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**HUMAN RESOURCES MANAGEMENT PRACTICES AND  
JOB SATISFACTION: A STUDY OF HOTEL INDUSTRY**

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**ABSTRACT**

*This study aims at exploring the impact of Human Resource Management (HRM) practices on job satisfaction (JS) in the context of hotel Industry. JS means sense of inner fulfillment and pride achieved when performing a particular job. The population of study cover the selected staff of hotels and the sample size of 88 employees were selected, using the simple random sample techniques. The survey instrument used in the collection of data was the questionnaire. This study is limited to only five hotels of Udaipur division. It was found that HRM practices have significant association with JS. In addition, recruitment and selection, working condition and carrier growth were found to have positive impact on JS. The hypotheses were tested, and valid result was achieved i.e. impact of HRM practices on job satisfaction. In this study, some statistical measures such as Z-test, mean and proportion analysis is used to examine employee's satisfaction. Conclusion and recommendations were discussed and limitations of the research are revealed.*

**Keywords:** HRM Practices; Hotel Industry; Job Satisfaction; Udaipur Division

**INTRODUCTION**

A lot of researchers have found that HRM Practices are positively linked with employee job satisfaction (Wright et al., 2003; Spector, 1997); Petrescu & Simmons, 2008). But surprisingly, very limited number of studies have been conducted on HRM practices in the context of developing countries in general (Sing, 2004, Yeganeh and Su, 2008, Mahmood, 2004). This study has been conducted to fill the existing research gap and to explore the relationship between HRM practices and job satisfaction in the context of hotels of Udaipur division. Academicians, researchers, policy-makers, practitioners, students, local and foreign entrepreneurs India and other developing countries could benefit from this study by exploring the association between HRM practices and job satisfaction. Increasing global competition have created enormous challenges on organizations. To cope with the challenges efficiently, Human resource has been considered as one of the most important factors in today's hyper-competitive market place. In the context of a developing economy like India, where the need for formation of capital is pressing, where developments in the field of industrial and bank management are dynamic, and where financial crises accompanying pangs of economic growth are frequent, the challenges posed by HRM are great importance; and, as a sequel, exploring the possibilities of the application of HRM becomes a very relevant field of enquiry and research. Human resource is the most precious asset and delicate factor of production. In this global competitive world, it is necessary to retain skilled workers in the organization by efficient HRM practices. Every organization operates its activities with the support of HRM which includes top level managers,

executives, supervisors and other employees. The overall performance of any organization depends upon the extent to which human resource is effectively utilized. This study assesses the impact of Human Resource Management practices (recruitment and selection, career growth and working condition) on job satisfaction in hotel industry. The selection of hotel industry for this study is done deliberately since the job satisfaction has direct implication for the success of this sector. This paper begins with brief overview on the relevant literature on HRM, job satisfaction, relation of HRM practices and job satisfaction. Then hypotheses of different dimensions of HRM practices and their influence were tested so that it can be empirically examined the impact with job satisfaction. The paper then discusses the finding of the study and draws the conclusions based on the empirical analysis of the study.

### **OBJECTIVES OF THE STUDY**

The objective of the study was to identify the impact of various dimensions of Human Resource Management (recruitment and selection, career growth, working condition) on job satisfaction.

### **LITERATURE REVIEW**

#### **Human Resource Management Practices**

Human resource management (HRM) refers to the policies and practices involved in carrying out the 'human resource(HR)' aspects of a management position including human resource planning, job analysis, recruitment, selection, orientation, compensation, performance appraisal, training and development, and labour relations (Dessler, 2007). The Human Resource Management (HRM) activities can be summarised briefly under five major domains: (i) organizational design; (ii) staffing; (iii) performance management appraisal; (iv) employment training and organization development; and (v) reward systems, benefits and compliance (Beardwell, et al., 2004). The overall purpose of human resource management is to ensure that the organization is able to achieve success through people (Armstrong, 2006). However, as obtained in the literature, HRM is said to be concerned with achieving the following: organizational effectiveness; human capital management; knowledge management; reward management; employee relations and meeting various needs (Armstrong, 2006). HRM is composed of the policies, practices, and systems that influence employees' behavior, attitude, and performance (Noe, Hollenbeck, Gerhart, and Wright, 2007).

#### **Job Satisfaction**

Job satisfaction is a combination of cognitive and affective reactions to the differential perceptions of what an employee wants to receive compared to what he or she actually receives (Boyt, Lusch, & Naylor, 2001). Job satisfaction is a state where one's needs and one's outcomes match well (Locke, 1976). It has been argued that employees generally appreciate rewards on one hand while on the other hand repugnant effort. Essentially, there is need to see employment demands beyond the exchange of services for salaries. Though, employment demands is seen as economic relation in nature, but it is important to note that it has a strong affiliation to social and psychological views (Baron and Kreps, 1999). The most referred definition of job satisfaction was offered by Locke (1976) who defined job satisfaction as a pleasing or positive emotional state resulting from the evaluation of a person's job (Haque and Taher, 2008). Job satisfaction is also defined as an individual's general attitude regarding his or her job (Robbins, 1999). Job satisfaction has a significant influence on employees' organizational commitment, turnover, absenteeism, tardiness, accidents, and grievances (Byars and Rue, 1997; Moorhead and Griffin, 1999). Job satisfaction means what are the feelings of different employees about the different dimensions of their jobs (Robbins, 2003). The level of satisfaction and dissatisfaction is another aspect which is related to employee job satisfaction (Spector, 1997). Job satisfaction may be the general behavior emerged due to different happenings at the work place; it may be supervisor's behavior, relationship with peers or the work environment (Janet, 1987).



**HRM Practices and Job Satisfaction**

HRM practices and job satisfaction are studied widely in different parts of the world. It is assumed that HRM practices are closely associated with job satisfaction (Ting, 1997). Because many scholars and practitioners believe that sound HRM practices result in better level of job satisfaction which ultimately improves organizational performance. Steijn (2004) found that HRM practices had positive effect on job satisfaction of the employees of Dutch public sector whereas individual characteristics such as age, gender, and education had insignificant effect on job satisfaction. Gould-William (2003) showed that use of specific HR practices in local government organizations in the United Kingdom (UK) was associated with a greater degree of job satisfaction, workplace trust, commitment, effort, and perceived organizational performance.

**HYPOTHESES**

**Hypothesis 1: Influence of “Recruitment and Selection” on job satisfaction.**

The recruitment and selection process determines the decisions as to which candidates will get employment offers. The aim of this practice is to improve the fit between employees and the organization, teams, and work requirements, and thus, to create a better work environment (Tzafirir, 2006). Sophisticated recruitment and selection system can ensure a better fit between the individual’s abilities and the organization’s requirement (Fernandez, 1992). Hunter and Schmidt (1982) concluded that employment stability could be achieved through a selection procedure based on ability. Katou and Budhwar (2007) in a study on the Greek manufacturing firms found that recruitment and selection was positively related to all organizational performance variables such as effectiveness, efficiency, innovation, and quality.

**Hypothesis 2: Influence of “Carrier growth” on job satisfaction.**

Carrier growth also influences other HRM practices such as recruitment and selection, working condition. The promoted employees feel valued by the organization, and understand that the organization is willing to invest in them in the long term (Pfeffer 1995). Miller and Wheeler (1992) found that the lack of meaningful work and opportunities for promotion significantly affected employees' intentions to leave an organization. Organizations were able to improve their employees' retention rate by adopting job enrichment programs and enhancing their advancement opportunities. Besides promotion opportunities, the evaluation criteria used in the promotion and reward system also had significant effects on employees’ turnover intentions (Quarles, 1994). Internal promotion; the availability of career possibilities within the firm tends to promote a higher degree of organizational commitment among employees (Guest, 1997) who perceive career possibilities with the firm. Additionally, an emphasis on internal promotion is likely to provide a sense of fairness and justice among the employees who note that organizational tenure is valued in the company (Pfeffer, 1995).

**Hypothesis 3: Influence of “Working condition” on job satisfaction.**

Working conditions is working environment provided by the employer/organization and also known to be the non-pay aspects of conditions of employment, which include the following; amenities, degree of safety, health, well-being, etc., (Bockerman and Ilmakunnas, 2006). Working conditions is the conditions in which employee works and activities such as training; working time, work-life balance, etc., (Majid, 2001). Essentially, there is a distinct difference between employees and jobs. Employers may choose to provide different working conditions for different employees regarding the type of employment offered; contract or permanent. However, the study shall take some of the components into consideration such as safety at work, flexible arrangement, overtime, with no preference to any. Work flexible arrangements have impact on employee family conflict (Kossek et al., 2005). Overtime plays a vital role (Peters, 2000; Robert Reich, 1992). Employees demand more friendly work flexibility (Fleetwood, 2007); they demand employee-friendly flexibility, where they determine how much, when and where they work, which include voluntary part-time work, flexible working hours, etc. Unfavorable working conditions greatly increase the level of job dissatisfaction (Bockerman and

Ilmakunnas 2006). Thus, the above review of literature shows that there have been several studies around the globe focusing on HRM practices and job satisfaction. However, studies portraying the impact of HRM Practices on job satisfaction in the hotel industry have not yet received proper attention in India and other developing countries. This study has been undertaken to fill the existing research gap.

## RESEARCH METHODOLOGY

### Data Sources and Instrumentation

This paper is based on both primary and secondary data. Primary data were collected through a structured questionnaire which was administered to employees of hotel industry. Convenient sample technique has been used to interview the employees. The target population of this study was employees in Udaipur division who were serving as a staff in different hotels in Udaipur division. For conducting this research, five hotels of Udaipur division were selected and from these five hotels total 100 hotel employees were selected and out of this only 88 employees responses properly, the response rate is 88 percent. The questionnaire consists of different questions on three HRM dimensions such as recruitment and selection, carrier growth, working conditions. A five points rating scales of questionnaire from strongly disagree (1) to strongly agree (5) were adopted to measure the variables of HRM Practices. Job satisfaction was measured by a one-item questionnaire on five-point Likert scale [where disagree (1) to strongly agree (5)]. The secondary data used in the study have been collected from related journals, books, newspaper and internet, etc.

## DATA ANALYSIS AND FINDINGS

In the present study, data is analyzed by enter wise method in a multiple regression analysis. In this context, a multiple regression was performed, by making use of all the discrete variables (i.e., dependent and independent variables) available in the dataset. In this study, some statistical measures such as Z-test, mean and proportion analysis is used to examine job satisfaction.

Hypothesis to be tested:

### H1: There is no influence of “Recruitment and selection” on job satisfaction;

It is assumed from the hypothesis that recruitment and selection has significant influence on job satisfaction. Table 1 shows that at 0.05 level of significance (two tailed test), table value (1.96) is greater than calculated value ( $Z = 0.55$ ). So, the null hypothesis is accepted and hence, we conclude that “Recruitment and selection” have significant influence on job satisfaction.

Table 1. Computation of Z value

Variables	N	Mean	Standard Error	Z Value (Calculated Value)	Mean Rank
Recruitment and Selection	88	3.06	0.11	0.55	1
Carrier Growth	88	2.54	0.11	4.18	6
Working Condition	88	3.02	0.12	0.17	3

Source: Survey data

### H2: There is no influence of “Carrier Growth” on job satisfaction;

This hypothesis indicates that there is no influence of carrier growth on job satisfaction. Table 1 shows that at 0.05 level of significance (two tailed test), table value (1.96) is less than calculated value ( $Z = 4.18$ ). So, the null hypothesis is rejected and hence, we conclude that there is no influence of “Carrier Growth” on job satisfaction.

**H3: There is no influence of “Working condition” on job satisfaction;**

This hypothesis indicates that there is great influence of working condition on job satisfaction. Table 1 shows that at 0.05 level of significance (two tailed test), table value (1.96) is greater than calculated value ( $Z = 0.17$ ). So, the null hypothesis is accepted and hence, we conclude that there is great influence of “Working condition” on job satisfaction.

From the above hypotheses testing it shows that there is great influence of HRM practices on job satisfaction on some dimensions such as recruitment and selection (mean rank-01) and working condition (mean rank-03). The hypotheses test also shows that there is no influence on career growth (mean rank-02). Therefore, it is clear that all dimensions are not equally satisfied. It is also very clear from the Table 2 which dimensions highly satisfied or dissatisfied percentage of satisfaction.

**Table 2.** Percentage of Satisfaction

	1= Dissatisfied	2= Some How Satisfied	3= Satisfied	4=Moderately Satisfied	5=Highly Satisfied	Total
1.RNS	7.95	17.05	43.18	25	6.82	100
2. CG	11.36	43.18	29.55	11.36	4.55	100
3. WC	9.09	22.73	36.36	20.45	11.36	100

**Note:** RNS1 = Recruitment and Selection, CG2= Career Growth, WC3= Working Condition

Table 2 shows percentage of different levels of Satisfaction. The table indicates that the highest 43.18 percent of respondents are satisfied that recruitment and selection have great influence on job satisfaction followed by 36.36 percent on working condition and the lowest 29.55 percent on carrier growth. Table 2 also shows that the highest 11.36 percent respondents are highly satisfied on working condition and the lowest 4.55 percent on carrier growth. The study also indicates that the highest 11.36 percent of respondents are dissatisfied on carrier growth, 9.09 per cent on working condition and the lowest 7.95 per cent on recruitment and selection. Therefore, the analysis shows that there is no complete job satisfaction on any HRM dimensions of hotels. So, the HRM dimensions quality of hotels should be improved for the success of the hotel industry.

**CONCLUSION AND RECOMMENDATIONS**

The study disclosed the impact of various dimensions of HRM practices on job satisfaction. In this study, we considered three major factors which represented most of the HRM practices followed by different hotels. The study reveals that all HRM dimensions exercised in the hotels of Udaipur division does not satisfied to the employees equally. Employees are satisfied with recruitment and selection and working condition and dissatisfied with carrier growth. It is obvious that HRM practices in the hotel industry of Udaipur division has not been fully developed and there is the urgent need to employ the services of HRM professionals, consultants and researchers to help shape and develop new directional focus that will ensure an efficient and effective human resource practices. We suggest the following recommendations for doing perfect HRM practices in the hotel industry of Udaipur division.

- Proper working environment should be designed.
- Organizations should implement proper recruitment and selection process.
- Management should make a clear cut career advancement path.
- Organizations should provide unbiased promotion. That is promotion should be provided based on the qualification of employees and /or experience.
- Organization should design working procedure including hours work. Proper working environment should be designed.

### LIMITATIONS

Only five hotels of Udaipur division were selected. Small sample size was one of the major limitations of the present study. The study did not cover all the HRM practices of the surveyed Hotel industry.

### DIRECTIONS FOR FUTURE RESEARCHES

Several suggestions that fruitful for future research emerged from this present study. In order to validate the findings of this study, case study is another interesting approach that can be done by future research.

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**ANALYSIS OF QUALITY OF WORK LIFE OF EMPLOYEES IN  
PRIVATE SECTOR COMMERCIAL BANKS – APPLICATION  
OF DISCRIMINANT ANALYSIS**

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**ABSTRACT**

*To-day the banking sector is witnessing a sea-change, which are both exciting and challenging. The productivity of the banking industry is associated with the efficiency of the employees. Satisfied employees are also more likely to be creative and innovative and come up with breakthrough that allows an Organization to grow and change positively with time and changing market conditions. In this study the researcher has apply the discriminant analysis to find which factor absolutely predict job satisfaction of employees. For that purpose the factor analysis has been applied and the factor scores are treated as independent variable in discriminant analysis.*

**Keywords:** Quality of Worklife; Commercial Banks; Discriminant Analysis; QWL; Private Sector

**INTRODUCTION**

Banking is essentially a person-to-person business. In a service industry like banking, the quality of human resources assumes vital importance, bank customers would normally do business with a bank whose staff are well informed and well disposed. For this reason the best personnel are selected, motivated and trained to conduct marketing function in a better way. Improved efficiency and promotion of personalized services are required on the part of the employees for them to offer pleasing, convincing and fulfilling service to customers. Bank officers form a delicate link between the management and the clerical staff. The success of the bank depends upon the coordination, synchronization and cooperation of the bank officers with these two very divergent entities. Hence the job satisfaction of the officers is prime importance because only a satisfied and happy officer will be able to achieve such synergy in the bank.

The changing needs of employees, their culture, values, aspirations and work environment give birth to new sub-systems of human resource management. One such new sub system is Quality of Work Life (QWL). Quality of Work Life is interpreted and viewed in different ways. Quality of work life is the degree to which the employees feel a comfortable and enjoyable work life. It is the degree of favorable work situation which will existing within the organization. As a direct relationship exists between human resource management approaches and the quality of work life, a successful key of any organization is to improve the employees work life quality. This research also analyses the work life of employees in Private Sector Commercial Banks

**STATEMENT OF THE PROBLEM**

Quality Work Life means having good supervision, good working conditions, good pay and benefits and an interesting challenging and rewarding job. High quality work life is sought through an employee relations philosophy that encourages the use of quality work life efforts which are systematic attempts by an organization to give workers greater opportunities to affect their jobs and their contributions to the organization's overall effectiveness.

It is the responsibility of the management to develop QWL among the employees to reduce the evil effects of lower level of QWL. Banking is essentially a high contact service industry and there is a close interaction between service provider and the customers in the traditional banking scenario. An attempt will be made to study the quality of work life of employees in Private Sector Commercial Banks.

**REVIEW OF RELATED LITERATURE**

Daljeet Kaur (2010), "Quality of Work Life in ICICI Bank Ltd, Chandigarh", in his article, the researcher said, that employees are happy with the working conditions of the bank. They are not happy with the way performance appraisal is done and feel that there management is not flexible with their social responsibilities and hence they are less satisfied with their jobs.

Pranee C. (2010), in his research paper titled, "Quality of Work Life for Sustainable Development", suggested that measures and strategies are focused on concern satisfying the minimal lower needs of employees, such as security, safety, and welfare improving job contents, as well as participation and responsibilities in the decision making process. Moreover, QWL issues also address elements such as are involved high motivation, morale, healthy industrial relations and cooperation.

Mu.Subrahmanian and N.Anjani (2010), in their paper titled, "Constructs of Quality of Work Life-A Perspective of Textile and Engineering Employees". The researcher contented that the Quality of Work Life of both Engineering and Textile Industries of Coimbatore. The general impression one would get is that the Quality of Work Life in Engineering industry by and large, is better than Textile Industry. As both industries are in the forefront of the industrial growth and accommodate the major chunk of the work force of the country. Concerted and concrete efforts for enhancements of Quality of Work Life would do a lot to improve the morale and motivation of the employees and as a result there would be improvement in the health of our Indian Industry.

Tabassum, Rahman and Jahan (2010), in their research work with caption, "Quality of Work Life among The Male and Female Employees of Private Commercial Banks in Bangladesh", found their study that the male employees perceived higher Quality of Work Life than their female colleagues.

Dr. T. G. Vijaya, R. Hemamalini (2012), in their article titled, "Impact of Work Life Balance on Organizational Commitment among Bank Employees", the researcher found that there exist a positive correlation between affective commitment, continuance commitment and work life balance variables.

**OBJECTIVES OF THE STUDY**

This research study was undertaken with the following objectives:-

1. To analyse the influence of Quality of Work Life of employees on their Job Satisfaction.
2. To compare the Job Satisfaction of employees bank wise.
3. Make suggestions on the basis of findings of the study.

**METHODOLOGY**

The study is based on both primary and secondary data. The primary data have been collected from the employees of private sector commercial banks in Virudhunagar District with the help of questionnaire.



The secondary data have been collected from published and unpublished books, journals, reports and encyclopedia and through web sites.

### SAMPLING DESIGN

There are 54 branches of 11 private sector commercial banks in Virudhunagar District. It is possible to collect the data from employees of all the 54 branches. Therefore the population selected for this particular study is employees from Private Sector Commercial Banks in Virudhunagar District. Private Sector Banks comprise of Karur Vaysya Bank, Lakshmi Vilas Bank, City Union Bank, HDFC, Axis, ICICI, Federal, Tamilnadu Mercantile Bank, South Indian Bank, Catholic Syrian Bank, and Indusind Bank. Questionnaire were distributed and collected personally by the researcher. 413 responses collected for the study which were received.

### Plan of Analysis

To analyse the influence of job satisfaction on quality of work life of employees on the level of opinion, Wilk's Lambda Test used for valid the model, Discriminant analysis, and Kruskal Wallis Test has been applied.

In this chapter the researcher has apply the discriminant analysis to find which factor absolutely predict job satisfaction of employees. For that purpose the factor analysis has been applied and the factor scores are treated as independent variable in discriminant analysis. A rule of thumb the dependent variable should be nominal or ordinal scale with two distinct parameter. So, the scale statement recorded with two factors namely highly satisfied and dissatisfied. Respondents who are selecting the option Strongly Agree, Agree, either Agree or Disagree are treated as Highly Satisfied and Disagree and Strongly Disagree are treated as dissatisfied group regarding the job satisfaction. The Following Table 1 shows the recorded information about the job satisfaction of employees in Banks.

**Table 1.** Job Satisfaction Of Employees

Particulars	Number of Respondents	Per cent
Highly Satisfied	315	76
Dissatisfied	98	24
Total	413	100

From the above Table 1, shows 76 per cent of the respondents are highly satisfied and the remaining per cent of the respondents are dissatisfied with their job.

To need a correct classification and model validation, the researcher select 50 sample respondents for discriminant analysis. Both groups are equal size (25 from highly satisfied group and remaining 25 from dissatisfied group). If the researcher applies Discriminant analysis for whole samples loses, its significance for considering their facts and get a valid model, the researcher has taken 50 sample respondents and the remaining respondents are hold out from analysis.

### Discriminant Analysis

Discriminat analysis is used to predict group membership. This technique is used to classify objects into one of the alternative groups on the basis of a set of predictor variables. The dependent variable in discriminant analysis is categorical and on a nominal scale, whereas the independent or predictor variable are either interval or ratio scale in nature. Discriminant analysis is used to identify the variables / statements that are discriminating and on which people with diverse views will respond differently.

The mathematical form of the discriminant analysis model is:

$$Y=b_0+b_1X_1+b_2X_2+b_3X_3+\dots+b_kX_k$$

Where, Y = Dependent variable

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$b_s$  = Coefficients of Independent variable

$X_s$  = Predictor or Independent variable

The method of estimating  $b_s$  based on the principle that the ratio of 'between group sum of squares' to 'within group sum of squares' be maximized. This will make the groups differ as much as possible on the values of the discriminant function. After having estimated the model, the  $b_s$  coefficients are used to calculate  $Y$ , the discriminant score by substituting the values of  $X_s$  in the estimated discriminant model. The relative importance of the independent variables could be determined from the standardized discriminant function co-efficient and the structure matrix. The difference between the standardized and unstandardised discriminant function is that in the unstandardised discriminant function have a constant term, whereas in the standardized discriminant function, there is no constant term. Factor values obtained from Factor analysis have been used for discriminant analysis. By using SPSS, the discriminant analysis has been applied. As a matter of fact, the survey contained 413 observations, of which 50 were used to build the model.

### Identification Of Highly Satisfied Employees

In discriminant analysis the researcher should first analyze the Wilks Lambda test for valid of the model. Wilks lambda test is a test which identifies whether the variables contribute significantly to discriminant function, if the Wilks lambda value is closer to zero the model is more contributed by the variable. The test also explains the group membership through Chi-Square test. If the P-value is less than 0.05, it concludes the corresponding function explains the group membership well. Table 2 shows the Chi-Square and Wilks' Lambda values.

**Table 2.** Wilks' Lambda

Test of Function(s)	Wilks' Lambda	Chi-Square	df	Sig
1	0.432	36.392	8	0.000

Table 2 shows the significance of the discriminant model. The value of Wilk's Lambda is 0.432 i.e., 43.2 percent of the variables not explained by the group differences. The Wilk's Lambda takes a value between 0 and 1 and lower the value of Wilk's lambda, the higher is the significance of the discriminant function. The statistical test of significance for Wilk's lambda is carried out with the chi-squared transformed statistic, which in our case is 36.3922 with 8 degrees of freedom (degrees of freedom equals the number of predictor variables) and a P value is 0.000 which is less than the cutoff point 0.05. Therefore the researcher concludes that there is a relationship between dependent and independent variables. Hence the researcher further analyses the other tests for effectiveness of the model.

**Table 3.** Classification Results<sup>a,c</sup>

		Employees Satisfaction level	Predicted group membership		Total
			Highly Satisfied	Dissatisfied	
Original	Count	Highly Satisfied	21	4	25
		Dissatisfied	5	20	25
	%	Highly Satisfied	84.0	16.0	100.0
		Dissatisfied	20.0	80.0	100.0
Cross-validated	Count	Highly Satisfied	19	6	25
		Dissatisfied	6	19	25
	%	Highly Satisfied	76.0	24.0	100.0
		Dissatisfied	24.0	76.0	100.0

**Note:** a. 82.0% of original grouped cases correctly classified, b. Cross validation is done only for those cases in the analysis. In cross validation, each case is classified by the functions derived from all cases other than that case, c. 76.0% of cross-validated grouped cases correctly classified



Table 3 shows the classification results of discriminant model. Overall 100 per cent of the cases correctly classified in the model.

The table of Eigen value is often cited in Discriminant function analysis. The Eigen values describe the effectiveness of discriminant function. Larger Eigen values indicate that the discriminant function is more useful in distinguishing the groups and canonical correlation indicates a function that discriminates well. The canonical correlation is the multiple correlation between the predictor and the discriminant function. With only one function it provides an index of overall model fit which is interpreted as being the proportion of variance explained ( $R^2$ ). The Eigen values are presented in the Table 4.

**Table 4. Eigen Values**

Function	Eigen Value	% of variance	Cumulative %	Canonical Correlation
1	1.315 <sup>a</sup>	100.0	100.0	0.754

**Note:** First 1 canonical discriminant functions were used in the analysis.

The last column of Table 4 indicates canonical correlation, which is the simple correlation coefficient between the discriminant score and their corresponding group membership (Highly satisfied / Dissatisfied ). An Eigen Value indicates the proportion of variance explained. A large Eigen value is associated with a strong function. A high correlation indicates a function that discriminates well. The present correlation is 0.754, the square of the canonical correlation is  $(0.754)^2 = 0.569$ , which means 56.9 per cent of the variance in the discriminating model between a prospective group highly satisfied / dissatisfied is due to the changes in the eight predictor variables, namely Self development, Constitutional guarantees, Organizational culture and climate, Benefits and facilities, Career development, Work – life balance, Social integration, and Fair payment.

**CANONICAL DISCRIMINANT FUNCTION CO-EFFICIENT**

These unstandardised coefficients (b) are used to create the discriminant function (equation). It operates just like a regression equation. The discriminant function coefficient b or standardized form beta both indicate the partial contribution of each variable to the discriminate function controlling all other variables in the equation. Table 5 presents the unstandardized canonical co-efficient of the discriminant model. The purpose of unstandardized canonical discriminant analysis is to found out best co-efficient estimation to maximize the difference in mean discriminant score between groups.

**Table 5. Canonical Discriminant Function Co-Efficient**

Factors	Function
	1
Self Development	.338
Constitutional guarantees	-1.040
Organizational culture and climate	.733
Benefits and Facilities	.118
Career Development	.221
Work – life balance	-.264
Social integration	.324
Fair payment	.386
(Constant)	.192

**Note:** Unstandardized co-efficients

**Source:** Computed data

Each ratio's discriminant score would be computed by entering the raw data for each of the variable in the equation. The equation of discriminant function is  $D = .192 + (\text{Self development} \times .338) +$

(Constitutional guarantees x -1.040) + (Organisational Culture and Climate x .733) + (Benefits and Facilities x .118) + (Career development x .221) + (Work Life Balance x -.264) + (Social Integration x .324) + (Fair Payment x .386).

The standard canonical discriminant co-efficient can be used to rank the importance of variables in the analysis. A high standardized discriminant function co-efficient describes that the grouped variable differ a lot among the variables in the group. The following Table 6 shows the standardized canonical discriminant function co-efficient

**Table 6.** Standardized Canonical Discriminant Function Co-efficient

Factors	Function
	1
Self Development	.376
Constitutional guarantees	-1.230
Organizational culture and climate	.757
Benefits and Facilities	.104
Career Development	.237
Work – life balance	-.136
Social integration	.285
Fair payment	.275

Table 6 provides an index of the importance of each predictor through standardized regression coefficient. It indicates that Factor 3 i.e., Organizational culture and climate, followed by Factor 1 Self Development and Factor 7 i.e., Social Integration are the three variables with large coefficients stand out as those the strongly predict allocation to the Highly satisfied group and Dissatisfied groups. All the remaining 5 variables are less successful as predictors.

The discriminant analysis helps the researcher to compute the mean discriminant score of the highly satisfied and dissatisfied employees separately. The study was conducted 413 observations of which 50 were used to build the model the remaining 363 observations were kept as hold-out samples to get the valid model and to take the out-of-sample performance of the model. Using the estimated discriminant function yield by discriminant analysis score for each respondent. The score is higher than zero that respondents are treated as highly satisfied group or whereas less than zero they are grouped under dissatisfied group. Table 7 presents the mean discriminant score of each group.

**Table 7.** Functions at Group Centroids

Satisfaction of the employees	Function
	1
Highly Satisfied	1.124
Dissatisfied	-.1.124

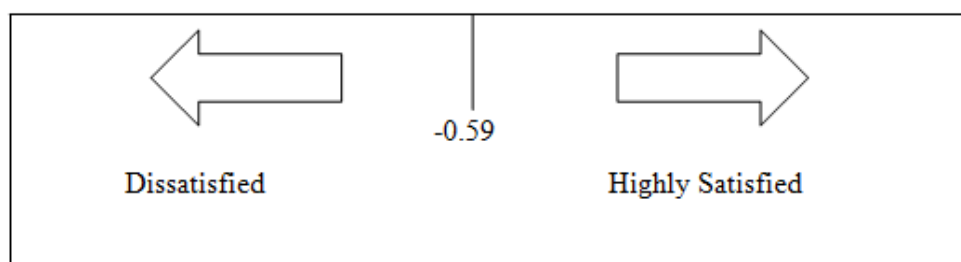
**Note:** Unstandardized canonical discriminant functions evaluated at group means

Table 7 shows the mean discriminant scores of the highly satisfied employees and dissatisfied employees groups separately. The value of function at group centroids can be used for designing a decision rule to classify the employees into highly satisfied and dissatisfied. If the variables whose discriminant score is greater than zero would be classified as a Highly satisfied group, where as the one which score is less than zero would be classified as a Dissatisfied group. This work out to be - 1.124 for a Dissatisfied Group and 1.124 for a satisfied group. This is presented in the above Table 7

If the size of the sample for the two groups is the same while estimating the model, the cut-off score used for classification in to the satisfied and dissatisfied classification can be obtained by taking the average of the two – group centroid.

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The average works out to be  $[(315 \times -1.124) + (98 \times 1.124)] / 413 = -0.59$ . It is shown below as the figure .1



**Fig. 1.** Classification of cases using the discriminant function

The Discriminant score for each of the respondents has been computed and, as already mentioned, if the discriminant score is greater than -0.59, the individual is classified into the highly satisfied group, otherwise into the dissatisfied group. Table 8 shows the classification of employees as per discriminant function with original classification of employees (Table 1) with regard to job satisfaction.

**Table 8.** Classification of Employees with regard to Job Satisfaction

Sl. No	Particulars	Number of Employees		Differences
		As per Original Opinion	As per Discriminant Function	
1.	Highly Satisfied	315	193	122
2.	Dissatisfied	98	220	122
	Total	413	413	

From the above Table 8, it is understand that there is more chance to dissatisfy another 122 employees than the original. Therefore it indicates that if the current state of conditions are continued it leads to dissatisfy another 122 employees.

In order to analyse the job satisfaction of the employees of private sector banks, bank wise classification is made. Table 9 shows the bank wise classification of employees with regard to job satisfaction. Further the Table 9 also shows the ranking of Banks.

**Table 9.** Satisfaction Level of Bank Employees

Bank Name	Number of Employees			% of Satisfaction	Rank
	Highly Satisfied	Dissatisfied	Total		
KVB	2	40	42	5	<b>10</b>
AXIS	22	24	46	48	<b>7</b>
SIB	18	6	24	75	<b>3</b>
INDUSIND	7	3	10	70	<b>4</b>
CSB	5	1	6	83	<b>2</b>
CUB	42	20	62	68	<b>5</b>
LVB	19	14	33	58	<b>6</b>
TMB	53	67	120	44	<b>8</b>
HDFC	22	2	24	92	<b>1</b>
ICICI	3	21	24	13	<b>9</b>
FEDERAL	0	22	22	0	<b>11</b>
<b>TOTAL</b>	<b>193</b>	<b>220</b>	<b>413</b>		

From the above Table 9 identified that employees satisfaction level among 11 Private Sector Banks, HDFC Bank have the first place and their employees are fully satisfied, followed by CSB, SIB, INDUSIND Bank, CUB, LVB, AXIS, TMB, ICICI, KVB and Federal have the last place in their employees satisfaction level.

