- Interest Income Ratio (c)	Burden Ratio B= (m+o-c)
2001-02	33.9	10.34	6.72	3.62	0.88	1.16	0.07	1.97
2002-03	36.6	9.26	5.62	3.64	0.77	1.01	0.09	1.69
2003-04	38.0	8.82	4.93	3.89	0.71	0.91	0.07	1.55
2004-05	39.6	7.43	4.53	2.9	0.77	1.00	0.07	1.70
2005-06	41.2	6.96	4.36	2.6	0.81	1.18	0.07	1.92
2006-07	44.4	6.37	3.93	2.44	0.83	1.19	0.13	1.89
2007-08	41.0	6.84	4.72	2.12	0.84	1.38	0.10	2.12

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**Table 9.** Ratios analysis of the Kangra Central Co-operative Bank Limited (Contd....)

Period	Credit Deposit Ratio	Interest Earned Ratio (r)	Interest Expenses Ratio (k)	Spread Ratio S=(r-k)	Man-power Expenses Ratio (m)	Other Expenses Ratio (o)	Non-Interest Income Ratio (c)	Burden Ratio B=(m+o-c)
2008-09	40.5	6.85	4.78	2.07	0.89	1.18	0.10	1.97
2009-10	39.3	6.51	4.59	1.92	0.88	1.13	0.10	1.91
2010-11	41.6	6.14	4.19	1.95	0.79	1.12	0.07	1.84
2011-12	46.6	6.37	4.73	1.64	0.81	1.31	0.06	2.06
2012-13	47.7	6.65	5.12	1.53	0.88	0.42	0.05	1.25
Mean	40.85	7.38	4.85	2.53	0.82	1.08	0.08	1.82
S.D.	3.79	1.29	0.70	0.78	0.05	0.23	0.02	0.23
C.V.	9.27	17.49	14.45	30.87	6.51	21.69	26.37	12.72
C.G.R.	3.17	-3.93	-2.44	-7.53	--	-8.82	-3.01	-4.05

**Note:** All ratios are expressed in percentage.

Credit deposit ratio of the bank shows an increasing trend during the study period. The Interest Earned Ratio shows a declining trend till 2006-07 and thereafter it gained some improvement and it showed fluctuation and finally it reached at the level of 6.65 percent in the year 2012-13. Interest Expenses Ratio also shows a fluctuating trend during the study period. Manpower Expenses Ratio which was 0.88 percent in 2001-02 showing a fluctuating trend and reached at 0.84 percent in 2007-08 and thereafter it gained some improvement it reached at 0.79 percent in the year 2010-11. It was reduced mainly because of a significant reduction in the number of employees and non-filling up of the vacancies that arose due to retirement and other factors. The Other Expenses Ratio decreased till 2003-04 and reached at less than 1 percent. After showing a decreasing trend it again reached 0.42 percent. Burden Ratio is the difference between the sum of the man power expenses ratio and other expenses ratio and non-interest income ratio. A positive burden ratio implies that manpower and other expense put together are larger than the non-interest income. The Burden ratio which was 1.97 percent in 2001-02 increased to 2.12 in the year 2007-08 and after showing the mixed trend it again reached 1.25 percent in the year 2012-13.

### CONCLUSION

The preceding discussion brings out that the Kangra Central Co-operative Bank Limited is working efficiently and increasing the profit level. State government is contributing more in paid up share capital, deposits and advances increased with a high rate which shows the efficiency of management. The bank is functioning for more than years and providing credit facility for agricultural and allied activities so it is recommended that it should retain its present members. The bank must try to increase number of its members for increasing the amount of share capital. It should control expenses so the profits will be increased. The overdue situation shows unfavourable condition so it is recommended that bank must adopt safe lending practices to reduce over dues. The bank can effectively utilize its resources in a better way through long-term advances with higher interest rates. Overall it can be concluded that Kangra Central Co-operative Bank is performing efficiently in the state of Himachal Pradesh.

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**A STUDY ON THE EFFECTS OF LIBERALISATION AND  
DECENTRALISATION POLICY ON EDUCATION IN KERALA**

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**ABSTRACT**

*While India can boast of having the third largest higher education system in the world, reality is that India is facing a severe shortage of skilled human resources. The reason for such a contrasting situation is the extremely low quality of primary, secondary, and college-level education in India. A possible way-out from this situation is privatization of the education system, which is predominantly public at present. Privatization of education has the potential to improve the quality of education as well as to reduce the cost. However, to ensure access to education for all, the government must design an effective transfer-payment system. Educational institutions in Kerala still lay emphasis on traditional courses in arts and science subjects. The job markets in foreign countries are now seeking specialized labourers. Traditional pattern of education provided by the institutions of Kerala cannot meet the needs of these job markets. The failure of the public system of education to add new specializations to existing courses, as also to start new courses in emerging areas, has led to the migration of students to other states. The courses in fast growing areas like computer education travel and tourism, hotel management, foreign languages etc. are provided by private institutions in Kerala. In Kerala, social, religious and political organizations acted as pressure groups for the establishment of new institutions. But it has been criticized that the education system of Kerala lacks quality. The lack of proper investment is the main constraint for the modernization and diversification of the education sector. Private agencies played a major role in the expansion of the educational sector in Kerala. These institutions are liberally aided and supported by the government. The number of private aided schools and colleges outnumber the government- owned institutions. Now the government is sanctioning the private self- financing institutions. This article examines liberalization and decentralization policy in education and its effects on education quality and equity in Kerala state.*

**Keywords:** Traits Liberalisation; Decentralization; Education; Kerala

**INTRODUCTION**

The debate surrounding around the issues with financing higher education is primarily because 'education' is considered to be a quasi- public good. It is a public good because the benefits out of it largely affect society through human capital formation and knowledge. However, it is also considered to be a private good because it provides a platform for the individual to generate regular income for themselves through their skills. This theoretical divide in the concept of education has led to policy makers and practitioners have different perspectives about financing higher education. It discusses some aspects of Kerala economy and society, which have a direct influence on the State's education system. Growth in State Domestic Product, structural changes in the economy, growth in employment and unemployment, international migration, demographic changes and State's fiscal crisis are some of the areas covered under this head. The paper also examines the trends in the educational finances of the State. The paper finds that the share of education in the State's budget has reached an all-time low precisely when the State Domestic Product has been recording all-time high growth rates. The vacuum

created by the withdrawal of the State is now being filled by unaided self-financing institutions, especially in the professional educational sector. There is a paradigm shift in the State's education from an all-inclusive system, attempting to reach education to all social and economic groups, to an exclusive system, limiting access to the upper echelons of society. The pendulum seems to be swinging from one extreme to the other, from a highly subsidized and state sponsored system to a total student financing system. This shift in approach has the potential of undermining the very Kerala Model of Development and is likely to have far-reaching adverse social and economic consequences. The school curriculum failed to equip students with the skills necessary for a modern economy. In Kerala people shows an obsession to secure white collar jobs and reluctance to do manual work. Though the unemployment rates in Kerala are the highest in India, the state's requirements for manual labour in occupations like farming, construction, quarrying, earthworks etc. are increasingly met by laborers from neighboring states. Educational institutions in Kerala still lay emphasis on traditional courses in arts and science subjects. Curricula were not adapted to the changing needs of the economy. The job markets in foreign countries are now seeking specialized labourers. Traditional pattern of education provided by the institutions of Kerala cannot meet the needs of these job markets. The failure of the public system of education to add new specializations to existing courses, as also to start new courses in emerging areas, has led to the migration of students to other states. The courses in fast growing areas like computer education travel and tourism, hotel management, foreign languages etc. are provided by private institutions in Kerala. In Kerala, social, religious and political organizations acted as pressure groups for the establishment of new institutions. But it has been criticized that the education system of Kerala lacks quality. The lack of proper investment is the main constraint for the modernization and diversification of the education sector. Private agencies played a major role in the expansion of the educational sector in Kerala. These institutions are liberally aided and supported by the government. The number of private aided schools and colleges outnumber the government- owned institutions. Now the government is sanctioning the private self- financing institutions.