**Comparison Of Banks On The Basis Of Job Satisfaction Of Employees Of Private Sector Banks – Application Of Kruskal Wally’s Test**

In order to know the position of the banks in job satisfaction, the Krsuskal Wally’s test has been used. For that purpose the hypothis that “there are no significant differences among the job satisfaction of employees of private sector banks” has been framed.

The bank wise classification of employees and their mean score of job satisfaction is shown in Table 10

**Table 10.** Number of Employees and Mean Score of Job Satisfaction

<b>Bank Name</b>	<b>Number of Employees Highly Satisfied</b>	<b>Mean Score of Job Satisfaction</b>
KVB	42	120.33
AXIS	46	209.26
SIB	24	265.38
INDUSIND	10	255.05
CSB	6	282.58
CUB	62	250.39
LVB	33	229.39
TMB	120	201.70
HDFC	24	299.79
ICICI	24	136.31
FEDERAL	22	110.50
TOTAL	413	

Table 10 indicates employees of eleven Private Sector Banks are differing from one another on the basis of their mean scores. To test the hypothesis framed here, the kruskal Wally’s test has been applied by using SPSS. The result of Kruskal Wally’s Test is shown in Table 11.

**Table 11.** Kruskal Wallys Test Statistics <sup>A,B</sup>

	<b>Dicriminant Satisfaction</b>
Chi – Square	105.529
Df	10
Asym.Sig	.000

**Note:** a. Kruskal Wallis Test, b. Grouping Variable Bank Name

Table 11 reveals that there is strong statistical evidence that there is a significant difference between the level of satisfaction among private sector banks, Because the significant level is 0.000 which rejects the null hypothis framed here, which may be due to better job satisfaction level of employees of HDFC, CSB, SIB, INDUSIND and so on.

**SUMMARY OF FINDINGS**

- A discriminant analysis is conducted to analyse the discriminating variables of employees job satisfaction in Private Sector Banks. Predictor variables are, Organisational Culture and Climate (.757), Self Development (.376), Social Integration (.285), Fair Payment (.275), Career Development (.237), Benefits and Facilities (.104), Work Life Balance (-.136) and Constitutional Guarantees (-1.230).

- There is a chance to increase the number of dissatisfied employees in private sector banks in Virudhunagar District
- The Kruskal Wallis Test shows that there is strong statistical evidence for a significant difference in the satisfaction level of employees in different Private Sector Banks.

### CONCLUSION AND RECOMMENDATIONS

- Human Resource Development is an important phase on Quality of Work Life. Management of the private sector banks required to take necessary steps to improve wherever they are logging.
- Especially management to take steps towards improving the factor Organisational Culture and Climate by way of maintaining employees proper work life balance, providing adequate facilities, create supportive work groups, make joint management councils and try to eliminate bias.
- Self Development is another important factor, lack of which causes of dissatisfaction. Provide enough privacy in their job, create sense of one community, encouraged to develop their new skills, provides social mobility, create clear set of goals and provide opportunities to improve their jobs, these kind of effort from management will be much appreciated by employees.
- Management of all the private sector banks may consider the remaining predictor variables like, Social Integration, Fair Payment, Career Development, Benefits and Facilities, as such quick action is required by management of these banks to restructure their organization.
- Factors such as work life balance (-.136) and Constitutional Guarantees (-1.230) are have negative co-efficient. Employees feel that they have risky working conditions, compelled to work on overtime, too many ethical and moral principles, hence the management should try to liberalize their policies.
- Management should realize the importance of level of satisfaction of employees and strive towards its improvement.
- Employees of Federal Bank are most dissatisfied with their job. As such management of Federal Bank should take steps to improve satisfaction level of their employees in all aspects, and try to follow policies of HDFC Bank, Because they have highly satisfied employees.

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**ANALYSIS OF PERFORMANCE OF INDIA'S TOP TWO  
BANKS FOR 3 YEARS (2010-11 TO 2012-13)**

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**ABSTRACT**

*In this paper an attempt has been made to look into aspect of comparison of India's top two banks for 3 years (from 2010-11 to 2012-13). The paper contemplates and compares the performance of top two banks on selected parameters. Comparison also gives an idea about performance of top two banks on selected parameters with performance of all scheduled banks put together. The paper uses secondary data from relevant sources, which has been acknowledged.*

**Keywords:** Performance; Deposits; Advances; Investments; Return on Assets

**INTRODUCTION**

Banks play an important role of intermediation in the economy. Banks allows mobilization of savings from millions and make it available for trade, commerce and industry. Indian Banking after two tranche of nationalization and especially after entry of private sector banks have come long way in contributing to the cause of Indian economy as also enabling financial inclusion at nook and corner of country.

India's banking and financial sector comprise mainly of banks, financial institutions, Non Banking Financial Institutions. Banks of various types and flavors such as Commercial Banks in Public Sector, Private Sector Banks, Urban Co operative Banks and very recently formed Mahila Bank, everybody is clamoring for space and business opportunities and endeavoring to make its own presence felt.

Here is an attempt to analyze the top 2 banks of India for last 3 years on the basis of number of parameters.

**OBJECTIVES**

To compare the performance of top two banks of India for three years ( 2010-11 to 2012-13) on select parameters so as to assess their performance vis a vis performance of all scheduled commercial banks put together.

**Top Two Indian Banks for 3 Financial Years ( 2010 -11 to 2012-13)**

Financial Year correspondents to period from 1<sup>st</sup> April to 31<sup>st</sup> March. Having taken into account deposit base, advance base, profits and size of balance sheet, the following two banks qualify to be top two Indian Banks for last 3 financial years

1. State Bank of India & ( SBI) & Associates
2. ICICI Bank Ltd (ICICI)

Attempt has also been made for reviewing their ( SBI & ICICI) performance vis a vis performance of all Scheduled Commercial Banks put together to get an idea about how these two banks ( SBI &



ICICI) have contributed in last 3 years among performance of all scheduled commercial banks put together.

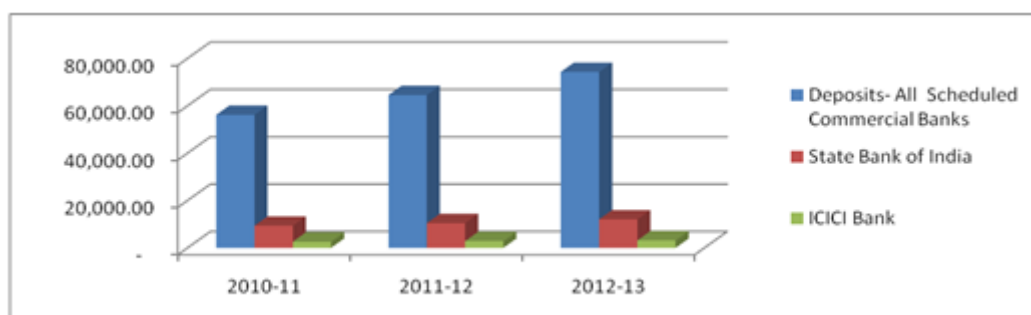
Here it is pertinent to mention that as the comparison between SBI & ICICI Bank is based on 10 identified parameters the comparisons could potentially suffer selection bias. The analysis uses secondary data and sources of same are acknowledged.

### Parameters Used

Number of parameters could be used to analyze the performance of top 2 Indian Banks vis a vis performance of All Scheduled Commercial Banks put together. Here the following select 10 parameters describe performance in the perspective of each attribute of functioning of banking.

1. Deposit Base
2. Advance Base
3. Investments
4. Number of Employee
5. Business Per Employee
6. Profits Per Employee
7. Return on Assets ( ROA)
8. Net Interest Margin (NIM)
9. Capital to Risk Weighted Assets Ratio (CRAR)
10. Net NPA Ratio

#### 1. Deposits- (Deposits –in INR and Billion)



**Source:** Annual Reports –SBI & ICICI Bank – 2010 -11 to 2012-13 & Trends & Progress – 2010 -11 to 2012-13

Deposit Activities of the Banks is core banking function which enables them to undertake Credit and Investment Activities and earn return which is essentially spread between operating-non operating costs and returns earned on credits ,investments and from non interest income.

During the last 3 years, deposits of all scheduled commercial banks put together increased by 14.9% in 2011-12 and 15.1% in 2012-13. Growth for SBI in 2011-12 and 2012-13 was 11.7% and 15.2% and for the same period it was 8.8% and 11.6% for ICICI Bank.

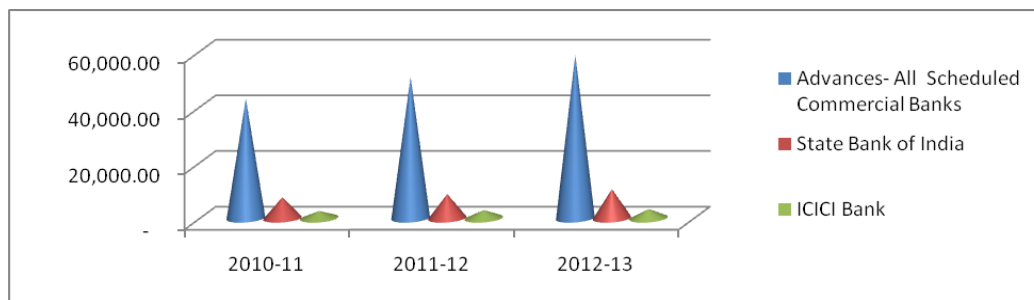
SBI's share in total deposits of all scheduled commercial banks in 2010-11,2011-12 and 2012-13 was 16.6%, 16.2% and 16.2% respectively.

ICICI Bank's share in total deposits of all scheduled commercial banks in 2010-11,2011-12 and 2012-13 was 4.6%, 4.4% and 4.2%.



Thus these two banks have been maintaining their deposit base vis a vis deposits of all scheduled commercial banks put together at consistent level with minor variations.

**2. Advances ( Advances in INR and Billion)**



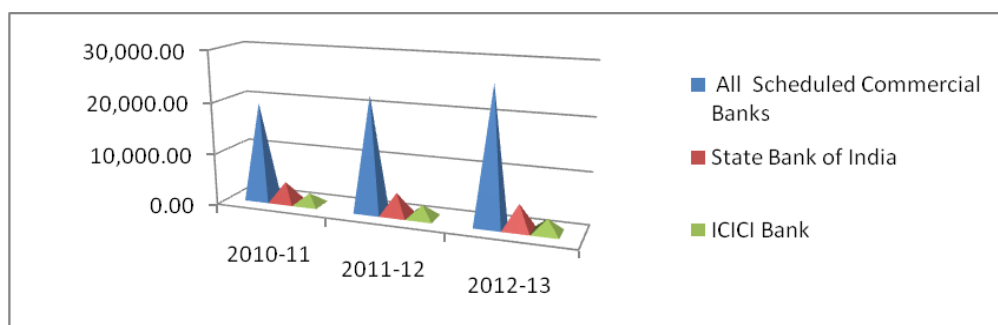
**Source:** Annual Reports –SBI & ICICI Bank – 2010 -11 to 2012-13 & Trends & Progress – 2010 -11 to 2012-13

Advances which constitute major income source in terms of interest earning for the banks. Advances all scheduled commercial banks increased in 2011-12 and 2012-13 by 18.0% and 15.8% respectively. During the same period it was 14.7% and 20.5% for SBI and 14.1% and 12.9% for ICICI Bank. Advances also denotes pulse of economy, if there is consistent growth in advances which depicts the state of economy as stable with growth intent.

SBI’s share in total advances of all scheduled commercial banks for the year 2010-11, 2011-12 and 2012-13 was 17.6%, 17.0% and 17.8% respectively. ICICI Bank’s share in total advances of all scheduled commercial banks for the same period was 5.9%, 5.7% and 5.6% respectively.

CD Ratio for all scheduled commercial banks for 2010-11, 2011-12 and 2012-13 was 76.5%, 78.6% and 79.1% respectively. CD Ratio for SBI for the same period was 81.0%, 83.1% and 86.9% respectively. While for ICICI Bank for the domestic balance sheet it was 75%, 76.1% and 78.9% respectively.

**3. Investments**



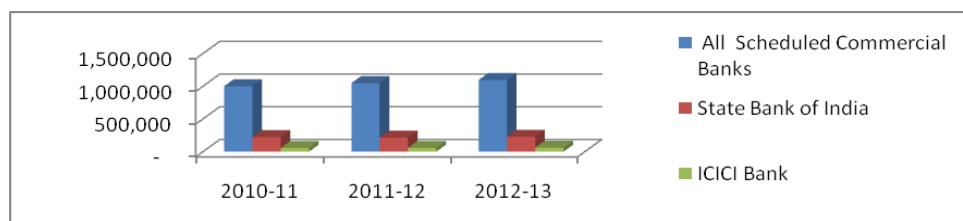
**Source:** Annual Reports –SBI & ICICI Bank – 2010 -11 to 2012-13 & Trends & Progress – 2010 -11 to 2012-13

Investment Book of Commercial Banks constitutes another major source of income. It also serves the purpose of maintaining liquidity. In India banks are required to maintain Statutory Liquidity Ratio (SLR) around 25% of Net Demand and Time Liabilities (at present it is 22%) that means, investment book of banks comprise mainly of Government Securities and other approved SLR securities.

Investments of all scheduled commercial banks increased in 2011-12 by 16.1% and by 16.9% in 2012-13. For the same period for SBI it was 8.2% and 13.3% and for ICICI for the same period it was 14.4% and 6.6%.

SBI's share in total investments for all scheduled commercial banks for the period 2010-11, 2011-12 and 2012-13 was 20.1%, 18.7% and 18.1% respectively. For the same period for ICICI Bank it was 10.9%, 10.8% and 9.8% respectively.

#### 4. Number of Employees



**Source:** Annual Reports –SBI & ICICI Bank – 2010 -11 to 2012-13 & Trends & Progress – 2010 -11 to 2012-13

Staff strength indicates manpower resources available at the disposal which could be gainfully utilized to fuel business growth. Increase in staff Strength also indicates that economy is on right path and there is room for absorbing skill levels which in turn may propel business activities.

Increase in number of employees for all scheduled commercial banks for the year 2011-12 and 2012-13 was 4.7% and 4.6% respectively. For SBI for the same period it was negative 3.3% and 5.9%. The main reason for reduction in workforce in SBI in the year 2011-12 was on account of retirements and 15% attrition among new hires. SBI however undertook recruitment drive on account of which it has registered increase in manpower in the year 2012-13 by 5.9% over the levels in the year 2011-12. Growth in number of employees for ICICI Bank in the year 2011-12 and 2012-13 was 2.3% and 6.5% respectively.

Of the total workforce of all scheduled commercial banks SBI's share constituted 22.3%, 20.6% and 20.9% in the year 2010-11, 2011-12 and 2012-13 respectively. For ICICI Bank it was 5.7%, 5.6% and 5.7% for the same period.

Performance on this parameter is to be seen in tandem with the following variables namely business per employee and profit per employee as merely adding employee strength would not be justifiable if there is no commensurate growth in bank's business.

#### 5. Business per Employee



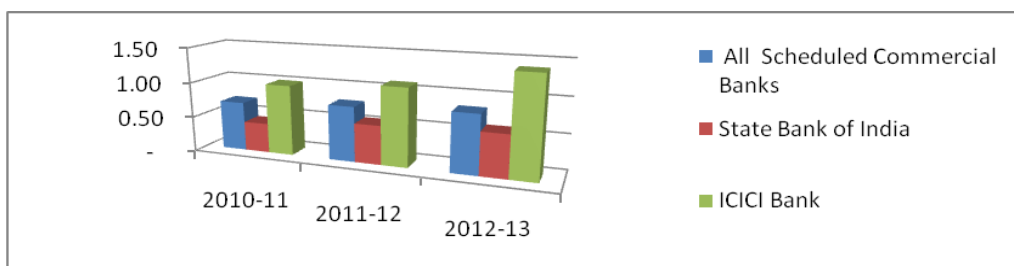
**Source:** Annual Reports –SBI & ICICI Bank – 2010 -11 to 2012-13 & Trends & Progress – 2010 -11 to 2012-13

Business per employee denotes growth in business taken on a scale of per employee. It could then be compared with industry average to assess whether the bank has more number of employees as compared to peers in the industry or lesser number of employees but business growth is not in commensurate with peers.

While business per employee in all scheduled commercial banks is within the range of 99.03 per employee to 121.33 per employee in the last 3 years the same is not visible case with SBI and ICICI

Bank during the period to indicate there is scope to increase business or to automate processes to bring down employee level so as to be comparable with business per employee for all scheduled commercial banks put together.

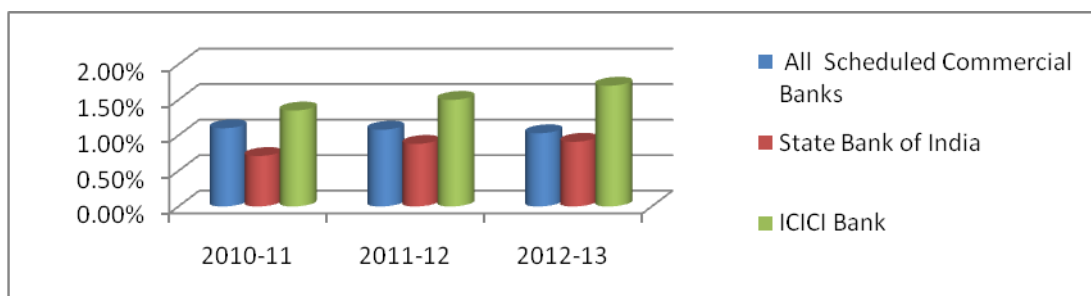
**6. Profit per Employee**



**Source:** Annual Reports –SBI & ICICI Bank – 2010 -11 to 2012-13 & Trends & Progress – 2010 -11 to 2012-13

This parameter is also need to be seen in tandem with business per employee. While ICICI Bank’s business per employee as compared to business per employee for scheduled commercial banks has been on lower side, its profit per employee has been remarkably on higher side which denotes among possible reasons margins are high and or operational costs is to the lesser extent as compared to peers.

**7. Return on Assets ( ROA)**

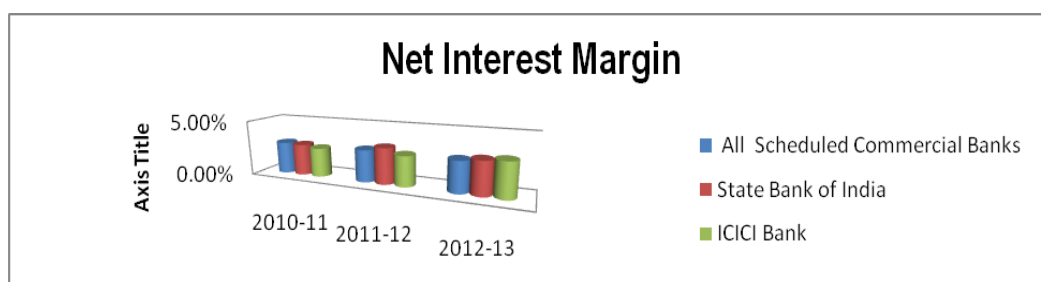


**Source:** Annual Reports –SBI & ICICI Bank – 2010 -11 to 2012-13 & Trends & Progress – 2010 -11 to 2012-13

Return on Assets denotes net profits after tax divided by average total assets. How much returns the bank is able to extract from its assets is denoted by ROA. A lower ROA signifies poor return on assets or high operating expenses or losses in loan or investment portfolios.

ROA of ICICI Bank has been better than averages of SBI and all scheduled commercial banks put together for last 3 years.

**8. Net Interest Margin**



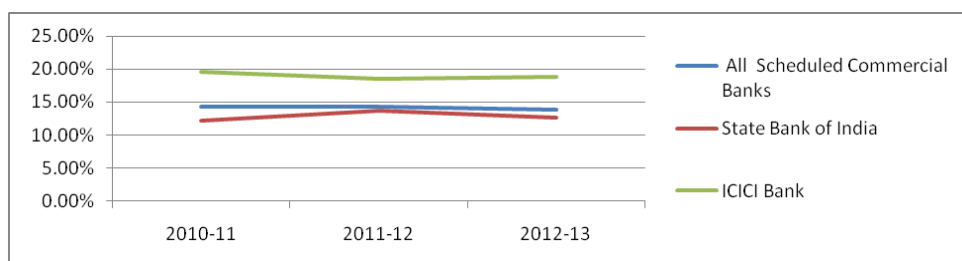
**Source:** Annual Reports –SBI & ICICI Bank – 2010 -11 to 2012-13 & Trends & Progress – 2010 -11 to 2012-13

Net Interest Margin denotes difference / gap between interest income and interest expenses. More the gap it is better for the bank however in the long run it is not sustainable if the competing banks are ready to offer better interest rates more favorable in favour of customers.

High Interest Margin is only sustainable to limited extent if the bank has got anything to offer either in terms of quality customer service or state of art technology which is enabling customers to get accounts update and operations in accounts at ease on an ongoing basis.

Having seen Net Interest Margin as above for SBI, ICICI Bank and for all scheduled commercial banks as whole it has been fairly consistent for last 3 years with marginal deviations.

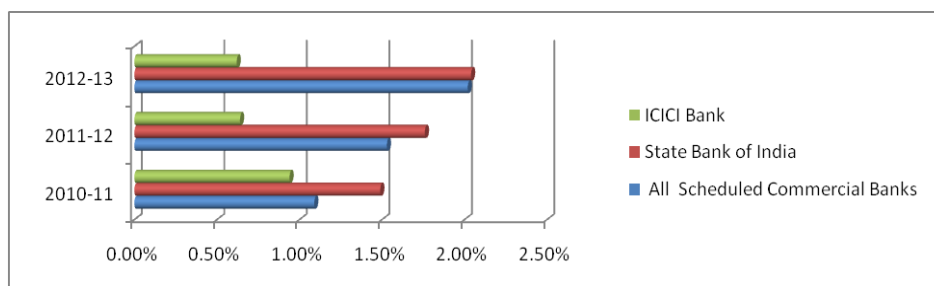
**9. Capital to Risk Weighted Asset Ratio (CRAR)**



**Source:** Annual Reports –SBI & ICICI Bank – 2010 -11 to 2012-13 & Trends & Progress – 2010 -11 to 2012-13

CRAR is an important ratio to denote capital adequacy of the bank commensurate with risk weighted assets of the bank. More the risk weighted assets, the bank would be required to maintain CRAR on higher side. With the Basel III implementation on the cards, Reserve Bank has decided to implement Basel III Capital requirements in phased manner from April 1, 2013 to March 31, 2018. At present CRAR for SBI, ICICI Bank and for all scheduled commercial banks put together has been more than prescribed levels.

**10. Net NPA Ratio**



**Source:** Annual Reports –SBI & ICICI Bank – 2010 -11 to 2012-13 & Trends & Progress – 2010 -11 to 2012-13

The net NPA to loans (advances) ratio is used as a measure of the overall quality of the bank's loan book. Net NPAs are calculated by reducing cumulative balance of provisions outstanding at a period end from gross NPAs. Higher ratio reflects rising bad quality of loans. The NPA ratio is one of the most important ratios. It helps identify the quality of assets that a bank possesses.

It also speaks about quality of credit administration in the bank. As from the point of scrutiny of loan proposal to the sanction and post sanction supervision, quality of credit administration has strong bearings on the NPAs of the banks. Although external factors too have bearing on growth of NPAs.

**CONCLUSIONS**

Having assessed SBI and ICICI Bank on the above 10 parameters along with performance of all scheduled banks put together, SBI has been frontrunner in terms of deposit and advance and

investment book vis a vis ICICI Bank. However the fact that SBI has been in business since long (since the year 1956) as compared to ICICI Bank which started its functioning only in the year 1994. Despite that on some of the important parameters such as profit per employee , ICICI Bank is ahead of SBI denoting cost of operations to the lower side with higher margins and low employee base. In terms of CRAR both SBI and ICICI Bank have been at comfortable positions as of now however with the rolling out of Basel III prescriptions in phased manner and which is to be achieved by March 31,2018 , there would be pressure on both banks to reduce risky assets or to have higher amount of capital cushion which in turn would pressure on its profits and ROA and ROE.

However if one takes into account the world's largest banks as at April 30,2013 only two banks SBI and ICICI Bank are positioned at 55<sup>th</sup> and 60<sup>th</sup> level respectively. And the size of 1<sup>st</sup> largest bank in the world as at April 30,2013 is almost 8 times that of State Bank of India.

Thus Indian Banks especially SBI and ICICI Bank have lot of ground to cover in terms of increase in global footprint and increase in business in order to compete with top banks in the world. However efficacy of stretching global footprint by Indian Banks could also be considered more specifically in terms of lecture delivered by then RBI Governor Dr Subba Rao in the Year 2010 'Five Frontier Issues in Indian Banking' in which he advocated to adopt path of consolidation within the country for deeper financial penetration and looking outwards towards increasing global presence.

Thus in order to increase in terms of size to take on top 50 banks in world , Indian banks should be adopting process of consolidation within the country and also adopting path of increasing global footprints.

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**STUDY ON FACTORS INFLUENCING CONSUMER TRUST  
FOR E-TOURISM COMPANIES IN INDIA**

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**ABSTRACT**

*It is becoming very tough for the companies to strive in this cut-throat competition. Challenge is how to retain the existing customers while attracting new ones. Trust is an important element which affects the consumers' purchasing decision. E-commerce relationships are based on trust. Lack of trust is the most terrifying obstacle in building relationships with the customers online, as it involves transactions of personal and financial nature submitted to web merchants. This paper is an attempt to identify the most crucial factors that help in building trust of the consumers in an online company with special reference to tourism industry. It will help the companies to focus more on those aspects which will help in not only understanding the expectations of their customers but will also help in increasing more online bookings. Factor extraction is explained by using factor analysis.*

**Keywords:** Consumer Trust; E-tourism; Factors; Factor Analysis; Regression Analysis

**INTRODUCTION**

Consumer Trust is the degree to which the consumers rely on the seller and take some positive action. Where, positive action can be in terms of: purchase, framing positive image about the company, recommending friends about the company and showing loyalty for the company. Every business, big or small, is simply running after increasing its profit margins by hook or crook. The changing paradigm of marketing orientation from merely selling to societal marketing, however, has given some importance to the consumer. Gradually, the organizations are also becoming conscious of the relevance of Consumer trust (CT) in enhancing the company's reputation and hence sales. Trust is an important element which affects the consumers' purchasing decision. And, there is a scarcity of research on trust in consumer marketing. Trust is a social lubricant that allows consumers to transact with merchants who are not part of their immediate network.

Trust is a result of several positive interactions with the web vendor or positive viewpoints of friends and relatives. It is built gradually on an ongoing basis. One negative experience may also break this trust building process. As outlined by Wang and Emurian (2005), Online Trust can be characterized by – *two parties* (trustor - Customer and trustee - website), *vulnerability* (complexity and anonymity associated with e-commerce), *produced actions* (purchasing behaviour) and *subjective matter* (directly affected by individual differences and situational factors).

**LITERATURE REVIEW**

There is plenty of literature that emphasizes the significance of consumer perceptions to have a better understanding about the customers in order to retain them with the company. An extensive review of literature has been done to understand the earlier researches and their importance in the present study. Following are the excerpts from some of the prominent and landmark researches:

The term “Trust” can be defined as, ‘confidence in or reliance on some quality or attribute of a person or thing, or the truth in a statement’ (Furman, 2009). Trust can also be defined as, ‘the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party’ (Mayer et al., 1995). ‘Trust can also be considered as an expectation set within particular contextual parameters and constraints’ (Lewis & Weigert, 1985). Businesses entering the virtual world are based on one firm standing namely online trust. Whichever business the company is involved in, it needs the support of its users in the form of trust. E-commerce relationships are directly dependent on trust whereas lack of trust has been identified as one of the biggest hurdles for its success. Hence, it can be stated that trust is a fundamental principle of every relationship (Corbitt et al., 2003).

A consumer is more likely to start or continue using a website if it meets their needs. Service providers or developers cannot rely on offering the best product or a service and ignore privacy issues (Savage, 2012). As consumers inevitably become as savvy with the online services as they are with traditional products and services, being a trustworthy brand will become more important.

“The ultimate goal of marketing is to generate an intense bond between the consumer and the brand, and the main ingredient of this bond is trust” (Hiscock, 2001). Online trust is an important aspect for an online business company because its absence can not only harm the customer loyalty thereby increasing customers’ switching towards other brands, but also can lead to dissemination of incorrect/incomplete information .

Hee-Woong et al (2004) identified the distinguishing factors for building trust in potential and repeat customers. The results revealed that in the case of potential customers, reputation and information quality are found to be significant to trust. On the other hand, for repeat customers, reputation, information quality, service level and customer satisfaction are found significant to trust.

Meng-Hsiang et al (2010) suggested that knowledge growth, perceived responsiveness, shared vision and knowledge quality help in the development of trust in virtual communities (VC). The study also confirmed that if the members believe that knowledge embedded in virtual community is relevant, timeless, comprehensible and complete, they may tend to trust information systems of VCs.

Zhou & Tian (2010) suggested that all those who had never purchased online generally held lower general trust in online purchase than those consumers who had already conducted their first online purchase. Furthermore, security is perceived to be the most significant predictor of initial trust in an online vendor for those who have not yet purchased online even once and those who have purchased even once, the most influential factor is reference power. Hence, in an online business, word of mouth publicity has great significance.

Hung et al (2012) re-examined the factors of building consumer trust to build a relationship between customers’ perceived waiting and repurchase intention. They identified three constructing factors of trust namely:

- Ability
- Integrity
- Benevolence



They concluded that the most influential factor in consumer trust was security of the online business information system followed by maintaining privacy and third party guarantees & recommendations. Another important finding included that perceived waiting may harm the trust in an online business.

Wang et al (2013) explored a model for verifying interactivity antecedents to trust and its impact on member stickiness behaviour. They suggested that connectedness and reciprocity are significant antecedents to trust in members while responsiveness and active control are important antecedents to trust in systems. Moreover, trust also influences on the members' duration and retention with the website.

Sanchez de Pablo Gonzalez del Campo et al. (2014) in their research work identified partner's reputation and prior partnering experience as crucial factors that contribute towards trust building. Relational variables i.e. commitment and trust are influenced by various firm and interpersonal factors (Ahmed, 2010). The results revealed that building, protecting and communicating a positive reputation and ensuring strong marketing competencies are important for building contractual and competence trust.

Sanghyun and Mi-Jin (2012) investigated the effects of various antecedents of trust in Social commerce namely: reputation, size, information quality and communication on consumers' trust. The results provide strong support for all these four variables thereby indicating their crucial role in building consumers' trust in the firm. Consumers depend on the s-commerce firms suggesting that online consumers understand that purchasing products or services online entail a higher level of risk than offline purchases because of the anonymity of the online environment. In a way, they try to avoid potential risks like fraud and no delivery.

Online environment includes several distinct factors that influence brand trust (Hong-Youl Ha, 2004). Accordingly, brand trust is affected by the following web purchase-related factors namely: security, privacy, brand name, word-of-mouth, good online experience and quality of information. Moreover, building e-brand trust requires a systematic relationship between a consumer and a particular web brand.

User-friendly and good informative websites motivates the consumers to visit again and again. They also help in building the trust in the consumer's mind. Bedi and Banati (2006) stressed on how to attract and retain the users through user friendly and trustworthy websites.

Ozturkcan (2014) explored the relevance of electronic word-of-mouth publicity as an emerging but crucial factor in building trust during online shopping. They investigated the influence of online consumer reviews impact on trust-building process with regard to quality, quantity, proportion of negative / positive on-line consumer reviews as well as consumers' purchasing intentions.

Nerurkar (2000) in his research work concluded that Service Quality must be considered as a basis for any type of customer retention strategy. Quality is an important aspect both for product manufacturing and service providing companies. Oliver and Rust (1994) discussed the unique importance of quality to service firms and have confirmed its positive relationship with profits, increased market share, return on investment, customer satisfaction and future purchase intentions. Parasuraman et al (1988) conceptualized SERVQUAL as an instrument to measure the service quality consisting of five dimensions namely; tangibles, reliability, responsiveness, assurance and empathy.

Previous studies highlight the increasing importance of digitization of tourism industry thereby leading to the sector's growth. But, the growth of this digitization is different in different economies. The variability in its acceptability is also significant because of the varying cultures and trust levels. Hence, this study will be undertaken to study the antecedents and consequences of consumer trust for online tourism companies in India.