The importance of education is rising day by day. Technological advances, modern life standards require well educated, proficient people around the world. Moreover, education is seen as an important tool to reach economic achievement for the countries. Hence, many governments try to succeed in the education sector, by trying to develop it . For this purpose, governments should provide education for all and increase the quality of education at schools. Especially developing countries are faced with major difficulties in reaching such goals. In many countries, governments strive to enable better education to their citizens. With their inadequate resources, they sometimes come up against growing population and limited schools, deficient and low qualified teachers and poor educational environment because of high costs of education services. While governments were suffering from such problems, privatisation policies came in and appeared to provide a solution. Some authors agree that if governments can deliver the education services through private sector, the burden on the national budget can be reduced and quality of education can get higher. Private schools can be pro-profit or non-profit and these would have distinct effects on the education system. We will seek an answer to whether privatisation is a beneficial policy for education systems. In this article firstly, reasons and historical background of privatisation in education will be examined. Then privatisation in kerala education system will be analysed from different perspectives.

The term 'privatization' is an umbrella term referring to many different educational programmes and policies. As an overall definition, 'privatization is the transfer of activities, assets and responsibilities from government/public institutions and organizations to private individuals and agencies'. Also, privatization is often thought of as 'liberalization' – where agents are freed from government regulations or as 'marketization' – where new markets are created as alternatives to government services or state allocation systems the trend towards privatization is strong: it is taking place in many countries and within many sectors of the economy. The education sector – because it is a large expenditure item in government budgets – often faces pressure to privatize. This pressure comes in many forms. For example, education can be privatized if: (a) students enroll at private schools; or (b) if higher education is privately funded. In the first case, schooling is no longer provided by the

government; in the second case, the government is no longer funding education through taxpayers' money or loans. So private school students' parents may press for privatization, as may the taxpayers who fund higher education. In general, it is helpful to think of privatization in three forms.

**New Economic Policy and Privatisation of Education:** Recently, governments both at the centre and the state favour more private initiative in education and they have shown the tendency of gradual withdrawal from the education sector. The state government has been reducing, its expenditure on education. The share of education in total expenditure has been brought down from 27.45 per cent in 1990-91 to 22.47 per cent in 2001 -02 Year 2001. The number of government and govt aided schools has also registered a decline, but the number of private schools in the unaided sector has gone up and there has been a steady increase in the enrollment in un aided schools since 1991. What the pictures of landscape in education in Kerala as well as India clearly point out is that there is a steady growth of Unaided sector, at the cost of aided and govt. financed private and govt. schools, at all the levels, though there is slight variation. There have been several interpretations for this phenomenon. As it has been pointed out by experts deterioration of quality of education in govt. schools and the poor and inefficient public education system has encouraged this trend in general. Apart from this, the identification of education as a sector for better investment area has also invited huge investments in this sector which accelerated the supply side provisions.

**Economic Development and Privatisation of Education:** The increase in expenditure on education by Indian households is evident from the fact that while consumer market has grown at 14.5 percent per annum over the last 5 years, expenditure on education rose by 21per cent. An analysis of the data shows that as households become economically prosperous their share of expenditure on education gradually rises from 2 per cent for the bottom 10 per cent to 13.5per cent for the top 10 per cent households. A major factor that is contributing to this increase in expenditure on education is the growing preference for private sector educational institutes over government institutes. Many of the rural families send their children to private schools even it means incurring increased expenditure in spite of the presence of adequate number of government schools in the neighborhood.