### STATEMENT OF THE PROBLEM

Various authors and researchers have proposed important antecedents & consequences of consumer trust in an online environment. This concept has gained much of significance being the fundamental aspect of every relationship. Absence of this principle can prove to be fatal for the company in terms of losing customers and goodwill. This research study will identify and analyze various factors that strengthen consumers' trust on online tourism companies in India. Indian tourists will be investigated on twelve dimensions of consumer trust namely: Likeability, Functionality, Usage Convenience, Site's Efficiency, Information, Reliability, Communication, Customization, Availability, Promotional Deals, Price Competitiveness and Cancellation/ Refund Policy. An in-depth analysis and knowledge of customers will help this industry to understand them well and simultaneously ways to remove those barriers which act as a hindrance for online travel communities.

### OBJECTIVES OF THE STUDY

1. To identify the critical factors responsible for generating trust in tourists.
2. To develop a theoretical model of antecedents of consumer trust in online tourism companies.

### SCOPE OF THE STUDY

The study is very useful for the e-tourism companies to understand the factors responsible for creating trust in tourism and designing the strategies for retaining the existing customers with the company. It is useful for the researchers to give them insight into the concept of Consumer Trust for consumers shopping online. Since, it is an emerging concept in India, it gives an impetus to the building of a more advanced and convenient mode of shopping. It will also help the consumers to convey their expectations from online companies and thereby enjoy this convenient mode of shopping freely. Since, the study revolves around domestic (Indian) tourists undertaking leisure tourism; better understanding of them will increase the revenue of the Indian Tourism Industry.

### RESEARCH METHODOLOGY

The research design chosen is a combination of descriptive and causal in nature. The universe of the study refers to the Indian customers who book their tours from online tourism companies. Out of 400 questionnaires, 367 were complete in all respects. Secondary data was collected from previous research via published and online journals, magazines and online articles. Factor extraction is explained by using factor analysis.

### DATA ANALYSIS AND INTERPRETATION

#### Sample Profile

This section shows the profile of 367 respondents (online travel portal users) surveyed in Delhi NCR on the basis of four variables (gender, age group, educational qualification, and marital status).

**Table 1.** Simple Percentage Analysis of demographic profile

S. No.	Demographic Factors	No. of Respondents	% of Respondents	
1.	Gender	Females	125	34.1
		Males	242	65.9
2.	Age	Less than 20	48	13.1
		21-30	150	40.9
		31-40	113	30.8
		41-50	40	10.9
		51 & ABOVE	16	4.4
3.	Education	Graduation	50	13.6
		Post-Graduation	133	36.2

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**Table 1.** Simple Percentage Analysis of demographic profile (contd....)

S. No.	Demographic Factors		No. of Respondents	% of Respondents
3.	Education	Professional	149	40.6
		Others	35	9.5
4.	Marital Status	Single	160	43.6
		Married	207	56.4

The findings in Table 1 reveals that males are more inclined towards online tour planning, which is 65.9 percentage of total respondents) than females (34.1 percentage of total respondents). As per the results, young generation prefers to plan tours online, as age group between 21 & 30 years are using these services more (40.9%) followed by those aged between 31 -40 years with a percentage of 30.8. People of age 51 years and above have showed little interest (4.4%) in planning tours online. As high as 40.6% of the respondents possess professional qualification, whereas 36.2% of respondents are post-graduates indicating that most of the population are highly educated who are using online services to plan tours than those with lower education levels. Not much of a difference can be seen amongst the respondents in terms of their marital status, signifying that online tour planning is famous amongst the ones who are married as well as unmarried.

### Factor Extraction

This section deals with the extraction of factors to find the most significant predictor of Consumer Trust. Factor analysis is conducted using SPSS 19.0 on the data collected from 367 respondents on 36 items of Consumer Trust. Table 2 shows that the Bartlett's test of sphericity is significant for the measure i.e. Consumer Trust, indicating that the factor analysis is feasible for the same. As Bartlett's test is almost always significant, a more discriminating index of factor analyzability is the KMO. For the data set of Consumer Trust, KMO measure is .890. Since the KMO value is large; hence KMO also supports factor analysis.

**Table 2.** KMO and Bartlett's Test for Consumer Trust

<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</b>		.890
<b>Bartlett's Test of Sphericity</b>	<b>Approx. Chi-Square</b>	18514.471
	<b>Df</b>	630
	<b>Sig.</b>	.000

Principal component analysis is used to capture most of the scale items into minimum number of factors possible. Varimax orthogonal rotation procedure is used to obtain a simplified factor structure. Widely used latent root criterion is employed to decide the number of factors to be retained for further analysis. According to this criterion, we can retain only those factors which have latent roots or eigen values greater than 1. In this study, using this criterion, 7 factors are retained for Consumer Trust which represents 82.639% of the variance of the 36 items (Table 3).

**Table 3.** Variance and Eigen Values for Consumer Trust

Factor	Eigen Value	% of Variance	Cumulative % of Variance
1	12.801	35.557	35.557
2	5.750	15.972	51.529
3	2.812	7.812	59.341
4	2.524	7.012	66.353
5	2.140	5.946	72.299
6	2.044	5.679	77.978
7	1.678	4.662	82.639

Factor loadings of the items on the retained factors of Consumer Trust are exhibited in Table 4. Factor loading is the correlation of each item and the factor which indicates the degree of correspondence

between the item and the factor. Only those items with a factor loading of 0.50 or higher (ignoring the signs) are considered significant (Hair et al., 2005). The factor loadings of all the items are above 0.650 which indicates their high correlation with the respective factors.

**Table 4.** Factor Loadings for Consumer Trust

Factor	Item Code	Item Description	Factor Loading							
			1	2	3	4	5	6	7	
1. Website Characteristics	SDL1	Graphics of tourism website are likeable.	.903							
	SDL2	Layout of site is attractive and uncluttered	.943							
	SDL3	Site captures my attention	.939							
	SDF1	Site clearly explains how user information is used	.900							
	SDF2	Site's purchase system is stable and consistent	.928							
	SDF3	Processing is quite fast	.900							
	SDU1	It is easy to navigate tourism websites	.860							
	SDU2	It is easy to plan a trip anywhere and anytime	.838							
	SDU3	Payments can be made easily	.916							
	SDE1	It is Cost effective than visiting a travel agent	.685							
	SDE2	It is easy to find what I want on these sites	.814							
	SDE3	It is easy to compare different locations	.836							
	SDR1	Sites have never crashed my computer	.832							
	SDR2	Payments made are secured	.913							
SDR3	Personal information is kept confidential	.839								
2 Personalization	COM1	It is easy to interact with customer service personnel		.939						
	COM2	Site responds to my inquiries on time		.835						
	COM3	They communicate any kind of changes		.945						
	SC1	Site has given me individual attention		.877						
	SC2	Site understands my specific needs		.858						
	SC3	Their customization is commendable		.719						
3 Website Information	SDI1	There is requisite quantity of product information			.878					
	SDI2	There is requisite quality of product information			.883					
	SDI3	Information is always up-to-date			.869					
4 Promotion al Deals	PD1	Site offers ample number of deals				.982				
	PD2	Deals offer good discount				.971				
	PD3	Deals promote me to plan that particular tour				.924				
5 Availability	AV1	Online customer service is available all the time					.915			
	AV2	Good options are available to opt for					.906			
	AV3	I can track and manage my order through this site anytime					.901			

**Table 4.** Factor Loadings for Consumer Trust (Contd....)

Factor	Item Code	Item Description	Factor Loading							
			1	2	3	4	5	6	7	
6 Price Competitiveness	PC1	Price worthiness of travel mode (air/ railway/ road)							.857	
	PC2	Price worthiness of accommodation							.816	
	PC3	Price worthiness of entire package							.949	
7 Refund Policy	RP1	Cancelling the order is easy and hassle free								.793
	RP2	Percentage of money return is fixed								.886
	RP3	Money is returned within a stipulated time								.907

**Note:** Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization; Rotation converged in 5 iterations

**Factors for Consumer Trust**

Amongst the 7 factors extracted for Consumer Trust, the first factor comprises of 15 items (SDL1-3, SDF1-3, SDU1-3, SDE1-3 & SDR1-3) which are related to the features present in the website of the company. Therefore the first factor is named as ‘Website characteristics’. The second factor includes 6 items (COM1-3 & SC1-3) which are concerned with how well the online travel company is responding back to its customers and providing special attention to each and every customer. Hence the second factor is named as ‘Personalization’. Factor 3 is termed as ‘Website Information’ as the three items (SI1, 2&3) included in this factor indicate quality & quantity of updated information on the company’s website. Factor 4 comprises of three items (PD1-3) which relates to the promotional policies adopted by the company to attract and retain its customers. Hence, it is named as ‘Promotional Deals’. The fifth factor includes three items (AV1, AV2 & AV3) which shows the availability of the services provided by the online tourism company. Therefore, it is termed as ‘Availability’. Sixth factor namely ‘Price Competitiveness’ also includes 3 items (PC1-3) relating to the concern of customers regarding the provision of value for money on booking tours online. Seventh factor ‘Refund Policy’ includes three items (RP1, 2 & 3) that indicates the users’ perception about the procedure adopted by the company if they cancel the order.

**Reliability Testing**

For the seven constructs that this study focused on, it is necessary to measure internal reliability of each construct with its different number of items. To test the internal reliability, the Cronbach’s alphas are calculated for the items designed for the same construct. Table 5 shows the calculated values of Cronbach’s alpha for all the seven constructs. All the values are above the cut-off point 0.7 recommended by Nunnally and Bernsties (1994). It indicates that all the seven constructs are having strong internal consistency.

**Table 5.** Reliability Analysis

S No	Constructs	No. of Items	Chronbach’s alpha
1	Website Characteristics	15	0.980
2	Personalization	6	0.941
3	Website Information	3	0.965
4	Promotional Deals	3	0.956
5	Availability	3	0.972
6	Price Competitiveness	3	0.849
7	Refund Policy	3	0.828

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## Validity of Scale Items

**Convergent validity:** Convergent validity is the extent to which scale correlates positively with other measures of the same construct. For assessing the convergent validity of the scale, the Pearsonian coefficients of correlation are computed for various items of all the seven constructs (Refer Tables 6-12). It can be noticed that in case of every construct, the item inter-correlations for all item pairings are very high (>0.70). This provides evidence that all items are related to the same construct.

**Table 6.** Correlations for Website Characteristics

	WC1	WC2	WC3	WC4	WC5	WC6	WC7	WC8	WC9	WC10	WC11	WC12	WC13	WC14	WC15
<b>WC1</b>	1														
<b>WC2</b>	.865**	1													
<b>WC3</b>	.892**	.958**	1												
<b>WC4</b>	.928**	.817**	.841**	1											
<b>WC5</b>	.813**	.948**	.901**	.816**	1										
<b>WC6</b>	.811**	.833**	.838**	.772**	.790**	1									
<b>WC7</b>	.852**	.774**	.792**	.918**	.777**	.744**	1								
<b>WC8</b>	.702**	.768**	.766**	.741**	.785**	.674**	.748**	1							
<b>WC9</b>	.829**	.845**	.849**	.804**	.805**	.958**	.780**	.725**	1						
<b>WC10</b>	.721**	.649**	.670**	.759**	.654**	.625**	.827**	.621**	.645**	1					
<b>WC11</b>	.682**	.733**	.735**	.723**	.758**	.656**	.750**	.959**	.711**	.642**	1				
<b>WC12</b>	.717**	.760**	.768**	.736**	.755**	.767**	.747**	.723**	.800**	.654**	.718**	1			
<b>WC13</b>	.861**	.745**	.765**	.919**	.743**	.698**	.852**	.659**	.729**	.709**	.643**	.651**	1		
<b>WC14</b>	.796**	.916**	.881**	.798**	.968**	.775**	.761**	.774**	.790**	.634**	.749**	.733**	.741**	1	
<b>WC15</b>	.730**	.749**	.757**	.750**	.730**	.825**	.740**	.649**	.794**	.594**	.622**	.708**	.721**	.716**	1

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

**Table 7.** Correlations for Personalization

	PS1	PS2	PS3	PS4	PS5	PS6
<b>PS1</b>	1					
<b>PS2</b>	.730**	1				
<b>PS3</b>	.964**	.768**	1			
<b>PS4</b>	.867**	.623**	.834**	1		
<b>PS5</b>	.765**	.702**	.775**	.790**	1	
<b>PS6</b>	.622**	.629**	.646**	.504**	.620**	1

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

**Table 8.** Correlations for Website Information

	WI1	WI2	WI3
<b>WI1</b>	1		
<b>WI2</b>	.982**	1	
<b>WI3</b>	.844**	.876**	1

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

**Table 9.** Correlations for Promotional Deals

	PD1	PD2	PD3
<b>PD1</b>	1		
<b>PD2</b>	.975**	1	
<b>PD3</b>	.848**	.818**	1

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

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**Table 10.** Correlations for Availability

	AV1	AV2	AV3
AV1	1		
AV2	.937**	1	
AV3	.941**	.886**	1

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

**Table 11.** Correlations for Price Competitiveness

	PC1	PC3
PC1	1	
PC3	.773**	1

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

**Table 12.** Correlations for Refund Policy

	RP1	RP2	RP3
RP1	1		
RP2	.529**	1	
RP3	.581**	.772**	1

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

**Discriminant validity:** Discriminant validity is the extent to which scale does not correlate with other conceptually distinct constructs. Discriminant validity between constructs exists when there is a low correlation between items measuring different constructs. Discriminant validity of the measures is assessed on the basis of constructs correlations. Table 5.13 shows the constructs correlations for all the seven constructs. It can be noticed that none of the constructs correlations exceed the criterion of 0.9 and above recommended by Hair et al. (2005). Therefore empirical support exists for the discriminant validity of the measures.

**Table 13.** Constructs Correlations

	Website Characteristics	Personalization	Website Information	Promotional Deals	Availability	Price Competitiveness	Refund Policy
Website Characteristics	1						
Personalization	.075	1					
Website Information	.545**	0.77	1				
Promotional Deals	-.019	.015	.049	1			
Availability	-.019	.498**	-.004	-.031	1		
Price Competitiveness	.020	.015	.029	-.003	-.046	1	
Refund Policy	.004	.011	-.015	.002	.078	-.084	1

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

**CONCLUSION**

From the above findings, it can be concluded that following seven factors are evaluated as crucial factors that build trust in online tourism companies in India. These factors include: website characteristics, personalization, website information, promotional deals, availability, price competitiveness and refund policy. If these factors are taken care of, by the online tourism companies, trust of Indian consumers can be strengthened in them. Hence, the companies will be benefitted by attracting satisfied customers and will be able to retain them for a longer duration.



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**PROBLEMS AND PROSPECTS OF THE UNORGANISED  
SECTOR IN KERALA: REFERENCE TO SALES WOMEN IN  
TEXTILES**

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**ABSTRACT**

*The unorganized women workers are living below the minimum accepted standards without adequate facilities and having very lower income that did not meet their daily needs of life. Unorganised women workers including home-based works likes rolling papad and beedis, self-employment programs likes selling vegetables, employment in household enterprises and small units, agricultural workers, labour on construction sites, domestic work, handicrafts, khadi and village industries, handloom weaving and sericulture etc. The more women workers were employed mainly in the field of textile sector as sales women and comparatively more opportunities are there. They worked hard in shops to make their life better and reach their children in quality education and healthy food without acquiring any special skill and training. The study focused on the job satisfaction of sales women and the data were collected from 85 respondents and also from various books, reports, journals and websites. This is revealed that most of the women were satisfied with the facilities at work place given by the employer like special refreshment room for the women staff and staying or hostel facility etc but there is no time for refreshment because of continuous working hours without shifting and seasonal workload.*

**Keywords:** Unorganised; Sales Women; Job Satisfaction; Workload

**INTRODUCTION**

The Indian constitution is one of the most progressive in the world and guarantees equal rights for men and women. Despite the advances women have still given second priority almost everywhere especially in unorganised sector in terms of level and quality of employment compared to males. Even women workers continue to labour because of many severe problems like Poverty, lack of access to education and inadequate health facilities etc. They are made to work for long hours and wages paid to them are not according to their work. In Kerala, unorganised women workers constitute the mainly in the field of textile sector as sales women. They worked hard in shops to make their life better and reach their children in quality education and healthy food without acquiring any special skill and training.

**Unorganised Sector: An Overview**

The term unorganised is often used in the Indian context to refer to the vast numbers of women engaged in different forms of employment including home-based works likes rolling *papad* and *beedis*, self-employment programs likes selling vegetables, employment in household enterprises and small units, agricultural workers, labour on construction sites, domestic work, handicrafts, khadi and village industries, handloom weaving and sericulture etc. The central statistical organization (CSO) defined unorganised or informal sector consisting of enterprises that producing for the market do not have 20 employees without power and 10 employees with power. The workers of these enterprises are not registered under any legal stipulation like the Industrial Disputes Act of 1948 etc.

The National Commission for Enterprises in the Unorganised Sector (NCEUS) set by the Govt of India in September 2004 defined the unorganised sector as the unorganised sector consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers.

**Nature of Informal sector:**

- Ease of entry
- Autonomy and Flexibility
- Small scale of operations
- Family ownership of enterprises
- Labour intensive and Adaptive technology
- Lack of support and recognition from the Govt
- Competitive and unregulated product market
- Unprotected Labour Market
- Unreported income/ Tax Evasion
- Legal or Illegal

**Employment in the Unorganized Sector**

According to NCEUS, unorganised workers consists of those working in the unorganised enterprises or households excluding regular workers with social security benefits and the workers in the formal sector without any employment social security benefits provided the employees. A number of Acts such as the Workmen's Compensation Act (1923), the Industrial Disputes Act (1947), the Employees State Insurance Act (1948), the Minimum Wages Act (1948), the Maternity Benefit Act (1961), the Contract Labour Act (1970), the Payment of Gratuity Act (1972), the Building and Construction Workers Act (1996) etc. are there to the organized workers to attain different kinds of social security and welfare benefits. Though it has been argued that the above Acts are directly and indirectly applicable to the workers in the unorganized sector also but it is not implemented properly in the case of unorganised workers.

**The major Characteristics/ Problems of the unorganized workers:**

- The unorganized labour is vast in terms of its number range and therefore they are universal throughout India.
- As the unorganized sector suffers from cycles of excessive seasonality of employment, majority of the unorganized workers does not have steady avenues of employment. Even those who appear to be visibly employed are not gainfully and substantially employed, indicating the existence of disguised unemployment.
- The workplace is scattered and fragmented.
- There is no recognized employer – employee relationship
- In rural areas, the unorganized labour force is highly stratified on caste and community considerations. In urban areas while such considerations are much less, it cannot be said that it is altogether absent as the bulk of the unorganized workers in urban areas are basically migrant workers from rural areas.

- Workers in the unorganized sector are usually subject to indebtedness and burden as their inadequate income cannot meet with their livelihood needs.
- The unorganized workers are subject to exploitation significantly by the rest of the society. They receive poor working conditions especially wages much below that in the formal sector even for closely comparable jobs where the same labour productivity.
- Primitive production technologies are uncontrolled in the unorganized sector and they do not permit or encourage the workmen to absorb and learn higher technologies and better production relations. Large scale ignorance and illiteracy and limited exposure to the outside world are also responsible for such poor absorption.
- The unorganized workers do not receive sufficient attention from the trade unions.
- Inadequate and ineffective labour laws and standards relating to the unorganized sector.

### NEED AND SIGNIFICANCE OF THE STUDY

The unorganized women workers are living below the minimum accepted standards without adequate shelter and toilet facilities. The low earning of these women cannot meet with their daily needs. They do marry, bear children, and get old but under these phases of life, they live the same life. They live under unhygienic environment which results dangerous diseases. They work more than men as they have to play a dual role working both in and outside the home. No doubt, there are some laws to protect women and prevent exploitation like the Interstate Migrant Workmen Regulation of Employment and Conditions of Service Act 1979, The Bonded Labour System (Abolition) Act 1976 and Maternity Benefit Act 1961 etc. but these laws are not practically and strictly implemented. Many women workers are there in the field of textiles as sales women with or without get support. So this study mainly focused on the problems of sales women in the textile shops they were poor and with lower education by understanding their working conditions and job satisfaction and also to find out whether they were satisfied or not.

### REVIEW OF LITERATURE

Dr. Vandana Dave (2012) made an attempt to understand the socioeconomic condition of women laborers, nature of their work, their working conditions, wage pattern, wage discrimination and other difficulties faced by them at their work place. It was carried out with 350 respondents including women construction workers, agriculture labourers and domestic helpers working in the unorganized sector. The results showed that majority of the migrant women were engaged in the construction industry and were only employed in unskilled and low paying jobs as coolies, laborers and helpers and women were exploited to a greater degree as they were paid less compared to men for similar nature of work and hours spent on work. The conditions of work in the unorganized sector were unsatisfactory and the problems confronted by them were acute. And that their illiteracy, poverty and indebtedness forced them to work for lower wages and under unjust conditions.

Anthony P. D'souza (2013) focused the status and contribution of unorganized sector focused more on the challenges and problems faced by the youth in selecting job as self-employment. It is found that larger number of workers was getting their livelihood from this sector and entrepreneur plays a vital role in bringing up unorganized sector at the better position in the country.

Vasudev and Romica (2012) conducted a study amongst working women of the organized and unorganised sector for understand their status within the family by looking at their involvement in key decision making areas including distribution of household duties and money related decisions.

Usha P.E, bring out the consequences and determinants of women's work in the unorganized sector. It is revealed that women in the textile sales sector are working with very lower wages than the minimum wage fixed. They are not getting any service benefits such as increment, leave, pension, P.F and insurance. They are all coming from the lower class family and are exploited in many ways.

**OBJECTIVES**

1. To highlight the unorganised sector in the context of Kerala.
2. To understand the women problems in the unorganised sector.
3. To specify the problems of sales women in the textile shops and their job satisfaction.

**METHODOLOGY USED FOR THE STUDY**

Textile industry is one of the main livelihoods of the poor and uneducated women. Women workers in the textile industry as sales women in the malappuram and manjeri town area were the respondents of this study. The primary data were collected from 85 respondents and also from various books, reports, journals and websites.

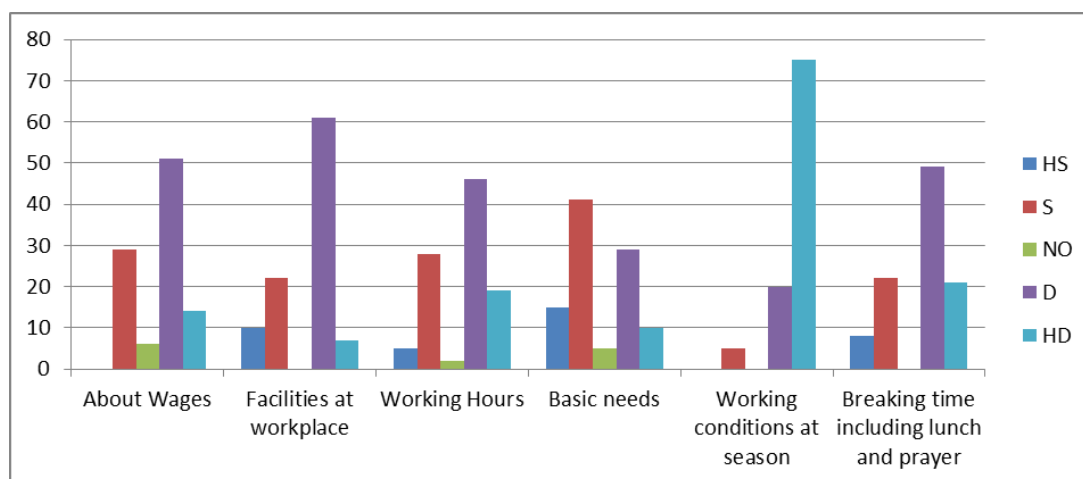
**DATA ANALYSIS AND DISCUSSION**

This is clear from the study that the women engaged in job as sales women is comparatively higher than the other works like construction, contract work etc. because of easy accessibility, less hard work and also no need for particular skill. But compare to men women also face some sort of inequality in wages. This revealed that most of the women were satisfied with the facilities at work place given by the employer like special refreshment room for the women staff and staying or hostel facility etc but there is no time for refreshment because of continuous working hours without shifting the job. Respondents also said that they had more work load at season like Onam, Bakrid, Christmas etc and less breaking time at that time. The main points of the study were noted the below table.

**Table 1. Problems of Sales Women & their responses**

Opinion	HS		S		NO		D		HD	
	No:	%	No:	%	No:	%	No:	%	No:	%
About Wages	0	0	25	29	5	6	43	51	12	14
Facilities at workplace	8	10	19	22	0	0	52	61	6	7
Working Hours	4	5	24	28	2	2	39	46	16	19
Basic needs	13	15	35	41	4	5	25	29	8	10
Working conditions at season	0	0	4	5	0	0	17	20	64	75
Break time including lunch & prayer	7	8	19	22	0	0	41	49	18	21

**Note:** HS – Highly Satisfied, S – Satisfied, NO – No Opinion, D – Dissatisfied, HD – Highly Dissatisfied



**Chart 1. Opinion of Sales Women**

**Inference:** It is clear from the study that the 75% of the workers were highly dissatisfied on the seasonal workload. Some of the employers ensure the fulfillment of basic needs of their employees like staying facility, sanitation etc. for their wellbeing and security, more employees also show positive responses towards it i.e. 41%. In contrast, sales women faced some problems like seasonal work load, low wages compared to men, less break time and continuous working hours. So the poor women consider it has their livelihood and still continue with the job just like an addition to the family income for better life.

### CONCLUSION

Women workers have to perform dual role of both outside employment with or without violent working conditions and also manage their home. They are also having same productivity and efficiency like men even then they faced discrimination in wages and poor working conditions and insecurity. Both the central and state governments have formulated certain specific schemes to support unorganized workers but which fail in meeting the real needs and requirements of the unorganized labour force. This study deals with the problems and satisfaction level of sales women in the textile shops and found that their working conditions and wage patterns were comparatively higher than other unorganised work like contract, agriculture, self employed, household units, construction field etc. Engagement of women in this field was high because of less hard work, no skill and easy accessibility even some sort of inequality is there when compared to men. This revealed that most of the women were satisfied with the facilities at work place and showed dissatisfaction in continuous working hours and work load at season like Onam, Bakrid, and Christmas etc.

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**INDIA'S FOREIGN TRADE WITH CHINA WITH SPECIAL  
REFERENCE TO AGRICULTURAL COMMODITIES**

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**ABSTRACT**

*India's has been in relationship with China since 16<sup>th</sup> century, which has strengthened with passage of time. Besides, trade relations we have been sharing strong bond of cultural exchange. Our bond of friendship plays a dual role of being competitive as well as complementary to each other. The present paper has been compiled with a view to analyse the change in trade relation of India and China from pre-to-post liberalisation period. The paper also throws light on comparative advantage of India over China's agricultural exports, along with the analysis of trade intensity of our country with China.*

**Keywords:** China; Revealed Comparative Advantage; Trade Intensity; Bilateral Relation

**INTRODUCTION**

The rapid economic integration of China and India in the world economy has changed the trade and investment flows. Following which even the Asian continent has witnessed a structural shift in trade practices viz. from multilateral to sub-regional to bilateral trade agreements. India and China have been in bilateral relation for more than two centuries. Their millennia-old relation is strongly based on continuous exchange of culture, heritage, goods and services.<sup>1</sup> The trade relation between both the parties has caught impetus with initiation of sub-regional and bilateral regional cooperation in areas of mutual benefits. Our exports to China and our imports from China have noted a sea-change from the pre-to-post liberalisation period.

**OBJECTIVE OF STUDY**

The following paper has been written with the objective to analyse the changes in India's trade with China since the liberalisation of its trade. The other objectives covered are:

1. To study the commodity composition of India's trade with China.
2. To study the relative comparative advantage of India over China in export of agricultural and allied commodities in world market.
3. To analyse the trend of trade intensity with China during the period 2001-02-2012-13.

**RESEARCH METHODOLOGY**

The study is analytical in nature and covers a period of 12 years (2001-02-2012-13). The study portrays a detailed view of our trade with China along with the statistical analysis of our comparative advantage in export of agricultural products to the world market. The study is divided into nine parts: Introduction, Objective of study, Research methodology, Literature Review, Trends in and Growth of India's trade with China, Commodity Composition of our trade with China, Relative Comparative Advantage of India in export of agricultural and allied commodities over China to the world market, Trade intensity of India's Trade with China and Conclusion. The data use in the study is secondary in



nature and is collected from Handbook of Statistics on Indian economy, RBI; Economic Survey of India; UNCTAD publications; International Trade Statistics, WTO etc.

The analysis of the study has been done with the help of various statistical tools like estimating the trend analysis, openness ratio, revealed comparative advantage (through use of Balassa index) and estimating the degree of trade intensity. The formula used to calculate the statistics are:

1. Trend analysis =  $Y_c = a+bX$
2. Openness ration =  $(\text{Export} + \text{Import})/\text{GDP}$
3. Revealed Comparative advantage

$$(X_{ij}/X_{wj}) / (X_i/X_w)$$

$X_{ij}$  – India's export of commodity j

$X_{wj}$  – World export of commodity j

$X_i$  = India's total exports

$X_w$  – Total world exports

a. Export Intensity Index (XII) can also be measured as follows:

$$XII_{ij} = [ X_{ij} / X_i ] / [ M_j / ( M_w - M_i ) ]$$

Where:

$XII_{ij}$  = Export intensity index of trade of country i with country j

$X_{ij}$  = Export of country i to trading partner j

$X_i$  = Total export of country i

$M_j$  = Total import of country j

$M_w$  = Total world imports

$M_i$  = Total imports of country i

i, j = India and China

b. The Import Intensity Index between India and China (MII<sub>ij</sub>) is shown as follows:

$$MII_{ij} = [M_{ij} / M_i ] / [ X_j / ( X_w - X_i ) ]$$

Where:

$MII_{ij}$  = Import intensity index of trade of country i with country j

$M_{ij}$  = Import of a country i to trading partner j

$M_i$  = Total import of country i

$X_j$  = Total export of country j

$X_w$  = Total world export,

$X_i$  = Total export of country i

i, j = India and China

The formula for trade intensity is taken from the work of Bhattacharya, S.K. and Bhattacharya B.N., titled "Gains and Losses of India-china trade cooperation: A Gravity model impact analysis".