**Policy Implications:** The government has been gradually withdrawing from economic activities; private enterprise is being encouraged. The withdrawal of state from the frontier of welfare activities, reduction in government spending in the social sector and promotion of private initiative in all most all the areas of development were the core of the policy prescriptions. The state government has been reducing, its expenditure on education. The number of government and aided schools has also registered a decline, but the number of private schools in the unaided sector has gone up.. Education as a monopoly and as a state supported system is also being liberalised. Private initiative and investment has been rising rapidly in the form of unaided schools and self-financing institutions. The share of unaided schools in the total number of schools in Kerala has increased from 4.5 per cent in 1990-91 to 8.5 per cent in 2000-01, while the share of Government and aided schools has declined from 39.2 and 56.3 in 1990-91 to 37 per cent and 53.8 per cent respectively in 2000-01 (Economic Review, 2001)

### **Why Is Privatization Happening?**

There are many factors driving privatization in education. These factors differ in intensity between countries and across the three sectors of primary, secondary and tertiary education. However, when combined, they represent a powerful force that may increase privatization, even when government officials are resistant to change. Before listing these factors, it is worth noting that some advocates of privatization are motivated by an ideological commitment to individual rights over government intervention. These advocates believe that a family's right to choose its own education is paramount, and that the burden of proof should be on governments to explain why they would deprive parents of this right. Other advocates may stress efficiency; detractors may argue that any private education system based on ability-to-pay is inequitable. The conventional view, more than likely, is to see privatization as a way of redressing the balance from government involvement to greater autonomy for

families. Both government and family are important, and privatization shifts emphasis on to the latter relative to the former.

**Demand-Side Pressures:** The first factor that can be cited to explain privatization in education is simple: many parents want it. In many countries, education is viewed as an important way to gain social and economic advancement. Therefore, the demand for education is high (James, 1987), and if governments cannot afford to provide and fund all the education that parents expect for their children, then those parents will seek private suppliers. This type of demand is 'excess demand', over and above what is provided by the government. Typically, this will encourage privatization at the secondary and tertiary levels, as parents seek to give their children more years of education than may be available in government schools. In addition, many parents want for their children an education different from that offered in public schools

**Supply-Side Pressures:** The second factor that motivates privatization is the decline in the quality of, and in some cases the reductions in funds available to, the public sector (Murphy, 1996). Many parents may feel that the local public school is inefficient in providing education of the type that is most needed; this dissatisfaction can be seen across many nations and is often reported by parents in very basic terms (such as the inability of the school to guarantee their children's safety). These parents consequently seek alternatives, often in the private sector.

**General Pressures:** As well as these push-and-pull factors, there are general pressures to privatize education systems. One such factor is global economic and social change. Globalization, linked with market liberalization, has both pressured and encouraged governments to seek more efficient, more flexible, and more expansive education systems. Privatization may be one response to these changes. For example, there is a great international demand for higher education instruction in the English language.

### **OBJECTIVES OF THE STUDY**

The purpose of this study was to investigate the effects of liberalization and decentralization policy on education in Kerala. Following are the main objectives of the study.

1. To study the effects of liberalization and decentralization policy on education in Kerala.
2. To analysis the Economic Development and Privatisation of Education.
3. To analyses government Policy and its Implications on education.

### **SCOPE AND SIGNIFICANCE OF THE STUDY**

This paper has been made an attempt to analysis the effects of liberalization and decentralization policy on education in kerala.

This study conducted among school and colleges both in government and private sector in Kerala. Data was collected from students, parents, public and officials like teachers, principal/ HM and social workers

### **RESEARCH METHODOLOGY**

**Research Design:** This research is descriptive in nature. Sample design is determined before data is collected. Random sampling method is used to collect the data from the population. The study is designed as a descriptive one on survey method. Simple random sampling method is used to collect data. Data are collected directly from the given population and collects opinions from officials like teachers, principal/ HM and social workers.

**Population and Sample:** Population comprises of students, parents, teachers and other officials in Kerala. The students and parents included from government, aided, self Finance and private institutions in Kerala state. The study was conducted during the period from February 2014 to May 2015.