**LITERATURE REVIEW**

Bhattacharya, S.N., Bhattacharya B.N. (2007), "Gains and Losses of India-China Trade Cooperation: A Gravity model impact analysis". In this working paper the authors have revealed the trade intensity indices of India and China and significantly identify the trade potential between both the countries. The paper also identifies the likely benefits in terms of gains or losses in imports of both India and China due to different preferential trading arrangements and free trade arrangements using the gravity model.<sup>2</sup>

Mohanty S.K. (2014), "India-China Bilateral Trade Relationship". Through this project the author has portrayed the trends in India's trade relation with China. The author analyses the changing composition of our trade with the Chinese market, along with an in-depth study of the rising regional disparities between China and India. Further, the study focuses on the sustainable trade potential of India with China.<sup>3</sup>

Report of Ministry of External Affairs on "India-China Bilateral Relations", provides a wide view of India's bilateral relationship with China. The article projects an insight of the various cooperation agreements signed between both the parties in various sectors. The report also provides an overview of the political relationship, defence relationship, science and technology relationship, commercial relationship, educational relationship and cultural relationship between both the trade partners.<sup>4</sup>

Wu Yanrui, Zhou Zhangyue (2006), "Changing bilateral trade between China and India". In this article the author focuses on the major trends of changes in the bilateral trade between the two countries. The study explores issues associated with trade intensity, intra-industry trade and comparative advantages in the two countries. The finding of the article proves to be useful to draw policy implications for future trade and economic cooperation between the two developing giants of Asia.<sup>5</sup>

Qureshi M. S., Wan G. (2008), "Trade Expansion of China and India: Threat or Opportunity?", in this article the authors identify the export performances and specialisation patterns of China and India with special focus on their trade competitiveness and complementarities, vis-à-vis each other as well as with the rest of the world. Through their work they suggest that the challenges created by China in the exports of traditional labour-intensive products might reduce in the long run.<sup>6</sup>

Tseng W, Cowen D. (2005), "India's and China's Recent Experience with Reform and Growth". Through this book the authors try to portray the structural change in trade regime of India and China since their liberalisation. The book provides a view of the effect of changes in reforms, on the banking and financial sector, trade relations and economic growth. The book also endows a complete picturesque of transformation of the Chinese and Indian economy since 1980.<sup>7</sup>

**Trends in and Growth of India's Trade with China**

The Indo-China relations have been growing very rapidly since the liberalisation of export-import policy and procedure in our country. The value of our exports registered a growth of more than 742 times, the index being 74206 in the year 2012-13, taking 1990-91 as the base year. Though, the rate of growth of our exports varied during different decades. An analysis of Table 1 reveals that our exports to China in absolute terms stood at US\$ 30 million in 1980, which declined by nearly two-times to US\$ 18 million in 1990-91. However, the value of our exports ascended to US\$ 758 million in the year 2000-01, registering a growth of 42 times over the year 1990-91. Thereafter, it maintained a rising trend-except for decline of 14 per cent in 2008-09 and 26 per cent in 2012-13. In 2001-02 our exports were US\$ 1454 million which hiked to US\$ 8291 million in 2006-07 and further to US\$ 18293.5 million in 2011-12. But, in the year 2012-13 our export value declined over the previous year and reached US\$ 13505.5 million. It can further be noted from the table that our exports grew at a CAGR of 38 per cent during the decade (2001-02-2011-12).<sup>8</sup>

**Table 1.** Trends in and growth of India's trade with China

Year	Export value (US\$)	%age inc. or dec.	Import Value (US\$)	%age inc. or dec.
1990-91	18.2		31	
2000-01	831.3	4467.58	1502.2	4745.81
2001-02	952	14.52	2036.4	35.56
2002-03	975.5	2.47	2792	37.10
2003-04	2955.1	202.93	4053.2	45.17
2004-05	5615.9	90.04	7098	75.12
2005-06	6759.1	20.36	10868	53.11
2006-07	8294	22.71	17460.7	60.66
2007-08	10828.8	30.56	27102.4	55.22
2008-09	9275.6	-14.34	32092.9	18.41
2009-10	11532.5	24.33	30783.8	-4.08
2010-11	15454.3	34.01	43474.1	41.22
2011-12	18293.8	18.37	57592.2	32.47
2012-13	13505.5	-26.17	54313.8	-5.69
Index (2011-12) base year 1990-91	74206	-	3616	-
CAGR (2001-02-2011-12)	-	41.50	-	42.59

**Source:** Compiled from Various issues of Economic Survey, Ministry of Commerce, Government of India

From table 1 it can be noted that, our imports from China also maintained a rising during the period under taken for study. The growth of our imports from this market has been more robust as compared to the exports to this market. In the year 1990-91 our imports of Chinese merchandise goods was worth US\$ 31 million, which nearly increased by 48-folds and reached US\$ 1502 million in the year 2000-01. Thereafter, during the decade 2001-02-2012-13 the value of imports increased exorbitantly with a rising trend-except for decline in the year 2008-09 (4 per cent) and in 2011-12 (6 per cent). Further, in the year 2001-02 our imports were to the tune of US\$ 2036 million showing a rise of 37 per cent over the previous year. Our export registered an all time high value of US\$ 57592 million in 2011-12, which subsequently declined by 6 per cent to US\$ 54314 million in 2012-13. It can be noted from the table that our exports to this country grew between as high as 75 per cent (2003-04) and as low as 18 per cent (2007-08), along with as CAGR of 42.59 per cent from 2001-02-2012-13.<sup>9</sup>

Thus, the rising import flow has created a huge gamut of trade deficit balance with this country (table 2). The awry situation is becoming a matter of concern for our government as the rising imbalances is affecting our Barter Terms of Trade with this nation.

**Table 2.** Trade deficit and openness ratio of India's trade with China

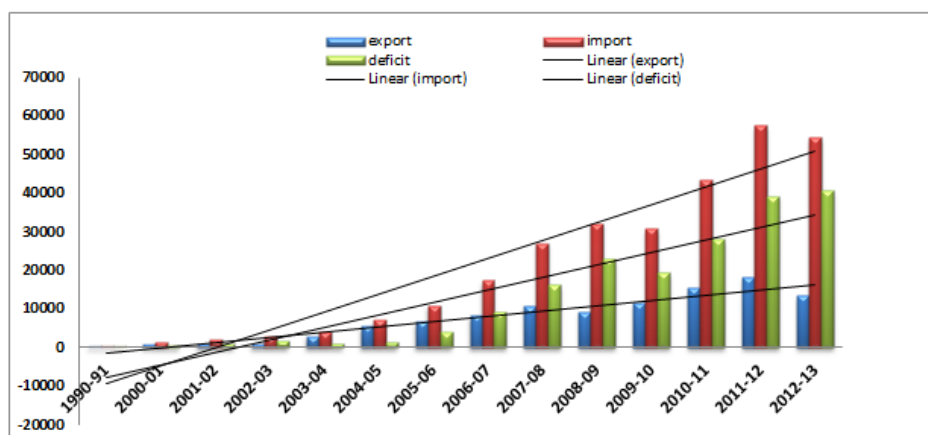
Year	Deficit balance US\$	Openness Ratio
1990-91	12.8	1.70
2000-01	670.9	1.81
2001-02	1084.4	2.14
2002-03	1816.5	2.86
2003-04	1098.1	1.37
2004-05	1482.1	1.26
2005-06	4108.9	1.61
2006-07	9166.7	2.11
2007-08	16273.6	2.50

Table 2. Trade deficit and openness ratio of India's trade with China (Contd....)

Year	Deficit balance US\$	Openness Ratio
2008-09	22817.3	3.46
2009-10	19251.3	2.67
2010-11	28019.8	2.81
2011-12	39298.4	3.15
2012-13	40808.3	4.02

Source: Compiled from Table 1

India being a late starter in the process of liberalisation has lagged behind China to a great extent in catching up with the trade flow. Comparing the position of both the countries in the pre-liberalisation period to the present scenario, it can be inferred that China has emerged as a fierce competitor of our country in the world market.<sup>10</sup> This situation is strongly evident through the degree of openness of our economy towards trade (Table 2). Further, it has also been noted that liberalisation of the Chinese economy much before ours, has resulted in ten-time higher FDI inflow to their market than that of our country.<sup>11</sup>



Graph 1. Trends in India's trade with China

Though India and China have been competitive yet they complement each other in many respects. As China has emerged as a major exporter of manufactured products, India too has emerged as a major hub for export of services. The bilateral relation between both the partners is being enhanced as China and India have started negotiations for Free Trade Agreement. Besides Trade Cooperation Agreements in areas of defence, culture, education, science and technology and areas of mutual interest have also been signed to further expand our trade relations. Both the nations also arrange for high-level ministerial visits, trade fairs, exhibitions and seminars to provide an impetus to trade.<sup>12</sup>

### Commodity Composition

“China is one of the most important market destinations where India's export potential has not been adequately realised. India's large trade potential is yet to be tapped in diversified sectors of the Chinese market ranging from primary and labour intensive products to various levels of technology intensive products”, as quoted by Arun Jaitley during the commencement of Economic Survey of India, 2013-14.<sup>13</sup> Our commodity basket directed to the Chinese market mainly consists of mineral and fuel products and semi-manufactured products.<sup>14</sup> As compared to the pre-liberalisation period a structural shift has been noted in our export commodity composition. In the 1980's and 1990's period China mainly exported agricultural products, whereas in the second decade of post-liberalisation period i.e. from the time when China started rigorous industrialisation and infrastructural development of its economy the commodity basket shifted to mineral products.<sup>15</sup> A descriptive view of our commodity composition is provided in Table 3.

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**Table 3. Commodity Composition of India's Exports to China**

HS CODE	PRODUCT	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	INDEX
'52	Cotton	74466	63329	72040	118747	246856	704236	935689	779630	618342	2106887	2799828	3613268	4852.24
'74	Copper and articles	2905	20074	24789	57650	104620	401362	486434	177662	410735	3629688	1870384	2194885	75555.42
'26	Ores, slag	249747	389899	576864	1810720	3956553	3614646	4909132	5829160	4716192	6347289	4295269	2615130	1047.11
'29	Organic chemicals	99983	158230	193378	310127	435454	518519	611300	456051	456615	757977	860628	1022934	1023.11
'27	Mineral fuels, distillation	1453	4345	74783	15539	24355	61208	99634	154286	54566	372091	1618733	341551	23506.61
'25	Salt, sulphur, earth	53692	68096	83897	127062	148968	154642	239208	294174	256059	313084	474776	573853	1068.79
'39	Plastics and articles	114268	145181	200745	378920	338258	403473	277432	165967	203791	370692	618099	608027	532.11
'84	Machinery, nuclear reactors, boilers,	8811	26790	51230	99188	103130	175856	200139	208087	340324	280776	373241	402909	4572.80
'72	Iron and steel	25026	214637	742466	444888	731508	404940	340300	205600	420599	739791	645338	328217	1311.50
'15	Animal, vegetable fats	4757	4041	12000	31454	42927	49763	64806	70358	164532	223377	300443	380044	7989.15
'85	Electrical, electronic equipment	8912	12022	24292	34731	47437	67500	88165	100028	249325	206267	327277	250870	2814.97
'13	Lac, gums, resins,	9075	8480	9485	11485	27601	34903	42626	42444	30705	44246	130885	296209	3264.01
'67	Bird skin, feathers,	17891	24365	34143	38619	53547	72512	108069	95861	95344	93505	129521	158985	888.63
'03	Fish, crustaceans,	91244	107094	87831	62450	129364	136359	131315	83019	89525	245868	213005	169702	185.99
90	Optical, photo, etc.	22534	18038	23470	23077	29616	37847	40061	49543	103759	79960	111861	136532	605.89
TOTAL	ALL PRODUCTS	922542	1531604	2567162	4098514	7183792	7829168	9491978	10093927	10370052	17439991	16717786	14729317	1596.60

**Source:** Compiled from International Trade Statistics, UN.

In the year 1990-91 our country chiefly exported crude material, fuel and minerals followed by food and live animals and beverages and tobacco at 3<sup>rd</sup> and 4<sup>th</sup> place. These product groups together held nearly 3/4<sup>th</sup> share in our total exports to China in the pre-liberalisation period. Whereas, in the post-liberalisation period the scenario completely changed and share of semi-manufactured and manufactured products increased rigorously along with the mineral and ores products, accounting for 3/4 the share in our exports.<sup>16</sup>

**Table 4. Commodity Composition of India's Imports from China**

HS CODE	PRODUCT	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	INDEX
'85	Electrical, electronic equipment	211727	591737	999425	1663133	2476623	3766614	7025673	8477315	10503967	11274108	13240759	13114008	6193.83
'84	Machinery, nuclear reactors	215821	272354	401803	869403	1836734	3091619	4122975	6075822	5880975	7219613	9791615	10234001	4741.89
'29	Organic chemicals	292553	449770	595228	766890	1200930	1620752	2187469	2857476	2775758	3741420	4080427	4622128	1579.93
'99	Commodities not specified	6325	17436	19867	20374	70088	405374	377928	1049975	1756427	3185422	4489912	4461700	70540.71
'31	Fertilizers	8035	9030	14157	3787	12393	101635	871609	1125970	469477	1367037	2727039	2689228	33468.92
'73	Articles of iron or steel	13648	13925	33653	82448	175363	779647	1095873	1146491	876035	1054751	1452813	1420278	10406.49
'39	Plastics and articles thereof	15870	25889	51223	80320	174238	317106	578151	570406	479272	783290	1212401	1271999	8015.12
'90	Optical, photo, apparatus	39485	60495	60115	79203	135848	183183	299113	330363	627136	641739	921063	1096210	2776.27
'72	Iron and steel	13009	8568	16006	63141	263791	499840	1464749	1741572	693553	2142633	1993604	1694319	13024.21
'87	Vehicles other than railway, tramway	6531	4729	6138	9877	63165	185991	277882	452884	403063	685281	1008626	1034878	15845.63
'71	Pearls, precious	84998	131633	102188	98178	181259	63804	302957	382824	652613	523873	1809021	1263265	1486.229
'28	Inorganic chemicals, isotopes	58771	71904	102175	133042	201081	261048	362282	560003	449245	515247	740900	700810	1192.442
'89	Ships, boats and	72	16928	5787	7692	142059	89851	299040	213287	302432	1086397	1436325	694483	964559.7
'38	Miscellaneous chemical products	13677	19682	25304	58872	80236	127426	175337	350088	249148	539431	599993	618158	4519.69
'94	Furniture, lighting,	10862	17053	23399	49750	89524	150377	234744	278087	241776	369619	521268	558032	5137.47
TOTAL	All products	1827549	2619849	3615126	6051257	10167061	15639064	24575772	31586024	30613371	41249116	55483025	54140455	2962.46

**Source:** Compiled from International Trade Statistics, UN.

An analysis of Table 4 reveals that our principal imports from china. The table reveals that the import commodity composition did not record any significant change in its composition from the pre-to-post liberalisation period. In the pre-liberalisation period our imports mainly consisted of chemicals and crude minerals and manufactured products. Whereas in the post-liberalisation period our imports consisted of manufactured products and crude mineral products. The share of manufactured products increased vehemently after the year 2005-06 accounting for about 40 per cent share in our overall imports from China.<sup>17</sup>

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## Revealed Comparative Advantage

The trade competitiveness of our country shows whether it has specialisation in the production of a good. It is said to have a competitive advantage when it can produce the good at a cheaper price than other traders in the world market. The advantage also represents a marginal hike over the competitors in terms of unit price of the product.<sup>18</sup>

The indices on the RCA of both India and China in exports of agricultural and allied commodity groups have been represented in Table.

**Table 5.** Revealed Comparative Advantage of India in Export of Agricultural and Allied Products

YEAR		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>COMMODITIES</b>													
Live animals	I <sup>1</sup>	0.03	0.01	0.05	0.06	0.04	0.07	0.06	0.54	0.07	0.04	0.35	0.002
	C <sup>2</sup>	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.003	0.002	0.003	0.003	0.003
Meat and Edible Meat Offal	I	0.97	0.87	0.80	0.94	0.91	1.02	1.07	1.10	0.94	1.20	1.35	1.68
	C	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Fish and Crustaceans, etc.	I	4.17	3.75	3.25	2.62	2.50	2.30	2.35	2.31	1.67	1.72	1.94	2.12
	C	0.003	0.003	0.004	0.005	0.006	0.006	0.006	0.006	0.010	0.011	0.012	0.013
Birds' Eggs; Edible Products of Animal Origin	I	0.34	0.29	0.31	0.37	0.50	0.40	0.43	0.54	0.21	0.23	0.18	0.24
	C	0.0003	0.0003	0.0004	0.0004	0.0004	0.0005	0.0007	0.0008	0.0006	0.0006	0.0006	0.0007
Products of Animal Origin	I	1.69	1.55	1.08	1.05	0.79	0.85	0.84	0.51	0.56	0.68	1.28	0.83
	C	0.008	0.009	0.011	0.013	0.015	0.015	0.016	0.017	0.018	0.020	0.021	0.024
Live trees and other Plants	I	0.47	0.47	0.47	0.54	0.50	0.57	0.80	0.39	0.25	0.21	0.20	0.23
	C	0.0002	0.0002	0.0002	0.0003	0.0004	0.0005	0.0007	0.0007	0.0010	0.0011	0.0011	0.0014
Edible Vegetables etc.	I	1.47	1.36	1.36	1.50	1.62	1.58	1.42	1.39	1.15	1.13	0.95	1.09
	C	0.003	0.004	0.005	0.005	0.007	0.008	0.008	0.008	0.009	0.014	0.015	0.013
Edible Fruit etc.	I	2.64	2.25	1.75	2.00	1.80	1.60	1.40	1.45	1.07	0.93	0.94	0.93
	C	0.0007	0.0009	0.0012	0.0014	0.0016	0.0020	0.0021	0.0027	0.0034	0.0036	0.0038	0.0046
Coffee, Tea, Mate and Spices	I	9.44	7.25	6.25	6.37	4.70	5.00	5.20	4.82	3.57	3.60	3.41	3.53
	C	0.002	0.002	0.003	0.004	0.004	0.004	0.004	0.004	0.004	0.005	0.004	0.005
Cereals	I	3.61	5.37	4.50	5.12	4.30	3.20	3.80	3.36	2.71	2.33	2.71	4.56
	C	0.001	0.002	0.004	0.0011	0.002	0.002	0.002	0.001	0.001	0.001	0.001	0.0004
Products of the Milling Industry	I	1.12	1.37	1.62	1.12	0.40	0.35	0.40	0.36	0.29	0.33	0.42	0.75
	C	0.009	0.010	0.001	0.001	0.002	0.002	0.004	0.003	0.003	0.004	0.004	0.004
Oleaginous Fruits	C	0.002	0.002	0.002	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003
Lac; Gums, Resins	I	15.28	12.50	11.37	11.75	11.00	10.60	9.50	9.09	5.36	7.67	16.47	32.29
	C	0.001	0.002	0.002	0.002	0.002	0.003	0.004	0.008	0.010	0.012	0.013	0.009
Vegetable Plaiting Materials	I	5.69	5.37	3.87	6.12	5.00	4.50	4.80	5.09	3.57	4.80	3.71	5.35
	C	0.004	0.006	0.005	0.006	0.007	0.008	0.008	0.009	0.008	0.007	0.009	0.014
Animal or Vegetable Fats	I	1.39	0.75	0.71	1.00	0.80	0.70	0.68	0.54	0.57	0.60	0.53	0.56
	C	0.0003	0.0002	0.0002	0.0003	0.0005	0.0007	0.0005	0.0006	0.0006	0.0005	0.0005	0.0006
Preparations of Meat, of Fish	I	0.03	0.12	0.44	0.62	0.60	0.70	0.58	0.59	0.43	0.51	0.22	0.11
	C	0.006	0.007	0.008	0.010	0.013	0.015	0.016	0.014	0.013	0.016	0.018	0.021
Sugars and Confectionery	I	2.92	2.37	2.87	0.46	0.32	2.30	3.40	4.27	0.21	1.53	2.35	2.62
	C	0.0004	0.0007	0.0006	0.0008	0.0013	0.0013	0.0017	0.0019	0.0022	0.0025	0.0025	0.0028
Cocoa and Cocoa Preparations	I	0.04	0.01	0.02	0.04	0.03	0.04	0.03	0.05	0.36	0.47	0.41	0.08
	C	0.0001	0.0001	0.0002	0.0002	0.0004	0.0004	0.0005	0.0006	0.0004	0.0006	0.0008	0.0009
Preparations of Cereals, Flour	I	3.61	0.37	0.34	0.37	0.40	0.38	0.40	0.47	3.28	0.34	3.94	0.43
	C	0.0010	0.0012	0.0013	0.0016	0.0018	0.0021	0.0021	0.0019	0.0021	0.0025	0.0028	0.0029
Preparations of Vegetables, Fruit	I	0.50	0.34	0.37	0.37	0.40	0.50	0.40	0.45	0.43	0.38	0.35	0.42
	C	0.0033	0.0041	0.0049	0.0058	0.0072	0.0085	0.011	0.010	0.010	0.012	0.013	0.015
Miscellaneous Edible Preparations	I	1.11	0.77	0.75	0.62	0.56	0.57	0.57	0.54	0.44	0.44	0.46	0.56
	C	0.001	0.001	0.001	0.001	0.002	0.002	0.002	0.002	0.003	0.003	0.004	0.004
Beverages, Spints and Vinegar	I	0.12	0.07	0.06	0.07	0.08	0.09	0.09	0.11	0.11	0.13	0.15	0.20
	C	0.0007	0.0007	0.0007	0.0009	0.0009	0.0013	0.0009	0.0009	0.0010	0.0012	0.0012	0.0015
Residues and Waste	I	2.92	2.24	2.25	4.00	2.80	3.90	4.00	4.82	2.36	2.40	2.47	2.26
	C	0.0006	0.0009	0.0009	0.0011	0.0012	0.0013	0.0022	0.0027	0.0033	0.0036	0.0033	0.0046
Tobacco and Manufactured Tobacco Substitutes	I	1.15	1.25	1.25	1.37	1.20	1.40	1.50	1.82	1.86	1.67	1.18	1.40
	C	0.0008	0.0010	0.0013	0.0014	0.0016	0.0017	0.0019	0.0020	0.0025	0.0030	0.0029	0.0035

Note: <sup>1</sup>I- India, <sup>2</sup>C-China

Source: Compiled from International Trade Statistics, UN.

The table reveals that India gains comparatively over China in export of all the twenty-four agriculture and allied commodity groups. The gain has been highest in exports of lac, gum and resins, followed by



cereals and vegetable plaiting materials in the world market. It can also be noted from the table that our country enjoys a better comparative position over China throughout the decade (2001-02-2011-12). Thus portraying that, the agriculture- based products are more cheaply produced in our economy than the Chinese economy. As well as our country enjoy s a better unit-price for agricultural products in the world market as compared to that of China's.

### Trade Intensity of India With China

Trade intensity index measures trade potentiality between two countries as quoted by Bhattacharya (2007).<sup>19</sup> In his working paper he describes trade intensity index as “the share of one country’s trade with another country, divided by the other country’s share of world trade. The value of index ranges from 0 to 100. If the value is 0, it implies no trade relationship between partner countries. On the other hand, if the value of import intensity index is more (or less) than 100, it indicates that country i is importing more (or less) from country j than might be expected from that country’s share in total world trade. In export too, if the value is 0 or nearer to 0, it implies export link between these two countries is negligible and if the value is nearer to 100 that indicates that performance is significant and if it exceeds 100 it indicates that country i is exporting more to country j than might be expected from that country’s share in world trade.”<sup>20</sup> The trade intensity of our country (noted as *i* in above quotes) with China (noted as *j* in above quotes), is tabulated in Table. Bilateral trade relationships between India and China described in terms of intensity indices helps us to identify the degree of trade intensiveness the countries are trading with each other.

Table 6. Trade Intensity between India and China

Year	Export Trade Intensity	Import Trade Intensity
2001-02	7.7	82.18
2002-03	8.9	88.99
2003-0	9.2	84.33
2004-05	9.8	82.96
2005-06	9.7	97.84
2006-07	10.8	107.45
2007-08	10.3	126
2008-09	7.1	110.42
2009-10	7.3	116.78
2010-11	8.6	111.36
2011-12	6.2	113.06
2012-13	5.0	96.26

Source: Calculated values

From Table it can be noted that the export intensity of our country with China has been relatively low as compared to the import intensity. It can be analysed from the table, that India exports much less to China market than what it should be and China imports much less from the Indian market than what it should be. There is scope for mutual trade expansion between India and China, which can be achieved by suitable policy instruments. India's intensity to export has been extremely low in the past decade (2001-02-2011-12). The index further reveals that the magnitude of our trade has been slow; hovering between 6 – 10 per cent. Conversely our import intensity index with this market reveals that the demand of Chinese products has been extremely dominating in our domestic market during the period under study. Thus, it can be advised that our country needs to balance our exports with that of the imports from China as it has been continuously affecting the BoP and our Barter terms of trade.

### CONCLUSION

The Sino-Indian bilateral trade relationship took an impressive turn during the last decade as China gradually ascended to become the largest trading partner of India since 2008. It can be observed from the study above that the liberalisation of trade in Indian economy has positively affected our relation with the Chinese government. During the last two decades, emergence of external sector has improved growth inevitability of both countries, and has also integrated them more in the global market than before.

Further the study entails that India has a large export potential in China, and it could emerge as a competitive supplier for the Chinese market based on expansion of our global competitiveness. However, effort is needed to bring a structured change in the export commodity basket to this market. It can be observed from the trade composition that our commodity basket mainly consists of mineral based products, along with the semi-manufactured products. But as we have a better relative comparative advantage than China in export of agricultural-based products, we need to focus on formulating policies and strategies which shall promote the export of our agricultural and allied products to this market.

Further, China has proved to be a fierce competitor for our exports in the world market, however we stand nowhere close to being a competitor to the Chinese exports. So, according to the present situation India needs to complement China as an efficient partner, so that it can emerge competitively for other countries in both the Asian region as well as in the global market. The Free Trade Agreement proposal should be concluded soon between both the parties, as it shall have a huge optimistic and affirmative effect on our exports. Effort should be made by both the partners to sustain the rising trend of trade, which shall be possible by adopting open-regionalism and trade cooperation to encourage outward-oriented development of inter-regional as well as intra-regional trade, thus by complementing each other.

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**REACHING THE UNREACHED: A STUDY OF  
ABHAYAHASTHAM AN INNOVATIVE INSURANCE SCHEME  
FOR SHG WOMEN IN ANDHRA PRADESH**

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**ABSTRACT**

*In the state of Andhra Pradesh, the woman self help movement has reached the highest peaks with the constant efforts of the government, NGOs and banks. The Self Help Group (SHG) model, primarily aimed at poverty alleviation, is resulting in even more fundamental and desirable changes in terms of social empowerment of women, empowerment of their families and finally in the betterment of community life. In this process, SHG women identified the need for financial security not only during their old age, when their ability to earn from their physical labor is reduced considerably but also for risk coverage for their life. SHG women raised their voices for financial security in several forums of public meetings and in federation meetings. Responding to the demand from the SHG women, the Govt. of Andhra Pradesh has conceptualized the pension and insurance scheme for SHG women in the year 2008 and started implementing the same from November 2009 as 'Abhayahastham' insurance scheme. After 5 years of its implementation in Andhra Pradesh (the then combined state), an attempt is made in this paper to analyze and present the level of awareness, access to and utilization of the scheme by the poor women who are the ultimate beneficiaries. It is a field study carried out by drawing sample from Chittoor district in Andhra Pradesh state. The findings presented in this paper from part of the work carried out by the author for her research leading to Ph. D degree.*

**Keywords:** SHG; Financial Security; Insurance; Abhyahastham; Andhra Pradesh

**INTRODUCTION**

Majority of the working population in India is 'employed' in the informal sector. Economic development in India has not resulted in the formalization of employment that occurred in countries that industrialized in the early 20<sup>th</sup> century. In some sectors there has been an increase in formal-sector workers; in many other sectors, however, an in formalization has taken place through subcontracting and outsourcing.

Approximately 90 percent of the working population of India is employed in the informal sector (UNDP 2006). As less than 10 percent of the workers have formal contracts, the contributions by employers and employees are relatively low. This presents a challenge to the State in obtaining funding for social security programmes. Approximately 3.75 million people (ILO, 2000) are covered by official social security programmes in the formal economy in India. Some of the (roughly) 60 percent of workers classified as 'unorganized' workers are in a position to pay significant insurance

contributions. As per the study in 2006 on Micro insurance demand and prospects- India by Allianz, GTZ and UNDP, the lower - income groups and the poor can only afford small payments, however, thirty percent of the unorganized workers in India consist of very poor groups who are unlikely ever to be in a position to make contributions and become members of a contributory social security system.

### Micro Insurance

Insurance products are mostly purchased by the wealthy and middle class and do not adequately service the needs of lower income households. Present studies estimate that more than 90% of the Indian population does not benefit from any kind of social protection, including insurance (ILO 2005). To address this gap, both governments and private companies have begun to develop a range of insurance products that target the poor and prioritize their needs. These products have come to be referred to as micro insurance (The Training and Learning Circle (TLC) Nov.2009). Micro insurance is a group insurance that can cover thousands of poor people (customers) under one contract. This requires an intermediary between the customer and the insurance company. Preferably, the intermediary is a non -governmental organization (NGO), microfinance institution or a community based organization; for example a rural bank that can handle the whole distribution and most of the administration process. In order to make micro insurance services accessible to the unreached i.e the poor who are working in unorganized sector, the Govt. of Andhra Pradesh introduced several micro insurance products in collaboration with insurance agencies. Abhayastham is one such innovative pension and insurance scheme for SHG women attempting to reach the unreached. A study has been undertaken to assess the levels of awareness, access and utilization of the Abhayastham scheme by the poor SHG women in Chittoor district, Andhra Pradesh.

### The women Self-help movement in Andhra Pradesh State

The then Government of Andhra Pradesh (GoAP combined state), being seriously concerned about the high level of poverty, illiteracy and poor health among the rural women, gave high priority to improving the status of the rural poor through innovative approaches. An autonomous organization, Society for Elimination of Rural Poverty (SERP) with the Chief Minister as the chairman was established to implement the rural poverty eradication projects in the state. The Society for Elimination of Rural Poverty (SERP) is implementing Indira Kranthi Patham (IKP) project. This is a state-wide, community demand driven rural poverty alleviation project aiming to cover all rural poor households in the state. The main objective is to enable the rural poor in the state, particularly the poorest of the poor, to improve their livelihoods and quality of life. In the then, Andhra Pradesh the most prominent SHG micro-finance project within rural India is part of the Indira Kranti Patham program, formerly called Velugu. This is a World Bank sponsored programme focusing specifically on the empowerment of women and initiated in the year 2000. Velugu grew out of the Indian government program Development of Women and Children in Rural Areas (DWCRA). DWCRA began in 1982-83 as a gender offshoot of the National Integrated Rural Development Program of 1979 (Deshmukh- Ranadive 2004).

The Society for Elimination of Rural Poverty (SERP) was established by the Government of Andhra Pradesh (GOAP) as a sensitive support structure to facilitate livelihoods and social mobilization of rural poor women.

As on Feb. 2014, IKP focuses on rural poor families covering 1, 16, 42,765 members in 10, 54,147 SHGs formed exclusively with women. A total of 43,597 Village Organizations (VOs), 1098 Mandal Samakhyas (MSs) and 22 Zilla Samakhyas (ZSs) have come into existence in 22 districts of Andhra Pradesh state. As on today (Feb.2014), the total savings and corpus of SHG members are Rs.4, 447.63 crores and Rs.5, 720.66 crores respectively. It evolved in two phases as two projects. The first phase and first project was Andhra Pradesh District Poverty Initiatives Project (APDPIP) in 6 districts. The second phase project is Andhra Pradesh Rural Poverty Reduction Project (APRPRP) in 16 districts. Later APRPRP covered all rural mandals in 22 districts. The project development objectives of APRPRP are that the poor and particularly the poorest of the poor in 22 rural districts sustain self-

reliant, empowered organizations to take advantage of their new opportunities, in a risk-managed environment. SERP works on a comprehensive multi-dimensional poverty alleviation strategy by focusing equally on both the human development value chain and the livelihoods value chain through the networks of SHGs of rural poor and their federations.

### **Risks / Shocks and Poverty**

In spite of the tireless efforts by SERP in improving the livelihoods of the SHG members, there is a question that arises in relation to the sustainability of their livelihoods. If risks/shocks arise either at individual, self or community level, then the entire condition of poor people becomes vulnerable. Understanding risk and risk aversion is important when seeking to understand poverty. Risk overlaps with poverty, but they are not synonymous. All people face risks, but the issue is how people, especially the poor, are able to deal with them. Poor people are typically more exposed to risks and least protected from them. They have limited assets, and are thus less able to deal with risks and absorb shocks. Risk exposure has a direct bearing on well-being, causes poverty or can increase the depth of poverty (Hoogeveen et al., 2005). Risks and shocks can be related to all dimensions of poverty: human, socio-cultural, political, protective and economic. The direction of causation can be both ways – poverty causes exposure to risks, e.g. poor people are forced to live in an area exposed to natural hazards, and risks can cause poverty, e.g. a natural hazard such as a flood can destroy assets.

### **Response to Risks**

People have developed a large range of strategies to reduce and deal with risks, resulting from both endogenous and exogenous shocks and stresses. The mechanisms for managing risks are three ways-risk prevention, mitigation and risk coping. Prevention strategies are strategies implemented before a risk event occurs. Prevention strategies implemented by households or individuals may be very costly and could even be a cause for (income) poverty, for instance when farmers grow drought-resistant but low-return crops (IDS, 1989; Hoogeveen et al., 2005). Mitigation strategies help individuals reduce vulnerability or the impact of a risk. Coping strategies dealing with shocks tend to be sequenced, with households and individuals adopting strategies which limit long-term damage. As part of the risk mitigation strategy, SERP adopted community managed micro-insurance model for implementing various micro insurance schemes. One such insurance scheme is Abhayastham. This Abhayastham scheme is implemented by the state government in collaboration with the Life Insurance Corporation of India.

All the development activities of SERP are carried out in and around the Community Based Organizations (CBOs). The activities and programs are shouldered by the Zilla Samakhyas with the active participation of all the stakeholders. With this social infrastructure of the peoples' network, the implementation of the innovation is made possible. In fact all the members of the SHGs and their federations are poorest of the poor and the poor who are denied all the opportunities for development on the pretext of poverty.

Micro Insurance need was identified by the federation members for the betterment of SHG women, as a risk mitigation mechanism to protect the rural poor women in case of a sudden demise of SHG members which is happening very frequently as noticed by the members. The other need for income security expressed by these women was in their old age, when their ability to earn from their physical labor would have reduced considerably. These needs had been voiced by the SHG members in various meetings. Responding to the demand from the SHG women, the Govt. of Andhra Pradesh has conceptualized Abhayastham insurance scheme for SHG women, in order to secure dignified life to women and providing income security in their old age. The government has decided to introduce a co-contributory pension scheme for the SHG women to give them a monthly pension.

### **Abhayastham Insurance Scheme**

**Objective and purpose:** The pension scheme envisages providing income security to the SHG women who are 60 years and above. It envisages that a member would contribute Re.1/- per day per member

and Government of Andhra Pradesh (GoAP) would also contribute Re.1/- per day per contributing member and GoAP would ensure a minimum pension of Rs.500/- per month to every SHG member aged above 60 years.

In addition to the pensions to the women, the members are covered under Janashree Bima Yojana (JBY) insurance scheme, giving them triple benefits of pensions, insurance cover and study scholarship under Shiksha Sahyog Yojana.

**Implementation of the ABH scheme:** The “Andhra Pradesh Self Help Groups (SHG) Women Co-contributory Pension Act, 2009” has been passed by both houses of the legislature which made way for implementation of the various insurance schemes that include a pension component. In this specific case Society for Elimination of Rural Poverty is the nodal implementing agency for ABH scheme in collaboration with Life Insurance Corporation (LIC) of India.

**Eligibility:** All Indira Kranthi Patham (IKP) recognized SHG women, from rural and urban areas. Should be a currently active SHG member and had been a member for at least a year (SHG member by 1/06/2009). Holder of white ration card. The SHG should recommend the case of the member and certify the age of the member through a resolution.

### Benefits:

1. Each member would become eligible for minimum monthly pension of Rs. 500 or above, subject to fulfillment of conditions to be prescribed, on crossing the 60 years of age, depending on the number of years of contribution and quantum of contribution made by the member.
2. All women between 18 to 59 years would be eligible for life insurance cover up to
  - A sum of Rs. 30,000 in case of natural death, Rs.75,000 in case of accidental death
  - Rs. 5,000 for permanent disability, Rs. 37,500 for partial disability
  - Scholarship of Rs. 1200 per annum for their children, studying 9th, 10th classes, intermediate and Industrial Technical Institute (ITI).
  - Members who are already receiving scholarships for their kids from LIC under any other scheme would not be eligible for receiving this scholarship.
3. On death of the subscriber during the contributory phase (less than 60 years), the available contributions of the subscriber and the government's co-contribution along with accrued earnings on such contributions shall be transferred to the nominee of the subscriber. Further, the insurance benefits would also be transferred to the nominee.
4. On death of the member during the pension payout phase (60+ years) the available contributions of the subscriber and the government's co-contribution along with accrued earnings shall be transferred to the nominee of the subscriber.

### Universal Coverage of the Poorest of the Poor

SHGs and their federations are required to ensure universal coverage of all the poorest of the poor particularly landless agriculture labour, labouring classes, people with disabilities, single women and poor SC/STs under Abhayastham, by promoting awareness about the scheme. They are also required to provide handhold support to the women to become members of SHGs, if they are outside the fold of SHGs, to eventually induct them in to the scheme. This paper pertains to part of the study undertaken for consideration for award of the Ph.D.

### OBJECTIVES

The present field study has been undertaken with the following objectives;



1. To know the level of awareness of the socially and economically vulnerable households about the ABH Insurance scheme.
2. To assess the extent of enrollment of the socially and economically vulnerable households of the ABH insurance scheme, and
3. To assess the extent of utilization of the scheme by the SHG members and the benefits accrued to them.
4. To provide an overall view of the ABH insurance scheme in relation to the objectives set out for it.

### METHODOLOGY

A questionnaire was administered to 460 SHG members, during May to October 2013, the respondents of this study who were selected from three sample mandals – Nindra, Tirupati rural and Chinnagottigallu of Chittoor district, by using multistage random sampling method. The questionnaire was filled by the researcher in the presence of the respondents through interview method. Secondary data pertaining to the respondents was also collected from the available records with regard to the enrolment and claims.

### DATA ANALYSIS AND REPORTING

The data was analyzed and tabulated by applying statistical tools for drawing meaningful inferences. The units of analysis are members of SHGs. The findings of the study are presented as i) profile of the respondents in terms of their socio- economic background ii) SHG members' awareness levels iii) enrolment, access and utilization of ABH scheme by the SHG members iv) conclusions, and v) recommendations.

### FINDINGS OF THE STUDY

#### 1. Socio –economic profile of the respondents

The socio economic details of the respondents have been analyzed in terms of the type of village that they live in, the educational level, social category, type of ration card and occupation. It is assumed that these factors could influence the levels of awareness of the respondents with regard to the Abhayastham and other schemes as well.

#### Type of Village of the respondents

The entire sample of 460 respondents was categorized into three groups on the basis of location of their residence in the mandal. The categorization of villages is done by the researcher based on the location of the village i.e. distance from the headquarters, road and transport facility to that village etc. If the village is located within 5 Kms distance from the mandal headquarters, it is termed as mandal headquarters. If the village is located beyond 5 kms distance from road side with access to transport and good road facility, it is termed as moderate village. If the village is located beyond 8 kms distance with no proper road or transport facility, that village is termed as interior village.

In the sample, 44.8% of the respondents are from interior villages, 41.5% from moderate villages and 13.7% from mandal headquarters. The data shows that in the entire sample of 460 respondents, majority are, residents of interior and moderate villages.

#### Educational level of the Respondents

The respondents are categorized into five from illiterates to graduates based on their levels of education. Majority 38% belong to 'can sign' category, followed by 23.5% in 6<sup>th</sup> to 10<sup>th</sup> class, 19.3% illiterates, 14.9% educated up to 5<sup>th</sup> class and only 4.3% educated up to college level i.e. intermediate or graduation.

**Social category of the respondents**

The entire sample of 460 SHG members is categorized into five groups on the basis of their castes. The categories are scheduled tribes (STs), scheduled caste (SCs), backward caste (BCs), minorities and other castes (OCs). There are 35 % respondents who belong to SC's, followed by 32.8% BC's, 21.9 % OC's, 8.7 % minorities and 1.5% ST's. The data shows that majority respondents are from SC's and BCs.

**Type of Ration card**

Based on respondent's economic status government issued ration cards to the respondents' families. The categories of the ration cards are - poorest of the poor, below poverty line (BPL) and above poverty line (APL). Of the total 460 respondents, 94.8% have BPL card, 2% have poorest of the poor card, 1.7% have APL card and 1.5% respondents did not have any ration card. The data shows that majority respondents have below poverty line cards thereby indicating that the IKP project has indeed accomplished its objective of reaching the poor and the poorest through the women self help groups.

**Respondents' Occupation**

The data shows that among 460 respondents, majority belong to the occupation of daily wage earners. Occupation- wise, 48.3% are daily wage laborers, 20% housewives, 14% agriculturists, 14% self employed and 4% privately employed.

**SHG members' awareness Levels on Abhayastham Scheme**

Researcher selected 'type of village' as a parameter in this study for the reason that the micro insurance schemes offered by IKP project specifically targeted the poorest of the poor, who are unreached by the general insurance schemes. It is a general opinion supported by some case studies that welfare schemes targeted for the poor, do not reach or otherwise reach only a small percentage of those residing in remote areas. This is supported by a study on social security benefits for unorganized workers in Karnataka state that compares the level of scheme awareness among unorganized worker households in localities with and without a worker facilitation centre. Households in localities with a centre have heard of 0.37 more schemes on average. This represents an 'increase in awareness' of 13% compared to villages without a WFC. Running the comparison as a regression with taluk fixed effects and standard-errors clustered at the village level, the difference is statistically significant ( $p < 0.05$ ) (Erlend Berg (Bristol) et.al 2014) .So, the researcher focused on the type of village to ascertain the extent of reach of the micro insurance scheme to the unreached residing in remote areas.

**Table 1.** Type of Village Vs Awareness on ABH Scheme

Chi-square value	p-value	Awareness on ABH Scheme				Total
		Nil	Low	Moderate	High	
14.942**	0.021					
Type of Village	Mandal Hqrs.	3	30	29	1	63
		4.8%	47.6%	46.0%	1.6%	100.0%
	Moderate	2	95	70	24	191
		1.0%	49.7%	36.6%	12.6%	100.0%
	Interior	1	102	74	29	206
		0.5%	49.3%	36.1%	14.1%	100.0%
Total		6	226	173	54	460
		1.3%	49.2%	37.7%	11.8%	100.0%

The above data pertaining to levels of awareness on ABH scheme among sample respondents of 460 SHG members indicates that majority 98.7% of the respondents are aware of ABH scheme. Only a small section of 1.3% respondents are completely unaware. When we see the level of awareness in relation to type of village, in all the three types of villages, high scores 49.2% are in low awareness category. It is due to the reason that majority know it merely as a pension scheme. They are not aware



of other features and benefits of the scheme such as insurance, scholarships and matching contribution by the Govt. The low level of awareness is followed by 37.7% who report a moderate level of awareness, 11.8% high awareness and 1.3% in nil awareness levels. In the high awareness level in relation to type of village, majority 53.7% belong to interior villages, followed by 44.4% in moderate villages and 1.8% in mandal headquarters. The chi square value which is significant at 1% indicates that there is a highly significant level of association between the type of village and awareness levels on ABH scheme. So, it can be concluded that interior the village high is the awareness levels on ABH scheme and this could be due to the fact that the project staff have put in extra effort to reach the interior villages and the poor living in these villages in accordance with the objectives of the project.

**Table 2.** Type of Village Vs awareness on claim procedure of ABH scheme

Chi-square value	p-value	Awareness on claim procedure of ABH Scheme			Total
		Low	Moderate	High	
1.466	0.833				
Type of Village	Mandal HQ	24	23	6	53
		45.3%	43.4%	11.3%	100.0%
	Moderate	50	67	19	136
		36.8%	49.3%	14.0%	100.0%
	Interior	71	82	20	173
		41.0%	47.4%	11.6%	100.0%
Total		145	172	45	362
		40.1%	47.5%	12.4%	100.0%

The above table shows awareness of respondents on claim procedure of ABH scheme in relation to type of village. The data indicates that the awareness levels changed with the type of village. In the overall awareness data, majority 47.5% are in moderate level of awareness, followed by 40.1% in low awareness and 12.4% in high awareness. It shows that, high awareness level is minimal when compared to moderate and low awareness levels. The reason may be that respondents are generally aware only of the natural death claim. But the ABH scheme, apart from natural death claim, also provides for accident benefit insurance, pension and refund of contributions covering specific eventualities about which majority of the respondents are not aware of. Regarding awareness levels in relation to type of village, in mandal headquarters villages, majority 45.3% are in low awareness, followed by 43.4% in moderate awareness and 11.3% in high awareness. In moderate villages, 49.3% are in moderate awareness, followed by 36.8% in low awareness and 14.0% in high awareness category. In the interior villages, majority 47.4% are in moderate awareness, followed by 41% in low awareness and 11.6% in high awareness. Regarding high awareness levels, majority 14.0% belong to moderate villages, followed by 11.6% in interior villages and 11.3% in mandal headquarters. The chi-square value represents that there is no association between the two variables of type of village and claim procedure awareness levels of ABH scheme.

**Access and utilization of the ABH scheme**

**Table 3.** Enrollment of Respondents in ABH scheme

Category	Total Households		Joined		Not joined	
	Total	%	Total	%	Total	%
1.MHQ	63	13.7	53	84.13	10	15.87
2.Moderate	191	41.52	136	71.2	55	28.8
3. Interior	206	44.78	173	83.98	33	16.02
<b>Total</b>	<b>460</b>	<b>100</b>	<b>362</b>	<b>78.7</b>	<b>98</b>	<b>21.3</b>

The process of enrollment is the key to success in implementation of micro insurance interventions. Ample awareness is given to the community at large by the IKP project functionaries for the

enrollment of SHG women in micro insurance schemes. The levels of utilization of scheme benefits are analyzed based on the data related to whether the members eligible for the benefits according to the norms and procedures received those benefits promptly and what stops them from accessing these benefits.

The above data on enrolment of sample SHG members in relation to type of village indicates that in the entire sample of 460 SHG respondents, 78.9% respondents were enrolled and 21.1% not enrolled in ABH scheme. In IKP implemented micro insurance schemes, this is the only scheme where the enrollments are high. In 362 enrolled respondents, majority 84.13% belonged to mandal HQs, followed by 83.98% belong to interior villages and 71.2% in moderate villages. It can be noted that, high enrollments in ABH scheme with slight variations are from mandal headquarters and interior villages. Where as in moderate villages, ABH enrollments are less when compared to other two categories of villages mentioned above. In awareness levels of ABH scheme, interior and moderate villages' respondents scored high awareness levels compared to mandal headquarters.

**Table 4.** Type of Village Vs. Enrollment in ABH insurance scheme

Chi-square value	p-value	Enrollment in ABH Insurance by SHG member		Total
		No	Yes	
10.33**	0.006			
Type of Village	Mandal HQ	10	53	63
		15.9%	84.1%	100.0%
	Moderate	55	136	191
		28.4%	71.6%	100.0%
	Interior	33	173	206
		16.0%	84.0%	100.0%
Total		98	362	460
		21.3%	78.7%	100.0%

By testing the association among the variables of type of village and enrolment of respondents in ABH scheme by conducting the chi-square test it is found that the chi square value which is significant at 1% level indicates that there is highly significant association between type of village and enrollment in ABH insurance scheme. So, it can be concluded that mandal headquarters and interior the villages, high is the enrollments in ABH scheme.

**Reasons for non –enrollment of Respondents in ABH scheme**

There are 21.3% respondents who have not enrolled in ABH scheme divided in to two broad categories based on the reasons for non – enrolments as shown in the table below.

**Table 5.** Reasons for non-enrollment of respondents in ABH scheme

Eligible but not enrolled	Respondents	Not eligible to enroll	Respondents
Family members opposed enrollment in ABH scheme – No faith/belief on Insurance.	24	Enrollment age is crossed	05
Not fully aware of ABH scheme benefits	18	Possessing Above Poverty Line ration card	05
Name not found in the eligible list	14	Newly joined in SHG	12
young to think of pension for distant future	06	Not possessing ration cards	08
Bitter experiences in the past with bank insurance.	06		
Total	68	Total	30

**Note:** Total non-enrolled respondents are 98

The reasons for non enrollment are many as mentioned above. When the ABH scheme was introduced in 2009, the members did not trust nor had no understanding of the scheme. Some members had an opinion that one insurance scheme was enough, young to think of pension for distant future. The other reasons enumerated are that SHG leader did not enroll and the members followed her in a reason of false beliefs on insurance, unaware of enrollment process, family members opposed enrollments, bitter experience in the past with bank insurance, above poverty line and no ration card holders etc. Due to these reasons the SHG members have not enrolled in ABH scheme during the year 2009. In these five years of implementation period, SHG members recognized the salient features of the ABH scheme and so demand raised in the community for enrollment in ABH scheme. As a result, after 4 years of its implementation, for the first time the gates were opened to SHG women for new enrollments in ABH scheme, other than special drive for only SC's and ST's. Majority non- enrolled members in the past with the above reasons, were enrolled in 2013. The remaining 98 respondents are still in non – enrollments list even after the new opportunity provided in 2013.

As per the reasons mentioned above in the table 69.4% of the respondents are eligible to enroll, but not enrolled with specific reasons. These reasons can be addressed by the implementation staff when the focus is made on them in the future enrollments. Non-eligibility respondents are 30.6%. For non-enrollments one of the reason is 'age is crossed'. Those respondents in the past are eligible to enroll, but, with the reasons of false procedures and unawareness they didn't enroll in 2009 & 2010. There is a need to address the gap by providing awareness on insurance literacy and submission of accurate data without any mistakes in soft copy in order to get the names in the eligible list to those 69.4% eligible respondents.

### **False procedure in ABH scheme enrolment**

Priyadarshini SHG was formed on 27.7.2009 and functioning with 10 members. After one year of formation this SHG got eligibility to enroll in Abhayastham life and pension scheme. The same year the Govt. also made a special drive to enroll SC, ST members in the scheme. Seven members deposited premium amount in the bank. Bank counter file not submitted at the Mandal Samakhya office. So, their names were not enrolled in online data and so policy document was not issued. The premium amount paid was also not returned. Though the members pursued, the premium amount was not returned. Still they did not get the amount. Now again in the year 2013 they enrolled in the scheme, but few members not got the chance of enrollment due to age criteria of above 55 years. This case illustrates that there is a need to play an active role by implementers in providing awareness, and close monitoring structures work effectively in the field while working with the poor. Otherwise SHG members may develop mistrust on IKP insurance schemes due to these types of issues.

### **Type of Village Vs benefits received from ABH scheme**

The eligible members of ABH scheme received certain benefits like old age pension, scholarship for children studying 9<sup>th</sup> to inter mediate/ ITI, interim benefit and final claim amount for natural or accidental death and refund of pension contribution. Even though awareness levels and enrolment in the scheme could be ascertained, how the amounts received by the beneficiaries were utilized cannot be assessed. Therefore the levels of utilization of scheme benefits are analyzed based on the data whether the members eligible for the benefits according to the norms and procedures received those benefits promptly.

During the interview some respondents mentioned that they did not get the scholarship amounts, but then the local staff of the federation gave specific reasons for not getting the scholarships such as non - submission of study certificate in time, failure in the exam, dropped out from the school and in a few cases mistakes in data entry. The following table shows the percentage of beneficiaries received benefits under ABH scheme Vs type of village.

**Table 6.** Benefits received by the respondents from ABH scheme

Chi-square value	p-value	ABH Insured respondents received benefits	
0.600	0.741	Enrolled	Benefits received
Type of Village	Mandal HQ	53	17
		84.1%	32.1%
	Moderate	136	36
		71.6%	26.5%
	Interior	173	48
		84.0%	27.7%
Total		362	101
		100%	27.9%

The data pertaining to the benefits received from ABH scheme among the sample ABH enrolled respondents of 362 SHG women indicates that 27.9% respondents received benefits from ABH scheme. In relation to type of village vis -a- vis the benefits received by the respondents, majority of 32.1 % belong to mandal headquarters, 27.7% in interior villages and 26.5% in moderate villages. It indicates that the %age of beneficiaries is more in the mandal headquarters. In testing the association by conducting Chi-square test, it was found that there is no association between the type of village and ABH benefits received by the respondents.

**ASSET Protection - household retained**

Smt.Devani a 48 years old widow was Sainadha SHG member in Padiri BC colony of Nindra mandal. She enrolled in ABH insurance scheme in 2009. During 2010 she died due to heart attack. Her husband died three years earlier to her in 2007 due to failure of hernia operation. They have two daughters. Elder daughter got married but returned home within six months as the husband was an alcoholic. Devani mortgaged her hutment for Rs.10, 000/- for her first daughter’s marriage. That debt is outstanding and yet to be repaid when she died. The 14 year old second daughter discontinued her studies in 9<sup>th</sup> class. Under these circumstances, Devani’s daughters received Rs.5, 000/- interim benefit from ABH scheme on the same day of death. The close relatives were eager to knock away the final claim amount of Rs. 25,000/- In this situation Sainadha SHG leader took a decision with the consent of SHG members that final claim amount should be helpful to secure the future of Devani’s daughters. The amount was used for releasing the hutment from mortgage, thus providing a shelter for the daughters. On refund of the savings and contributions under ABH, a fixed deposit of Rs.15, 000/- for five years was created for Devani’s second daughter for her education and marriage. Now Devani’s daughters are free from debt and also secured their assets. In this case SHG leaders and Sanghamitra continuously pursued on getting the benefit by the nominee at their doorstep. So, Devani’s daughters could protect their asset.

**Views of Respondents on ABH micro insurance scheme**

Among the respondents 78.9% are enrolled in ABH micro insurance Scheme. The remaining 21.1% of respondents also expressed that the scheme would be helpful specifically in old age in the form of pension. The other benefits are scholarship and refund of savings with matching grant. The reasons for non-enrolment are enumerated already. However the perception of those enrolled in the scheme varies depending on the age group and awareness levels. The age group of 19-35 years is of the view that the pension benefit in a distant future after 25 to 40 years is not attractive. Why pay premium for such a long period to keep the policy alive. It is better to enroll in the scheme at the age of 58 years to get pension immediately after one year. Despite lot of questions, the enrolled members are continuing in ABH scheme trusting the IKP project and practically experiencing the benefits of insurance, pension and scholarships. Marketing insurance to low-income people means educating them about the concept and benefits first. Many have not heard of insurance before. Those who have had contact with it often have negative attitudes due to bad experiences in the past. Demand can only be created step by step

(Allianz, 2010). The beneficiaries of pension under ABH scheme are happy that, they are getting pension of Rs.500/-p.m without any hassle as compared with Old Age pensioners who are getting Rs.200/- p.m.

### CONCLUSION

During the past one decade most of the households in the villages joined SHGs and availed different services through SHGs. Insurance is one of the services that emerged from the demand and need of the poor SHG women. Women had an opportunity to raise their voice for implementing insurance and pension schemes for the poor, due to federations at village, mandal and district levels. It is through their efforts and initiative of the Govt. of Andhra Pradesh (then united state) that ABH scheme is formulated and implemented in the state from 2009. The innovative aspect of ABH scheme is combining insurance as well as pension for the poor at affordable premium. The criterion followed for identification of the poor is white ration card. The present study, though confined to one district in Andhra Pradesh, indicates that the SHG women accessed ABH scheme so much so that 78.1% enrolled themselves as members. There is significant improvement in the popularity and reach of the scheme among poor households. As conceptualized, the ABH scheme appears to be quite helpful in mitigating the hardship of the poor. There may be certain issues of quality of service because of the wider reach of the scheme. Such issues can be addressed in future. In conclusion, the poorest of the poor who have all along been denied access to insurance or pension by the main stream insurance companies are now being serviced by ABH scheme, thus reaching the unreached.

### RECOMMENDATIONS

- Non-enrolment of eligible members due to mistakes in data entry results in hardship which can be totally averted.
- Lack of awareness of enrolment process or claim procedure can very well be addressed by the Sanghamitras if they play a pro active role.
- There are grievances such as policy document not issued, mistakes in policy document to be corrected, change of nominee, and delay in payment of final claim amount or replacement of missing bond. Such grievances can be redressed at district call centre level expeditiously.
- Specific attention is required on availing the benefit of scholarship by the eligible children since there appears to be lack of awareness among the members and slackness on the part of Sanghamitras.
- Policy renewal is a regular feature every year. Yet the renewal statements issued by LIC do not reach the members. Therefore, obtaining an acknowledgement by the Sanghamitra from members is suggested as a remedial measure.
- IKP project will have to ensure that the policy document is issued to the enrolled member immediately in one month's time to eliminate the complications arising out of delay.
- IKP project staff should update their knowledge on changes in the scheme so that the quality of service to enrolled members improves.
- Awareness on utilizing the services of call centre by members enrolled under ABH needs to be created in order to avoid relying heavily on Sanghamitra.
- Apart from enhancing members' awareness on scheme and claim procedures, there is a need for the family members also to understand the main features of ABH scheme. This is best done by the member herself.

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**BRIC BY BRIC: THE GROWING DOMINANCE OF THE  
BRICS IN THE WORLD ECONOMY**

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**ABSTRACT**

*The rise of the BRICS nations over the last few years has been nothing short of phenomenal. A direct response to a growing discontent amongst emerging economies with regards to the existing global financial architecture inclusive of the IMF and the World Bank and the need to closely affiliate with fellow developing nations on a similar growth curve; underlines the existential objective of the coming together of the BRICS on an international organizational platform. The establishment of the BRICS and now subsequently the New Development Bank (NDB) signifies the rapid shift in soft power and global influence to these emerging economies; a reality that the developed states are not oblivious to. Amongst the many factors that have been responsible for the growing dominance of the BRICS, there are two that are often not accorded the attention that they merit. Increasing domestic populations driving internal demand and consequently, consumption and increased individual and cumulative investment in R&D at multiple levels have provided the BRICS with an almost palpable competitive advantage in today's global economic scenario. In essence, the New World Order of emerging nations has arrived and the multiple collaborative initiatives of the BRICS promise to continue to shape the changing international landscape.*

**Keywords:** BRICS; Emerging Economies; Competitive Advantage; Consumption; Dominance; Global Influence; New Development Bank; R&D

**INTRODUCTION**

A little over two decades ago, when the current Asian behemoths in China and India embarked on their respective paths of socio-economic growth; one could hardly predict the stunning stories that these highly populous countries that account for almost 36% of the world's population; would script down the line. The fact that the likes of Brazil, Russia and subsequently; South Africa have shown vitality, resilience and ambition to take their rightful place in the world has augured well for the clan of emerging economies. These five nations – the BRICS – continue to slowly but surely exert an ever-increasing influence on the global economy; especially in the prevailing scenario. Saturated domestic markets, aging populations, stagnant growth, dwindling exports and the mistake of often browbeating the smaller emerging economies appear to have collectively undermined the once significant socio-economic clout of many a developed country over the years. The economic crisis of 2008 and its subsequent spillover effects have wreaked almost irreparable systemic damage on such economies where recovery has been tragically slow.

Set in this backdrop, the BRICS have chosen to seize initiative and are looking to drive home their advantage. Many factors have collectively contributed to the rise of these states. However, there remain an equal number of factors that possess the potential to derail their growth stories. It is in the best interests of these nations to extend their collaboration across multifarious critical sectors such Agriculture, Healthcare and Education (to name a few) in an attempt to uplift larger sections of their



populations from the throes of poverty and unemployment and in turn, place them in the productive cradles of inclusive and sustainable growth where opportunities to secure a decent quality of life abound. Set in this background, the recent founding of the New Development Bank (NDB) will go a long way in reducing dependence on the existing financial and institutional aid architecture; inclusive of the IMF and the World Bank; and also offer a more feasible alternative for the financing of pivotal developmental projects. It is imperative for these nations to leverage the competencies and permissible resources of each other in an endeavour to further their collective interests. The onus now lies on the developed world to effectively partner with these fast developing nations to stimulate their own flagging economies into some sort of action.

### OBJECTIVES

The following are the research objectives of this Article:

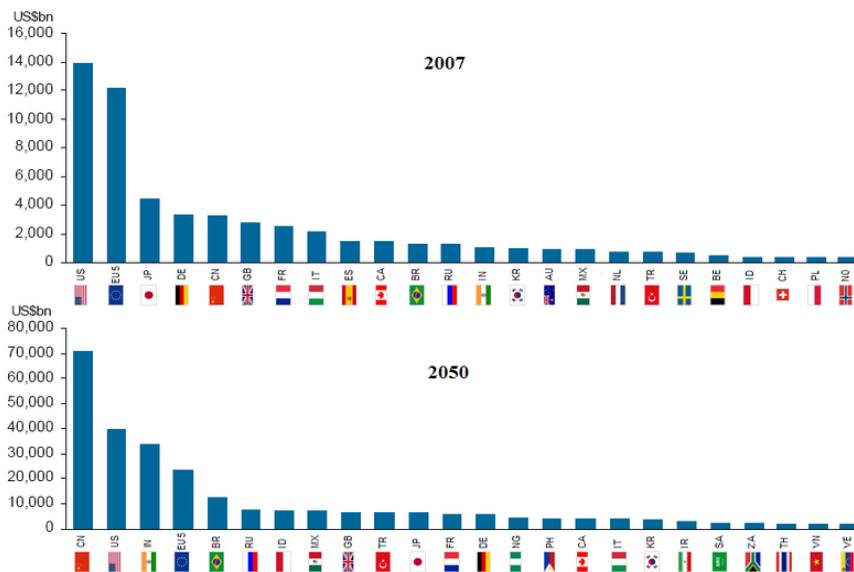
1. To highlight the growing socio-economic and cross-regional dominance of the BRICS nations over the years (especially since 2008)
2. To identify the key reasons behind the coming together of the BRICS nations on the international arena on a collaborative level and delineate its significance to the developed economies
3. To outline the two key understated factors directly responsible for the socio-economic rise of the BRICS
4. To examine the potential role of the New Development Bank (NDB) and certain unanswered questions regarding its operations
5. To briefly touch upon the individual potential problems that could derail the collective growth story of the BRICS

### From an Acronym to a New World Order

When Goldman Sachs' Jim O'Neil initially coined the BRIC acronym in 2001 to highlight the growing global influence of a cluster of promising emerging economies; little did he know that those very nations will soon make the world take note of their magnifying socio-economic and geopolitical clout; embodying a self-fulfilling prophecy. Since formally conflating in 2009 and following the inclusion of South Africa in 2010, the BRICS nations have traversed a chequered path towards collective regional and global dominance. The fact that five socio-culturally diverse, politically distinct and geo-strategically and economically disparate nations have forged a mutually productive alliance is indicative of two realities. Firstly, it indicates the growing discontent of developing nations with the existing skewed architecture of global financial and aid providing institutions and the prevalent state of economic governance. The notion that the requirements and direction sought by these emerging nations is often divergently different and met with scant regard has been a powerful uniting factor. Secondly, it highlights the rapid shift in socio-economic and soft power from the developed countries to the emerging economies and their proclivity to now remain in a position to dictate terms in a multi-polar world. Set in this backdrop, it is imperative to examine the growing dominance of the BRICS in the past decade.

Accounting for a quarter of the world's land area, over 40% of its population and 30% of its total GDP; across three disparate continents; the position of collective potential global dominance enjoyed by the BRICS nations is now indubitable. The fact that the combined share of the BRICS' contribution to the world economic output rose from 16 to 22% between 2000 and 2008 lays the foundation for an epic collective growth story. A perceptible transition from being an agrarian economy, improved performance of the manufacturing and service sectors, increased share in world trade and enhanced cross-regional and geopolitical influence have spurred unprecedented growth in the BRICS. The global economic meltdown of 2008 and the resultant recession have slowed down these juggernauts to some

extent. But they have also displayed the institutional tenacity and systemic discipline required to insulate themselves against unrecoverable catastrophe and realign their growth expectations.

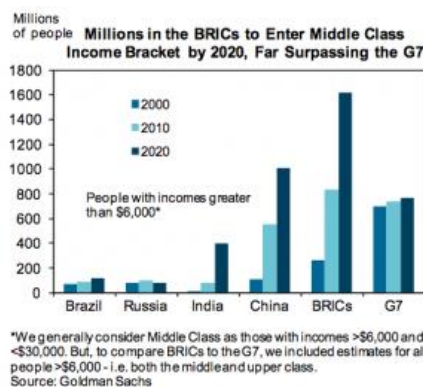


Source: Goldman Sachs

### The World's Largest Economies by 2050

#### Dual Drivers of Socio-economic Success

There are two crucial albeit downgraded factors that are responsible for the rise of the BRICS. For starters, the spectacular rise of the middle class; particularly in India and Brazil - pegged at over 200 million (and counting) each – continues to fuel domestic consumption, shape global demand and spur economic expansion. Estimates suggest that by 2030, the global middle class population will balloon to 5 billion. The fact that large swathes of this populace will hail from emerging economies merits consideration from policymakers, marketers and industry analysts alike. Secondly, in an endeavour to develop a sustainable competitive advantage, the BRICS continue to invest heavily in Science and Technology. Notably; China, India and Brazil have collectively accounted for a significant increase with regards to scientific research investments and research publications. Since 2002, the global expenditure on R&D has swelled by over 45% to over USD 1 trillion. In the past decade, the likes of China, India and Brazil have more than doubled their spending on R&D; raising their collective share in global R&D expenditure from 17 to 24%. This signifies the rapid technological and operational advancement that continues to strengthen the bedrock for further economic development.



\*We generally consider Middle Class as those with incomes >\$6,000 and <\$30,000. But, to compare BRICs to the G7, we included estimates for all people >\$6,000 - i.e. both the middle and upper class.  
Source: Goldman Sachs

Source: Goldman Sachs

### **The New Development Bank: Questioning the Status Quo**

The founding of the BRICS New Development Bank (NDB) on July 15, 2014; is yet another seminal event in the evolution of enhanced cross-regional monetary and non-monetary influence being exercised by the emerging economies in an attempt to shed the baggage of an existing prejudiced global order. This further reinforces a duality. One; it marks a direct response to the BRICS' repeatedly failed efforts to enhance their influence within the IMF; central to the Bretton Woods monetary order created by the USA and Europe. Two; it offers China and India the opportunity to exercise their leadership position on a global stage and signal their diminishing dependence on the existing state of affairs. Set in this backdrop, the NDB is poised to play a critical role as a facilitator of greater financial and developmental cooperation at a macro and micro level amongst these states.

### **Unanswered Questions and Growth Prospects**

On the one hand, the objective of the NDB is to reduce the dependency on leading global currencies such as the USD and Euro; while on the other, there is no clear indication as to which national currency from the founding members will take precedence in transactions. This could also further fuel the regional race for supremacy in the Asian theatre between India and China. Is there scope for the establishment of a single currency that can substitute national currencies while being simultaneously considered strong enough to compete with other global currencies in the international arena? Is the possibility of a monetary union of emerging economies a veritable reality? These are pressing questions that certainly provide food for thought and become pivotal to the long term success of the NDB.

With regards to the BRICS, decelerating growth over the last three years and future growth prospects are attributed to various factors for each of these nations. While Brazil attempts to cope with a more empowered middle class that demands better government services; Russia's growth prospects are undermined by dependence on energy exports. While India combats to reduce its massive current account deficit fuelled by energy imports and food subsidies; China finds itself in the throes of a transition from an export dependent to a domestic consumption oriented economy. Dwindling global demand and energy scarcity also pose potential hurdles. In this scenario, the creation of a BRICS Energy Consortium assumes greater significance, with Russia and Brazil being net exporters to feed the colossal demand from China, India and South Africa collectively.