**Tools for Data Collection:** Both primary and secondary data are used for the study. Primary data was collected directly from the students, parents, teachers, social workers and officials through a structured questionnaire. Secondary data was collected from journals, articles, websites, blogs etc.

**Tools for Data Analysis:** Data was analyzed by using simple statistical tools like tables, bar diagrams and pie diagrams.

### LIMITATIONS OF THE STUDY

- It took time to collect data due to non co operation from some schools.
- Some of the results of the study cannot be generalized to other areas of the state and country as they are the personal opinions of the officials.
- It took time to collect the data due to the busy schedule officials.

### FINDINGS OF THE STUDY

- Increasing Availability and Accessibility of education
- Increasing Educational Choice
- Increasing Parental Participation in education
- Due to competition in education, improve the infrastructure of educational institutions.
- Failures to Ensure Quality Teaching Through Competitive Salaries and Adequate Teaching Qualifications
- Enhanced Stratification and Perpetuation of Socio Economic Differences and Class Barriers
- Create and enhance classification of people on the basis of income.
- In school levels there is no scale of limits regarding tuition fees and other fees. Many private school charges comparatively huge amounts from students.
- Privatisation helps to improve the quality of government schools by completion.

### SUGGESTIONS

- It is better if the government set up a strict regulating authority to supervise private schools.
- It may be useful when the government fixes the tuition and other fees of private schools like college level education.
- It may be good if the government avoid the moderation scheme and should avoid window dressing of school results.
- It is better if the government make provision reservation in private school also to reduce discrimination on the basis of income.
- It is good if the toilet and other basic facilities in government school are ensured.

### CONCLUSIONS

The world we live in is extraordinarily dynamic and forces us daily to face numerous changes in all areas of life. Although the relationship between private and state property was considered and compared by classics in economics, it is only over the last couple of decades that the privatization processes have become a part of everyday economic life. Privatization reaches all industrial branches and the most re- cent trend is to involve private sector into public administration. Education system is not immune to privatization either, however, due to its specific c nature the privatization processes have to be handled very cautiously. This paper examines the effects of privatization in education, the factors causing privatization in higher education and how it is implemented. It also looks at the issue

of advantages and disadvantages of privatization in education. If we consider privatization from an economic point of view only, the starting point of any analysis should be the analysis of arguments pro and against privatization in general. Nevertheless, education is not just an ordinary one-off service. Education is not just the transfer of information and knowledge from teachers to students. Education is what shapes each individual society and determines its future to a large extent. Through education system, individuals learn how to survive in a global world and become successful members of the society. Education is definitely one of the most important public goods and a generator of an extraordinary stream of positive externalities. These are the very reasons why it is necessary to consider the issue of privatization in higher education from different points of view, not just economic.

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**Book Review**

**INTERNATIONAL FINANCIAL REPORTING STANDARDS- A  
PRACTICAL APPROACH**

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**Book : International Financial Reporting Standards: A  
Practical Approach**

**Author : Dr. Jasmine Kaur**

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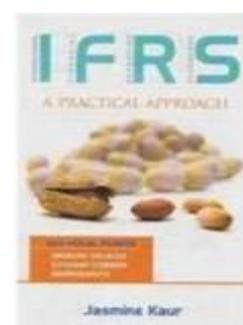
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**BOOK REVIEW**

Dr. Jasmine Kaur has written this book on International Financial Reporting Standards (IFRS) to introduce the International Financial Reporting Standards (IFRS) from the examination point of view for accounting students at various levels such as CA-IPCC students, graduate and post graduate students of commerce. This book offers a practical approach of IFRS with the help of various examples within the text. Dr. Jasmine Kaur was an assistant professor at Shri Ram College of Commerce (SRCC), University of Delhi and presently, working as director at IFRS Clinic, The Financial Training centre, New Delhi. She has authored 3 books one is on IFRS and others are on Financial Accounting and Working Capital Management. She has written many articles in various national and international journals. The main objective of publishing this book is to provide comprehensive knowledge about IFRS, its importance and its implications.