The "BRICS" of potential success have been laid. It is now a matter of constructing a collaborative, productive and sustainable future.

### **CONCLUSION**

The BRICS nations have blazed a disparate and collective trail all of their own; creating successful growth stories worthy of emulation. Having charted a steady course of progress under the shadows of the developed economies for far too long, the fact that these emerging economies have decided to come together in an attempt to safeguard and promote their interests in a multi-polar world is symbolic of their growing global dominance and quest for further socio-economic power. The establishment of the New Development Bank (NDB) is yet another proactive step in that direction. Instead of being weary of the rise of the BRICS and a coterie of other rapidly emerging economies, developed countries ought to view them as integral partners in re-starting their own individual growth trajectories. The balance of power has shifted and will continue to as long as these economies continue on their developmental juggernaut. The wheels of unbridled socio-economic and political progression are in motion; the challenge for the BRICS now is to sustain this pace of growth in the face of the continuing global economic recovery that can be termed as sluggish and conservative at best.

Each of these countries is blessed with its own set of strengths and weaknesses. The manner in which the BRICS leverage these same strengths and potential opportunities in the offing will determine the future efficacy, productivity and cross-continental influence of their collaboration. For now, these

nation states have given other developing countries the hope and confidence to temporarily loosen the noose of pressure that they are often subjected to by the developed countries.

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**MICRO INSURANCE IN INDIA- ITS CHALLENGES**

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**ABSTRACT**

*Poverty eradication is at the heart of everyone in the society. Government of India enacted a number of schemes for the development of the rural people. Micro insurance is one of the key elements in the financial service package introduced by the Government of India for the upliftment of rural people under the financial inclusion scheme. . Micro insurance helps to improve social stability and supports broad- based economic development. So regulations on micro insurance were officially gazetted by IRDA on 30 November 2005. Micro insurance has drawn attention of policy makers, insurers, business leaders and others in recent years. This paper presents importance of micro insurance, Products, policies growth, challenges and players in Indian insurance industry.*

**Keywords:** Micro Insurance; Micro Insurance Products; Players; Challenges

**INTRODUCTION**

Poverty eradication is at the heart of everyone in the society. Government, NGO's, corporate world & the poor themselves want to get out of this social inequity, which makes a section of the population, vulnerable. Poverty is the barometer of a nation's progress. A huge number of people living in poor conditions, indicates that the society is not a just society. The development of a nation has to include all sections of the population. The wealth of the nation in the hands of a few is a very risky proposition. For the country to reach its full potential, each and every section of the society has to move forward. So Government of India enacted a number of schemes for the development of the rural people. Micro insurance is one of the key elements in the financial service package introduced by the Government of India for the upliftment of rural people under the financial inclusion scheme.

The poor are still facing the harsh economic conditions. Traditional insurance companies do not typically approach this segment because of their own rigidity. Micro insurance, on the other hand is proposed to be 'The Solution' to this problem. Micro insurance is a low-premium-low-claim insurance plan meant for low income group targeted at rural or social sectors. In micro insurance, the premium (and consequently, the claim) has got to be low by design as it is targeting that particular segment. The potential of micro insurance to reduce the risks in the life of the poor will go a long way to establish an equitable society. They will be freed to use their resources for better purposes.

**OBJECTIVES OF THE STUDY:**

1. To identify the different micro insurance products of life insurers in India.
2. To identify the Micro Life Insurance Companies who are playing in Indian Market.
3. To identify the challenges and current scenario of Micro Insurance Schemes in India.

**Definition of Micro Insurance**

A simple definition of micro insurance is offered by Churchill (2006) is that it is an insurance that (i) operates by risk pooling (ii) financed through regular premiums and (iii) tailored to the poor who

would otherwise not able to take out insurance. Micro insurance cover to the vulnerable groups could be useful to protect them against common risks as illness, injury or death and supplement their risk managing capacity.

**Micro Insurance has the following Characteristics amongst Many Others:**

1. Low income population as target
2. Protection is for specific risks
3. Payment of proportional premium in relation to the probability of the risk
4. Policies are easy to understand and straight forward
5. Premiums are low and maximum sums insured are low
6. Flexibility of premium payment
7. Mass consumption of policy holders
8. Claims documentation easy

**The Micro-insurance Regulations, 2005**

Regulations on micro insurance were officially gazetted by the IRDA on 30 November 2005. The salient features of the regulation are presented below:

**A general or life insurance policy with a sum assured of Rs 50,000 or less.**

“**General micro-insurance product**” means any health insurance contract, any contract covering the belongings, such as, hut, livestock or tools or instruments or any personal accident contract, either on individual or group basis.

“**Life micro insurance product**” means any term insurance contract with or without return of premium, any endowment insurance contract or health insurance contract, with or without an accident benefit rider, either on individual or group basis.

**Micro Insurance Products**

The range of available and potential micro insurance products can help low- income households manage risks related to their priorities. Micro insurance schemes may cover various risks (health, life, etc.); the most frequent micro insurance products are:

**Life Insurance:** It provides coverage against death (accidental and natural). Beneficiaries receive compensation upon the death of the policyholder, who is typically the primary bread winner.

**Health Insurance:** It provides reimbursement towards following hospitalisation expenses for illness/ diseases contracted or injury sustained by the insured person.

**Crop Insurance:** It covers the loss of crops due to natural disaster, fire, lightening, riots, strike and terrorism. The cover of crop insurance is restricted to the cost of production up to the point when production is lost.

**Livestock/ Cattle Insurance:** It is provided for the sum insured or the market value of the animal at the time of death whichever is less.

**Asset Insurance:** It provides cover against loss of assets/ stock of rural entrepreneurs due to fire, flood, riots, strikes and malicious damage. For poor households, insurance for a hut, irrigation pump, a handloom or a bullock cart could have considerable economic significance.

**List of Micro Insurance Products of Life Insurers**

Details of Micro Life Insurance Companies who are playing in Indian market and their Products:

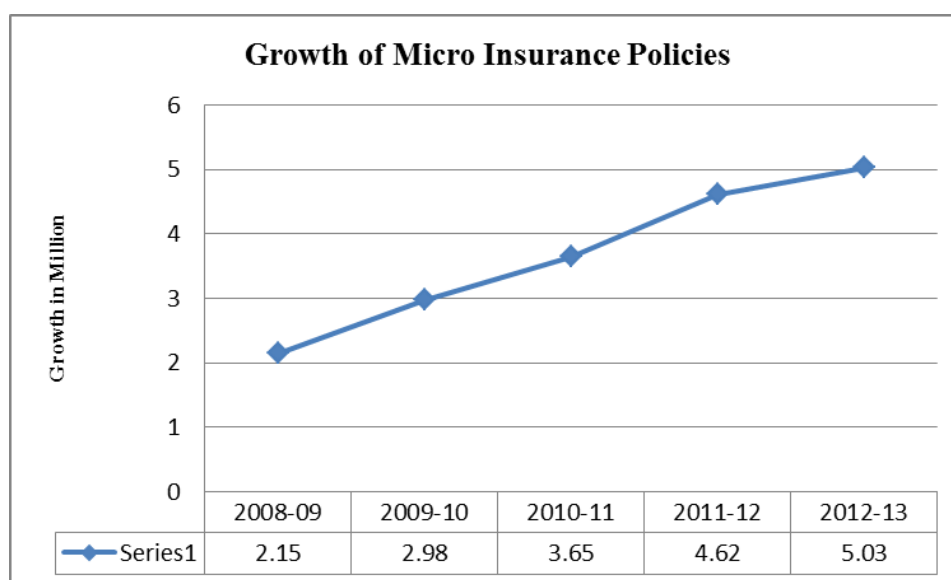


Insurer	Name of the Product	Date of Launch	Name of the Product	Date of Launch
	Individual	Category	Group	Category
Aviva	Gramin Suraksha	12 <sup>th</sup> June, 2007	Credit Plus	6 <sup>th</sup> Aug,2002
Bajaj Allianz	Bajaj Allianz Jana Vikas Yojana	4 <sup>th</sup> Apr, 2007		
	Bajaj Allianz Saral Suraksha Yojana	4 <sup>th</sup> Apr, 2007		
	Bajaj Allianz Alp Nivesh Yojana	4 <sup>th</sup> Apr,2007		
Birla Sunlife	Bima Dhan Sanchay	31 <sup>st</sup> Aug, 2007		
	Bima Suraksha Super	31 <sup>st</sup> Aug,2007		
Canara HSBC OBC			Sampoorna Kavach Plan	15 <sup>th</sup> Jan,2009
DLF Pramerica	DLF Pramerica Sarva Suraksha	30 <sup>th</sup> Mar,2009	Sarva Suraksha	30 <sup>th</sup> Mar,2009
Edelweiss Tokio	Raksha Kavach	29 <sup>th</sup> Oct.,2012		
	Dhan Nivesh Bima Yojana	20 <sup>th</sup> Dec, 2012		
HDFC Standard	Gramin Bima Kalyan Yojana	24 <sup>th</sup> Jan, 2011		
	Sarvagrameen Bachat Yojana	24 <sup>th</sup> Jan, 2011		
IDBI Federal			Group Micro insurance Plan	16 <sup>th</sup> Dec,2008
ICICI Prudential	Sarva Jana Suraksha	15 <sup>th</sup> July, 2008		
ING Vysya			Generic Group Term Insurance for Social Sector	27 <sup>th</sup> Mar,2002
			ING Saral Suraksha	30 <sup>th</sup> Nov,2007
PNB MetLife	Met Vishwas	15 <sup>th</sup> July, 2008		
	Met Grameen Ashray	29 <sup>th</sup> July, 2010		
Sahara	Sahara Sahyog	26 <sup>th</sup> June, 2006		
SBI Life	Grameen Bima	15 <sup>th</sup> Feb,2013	Grameen Shakti	6 <sup>th</sup> Dec, 2007
			Grameen Super Suraksha	6 <sup>th</sup> Dec,2007
Shriram			Shri Sahay- SP	19 <sup>th</sup> Mar,2007
			Shri Sahay- AP	15 <sup>th</sup> May, 2007
Star Union			SUD Life Paraspar Suraksha Plan	17thMay,2009
Tata AIA	Tata AIG Life Ayushman Yojana	8 <sup>th</sup> Aug,2006		
	Tata AIG Life Navkalyan Yojana	8 <sup>th</sup> Aug,2006		
	Tata AIG Life Sampoom Bima Yojana	8 <sup>th</sup> Aug,2006		
	Tata AIG Sumangal Bima Yojana	2 <sup>nd</sup> Sept,2008		

(Contd....)

Insurer	Name of the Product	Date of Launch	Name of the Product	Date of Launch
	Individual	Category	Group	Category
LIC	Jeevan Madhur	28 <sup>th</sup> Sept,2006	Janashree Bima Yojana(JBY)**	10 <sup>th</sup> Aug,2000
	Jeevan Mangal	3 <sup>rd</sup> Sept, 2009		
	Jeevan Deep	27 <sup>th</sup> Aug, 2012	Aam Aadmi Bima Yojana(AABY)**	2 <sup>nd</sup> Oct, 2007

Source: Annual Report 2012-13, IRDA



Source: Annual Reports, IRDA

#### Number of Micro Insurance policies (growth)

A new wave of change came with the introduction of micro insurance Regulation 2005, as a result of which 14 life insurance companies registered 23 micro insurance products with IRDA. The registered micro insurance products have seen accelerated growth. Chart- 1 shows that the growth in number of micro insurance policies of life insurers. Micro insurance policies have considerably increased from 2.15 million in 2008-09 to 5.03 million in 2012- 13.

#### Challenges of Micro Insurance Schemes

Micro insurance industry has performed very well in past few years and is fast picking up in terms of value and volume. Yet it faces a lot of challenges on systemic, institutional, operational and financial front. A brief description of the challenges faced by the micro insurance industry is given below:

- Strategic positioning issue is one of the main challenges of micro insurance. The insurers and their distributors are still struggling to figure out whether micro insurance can be an independent revenue generator or a value addition over their existing services.
- The absence of financial literacy, people do not understand the value and importance of insurance and they often make unproductive financial decisions. Therefore, insurance literacy is a must before expanding the reach of micro insurance in rural areas.
- High risk allocation and lack of interest of the stakeholders has restricted product innovation in micro insurance. Regulatory bias promotes short term single benefit product as compared to long term comprehensive insurance.

- There exist a wide gap between demand and supply for micro insurance particularly in rural areas. Insurers implementing a new micro- insurance programme often find that the target market take- up is much lower than the projected rate thereby creating a gap between demand and supply.
- The sum assured is low compared to the actual indemnity experience of the clients, making the products unattractive.
- Awareness of clients about insurance and products features is limited. It creates latent demand for micro insurance, is still a limiting factor for the growth of voluntary micro insurance in India.
- The design of micro insurance product or the process of delivering micro insurance benefits should take care of the issues of adverse selection, moral hazard and fraud.
- Careful development of regulation that effectively balances the need for consumer protection with the flexibility needed to develop and service a massive market.
- Difficulty in distribution is one of the most cited reasons for absence of rural insurance. The high cost of penetrating rural markets, combined with underutilization of available distribution channels, hinder the growth of rural insurance services.

### CONCLUSION

Micro insurance holds much hope for extension of protection to millions of resource-poor households in India. At the same time, there is a need to pay attention to the specificities of the clients at the “micro” level, and customize solutions that meet their needs, are affordability and are provided by trusted institutions. Involvement of communities in the process represents much scope for limiting adverse selection, moral hazard and fraud, and thus making the schemes more sustainable. Micro insurance is becoming increasingly popular yet it is a new field. The micro insurance figures shows that there is consistent increase in its business. With the notification of the IRDA (Micro-insurance) Regulations 2005, by the Authority, there has been a steady growth in the design of products catering to the needs of the poor. The challenges faced by India offer learning opportunities for the countries where micro insurance is still in its infancy. To overcome the challenges, it is imperative that measures are taken to encourage regulatory modification, product development, distribution optimization and financial education. Regulators need to move away from the prescriptive regulation towards a regulatory framework that incentives innovation, so that insurance industry stakeholders can innovate flexibly.

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**RECOVERY OF AUTOMOBILE SECTOR OF INDIA- POST  
RECESSION**

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**ABSTRACT**

*The credit crisis around the globe which ignited in realty sector of United States in the year 2007, not only absorbed the market of US but also spread to all countries including India. The industries in India got the pinch of financial meltdown during the period between October to December 2008. Most of the Indian industries have faced arduous loss due to the crisis that crippled the global financial economy. The Recession in United States of America and other developed economies had affected adversely the India's exports, imports, GDP, and employment.*

*The chances of recovery of Indian economy appear to be shiny complying with the establishment of a stable government. However India's economy is anticipated to recoup slowly during the period July to December 2014. This improvement in the development of Indian economy is dependent on the Policies taken by Indian government.*

**Keywords:** Recovery; Economy; Government Policies

**INTRODUCTION**

The World economic crisis actually started to show its impression in the middle of 2007. Due to this, the share market had to undergo a bearish trend, major financial institutions had crumpled and most of the governments had to bring forth policy packages that would help them to overcome from the crisis. The breakdown of Lehman Brothers was an indicator for commencing of the world economic crisis. Most of the industries had already slipped into recession. India had a compounding effect due to the increase in food prices, the financial instability and doubt in the growth of industrialized nations. The consequences faced were unemployment, decrease in housing prices and fall in Indian consumer spending. The Indian economy had been affected by world economic crisis through the changes in fiscal or financial sector, exports exchange rates, the decline in business and customer confidence lead to reduction in investment and consumer demand. In order to overcome the crisis the government of India had proposed major policies or packages.

**LITERATURE REVIEW**

Anjani Maraj(2010): The author describes when and how Global financial crisis did begin and its repercussions . Globally the share markets had sunk, the financial institutions had slowed and the burecrats rich developed and developing nations had to find innovative packages to help their financial organizations. It also affected employment, cost cutting and increase in rate of interest.

Michael D. Hurd, Susann Rohwedder (2010): Here the authors explain their data collections that are devoted in finding what are the results of the economic crisis on American households during September and October 2008.

Sandeep Krishnat Raval and Dr. P.S Kamble (2011): The authors have stressed on severe imbalance in the world economy that had international effects. It further explains the severity of this obstructing

untoward condition mainly for developing countries and talks about whether global recession is unavoidable.

### **OBJECTIVES**

1. To analyze the recovery of Indian Automobile Sector post-recession
2. To understand the policies taken by Indian Government for recovery of automobile sector from recession.

### **RESEARCH METHODOLOGY**

The current study is based on secondary data research collected from various available resources like magazines, journals, articles, research papers and many reliable websites of several companies of Automobile Sector.

#### **Analysis of Recovery of Indian Automobile Sector Post Recession**

Post recession, the automobile Companies are witnessing a positive impulse in the market due to innovative policies that are framed for the development in the economy of India. This has led to rise in customer sentiments, launch of new prototypes and demand for the products. The new models sedan and i20 the Mobilio MPV have attracted the customers. There are advance bookings for i20 which counts for twenty thousand three hundred for the month of August 2014 since its launch on 11<sup>th</sup> August 2014. The car sales rose to fifteen percent in August 2014 compared to August 2013.

The sales of goods carriers have grown by twenty percent. Most of the auto manufacturers from different continents are striking their operations to India with an intention to export their manufactured products out of India. The Hyundai has planned to origin engines for its operations around the globe from India. The Ford has contrived to make India as its manufacturing center for engines. Toyota and Suzuki are also increasingly using India as main junction for global requirements.

In August 2014, market leader Maruti Suzuki India's domestic sales grew by 30.43 per cent, while Hyundai's sales grew by 18.78 per cent. Honda Cars India witnessed a growth of 27.39 per cent in domestic sales. On the other hand, home grown auto manufacturers like Tata Motors and Mahindra and Mahindra saw a decline of 6.07 per cent and 6.42 per cent, respectively. As per SIAM data, motorcycle sales during the August 2014 grew by 14.45 per cent to 9.10 lakh units against 7.95 lakh units in August 2013, while total scooter sales stood at 3.69 lakh units compared to 2.83 lakh units in the same month last year, up by 30.44 per cent. Total two-wheeler sales in August 2014 grew to 13.46 lakh units from 11.29 lakh units in the same period of the previous year. Sales of commercial vehicles (CV) continue to be a concern as they were down by 48,473 units. Total sale of vehicles across categories registered a growth at 16.60 lakh in August 2014 as against 14.13 lakh units in the August of 2013.

#### **Policies Taken By Government Of India For Recovery Of Automobile Sector From Recession**

1. Government of India has proposed for GST which will improve the ownership of vehicle in northeast areas.
2. The declaration of developing hundred smart cities, rural roads, infrastructure improvement like highways and industrial corridors by Indian government shall add on numbers for production of commercial vehicles whose records presently show very low.
3. The Indian Government has focused on important specific factors like the protraction of concessions in excise duty, decrease in steel prices and removal of customs duty on auto parts which will help the sector to grow.



### CONCLUSIONS

Through 2020, India is probable to sweep over Thailand in global auto-export market share. According to the report from (SIAM) the domestic car sales in August 2014 stood at 1.54 lakh units as compared to 1.34 lakh units in the august 2013, an increase of about 15 per cent. In the April-August 2014 period the Sales of Cars have grown to 7.36 lakh units against 6.99 lakh units in the April –August 2013. This gives hope that this year the auto industry is likely to post positive sales figures after two consecutive years of decline in 2012-13 and 2013-14.

The accelerating up of highway projects and development of 8,000 km of roads will promote both medium and heavy commercial vehicles. The step towards a GST regime is beneficial but it needs to be implemented at the earliest. The industry really is in want of a full-bodied and flowing structure of indirect taxation that will bestow consumers the confidence to spend more outstanding to the chastening of prices.

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**CUSTOMER SATISFACTION ON TANGIBILITY OF BANKING  
SERVICES IN THANJAVUR CITY**

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**ABSTRACT**

*Customer satisfaction survey is evergreen research areas in all the sectors including service sectors. Today's highly competitive world, the essence of success depends on consumer's satisfaction. It is consumer's retort to the judgment of the perceived difference among preceding expectations of the users and the actual performance of the product or services perceived by users, buyers or consumers. In order to consent the customer's needs, expectation and wants as well as retain them for long, Bankers are espousing high quality customer's oriented services by using service quality dimensions. But Tangible aspect of banking services play pivotal role in satisfying all kind of customers of any banks. In this research an attempt was made to know the whether the level of satisfaction on various factors of tangible aspects of banking services differ with respect to type of bank, respondents' no. of years of experience with their respective banks and respondents frequency of visit or not. Finally filled questionnaires were received from 116 sample of banking customers and statistical results of the study revealed that level of satisfaction varies with the respect to type of bank, frequency of visit and years of dealing for few factors of tangibility aspects of banking only. However, current study will recommend future direction on Comparison on public, private and foreign banks tangibility services satisfaction in relation to various demographic factors, no of year of account holding and frequency of visits in different part of India.*

**Keywords:** Customer Satisfaction; Service Quality; Customer Retention; Banking

**INTRODUCTION**

The customer is the king. In any industry or services sector, this supreme ruler satisfaction decides profitability and survival of the fittest. Consumer fulfillment has been considered the essence of success in today's highly competitive banking industry. Customer satisfaction is the consumer's retort to the judgment of the perceived difference among preceding expectations of the users and the actual performance of the product or services perceived by users, buyers or consumers. The customer is the

focal point and the customer service is the core competitive strategy for the modern banking industry. Because, bank is a consumer inclined services industry and depends on the consumers for continued existence in the fierce competitive market. In order to satisfy its customers, banks are differentiating its services, operations from its competitors by adopting services quality dimensions as a strategic options. The bankers provide a high level of service quality which leads to a high level of customer satisfaction as well as acquiring sustainable competitive advantage. For this, Bankers are espousing high quality customer's oriented services by using service quality dimensions like Tangibility, Responsiveness, Assurance, Reliability and Empathy. But success rate depends on the ultimate user's perceived satisfaction about bank service dimensions. Because, Today's customers are not same as yesterday; they have become strong enough in knowledge and carefully consider all aspects of services provided by Bankers.

Among different service quality dimensions, Tangible aspect of banking services play pivotal role in satisfying all kind of customers of any bank. But banking is basically intangible in nature and bankers are converting it into tangible with the help of physical facilities, equipment, personnel, communication materials and etc. The banker who converts these tangible factors well, reaching successfully every customer, results customer's satisfaction. But at the same time, several banking is experiencing increasing customer dissatisfaction and resulted the customers' switching behavior. This dissatisfaction could be the cause of missing tangible options of the banks. Because, the toll gate of customer retention and satisfaction highly depends on various tangible factors like bank providing data, information, the modern looking equipments, staff appearances, bank providing materials associated with services and visual appealing part of banks. This excellent tangible service quality is major optional competitive strategy which may, or may not, be adopted to differentiate one bank from another: today it is essential to customers satisfaction, profitability and survival. Hence in this study, an attempt is made to know the customer satisfaction on various sub factors of tangibility of banking services.

### REVIEW OF LITERATURE

Different researchers have found the factors which might affect customer satisfaction with respect to retail banking. Arun Kumar et.al, (2010), found in their examination assurance, empathy and a tangible dimension establishes weak customer's satisfaction. Mohammad and Alhamadani (2011), Amiri Aghdaie and Faghani (2012), in their study characterized that among five dimension of service quality tangibility also significantly inclined with customer satisfaction. Whereas Asma and Abdul Rehman, (2012) comparative study revealed that Arabic customers highly satisfied with assurance and tangible aspects of the banks. Maya Basant Lohani and Pooja Bhatia (2012) study resulted that private and public sector banks need to concentrate on tangible factors as like Reliability, Responsiveness and Assurance are most vitally associated factors of customer satisfaction. Mesay Sata Shanka (2012) research attested that empathy and responsiveness plays the most imperative role in Ethiopian customer satisfaction followed by Tangibility, Assurance, and lastly the Reliability. Mohsin Zafar et.al,(2012) predicted that there is a positive link between customer satisfaction and Tangibility, Reliability, Competence and Conflict handling. Samraz Hafeez and Bakhtiar Muhammad(2012) revealed that Pakistan customers are slightly satisfied with the services of banks. Van Dinh and Lee Pickler (2012) found Vietnam retail banking customers overall satisfaction statistically correlate with perceived service quality. Reliability and empathy were the most important customer satisfaction factor than other dimensions. Vijay Anand and Selvaraj (2012), Patra, Soumendra Kumar; Dash, Ajitab(2013), Zurina Shafii and Ali Joma Kofafa(2013) , Kalidoss and Ravikumar(2014) Rashed Al Karim and Tabassum Chowdhury(2014) found significant involvement between service quality dimensions and the customer satisfaction whereas Muthukumaran(2013) and Vijay Anand and Selvaraj (2012) found link between customer Loyalty and service quality dimensions. Aymn.Sulieman(2013) exposed that tangible dimension impinged on the customer satisfaction. Mei Mei Lau et.al. (2013) indicated that Tangibility, Responsibility, Reliability and Assurance were more significant contributing factors of bank customer satisfaction, while Empathy was the least significant

one. Sasikala(2013) found association between demographic factors and Customer satisfaction and most of the customers not satisfied enough in tangible aspects of the banks. Snehal Kumar H Mistry (2013) found that a customer gives highest importance to reliability dimension, second importance to responsiveness of bank employees, third preference to assurance factor. However Tangibility, Empathy aspect of the banks was not that least one. Muazu Saidu Badara et. al.,(2013) revealed that dimensions like Tangibility, Reliability, and Empathy are not significant predictors of customer satisfaction and loyalty. Aqeel Mukhtar et.al.,(2014) findings indicated that assurance and tangibility has substantial influence on customer satisfaction. Patra, Soumendra Kumar; Dash, Ajitab (2014) in their research found that gap score in tangibility, reliability and assurance of public sector banks have a considerable impact on customer satisfaction. From the above literature analysis and previous researchers view, understood that there quiet close connection with customers satisfaction on service quality dimensions of bank. However, still there is gap to know specifically about tangible aspects of banking service satisfaction among private and public sector bank customers in Tamilnadu, India.

### RESEARCH OBJECTIVES AND METHODOLOGY

The main objective of the study is to know whether the level of satisfaction on various factors of tangible aspects of banking services differ with respect to type of bank, respondents' no. of years of experience with their respective banks and respondents frequency of visit or not. The most common type of Probabilistic –Random Sampling Technique was adopted to collect information from customers who are visiting their respective account holding bank branches, ATM centers and etc. Data was collected by using personal approach. Initially 150 respondents were requested to provide information in the questionnaire. But thirty four respondents information was not adequate. Therefore 116 respondents were considered for the study. The sample consisted of 116 individual customers of private and public sector bank in and around Thanjavur district, Tamilnadu. The samples were requested provide their demographic variables like gender, age, income, education ,qualification, type of bank, purpose of bank account, no. of years of dealing with bank and frequencies of visit. Further, they were asked to give satisfactory level in five point Likert Scale about five important factors of tangibility of banking services which include bank updated equipment and technology, bank visual appealing, bank providing material associated with services, bank providing data and information (Parasuraman et al). Simple percentage analysis, Cross tabulation, independent sample t-Test and one way ANOVA Test have been applied for data analysis.

Table 1 represents the demographic profile of the respondents. Out of 116 respondents, 44.8% of the respondents were male whereas 64% of them were female. 46.6% of the samples were 31-40 years old, followed by 43.1 respondents were of 41-50 years and only 10.3% of them were young age groups which accounted in the 20-30 years category. 40.5% of the respondents currently are working in private sector, followed by 31% of the samples opined that they are doing business and 28.4% of the respondents are currently working in public sectors. 42.2% of the consumers of various banks were qualified under graduates, 37.9% post graduates and 19.8% diploma holders. 35.3% of the respondents were having Rs.20, 000-30,000 as their monthly incomes, followed by 34.5% of them were earning above Rs. 30,001 in a month whereas meager respondents are only having monthly income below Rs.10000. 87.1% of the samples were married and rest of the 12.9% of them was unmarried. 31.9% of the samples opined that they are currently living in urban and semi urban part of sampling area respectively whereas 36.2% are at present in rural area.

**Table 1.** Demographic Profile

<b>Total</b>	<b>116</b>	<b>100.0</b>
<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Female	64	55.2
Male	52	44.8
<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
20- 30 years	12	10.3

**Table 1.** Demographic Profile (Contd....)

<b>Total</b>	<b>116</b>	<b>100.0</b>
31-40 years	54	46.6
41-50 years	50	43.1
<b>Occupation</b>	<b>Frequency</b>	<b>Percent</b>
Business	36	31.0
Private employee	47	40.5
Public Sector employee	33	28.4
<b>Monthly Income</b>	<b>Frequency</b>	<b>Percent</b>
Below 10,000	5	4.3
10,001-20,000	30	25.9
20,001-30,000	41	35.3
Above 30,001	40	34.5
<b>Marital Status</b>	<b>Frequency</b>	<b>Percent</b>
Married	101	87.1
Unmarried	15	12.9
<b>Qualification</b>	<b>Frequency</b>	<b>Percent</b>
Under graduate	49	42.2
Post Graduate	44	37.9
Diploma	23	19.8
<b>Area of living</b>	<b>Frequency</b>	<b>Percent</b>
Urban	37	31.9
Semi urban	37	31.9
Rural	42	36.2

Table 2 depicts the banking details of the respondents. Out of 116 respondents 60.3% of respondents were holding account in private bank, followed by 39.7% of respondents holding account in public sector banks. 41.4% of respondents were having Savings Account, 45.7% respondents were having current account, and 12.9% respondents were having both savings and current account. 44% of respondents were operating account for personal use, 40.5% respondents were operating their account for business use, 15.5% respondents operating their account for both business and personal use. 25% respondents were dealing with bank less than 5 years, 24.1% respondents were dealing with bank 5-10 years, 41.4% respondents were dealing with bank 10-15 years, and 9.5% respondents were deal with bank above 15 years.

**Table 2.** Respondents banking details

<b>Total</b>	<b>116</b>	<b>100.0</b>
<b>Type of bank</b>	<b>Frequency</b>	<b>Percent</b>
Private Bank	70	60.3
Public sector bank	46	39.7
<b>Type of account</b>	<b>Frequency</b>	<b>Percent</b>
Savings account	48	41.4
Current Account	53	45.7
Both	15	12.9
<b>Purpose of banking</b>	<b>Frequency</b>	<b>Percent</b>
Personal Use	51	44.0
Business and professional use	47	40.5
Both	18	15.5
<b>No of years of Dealing in banks</b>	<b>Frequency</b>	<b>Percent</b>
Less than 5 years	29	25.0

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**Table 2.** Respondents banking details (Contd....)

<b>Total</b>	<b>116</b>	<b>100.0</b>
5-10 years	28	24.1
10-15 years	48	41.4
Above 15 years	11	9.5

The table 3 depicts the cross tab view of respondent's frequency of visit and types of bank they are holding account. Of the 116 respondents, 29.3% respondents are visiting their respecting banks monthly once which includes 37% of the public sector bank customers and 24.3% of them are private bank customers. 25.9% of the samples opined that they are visiting their banks weekly once. In case of private banks 31.4% of its customers are once in a week stepping-in to their banks for various purpose whereas 17.4% of the public sector bank customers are visiting weekly once to the account holding bank. 21.6% of the bank customers are 15 days once only visiting their account holding bank. Particularly fortnightly visiting bank customers in private and public sector bank accounted as 21.4% and 21.7% respectively. In case of daily visitors in both banks accounted as 14.7% only, specifically 8.6% of the private bank respondents are daily visitors whereas 23.9% of the public sector bank samples opined that they are daily goers of respective bank for various activities.

Frequency of visit	Type of Bank				Total	
	Private Bank		Public sector Bank		Count	% of Total
	Count	% within Type of Bank	Count	% within Type of Bank		
<b>Daily</b>	6	8.6%	11	23.9%	17	14.7%
<b>Weekly Once</b>	22	31.4%	8	17.4%	30	25.9%
<b>Fortnightly (15 days once)</b>	15	21.4%	10	21.7%	25	21.6%
<b>Monthly once</b>	17	24.3%	17	37.0%	34	29.3%
<b>Occasionally</b>	10	14.3%	0	0.0%	10	8.6%
<b>Total</b>	70	100.0%	46	100.0%	116	100.0%

### Independent Sample T Test – Types of Banks and Respondents Level of Satisfaction of Tangibility of Banking Services

Group Statistics						Levene's Test for Equality of Variances		t-test for Equality of Means			
		N	Mean	Std. Deviation	Std. Error Mean		F	Sig.	T	Df	Sig. (2-tailed)
Banks update equipment and technology	Private Bank	70	3.7571	.95456	.11409	EVA	1.593	.209	2.011	114	.047
	Public sector bank	46	3.3696	1.10270	.16258	EVNA			1.951	86.545	.054
Banks visual appealing (ATM etc.)	Private Bank	70	3.4714	.94365	.11279	EVA	7.961	.006	3.517	114	.001
	Public sector bank	46	2.8696	.83290	.12280	EVNA			3.610	104.462	.000
Banks providing information/ data	Private Bank	70	2.9143	.95921	.11465	EVA	2.701	.103	.256	114	.799
	Public sector bank	46	2.8696	.85916	.12668	EVNA			.262	103.585	.794
Banks staffs and executives appearance	Private Bank	70	2.6857	1.18619	.14178	EVA	28.982	.000	-.741	114	.460
	Public sector bank	46	2.8261	.60752	.08957	EVNA			-.837	108.557	.404
Bank providing materials associated with its services	Private Bank	70	2.7143	1.28698	.15382	EVA	4.674	.033	-1.090	114	.278
	Public sector bank	46	2.9565	.96509	.14229	EVNA			-1.156	111.935	.250



In order to know the customer's satisfaction in these five banks on the five factors of tangibility of banking services, the independent sample T-Test was performed. From the above table it can be inferred that there is no significant change on the satisfactory of the private and the public bank customers on the following three tangibility service factors-Bank Providing Information and Data, Bank Staff Executive Appearance and Bank Providing Material. However for the following two tangibility factors, satisfaction of private and public sector bank consumers significantly different. Particularly, Bank Updated Equipment and Technology Satisfaction (F: 1.593,Sig:0.54,M:3.7571), Satisfaction of Banks Visual Appealing (F:7.96,Sig:0.001,M:3.4714) comparatively high for private bank consumers.

**One Way ANOVA– Respondents Years of Dealing with Banks and Their Level of Satisfaction on Tangibility of Banking Services**

Descriptive				ANOVA					
Type of Bank	Years of Dealing	N	Mean		Sum of Squares	df	Mean Square	F	Sig.
Banks update equipment and technology	< 5 years	29	3.1034	Between	18.502	3	6.167	6.690	.000
	5-10 years	28	3.6071	Groups					
	10-15 years	48	4.0208	Within	103.256	112	.922		
	> 15 years	11	3.0909	Groups					
	Total	116	3.6034	Total	121.759	115			
Banks visual appealing (ATM etc.)	< 5 years	29	3.2759	Between	.469	3	.156	.171	.916
	5-10 years	28	3.1429	Groups					
	10-15 years	48	3.2292	Within	102.246	112	.913		
	> 15 years	11	3.3636	Groups					
	Total	116	3.2328	Total	102.716	115			
Banks providing information / data	< 5 years	29	2.8276	Between	6.652	3	2.217	2.756	.046
	5-10 years	28	2.6429	Groups					
	10-15 years	48	2.9375	Within	90.106	112	.805		
	> 15 years	11	3.5455	Groups					
	Total	116	2.8966	Total	96.759	115			
Banks staffs and executives appearance	< 5 years	29	2.2069	Between	26.550	3	8.850	11.303	.000
	5-10 years	28	2.8214	Groups					
	10-15 years	48	3.2083	Within	87.692	112	.783		
	> 15 years	11	1.9091	Groups					
	Total	116	2.7414	Total	114.241	115			
Bank providing materials associated with its services	< 5 years	29	2.2414	Between	15.382	3	5.127	4.032	.009
	5-10 years	28	2.8571	Groups					
	10-15 years	48	2.9792	Within	142.445	112	1.272		
	> 15 years	11	3.4545	Groups					
	Total	116	2.8103	Total	157.828	115			

To know the level of satisfaction on tangibility of banking services with respect to number of years of dealing by respondents, a one way ANOVA test was performed. The study result revealed that except bank visual appealing, other four factors of tangibility satisfaction significantly differing with respect to consumer's number of years dealing. Specifically 10-15 years of dealing experience customers comparatively more satisfied with Bank Provided Equipment and Technology aspect (F:6.690,Sig:0.000,M:4.0208), followed by Bank Staff Appearance Satisfaction also high for 10-15 years experienced customers (F:11.303,Sig:0.000,M:3.2083). Further more than 15 year experienced Customers comparatively perceived higher level satisfaction in bank providing material associated with services respectively (F:4.032,Sig:0.009,M:3.4545), Bank Provided Information and Data is more satisfied by the more experienced consumers with respective banks (F:2.756,Sig:0.046,M:3.5455). Hence no. of years of dealing in bank resulted the higher level satisfaction. So, there is high connection between more no. of years of holding account in bank by respondents and their satisfaction.

**One Way ANOVA– Respondents Frequency of Visit to Banks and Their Level of Satisfaction on Tangibility of Banking Services**

Descriptive				ANOVA					
		N	Mean		Sum of Squares	df	Mean Square	F	Sig.
Banks update equipment and technology	Daily	17	3.6471	Between Groups	10.675	4	2.669	2.667	.036
	Weekly Once	30	3.4000						
	Fortnightly (15 days once)	25	3.9600						
	Monthly once	34	3.3235	Within Groups	111.084	111	1.001		
	Occasionally	10	4.2000						
	Total	116	3.6034	Total	121.759	115			
Banks visual appealing (ATM etc)	Daily	17	3.1176	Between Groups	24.620	4	6.155	8.748	.000
	Weekly Once	30	3.5000						
	Fortnightly (15 days once)	25	2.8400						
	Monthly once	34	2.9706	Within Groups	78.095	111	.704		
	Occasionally	10	4.5000						
	Total	116	3.2328	Total	102.716	115			
Banks providing information / data	Daily	17	2.7647	Between Groups	4.735	4	1.184	1.428	.229
	Weekly Once	30	2.9000						
	Fortnightly (15 days once)	25	2.6000						
	Monthly once	34	3.1471	Within Groups	92.024	111	.829		
	Occasionally	10	3.0000						
	Total	116	2.8966	Total	96.759	115			
Banks staffs and executives appearance	Daily	17	3.6471	Between Groups	22.794	4	5.698	6.917	.000
	Weekly Once	30	2.3333						
	Fortnightly (15 days once)	25	2.4800						
	Monthly once	34	2.7059	Within Groups	91.448	111	.824		
	Occasionally	10	3.2000						
	Total	116	2.7414	Total	114.241	115			
Bank providing materials associated with its services	Daily	17	2.5882	Between Groups	41.521	4	10.380	9.907	.000
	Weekly Once	30	2.3333						
	Fortnightly (15 days once)	25	3.5200						
	Monthly once	34	2.4412	Within Groups	116.307	111	1.048		
	Occasionally	10	4.1000						
	Total	116	2.8103	Total	157.828	115			

A one way ANOVA is performed whether satisfaction of tangibility of banking services significantly differ with respect to frequency of visit. It can be observed from the above table expect Bank Provided Information and Data, satisfaction of other four factors significantly differing with respect to frequency of visit, the occasionally visiting both bank consumers, comparatively more satisfied with bank providing materials (F:9.907,Sig;.000,M:4.1000) bank staff appearance (F:6.917, Sig:000, M:3.2000), bank visual appealing facilities (F:8.748,Sig:.000,M:4.5000) and bank update equipment and technology (F:2.667,Sig:0.036,M:4.2000). Hence it can be said that, even though respondents may regular visitors of bank for many transaction, there is also connection between occasional visitors and

their satisfaction. Because, they may be occasional visitors but they are keenly interested and satisfied with services aspects aforesaid tangibility services features whenever they have visited.

### MAJOR FINDINGS

Based on survey results and statistical tests, when compared the female respondents were more than male respondents. Compare to young age samples, matured age category respondents were more. Greater parts of the respondents were working in private sector having monthly income in two categories like Rs 20,000 – 30,000 and above Rs 30,000. Nearly 87% of the respondents were married and almost forty two percentages of the respondents were undergraduate degree holders. 63% of the respondents currently are living in urban and semi-urban part of the old Thanjavur district. In this survey the researcher has found that almost 60% of the respondents holding account in private banks. The purpose of having Savings and Current Account is for the personal and business use. The samples who are having more than 15 years, less than 5 years and 5-10 years of account holding in their respective bank were comparatively less than 10-15 years account holding respondents. When occasional and daily visitors were compared with fortnightly and weekly once visitors, the later were more. Satisfactions are not unique factor with respect to tangibility of banking service. Test results proved that out of five factors of tangibility aspects of bank, three factors were good in private banks than public sector banks which results customers were more satisfied with private bank tangibility aspects. Level of satisfaction in connection with no. of respondents no. of years of dealing and frequency of visit resulted that the Customer who are having more no. of year of dealing in bank and occasional visitors comparatively more satisfied in banks few tangibility aspects.

### CONCLUSION

The study measures the effect of respondent's types of banks, person's no. of years account dealing with bank, frequency of visit, strong positive relationship with satisfaction of five factors of tangibility banking services at varying level. Hence it can be concluded that level of satisfaction varies with the respect to type of bank, frequency of visit and years of dealing in few factors of tangibility aspects of banking only. But both banks should concentrate on increasing features and fine tuning tangibility of the banking services according to customer expectations which assures the customer satisfaction. This study is based upon easy sampling processes, limitations of time and budget, the study has been carried out on a very small part of the Tamilnadu. However, current study will recommend future direction on Comparison on public, private and foreign banks tangibility services satisfaction in relation to various demographic factors, no of year of account holding and frequency of visits in different part of India.

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**CONTEMPORARY TRENDS IN TALENT MANAGEMENT –  
STRATEGIZING TOWARDS BUILDING STRONG  
ORGANISATION**

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**ABSTRACT**

*The current dynamic scenario has made organization transform rapidly to keep pace with the organizational dynamics and talent management today is just more than attracting and retaining talent. The scope of talent management has increased to developing human resource and enhancing employee potential. With the current scenario of the ageing population and young talent, organizations have given substance to talent management elevating a rich organization culture where a serious concern for today's HR Professional is towards retainment and acquisition of the right talent, in order to survive this "War for talent". It is the organization culture that ensures the right talent management practices in the organization emphasizing on retaining the talent and effective knowledge management. This paper provides an insight to HR Persons & Academicians on how to acquire, retain and nurture talent in a highly competitive globalised economy. The paper also aims to provide an understanding regarding the role played by organization culture in building effective TM through case studies and examples from Indian economy, highlighting the issues and challenges. This paper therefore highlights the various issues with respect to talent management, its challenges, implementation, myths etc.*

**Keywords:** Organizational Culture; Talent Management; Leader; Employee Development

**INTRODUCTION**

Talent management is not an end in itself. It is not about enhancing employees potential or creating succession plans, nor is it about achieving specific turnover rates or any other strategic outcome. It exists to support the organization's overall aim, which in business essentially amount to making money and developing work place. Making money requires an understanding of the costs as well as the benefits associated with talent management choices. Development practices, such as rotational job assignments, job enrichment, job were so deeply embedded that their costs were rarely questioned (though internal accounting systems were so poor that it would have been difficult to assess the costs in any case). That's no longer true. Today's rapid-fire changes in customers' demands and competitors' offerings, executive turnover that can easily run to 10%, and increased pressure to show a financial return for every set of business practices make the develop-from-within approach too slow and risky. Talent management involves individual and organisational development in response to a changing and complex operating environment. It includes the creation and maintenance of a supportive, people oriented organisation culture. (Dereck Stockley – 2011) Talent has become the key differentiator for human capital management and for leveraging competitive advantage (Batnagar – 2007). Therefore its imperative to have the workforce that drives excellence and effective management strategies which can only be attained through efficient talent management. There is no dearth of professionals but there is an acute shortage of talented professionals globally. Therefore talent management can be presented as integrated business strategy that enables the development of the

individuals to fulfill their potential. But what does talent management actually mean and what's being done in organizations to manage talent (Carole Tansley). The role of building a strong and effective organizational culture to proactively deal with change with a focus on talent development and retention should be the responsibility of all managers in some respect. (Michael Mc. Grath). Now, the question arises how can organization enrich workplace as it is not easy and does not happen overnight. But with some planning, a lot of persistence and execution required for developing and nourishing human capital (Business world –2007) talent management is increasingly seen as a critical success factor as organizations strive for competitive advantage. Hence it's imperative for the organizations to identify the key gaps between the talent in place and talent required to be absorbed from the market. Building and enhancing employee potential will not only benefit employees, it will also support the organization in meeting its goals and objectives.

### **OBJECTIVES**

1. To analyze the prerequisites for effective talent management.
2. To understand the contemporary issues in the field of Talent Management and suggesting strategies to cope with them.
3. To study benefits or results of talent management practices to an individual or an organization

### **Prerequisites for effective Talent management**

Talent management comprises of a set of varied HR functions which are prerequisite to build a strong Talent Management scenario in the organization. Although industry analysts and consultants vary in their definitions of the set of applications required to support these processes however based on the available literature and corporate examples the paper defines the prerequisites for successful Talent Management. Talent management systems generally include processes for recruitment, performance management, competency management, succession management, career development, learning, and compensation. Talent management works together with systems and an organizational commitment to attract, acquire, manage, and measure the talent needed to achieve a company's business objectives. However the prerequisites for effective Talent Management are-

- Analysis with respect to proper alignment of business objectives with functioning of the departments.
- Ensuring the availability of the talent needed to achieve these goals
- Escalating the goals down the various levels of the organization.
- Equipping the right applications and processes to achieve the desired goals.
- Identifying the opportunity costs if we don't execute our talent management strategy?
- Assessing the position of organization on the Talent Management Maturity Model and also analyzing the potential to move to the next level.

### **REVIEW OF LITERATURE ON TALENT MANAGEMENT**

Tansley et al (2006) claim that 'talent management requires HR professionals and their clients to understand how they define talent, who they regard as 'the talented' and what their typical background might be. It also requires thinking about whether such recruits should be seen as particularly gifted.' If talents are considered to be 'gifted', then how many people are we talking about in an organisation? Chowdhury (2002) describes talented individuals as the spirits of an enterprise, being temperamental, creative, rule breakers and change initiators. IOMA's HR critical issues survey for 2006 identified talent management as the top issue for 75% of respondents (Sandler, 2006). For organization to have the right talent development and efficient management, they require an effective preplanning and strategic applications to create an enriching workplace. Ensuring the right talent at the right place is the greatest challenge for big enterprises as well. There will be pockets that for a variety of reasons are

low scoring(Reinventing talent management – William A Schiemann (2009) But with some planning, a lot of persistence and right kind of talent management not only develops an healthy competitive organization culture but also leads to individual and organisation's development. A 2007 study from the Hackett Group<sup>3</sup>found companies that excel at managing talent post earnings that are 15 percent higher than peers. For an average Fortune 500 company, such an improvement in performance means hundreds of millions of dollars. In today's world there is no dearth of opportunities for talented person as there are many organizations looking for such persons, henceforth retainment, performance management, learning, development and succession planning have gained momentum in organizations. There is the cultural perspective that believes talent management is a mindset(Creelman, 2004), and that you must believe that talent is needed for success(Michaels, Handfield-Jones, & Axelrod, 2001).It may not be possible to simply go out and recruit new people to meet operational needs. Many leading companies have decided to develop their own people, rather than trying to hire fully skilled workers. Organisations are becoming more and more aware of the fact that they are about to suffer a significant knowledge loss due to the looming retirement of the baby boomers (Foster, 2005), as between 40 and 70% of all senior executives will become eligible for retirement in the next five years at most major corporations (Gandossy & Kao, 2004).

According to results from a new survey by the New Talent Management Network, 45% of companies will boost spending this year on talent management. It is very critical for the employers to understand the reasons behind people quitting the jobs hence the concept of Exit interviews in organizations have gained importance. There is a close linkage between talent management and an organization business strategy and challenges(A conceptual approach to strategic talent management – Tapomoy Deb2005) In the days leading to the new leader's first day on the job, the hiring manager and the hr manager should create a comprehensive draft onboarding plan for the new leader and include information about the business, the culture, the team and available resources(Stratergy driven talent management – A leadership imperative Rob Silzer, Ben EDowell,2010). Maximising team engagement, motivation, and retention through due intelligence in talent acquisition is vital today's highly competitive environment. Huczynski & Buchanan, (2001) defined effective organizational culture as the "collection of relatively uniform and enduring values, beliefs, customs, traditions and practices that share by an organization's members. Similarly, a 2006 research study from Mc Bassi & Co.<sup>5</sup> revealed that high scorers in five categories of human capital management (leadership practices, employee engagement, knowledge accountability, workforce organization, and learning capacity) posted higher stock market returns and better safety records—two common business goals that are top of mind for today's senior leadership. Only a talent resourcing process that is well defined and well executed from start to finish yields consistent, compliant results and is competitive advantage in war of talent(Ronn,2007). As such employees are 'volunteers' for organisations, who view themselves not as assets, but as investors in their organisations (Gratton & Ghoshal, 2003) A study from IBM found public companies that are more effective at talent management had higher percentages of financial outperformers than groups of similar sized companies with less effective talent management.

There is a high probability of success for the acquired company if talent managers actively work to build a culture where employee contributions are measured, reported, reviewed and rewarded.(The Economist – 2011). Retention is becoming one of the most pressing concerns of employers worldwide. This book provides an overview of talent retention and defines retention and turnover in very specific measures.(Managing talent retention – Jack J Phillips, Lisa Edwards). Understanding and effectively managing the psychological contract will help organisations thrive, but there needs to be clear agreement on the contributions that the workers will make to the organisation and vice versa (Rousseau, 2004) There is a danger that if the talent management system becomes overly focused on the definition of talent and the process of segmentation, that the organisation loses its feel for the distinct leadership requirements in different areas. Each market within the organisation needs to be attended to in a way that is congruent with wanting to serve their market needs, so it is questionable as to the extent that workers become interchangeable pieces like a factory would exchange machine parts. While some organisations may have been successful at this approach (particularly franchising

organisations), this approach is less likely to succeed in fast changing environments and industries where employees are considering themselves to be volunteers or investors in their organisations. Individuals are likely to feel dehumanized if they feel they are being moved around like replaceable parts, as it devalues their individual worth and only recognizes their ability to perform a task or role.



Tansley, C., Harris, L., Stewart, J., & Turner, P. 2006. Talent Management: Understanding the Dimensions. In CIPD (Ed.), Change Agenda: 1-16. London: CIPD

## METHODOLOGY

### Importance of Talent Management

Ravasi and Schultz (2006) state that organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations. Organizational culture has been characterized as the “glue that holds organization together (Goffee & Jones, 1996). Organizational culture can create positive or negative outcomes for individuals within the organization (Deal & Kennedy, 1992). Based on the definition of culture, the organization includes certain elements such as modes of communication, general management style, degree of formality in operating practices, all of which may affect attitudes and behaviours to knowledge management activities (Kim & Mauborgne, 1998). Sharing of knowledge in the formal organizational structure is invaluable. Informal situations, however, are often the milieus where new insights and creative problem solving occurs. It is in the informal settings, where people know and respect each other, exchange their individual intellectual abilities and contributions, that creativity and innovation thrive. According to Ash & Cohendet (2004), the process of creating, accumulating, and distributing knowledge is achieved through the functioning of informal groups of people, or autonomous “communities” acting under conditions of voluntary exchange and respect of the social norms that are defined within each group. Preiss (1999) reported that it has by now become the accepted norm that competitive advantage in business has moved from advantage in access to capital and in the ensuing process ability, whether the process is marketing, manufacturing or anything else, to advantage in knowledge management and innovation. So, to what extent organizations taking decisions and deemed fair and the extent to which workers are involved in them, which represents a fundamental aspect of organizational culture. Now for years, most companies, and their leaders are focusing on attracting, managing and developing their talent and stay ahead of the challenge. As the practice of Talent Management continues to gain importance, alongside increases its complexity and other practical challenges, which are leaving most leaders and their companies grappling with a question,



“how to attract, manage and develop talent effectively for achieving their organisations objectives/goals and grow their companies”?

An amalgamated talent management system brings all talent data into one pool and the unified system helps in attaining varied functions.

**Assisting in recruitment-** Talent Management facilitates in effective assessment of recruitments by collating the database for the particulars of the employees. One can estimate the top performers to determine their key characteristics and fit them as per requirement of the organization. This arrangement makes it easier to perform regression testing to decide the backgrounds and behavioral characteristics of top performers.

**Enables organizations to fill positions internally-** Talent Management helps in effective assessment of the manpower to fill the internal vacancy. Various components like performance management and employee development are at their core about increasing retention—resulting in fewer jobs for recruiters to fill.

**Transparency-** The second big question facing all organisations is whether or not to tell people that they are considered to be talented. It would seem that if the organisation takes the inclusive view and holds that everyone is talent, then it is safe to tell everyone, but if only a small group are recognised as talent, is it really beneficial to tell them? Thus an effective talent management system leads to transparent organizations.

**Developing High Potentials-** Whether the focus is on individual competence or organisational competence, developing competence within the organisation is key to creating a talent management system. Berger (2004c) argues that an organisation should develop a list of its core competencies and assessment tools for measuring them these core competencies; assess everyone against them and forecast potential; and finally prepare action plans to ensure that the core competencies are covered. Redford (2005) believes the focus should be on the competencies rather than the future leaders per se, in an effort to find people who can do the jobs brilliantly, while Romans (2005) redesigned his entire organisation using the human capital pipeline systems thinking model. This was based entirely on a system of role competencies rather than individual competencies.

**Managing Diversity within a Talent Management System-** For some organisations it is not just a question of being able to manage talent per se, but of being able to manage different types of talent, for example talented women. In Fortune 500, female executives are leaving at twice the rate of men due to frustration with their work environment, i.e. they are out of sync with the corporate culture, and see little opportunity of advancement (Dickinson Shephard & Betof, 2004). In line with this, 77% of new businesses are being opened by women, and a 2002 Leaders Edge Research Study of 100 high-level women leavers revealed reasons for leaving were culture, communication (lack of) and career development.

## FINDING

### Contemporary issues in Talent Management

HC-centric organizations excel only when they have an outstanding talent management system. Effective talent management systems don't just acquire and introduce highly qualified people to the organization—they ensure that the fit is right between employee and employer. They also monitor and manage an individual's relationship with the organization effectively for as long as it is in the best interest of the organization to have the individual as an employee. Organizations know that they must have the best talent in order to succeed in the hypercompetitive and increasingly complex global economy. Along with the understanding of the need to hire, develop, and retain talented people, organizations are aware that they must manage talent as a critical resource to achieve the best possible results

**Selection of the Right People:** Any HC-centric organization's employee selection process needs to do two important things. First, it needs to identify the right talent. Second, it needs to create the right first impression in the mind of potential members of the organization. A great deal of the selection process needs to be customized to the organization doing the hiring and the position being filled. Hewlett-Packard and Microsoft are among the companies that have started using virtual job fairs and interviews. Job applicants can create an online avatar (a computer-generated image) to represent themselves. Applicants can navigate their avatars through the virtual space and use them to communicate with a company representative (also an avatar). HP, Microsoft, and other technology firms also use Web sites (for example, Facebook, YouTube) to attract technology oriented job candidates.

**Development Opportunities:** An important consideration in talent management is the issue of whether the organization is committed to internal development. Conducting various EDP and MDP Programmes is a result of effective talent management assessing the requirement of the employees in organization.

**Career Self-Management and career contouring:** In all HC-centric organizations, individuals need to take responsibility for their own development and career. In a high-involvement organization with a focus on talent development, this is less necessary than it is in a global-competitor organization, with its focus on buying talent and constantly adjusting its talent mix. But it is still an important consideration. Effective career self-management by individuals is ultimately in the interest of both the individual and of the organization. An effective employee is one who adds on to his career development along with organization success and works with competitive spirit in the globalised world. It is obvious why effective self-management is good for individuals; it may be less obvious why it is good for organizations. For organizations it is simply better to have individuals who make the right decisions about developing themselves and feel good about their careers than to have employees who are confused and making poor career decisions.

**Work Diversification and flexibility:** Key to the development of individuals is the ease of movement within the organization from one assignment to another. This can be self-managed only when the organization has a well-developed posting system for job openings and a willingness to support internal transfers. Many of the new human resource information systems (HRISs) that organizations are using do include job postings. However, it is not enough to just post the job; the posting needs to include a great deal of information about the characteristics of the job, including the skills and competencies needed and what the application process involves. The posting should also provide good information about the rewards, challenges, and demands of the position.

**Talent Retainment:** The cost involved in training and employing a person is huge for organization and the cost incurred for losing talented individuals is a significant cost for every organization. For HC-centric organizations, turnover or loss of individuals can be tremendously expensive. This is particularly true of high-involvement organizations, which typically make an even greater investment in individuals than do global-competitor organizations. Thus for an effective talent management resulting in successful output talent retention is a must.

### **Challenges in Talent Management system**

Despite of the tremendous efforts of the organizations towards raising the awareness and attention to talent management and implementing foundational programs, these efforts have not led to well-executed talent management programs that are aligned with business priorities. Organizations are still lagging when it comes to their ability to integrate talent management programs and evaluate the return on their talent investments. There are varied critical factors responsible for such scenario:

Non alignment of human Capital with business strategy: While senior leaders clearly recognize the importance of human capital, a number of companies struggle to connect their people practices with their business imperatives.



**Lack of Accountability and Capability for Talent Development:** While most organizations hold their executives and managers accountable for achieving business results, they are not being held accountable for talent development.

**Inconsistent Execution and Integration of Talent Programs:** The majority of companies report having fundamental processes for talent management in place, such as basic workforce planning, development programs for high potential employees, and succession planning.

**Limited Use of Meaningful Talent Analytics:** Data and analysis have long played a role in driving business decisions; yet when it comes to talent analytics, most organizations have a long way to go. Mired in tracking traditional workforce measures, such as headcount, turnover, and cost-based metrics, few have graduated to tracking the metrics that matter.

With respect to managing internal talent there are three major elements:

1. Professional Development
2. High Potential Development
3. Performance Management

### **RECOMMENDATIONS FOR THE FUTURE**

Given the increasingly challenging global business environment, talent management will and must remain a top priority for executives in the years ahead. In making choices about the talent management approaches, organisations should consider the kind of leadership that the organisation is looking to foster for the future. The processes that are used to identify, develop and communicate with 'talent' is likely to have a significant impact on the kind of leadership that the organisation develops. In this sense, the approach that an organisation uses needs to be congruent with the type of leadership the organization needs in its future. Developing the talent can also be difficult. The issue also arises as to whether or not the identified talented individuals want to meet the expectations placed on them or not. People go through phases in their lives when different elements of their life take on different levels of importance, and talented people may prefer to have the option of stepping off the ladder every so often to focus their energy on family or other pursuits. The culture of the organisation will impact on the perspective taken on talent management, and talented individuals are likely to choose, in the longer-term, to work for organizations whose culture is more closely aligned to their personal values.

Thus leadership development is clearly a priority, but again, more sustained focus is needed on execution to ensure organizations are ready to tackle tomorrow's business challenges. Ultimately, leading companies demonstrate both breadth and depth of their talent management practices with a clear alignment to overall business and talent strategies and an indefatigable commitment to program execution. Sustain executive commitment to talent management along with focus strategic development is the need of the hour.

### **CONCLUSION**

To some extent, the need for talent management systems is an organisation-made issue. Organisations' responses to business process re-engineering, TQM and the down-sizing that dominated the previous decade have now resulted in the realisation that actually they do need good people, and having wiped out layers of managers, they perhaps don't have the pool of people ready for senior positions that they once had. Having taken job security and development opportunities away from individuals, and putting career management and employability firmly on the individual's agenda, organisations are now trying to reverse this trend by enticing individuals back to the idea of loyalty to one organisation, and they want more say in their careers. Talent management systems may yet have the potential to provide a rigour in defining business critical skills for an organisation, behaviours required now and in the future, and enable focused development for different talent segments.

### FUTURE STUDY

Talent management has to start from the interview process to check if the employee is a right fit to the organization till employee separation where the employee parts the organization. For most of the 20th century, the primary concerns of managers in the workplace were tangible resources, such as land, equipment, and money as well as intangibles such as brands, image, and customer loyalty (Dess & Picken, 1999). Organizational strategies and talent management strategies will continue to be driven by workforce trends such as an increasingly global and virtual workforce, different generations working together, longer life expectancies and an empowered and autonomous workforce that have forever changed the workplace (Tucker, Kao, & Verna, 2005). Effective talent management calls for strong participatory leadership, organizational buy-in, employee engagement and workplace scorecards with talent management metrics (De Long & Davenport, 2003). Companies that master talent management will be well-positioned for long-term growth in workforce performance for years to come.

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**IMPACT OF ABSENTEEISM AND LABOUR TURNOVER ON  
ORGANISATIONAL PERFORMANCE AT ITI, NANI,  
ALLAHABAD, INDIA**

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**ABSTRACT**

*Absenteeism is a type of unscheduled activity which threatens the organization to fall in danger as it leads to the disruption of the daily process. Absenteeism converts the organization into a deviant work place behavior. It makes the employees to violate the norms of the organization leading to a disastrous output. Such effect of absenteeism affects the turnover of the organization leading to decreased selection and training cost. Absenteeism also affects the level of satisfaction among the employees and organisational performance. This shows the relationship between absenteeism and job satisfaction. The present study is an attempt made to investigate the impact of absenteeism and labour turnover on organisational performance at Iti, Naini, Allahabad, India. The result indicate that 3 item is very good, 5 item is good, 3 item is average, 2 item is poor and 3 item is extremely poor score. Conclusively the impact of absenteeism and labour turnover on organisational performance appear to be average.*

**Keywords:** Absenteeism; Labour Turnover; Organisational Performance; Job satisfaction

**INTRODUCTION**

Absenteeism is means absence of workers from the regular work without prior per mission, notice of sanction. Absenteeism is an important problem in many enterprises. Excessive absenteeism involves a considerable loss to the enterprises because work scheduled are upset and delayed and management has to give overtime wages to meet the delivery dates. The rates of overtime wages are double than the normal rates of wages. Therefore, study of cause of absenteeism is essential to deal with the problem.

The rate of absenteeism is expressed as the person of man day last through absence to the total number of man days scheduled in a given period.

$$\text{Absenteeism} = \frac{\text{Number of man days lost through absence}}{\text{Number of man days scheduled to work}} \times 100$$

The method of calculating employee turnover is number of the employees at the beginning of year divided by the number of employees at the closing of year multiplied by 100 i.e.

$$\text{Employee turnover} = \frac{\text{No of employees at beginning of year} \times 100}{\text{No. of employees at the end of year}}$$

Workers may remain absent from regular work due to hard nature of jobs, monotony in the work and the personnel region. This leads to absenteeism. It is abnormal and natural tendency among the factory workers. It becomes a problem when it exceeds ten percent as it disturbs the production schedules and

creates many problems. The present study is an attempt made to investigate the impacts of absenteeism performance and labour turnover on organisational performance at Iti, Naini, Allahabad, India.

### **REVIEW OF LITERATURE**

According to Luthans (1990) when satisfaction is high, absenteeism tends to be low and when satisfaction is low, absenteeism tends to be high. This correlation has been rather found to be moderate, the underlying assumption is that the absence is at least in part, the result of dissatisfaction on the job (Anderson, 2004). Hoque and Islam (2003) describe absenteeism as "a subject to be studied, a matter to be thought over and a plan to be solved".

Robins (1998) noted that the indirect cost of absenteeism can be up to three times higher than the direct costs of absenteeism. It therefore becomes vital that organizations recognize the extent of this problem due to high costs associated with continued with unscheduled absences. Absenteeism in the workplace is receiving increasing attention and organizations are taking a closer look at the costs of absenteeism as well as issues such as employee loyalty and commitment.

A study conducted by organizational care South Africa has revealed that South African companies are losing millions of rands a year due to absenteeism in the workplace. Robins *et. al.* (2003) indicate that South African managers consider absenteeism their most serious discipline problem. If not managed and controlled, absenteeism can "spread like an epidemic, creating a range of disciplinary problems for organizations. The main problem is perhaps that many employees believe sick leave is a benefit like annual leave and they are entitled to take it, irrespective of the condition of their health. However the issue of absenteeism is a multifaceted one and a phenomenon which requires a multi-pronged approach.

Swarnalata and Sureshkrisna (2013) reveals that there is a direct linkage between employee absenteeism and job satisfaction. It is further revealed that absenteeism at workplace is caused by lot of factors which leads to the dissatisfaction of the employees. Employee absenteeism is a costly personnel problem that concerns employers. An understanding of relationship between job satisfaction and other factors to absenteeism may provide important insight for managers who must cope with the consequences of employee absenteeism. Understanding these factors may help public managers design policies that provide positive work environments prompting employees to have positive feelings about the work situation.

Taylor and Cosenza (1997) pointed out that if departments want to increase retention they must start with a solid recruiting process. They indicated that it is important to communicate the values of the organisation to its employees in order to increase their level of consent, participation and motivation. The communication must begin early in the employer/employee relationship. Organisational value and culture must be made clear to all employees and their importance within the organisation must be continually emphasized. Training emphasizes to the employee that they are valued and respected. This in turn will increase loyalty and retention. To retain employees, departments must offer career advancement opportunities. Employee involvement, recognition, importance of work and career development opportunities is all important when dealing with employees retention.