This book contains 14 chapters which are divided into 2 parts:

**Part 1- General Overview**

Chapter 1: Introduction to IFRS

Chapter 2: Framework

Chapter 3: A Brief Overview of Accounting Standards

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Chapter 4: Difference between IFRS/ GAAP & Accounting Standards

**Part 2- Must to know IAS/IFRS.**

Chapter 5: Presentation of Financial Statements (IAS 1)

Chapter 6: Inventories (IAS 2)

Chapter 7: Cash Flow Statement (IAS 7)

Chapter 8: Accounting Policy, Changes in Accounting Estimates & Errors (IAS 8)

Chapter 9: Events after Balance Sheet Date (IAS 10)

Chapter 10: Construction Contracts (IAS 11)

Chapter 11: Property, Plant & Equipment (IAS 16)

Chapter 12: Revenue Recognition (IAS 18)

Chapter 13: Provisions, Contingent Assets & Contingent Liabilities (IAS 37)

Chapter 14: Intangible Assets (IAS 38)

Preface, Abbreviations and glossary are also the part of its contents.

Chapter 1 is about introduction of IFRS, process of standard setting, meaning & features of IFRS, journey of IAS to IFRS, list of standards, advantages of adoption of IFRS, current perspective in India and categorization of IFRS by ICAI.

Chapter 2 is about the framework of financial statements, its objectives, assumptions, qualitative features and elements of financial statements, the concepts of capital and capital maintenance.

Chapter 3 has discussed briefly the all International Accounting Standards. In this, objective of each standard, Key notes to the standard and certain definitions has been given.

In Chapter 4, differences between different IFRS and Indian Accounting standard has presented in tabular form.

Chapter 5 to chapter 14 has discussed the different standards separately. In these chapters, objectives of each standard, component of financial statements, needful explanation, format of statements and accounts, numerical examples has been given.

All these chapters are well organised. This book is having various features as its strength such as

1. Easily understandable language, formal style & appropriate font size.
2. Attractive and colourful presentation of contents through the use of diagrams, figures & tables etc.
3. Compact & concise chapters.
4. Key points & memory tips have been given for exam preparation.
5. Need for & the story behind the standards has been elaborated.
6. Various solved examples are given to highlight the relevance and practicability of different standards
7. Memory devices in the form of cloud diagrams are given in each chapter to make things simple and easy to remember.
8. Key definitions, numerical examples, basic questions with answers related to a particular chapter & standard, worksheets having multiple choice questions with answers are there in each chapter.

9. Student corner for the students to understand, remember & revise the step-by-step process of implementing the standard in accounting practice has been provided.
10. Some common errors made by students have been highlighted under the separate heading common mistake.

There are various books available on accounting standards such as “First Lesson in Accounting Standard” by M.P. Vijay Kumar, Tulsions Financial Reporting, Tulsions Select Accounting Standard etc. These books are meant for CA students having comprehensive and detailed analysis of accounting standards. Book by M.P. Vijay Kumar has comprised 1- 32 Accounting standards with flowchart summary of these standards. ICAIs clarifications and interpretation on accounting standards has also taken into consideration in this book. In the same way flowcharts and brief about Indian accounting standard would have added more strength to the book.

### **CONCLUSION**

There are many books available in the market on IFRS having complex data and concepts. This book is also related to IFRS. By this book, the author has tried to familiarize accounting students with reporting standards issued by the International Accounting Standards Board (IASB) and she has succeed to present these standards in a very attractive, simple, concise and easily understandable manner. This book has made IFRS/ IAS accessible for readers and has emphasised on must-to-know standards. It is a well organised book and I would recommend it to my friends and others. At first glance, standard seems to be straight forward but it encompasses a company’s entire operations including auditing, cash management, corporate taxes, accounting policies and reporting etc. This book is a combination of detailed analysis and comprehensive coverage of International Financial Reporting Standards. It is a resource for any accounting student for improving knowledge about accounting standards and it can become more beneficial if Indian accounting standards are more explicitly explained.