According to Nagdeva *et. al.* (2008) prediction models using data mining technique provide accurate and consistent results regarding employees turnover. The authors were able to find a correlation between the prediction and the true condition. Deepa and Stela (2012) attempted to study some of the factors which may be the possible reasons for an employee to leave the organisation. To reduce the employee turnover rate the company must concentrate on working condition and safety measures. So it leads the organisation to retain their employees. Sowmya and Panchanatham (2012), was analysed the relationship between turnover intension and organisational politics by using the personnel correlation analysis.

Gupta (2013) shows that employee's absenteeism is a major issue for retail sector organisation. It give the inverse effect on organisation growth and development. However the absenteeism can be controlled and minimized by implementing good working condition and clear policies and procedures to the employees.

Barsmase and shukla (2013) showed that lower income employees perceive higher absenteeism. The major factors that affect absenteeism are: welfare facilities, salary, leave policies, supervisor behaviour, present working condition and transport facilities.

Tiwari (2014) concludes that to reduce turnover in financial institution should create some opportunity for the growth of their employees. Effective training programme and the company can recruit people's who are competent and can cope with problems. Job security is prime factor for retaining employees, these institutions should pay proper attention so that employees can feel job security. Work load is never distributed equally in these institutions, according to people, some time employees have to perform task of other persons. Accommodation facilities are also bad, there is no provision for it. Employees have not right to convey their message to top level people, for this they will have to follow format system of communication. It is also found that only major problems are solved, small issues are always ignored. She suggested employees should be provided job security, motivated in well manner, give feed back on employee performance on a regular basis, be flexible in terms of work life balance, to provide supervisors and managers with adequate training to become effective managers.

### OBJECTIVES OF STUDY

1. To study the factor responsible for the absenteeism & labour turnover at Iti, Allahabad, India.
2. To know the attitude of management towards their workers and the awareness regarding their problems.
3. To understand the attitude of employee regarding their job and its condition in the organisation.
4. To analyse the opinion of employees & labour regarding absenteeism and labour turnover.
5. To study the impact of absenteeism and labour turnover on organisational performances.

### HYPOTHESIS

1. Both the management and workers perform their role properly and harmoniously without any undesired conflict.
2. The satisfaction level on the part of worker up to the desired level.
3. Absenteeism found was less so it contributes positively to productivity.
4. Industrial relations were satisfactory.

### METHODOLOGY

With a view to analyze the know causes and impacts of absenteeism and labour turnover on organisational performance at Iti, Naini, Allahabad, India.16 items close ended structured questionnaires were distributed among various cadres of employees. Interview and dissuasion with some employees was another tool for study. Secondary data collected from the past literature, annual reports, data maintained by Iti Allahabad was also incorporated. The study was conducted in various divisions. The scoring was simplified in percentage as per the formula of Rao (1991) i.e. **Percentage Score = Mean Score - 1x25**

Five categories of gradation were very good, good, , average,poor and extrimely poor.

**RESULT**

**Impact of Absenteeism and Labour Turnover on Organisational Performance at Iti Allahabad**

The table 1 & 2 and fig. 1 & 2 as appended show the item wise mean score, percentage score and category of 16 items obtained the impact of absenteeism and labour turnover on organisational performance. Some trends notice below.

The impact of absenteeism and labour turnover on organisational performance appear to be average. The average mean score and percentage score of the overall of 16 items has been computed at 3.28 (57.22%).

The most important factors contributing very good score are; getting leave sanction (item 11), tension free job (item 13), like the work and work place (item-15). Other important factors resulting good score are: physical facilities at work place (item-2), absenteeism increase the over time allowance bill (item-7), higher rate of absenteeism leads the labour turnover (item-8), place safe for working, (item-9), relationship with peers/supervisors, (item-10).

The factors on which organisation have scored average are: absenteeism is problem in organisation (item-3), absenteeism disturbed the work flow of organisation (item-5), absenteeism and labour turnover decrease the quality of production (item-12).

The items which scored poor are: labour turnover cause the higher rate of accidents (item-6), potential is fully being utilized (item-14).

The factors on which organisation have extremely poor score are: physical facilities pertinence absenteeism (item-1), salary structure perform important role in absenteeism (item-4), can better result on some other job (item-16).

Main caused of absenteeism in organisation are : (i) personnel and family problems. , (ii) illness / sickness. (iii) Excessive work. (iv) absence of regular leave policy. (v) poor supervision. (vi) Travel distance.

**Table 1.** Item wise mean score, percentage score and categories on impact of absenteeism and labour turnover on organisational performance at ITI Allahabad

Item	Statement	Mean score	% Score	Category
1	Physical facilities pertinence absenteeism.	1.80	20	EP
2	Quality of physical facilities at work place.	3.60	65	G
3	Absenteeism is problem in organisation.	3.20	55	AV
4	Salary structure perform important role in absenteeism.	2.00	25	EP
5	Absenteeism disturbed the work flow of organisation.	3.00	50	AV
6	Labour turnover causes the higher rate of accidents.	2.80	45	P
7	Absenteeism increases the overtime allowance bill.	3.48	62	G
8	Higher rate of absenteeism leads the labour turnover.	3.40	60	G
9	Place safe for working.	3.40	60	G
10	Relationship with peer's/superiors.	3.54	63.5	G
11	Getting leave sanctioned.	4.72	93	VG
12	Absenteeism and labour turnover decreases the quality of production.	4.14	58.5	AV



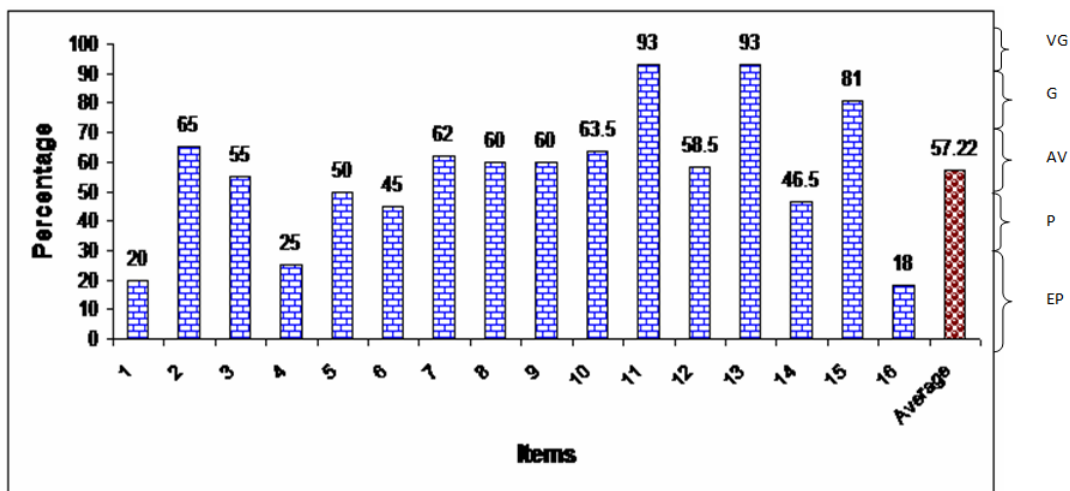
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**Table 1.** Item wise mean score, percentage score and categories on impact of absenteeism and labour turnover on organisational performance at ITI Allahabad (Contd....)

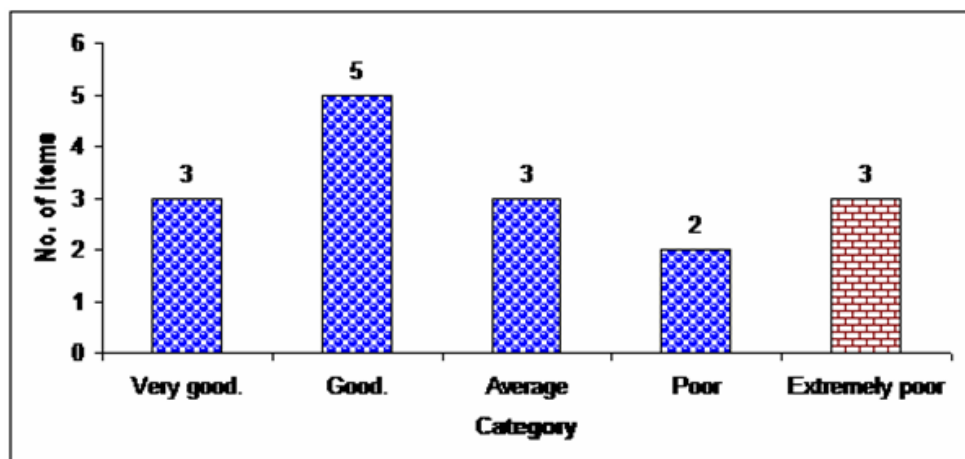
Item	Statement	Mean score	% Score	Category
13	Feel free in work place/tension free job.	4.72	93	VG
14	Potential is fully being utilized.	2.86	46.5	P
15	Like work and work place.	4.24	81	VG
16	You can better result on some other job.	1.72	18	EP
<b>Average</b>		<b>3.28</b>	<b>57.22</b>	<b>AV</b>

**Table 2.** Categories wise items of absenteeism and labour turnover

S.No.	Statement	Percentage (Range)	Item No.	Total No. of Item
1.	Very good.	70 and above.	11,13,15	03
2.	Good.	60 and above.	2,7,8,9,10	05
3.	Average	50 and above.	3,5,12	03
4.	Poor	40 and above.	6,14	02
5.	Extremely poor	Less than 40.	1,4,16	03



**Fig. 1.** Item wise mean score, percentage score and categories on impact of absenteeism and labour turnover on organisational performance at ITI Allahabad



**Fig.2.** Category wise Items of absenteeism & labour turnover

**CONCLUSION**

The management and the workers are satisfied with the job conditions and think that the healthful and hygienic working conditions are available at the workplace. The wage and allowances provided are reasonable and there is job security among the employees. The potentials are fully utilized in the organisation. The adequate welfare facilities are provided which give a sense of belonging to the worker. Still some improvements can be made to make the workplace more comfortable. There are adequate housing and transport facilities available. The employer's behaviour towards its employees is affectionate and mild. There is presence of strict discipline.

There is open communication between the management and the workers, so most of them are satisfied with it and their grievances are solved by the higher authorities. The management has positive attitude and cordial relationship exist between the management and the worker. The leave rules are fixed and in case of any emergency the leave is provided without any delay. But some workers are not satisfied with the leave rules. The worker's participation in decision making process is less which should be increased. Most of the worker is aware about the personnel policies and their rights and obligations. The safety instructions and safe methods of operation are followed during the course of work and the accidents are prevented up to the greater extent but still it requires more attention by the management.

The absenteeism is less as most of the employees and workers belong to the local area only. The management also thinks that absenteeism has a great impact on the achievement of organizational goals and productivity. At last all these factors help in reduction in absenteeism and the fulfillment of the organizational goals and increase in productivity.

**SUGGESTIONS**

Although most of the factors which are responsible for absenteeism are not present in the organisation but still proper maintenance of records and follow up is required from time to time. There is need to create awareness regarding the management policies on the worker side and the requirements and facilities needed by worker on the management side. The strict actions should be taken against the absenteeism prevailing in the organisation. The main causes of dissatisfaction should be analysed and removed.

More welfare facilities should be provided. The personnel policies should be implemented properly. The new tasks can be assigned to the responsible and interested workers to obtain more interest and commitment. The proper emphasis should be given on worker's participation in decision making process. At last, the organization should concentrate on workers as they are the main contributors in the achievement of organizational goals and in increasing productivity.

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**HORTICULTURAL MARKETING IN THE VALLEY DISTRICTS  
OF MANIPUR: PROBLEMS AND PROSPECTS**

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**ABSTRACT**

*The horticulture sector has emerged as a core sector in agriculture providing the best option for diversification in agriculture for nutritional security, employment generation and enhancing farm income. Marketing is a critical aspect of vegetable production. Vegetables consist mostly of water and, consequently, cannot be stored for long periods of time. The study highlights the relationship between socio economic status and the annual production along with problems faced by the horticulturists in the valley districts of Manipur with a sample size of 150 respondents. Descriptive and test statistics like Mean, S.D, correlation and chi- square test was used to analyze and interpret the results with the help of SPSS English version 19.0. Five point Likert scale of strongly disagree, disagree, neutral, agree and strongly agree were also used to depict the various problems faced by the horticulturists in the study area. The result of the study showed that family size, no. of family members employed and age of the respondents were having significant correlation with production and educational qualification and gender were not having significant correlation with production. Educational qualification, type of house, no. of family members employed, financial constraints and financial assistance have significant relationship with the annual production.*

**Keywords:** Horticulture; Horticulturist; Marketing; Constraints; Production

**INTRODUCTION**

The horticulture sector has emerged as a core sector in agriculture providing the best option for diversification in agriculture for nutritional security, employment generation and enhancing farm income. Investments made in horticulture during the ninth 5 year plans are highly productive in transforming the agrarian economy. The economic importance of fruits and vegetables is also emphasized in recent years owing to an increased demand in the domestic and export markets. The increasing domestic demand could be attributed to increase in income, population growth, changing consumption pattern and growing awareness for better nutrition while the increase in international demand is due to changing global perspective on trade related agriculture (Singh, 2007). Indian agriculture occupies a place of great importance in the Indian economy. India is the land of farmers and agriculture and is considered to be the backbone of Indian economy. It is a known fact that agriculture is fundamental to Indian economy in the sense that it contributed above 50 percent of Gross Domestic Product (GDP), 70 percent of employment and 45 percent of total exports after the initial

years of independence and even today agriculture is responsible for livelihood of approximately 58 percent of Indian masses (Ahmed, 2009).

Marketing is a critical aspect of vegetable production. Vegetables consist mostly of water and, consequently, cannot be stored for long periods of time. The brief storage period means most produce is marketed soon after harvest. The sooner it is marketed the higher the quality of product. After harvest, some leafy vegetables like lettuce and spinach, lose water rapidly and become unsalable. Dixie (2005) horticultural marketing involves finding out what your customers want and supplying it to them at a profit. The series of services involved in moving a product from the point of production to the point of consumption. Thus Horticultural marketing includes all the process right from detecting the product idea till the consumption of the product by the ultimate consumers. Thus the steps include in horticultural marketing are:

- collection, evaluation and distribution of market information
- planning and scheduling of production
- securing the market for products, e.g. through contracts with buyers
- advice on the best practical post-harvest practices
- promotion of the product
- Coordination of inputs, transport, storage, credit and post-harvest facilities.

Manipur, one of the states situated in the North Eastern Region of India, is an isolated hill- girt state stretching between 95<sup>0</sup>59' E to 94<sup>0</sup>45' E longitudes and 23<sup>0</sup>50' N to 25<sup>0</sup>41' N latitudes. The altitude of the state above the mean sea level (MSL) varies from 790 metres to 2020 metres. It has a sub – tropical temperate climate. The annual rainfall, average temperature and sunshine per day as recorded by ICAR, Lamphelpat are 1325.4 mm, 20.1° C and 6.19 hours in the year 2012. Manipur has a geographical area of 22,327 sq. kms. out of which the valley covers 2,238 sq. kms. accounting for one tenth of the total area of the state spreading in four districts namely, i) Imphal East ii) Imphal West iii) Bishnupur and iv) Thoubal. The total population of the valley districts as per 2011 census is 16,28,224 (GoM, 2013).

### REVIEW OF LITERATURE

Subrahmanyam and Mruthyunjaya (1978) observed that the marketing of fruits and vegetables is associated with a unique set of conditions which makes the task difficult and highly risky. Firstly, the nature of the produce handled itself, because of high perishability it is difficult to create time and space utilities. The second factor in marketing of fruits and vegetables is the prevailing imperfect competition i.e. there are only few traders in the business. These two factors have a lot of influence on the current marketing system of other agriculture commodities. They also suggested for proper dissemination of market intelligence and information through all possible means of communication, for improving the marketing efficiency of fruits and vegetables.

Sharma (1991) in his book Marketing Management of Horticulture Produce observed that fruits and vegetables typically constitute an essential part of the daily diet in India and they are in great demand round the year from most sections of the population. The commercial value of fruits and vegetables in terms of direct consumption, processing as well as trade has risen substantially in recent years. Their economic importance has also increased and high labour intensity in the production of most fruits and vegetables production also makes them important from the employment angle as well.

Bhople and Ambarkar (1996) studied the production constraints of vegetable growers in Akola district of Maharashtra. They found that non availability of improved seeds, high cost of inputs and inadequate source of finance were some of the important constraints as encountered by the vegetable growers. In addition, problem of water shortage in summer, non availability of labour, supply of chemical

fertilizers and insecticides in time and non-availability of money for application of fertilizers and insecticides were also faced by the farmers.

Kaul (1997) suggested that the efficiency of marketing for fruits and vegetables in India has been of significant concern in the recent years. Poor efficiency in the marketing channels and inadequate marketing infrastructure are believed to be the cause of not only high and fluctuating consumer prices, but also too little of the consumer rupee reaching the farmer.

Radha and Prasad (2001) conducted a study in Karimnagar district of Andhra Pradesh. The selected farmers were contacted through opinion survey for analyzing the problems in production as well as in the marketing of vegetables. Though there was improved technology available for vegetable production majority of farmers expressed problems with respect to the availability of seed storage facility as well as lack of remunerative prices of their produce.

Kumar et al., (2004) in their study on Impact of Vegetable Research in India proved that major constraints in production and marketing of fresh fruits and vegetables are non-availability of good quality seeds, inadequate irrigation, lack of soil testing facilities and extension staff.

Yadav and Yadav (2007) in their study Post harvest handling and management of Horticultural crops in North-Eastern region have mentioned that the horticultural practice in this region are largely limited to backyard farm activities and are characterized by lack of technical know-how, low level of productivity, improper post harvest management and poor marketing.

Rani (2013) in the research paper on marketing of fresh fruits and vegetables in Bangalore stated that horticulture development is currently constrained by poor marketing arrangements. Horticultural produce is typically collected from farmers by market agents, who sell it in organized markets established under the Agricultural Produce Marketing Acts. Unfortunately, these markets are controlled by a few traders and operate on a highly non transparent basis. Facilities for grading and handling are poor, and methods of price disco vary in the markets are not transparent. Wastage is high owing to poor logistics and the absence of cold chains. The net result is much lower realization of income by the farmer. The gap between prices received by the farmers and those paid by urban consumers is large, reflecting inefficient marketing arrangements.

### **OBJECTIVES**

1. To investigate the socio economic status of the horticulturists in the valley districts of Manipur.
2. To identify the problems faced by the horticulturists in the region.
3. To trace out the challenges of horticulture production and marketing.

### **HYPOTHESIS**

H<sub>0</sub> 1 – Socio economic status does not affect the annual production.

H<sub>0</sub> 2 – Annual production has no significant relationship with annual income.

### **METHODOLOGY ADOPTED**

Stratified random sampling method was used to select the sample for the survey. First the sample of 4 (four) valley districts of Manipur, namely Bishnupur, Imphal East, Imphal West, and Thoubal were selected. Then the researcher select 5 (five) items of horticultural crops i.e., Pineapple, Passion fruits, Cabbage, Cauliflower and Ginger to constitute the sample of horticulture crops taken for the study. The total sample size of the study was 150 respondents. The study is both empirical and descriptive in nature. Data for the purpose of present study analysis and establishment of objectives and hypothesis has been collected from both primary sources and secondary sources. The primary data were collected from horticulturists through structured questionnaires to various aspect of the problem. The researcher personally met the horticulturists located in various areas of the 4 (four) valley districts of Manipur



where research has to be performed. The collected data were analysed to measure the problems in horticultural production and marketing in Manipur. With the help of appropriate descriptive and test statistics tools like, categorical distributions of the socio- economic characteristics were presented in a tabular format and Mean, S.D is calculated, coefficient of correlation and chi –square test were calculated. Five point scale methods (very high, high, medium, low and very low) have been assign as 5, 4, 3, 2 and 1 were also used to know the degree of problems faced by the horticulturists. At the outset the data gathered were codified and then administered using SPSS English Version 19.0 for data analysis.

**RESULTS AND DISCUSSION**

**Table 1.** Socio - economic Profile of the respondents

Sl. No.	Profile	Category	Frequency	Percentage
1	Age (Years)	20 - 30	5	3.3
		31 - 40	22	14.7
		<b>41 - 50</b>	<b>67</b>	<b>44.7</b>
		51 - 60	45	30.0
		60 above	11	7.3
2	Gender	<b>Male</b>	<b>133</b>	<b>88.7</b>
		Female	17	11.3
3	Religion	<b>Hindu</b>	<b>114</b>	<b>76.0</b>
		Islam	6	4.0
		Others	30	20.0
4	Educational Qualification	Illiterate	10	6.7
		Upto Primary	17	11.3
		Under matric	32	21.3
		<b>Matriculate</b>	<b>38</b>	<b>25.3</b>
		Higher secondary	21	14.0
		Graduate	29	19.3
		Post Graduate	3	2.0
5	No. of family members	<b>Upto 2</b>	<b>71</b>	<b>47.3</b>
		3 - 4	68	45.3
		5 - 6	9	6.0
		7 and above	2	1.3
		6	No. of family member employed	Upto 2
<b>3 - 4</b>	<b>80</b>	<b>53.3</b>		
5 -6	14	9.3		
7 & Above	1	.7		
7	Type of House	Pucca	33	22.0
		<b>Semi Pucca</b>	<b>84</b>	<b>56.0</b>
		Kutchha	33	22.0
8	Source of drinking water	Own tap	12	8.0
		<b>Public tap</b>	<b>53</b>	<b>35.3</b>
		Own pond	21	14.0
		Public pond	49	32.7
		Other	15	10.0
9	Annual Income	Upto 50000	10	6.7
		<b>50001 - 100000</b>	<b>50</b>	<b>33.3</b>
		100001 - 150000	48	32.0
		150001 - 200000	26	17.3
		200001 & Above	16	10.7

**Source:** Computed from survey data

Table – 1 reveals that majority 67 (44.7 percent) of the respondents belong to the age group of 41 to 50 followed by 45 (30 percent) respondents in the age group of 51 to 60, 22 respondents in 31 to 40 age group, 11 respondents in 60 & above age group and 5 respondents belong to the age group of 21 to 30 years. Since stratified random sampling was employed, it is not uncommon to find most of the respondents were in different age groups. Female and male respondents were unequally distributed with the number of male 133 (88.7 percent) and remaining 17 (11.3 percent) are female. 38 (25.3 percent) are matriculate followed by 32 (21.3 percent) under matriculates and 29 (19.3 percent) are graduates. 71 (43.3 percent) respondents has a family size of upto 2 members followed by 68 (45.3 percent) having 3 to 4 members and 9 (6 percent) are having 5 to 6 members in their families. 80 (53.3 percent) respondents employ 3 to 4 family labours in production followed by 55 (36.7 percent) respondents employing upto 2 family members. 84 (56 percent) respondents are staying in semi pucca houses followed by 33(22 percent) respondents in both pucca and kutchra houses. The highest no. of 53 (35.3 percent) respondents collects drinking water from public tap followed by 49 (32.7 percent) respondents gets from public ponds and 21 (14 percent) from own ponds. It is also clear that 50 (33.3 percent) respondents have an annual income ranging from ₹ 50,001 to ₹1,00,000, about 48 (32 percent) respondents earns ₹1,00,001 to ₹1,50,000 followed by 26 (17.3 percent) earning ₹ 1,50,001 to ₹ 2,00,000.

**Table 2. Inter Correlation Matrix**

S. N.		1	2	3	4	5	6	7
1	Production	1						
2	Age	.165 <sup>(*)</sup>	1					
3	Educational qualification	0.14	0.056	1				
4	Gender	.060	.047	.220 <sup>(**)</sup>	1			
5	Family Size	.417 <sup>(**)</sup>	0.065	0.058	.396 <sup>(**)</sup>	1		
6	No. of family members employed	.235 <sup>(**)</sup>	.272 <sup>(**)</sup>	-0.007	.403 <sup>(**)</sup>	.357 <sup>(**)</sup>	1	
7	Annual Income	.662 <sup>(**)</sup>	.185 <sup>(*)</sup>	.252 <sup>(**)</sup>	.187 <sup>(*)</sup>	.280 <sup>(**)</sup>	.197 <sup>(*)</sup>	1

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

**Source:** Computed from survey data

The above table – 2 studied the contribution of socio – economic profile and production with the help of SPSS, and it was found that annual income was having highly significant correlation with production, three of the variables i.e, family size, no. of family member employed and age of the respondents were having significant correlation with production and only two variables i.e., educational qualification and gender were not having significant correlation with production. It proves that Annual Income will increase with an increase in production and also production will be increased with the increase in family size and the no. of family member employed in the production. On the other hand, production is not affected by the change in educational qualification and gender of the respondents.

**Table 3. Annual production and gender of the respondent**

Gender of the Respondent	Annual Production (in Kgs.)						Total
	Upto 5000	5001 - 10,000	10,001 - 15000	15,001 - 20,000	20,001 - 25,001	25,001 & above	
Male	40(30.10)	35 (26.30)	21 (15.80)	16 (12.00)	11 (8.30)	10 (7.50)	133 (100.00)
Female	4 (23.50)	3 (17.60)	3 (17.60)	4 (23.50)	3 (17.60)	0 (0.00)	17 (100.00)
Total	44 (29.30)	38 (25.30)	24 (16.00)	20 (13.30)	14 (9.30)	10 (6.70)	150 (100.00)

**Source:** Computed from survey data

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The figures in the parentheses are percentage of the total

Result of the Hypothesis Testing Chi - square

Statistics	df	P value	Significance
4.893 <sup>a</sup>	5	.429	Not significant

**Note:** a-6 cells (50.0%) have expected count less than 5. The minimum expected count is 1.13.

**Table 4.** Annual Production to Educational Qualification

Educational qualification of the Respondent	Annual Production (in Kgs.)						Total
	Upto 5000	5001 - 10,000	10,001 - 15000	15,001 - 20,000	20,001 - 25,001	25,001 & above	
Illiterate	5 (50.00)	1 (10.00)	3 (30.00)	0 (0.00)	1 (10.00)	0 (0.00)	10 (100.00)
Upto Primary	6 (35.30)	5 (29.40)	0 (0.00)	3 (17.60)	1 (5.90)	2 (11.80)	17 (100.00)
Under matric	8 (25.00)	13 (40.60)	3 (9.40)	5 (15.60)	1 (3.10)	2 (6.20)	32 (100.00)
Matriculate	8 (21.10)	13 (34.20)	4 (10.50)	7 (18.40)	4 (10.50)	2 (5.30)	38 (100.00)
Higher secondary	7 (33.30)	3 (14.30)	8 (38.10)	1 (4.80)	2 (9.50)	0 (0.00)	21 (100.00)
Graduate	9 (31.00)	3 (10.30)	6 (20.70)	4 (13.80)	5 (17.20)	2 (6.90)	29 (100.00)
Post Graduate	1 (33.30)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	2 (66.70)	3 (100.00)
Total	44 (29.30)	38 (25.30)	24 (16.00)	20 (13.30)	14 (9.30)	10 (6.70)	150 (100.00)

**Source:** Computed from survey data

The figures in the parentheses are percentage of the total

Result of the Hypothesis Testing Chi - square

Statistics	df	P value	Significance
52.128 <sup>a</sup>	30	0.007	Significant

**Note:** a. 31 cells (73.8%) have expected count less than 5. The minimum expected count is .20.

**Table 5.** Family Size and Annual Production

Family Size	Annual Production (in Kgs.)						Total
	Upto 5000	5001 - 10,000	10,001 - 15000	15,001 - 20,000	20,001 - 25,001	25,001 & above	
Upto 2	29 (40.80)	22 (31.00)	10 (14.10)	4 (5.60)	4 (5.60)	2 (2.80)	71 (100.00)
3 to 4	14 (20.60)	16 (23.50)	12 (17.60)	15 (22.10)	6 (8.80)	5 (7.40)	68 (100.00)
5 to 6	1 (11.10)	0 (0.00)	2 (22.20)	1 (11.10)	3 (33.30)	2 (22.20)	9 (100.00)
7 and above	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	1 (50.00)	1 (50.00)	2 (100.00)
Total	44 (29.30)	38 (25.30)	24 (16.00)	20 (13.30)	14 (9.30)	10 (6.70)	150 (100.00)

**Source:** Computed from survey data

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The figures in the parentheses are percentage of the total

Result of the Hypothesis Testing Chi - square

Statistics	df	P value	Significance
20.262 <sup>a</sup>	15	0.162	Not Significant

**Note:** a. 14 cells (58.3%) have expected count less than 5. The minimum expected count is .13.

**Table 6.** Annual Production and type of house of the respondents

Type of House	Annual Production (in Kgs.)						Total
	Upto 5000	5001 - 10,000	10,001 - 15000	15,001 - 20,000	20,001 - 25,001	25,001 & above	
Pucca	2 (6.10)	4 (12.10)	9 (27.30)	5 (15.20)	6 (18.20)	7 (21.20)	33 (100.00)
Semi Pucca	22 (26.20)	29 (34.50)	13 (15.50)	12 (14.30)	6 (7.10)	2 (2.40)	84 (100.00)
Kutchra	20 (60.60)	5 (15.20)	2 (6.10)	3 (9.10)	2 (6.10)	1 (3.00)	33 (100.00)
Total	44 (29.30)	38 (25.30)	24 (16.00)	20 (13.30)	14 (9.30)	10 (6.70)	150 (100.00)

**Source:** Computed from survey data

The figures in the parentheses are percentage of the total

Result of the Hypothesis Testing Chi - square

Value	df	P value	Significance
46.081 <sup>a</sup>	10	0.000	Significant

**Note:** a. 6 cells (33.3%) have expected count less than 5. The minimum expected count is 2.20.

**Table 7.** Annual production and no. of family members employed in production

No. of family members employed	Annual Production (in Kgs.)						Total
	Upto 5000	5001 - 10,000	10,001 - 15000	15,001 - 20,000	20,001 - 25,001	25,001 & above	
Upto 2	18 (32.70)	15 (27.30)	12 (21.80)	4 (7.30)	5 (9.10)	1 (1.80)	55 (100.00)
3 to 4	24 (30.00)	20 (25.00)	9 (11.20)	16 (20.00)	6 (7.50)	5 (6.20)	80 (100.00)
5 to 6	2 (14.30)	3 (21.40)	3 (21.40)	0 (0.00)	3 (21.40)	3 (21.40)	14 (100.00)
7 & Above	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)	1 (100.00)	1 (100.00)
Total	44 (29.30)	38 (25.30)	24 (16.00)	20 (13.30)	14 (9.30)	10 (6.70)	150 (100.00)

**Source:** Computed from survey data

The figures in the parentheses are percentage of the total

Result of the Hypothesis Testing Chi - square

Statistics	df	P value	Significance
33.099 <sup>a</sup>	15	0.005	Significant

**Note:** a. 13 cells (54.2%) have expected count less than 5. The minimum expected count is .07

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**Table 8.** Annual production and financial constraints

Considering Finance as a constraints	Annual Production (in Kgs.)						Total
	Upto 5000	5001 - 10,000	10,001 - 15000	15,001 - 20,000	20,001 - 25,001	25,001 & above	
Yes	42 (32.30)	34 (26.20)	16 (12.30)	17 (13.10)	12 (9.20)	9 (6.90)	130 (100.00)
No	2 (10.00)	4 (20.00)	8 (40.00)	3 (15.00)	2 (10.00)	1 (5.00)	20 (100.00)
Total	44 (29.30)	38 (25.30)	24 (16.00)	20 (13.30)	14 (9.30)	10 (6.70)	150 (100.00)

**Source:** Computed from survey data

The figures in the parentheses are percentage of the total

Result of the Hypothesis Testing Chi - square

Statistics	df	P value	Significance
11.663 <sup>a</sup>	5	0.04	Significant

**Note:** a. 4 cells (33.3%) have expected count less than 5. The minimum expected count is 1.33.

**Table – 9 Annual Production and financial assistance**

Obtaining of financial assistance	Annual Production (in Kgs.)						Total
	Upto 5000	5001 - 10,000	10,001 - 15000	15,001 - 20,000	20,001 - 25,001	25,001 & above	
Yes	5 (19.20)	5 (19.20)	4 (15.40)	1 (3.80)	5 (19.20)	6 (23.10)	26 (100.00)
No	39 (31.50)	33 (26.60)	20 (16.10)	19 (15.30)	9 (7.30)	4 (3.20)	124 (100.00)
Total	44 (29.30)	38 (25.30)	24 (16.00)	20 (13.30)	14 (9.30)	10 (6.70)	150 (100.00)

**Source:** Computed from survey data

The figures in the parentheses are percentage of the total

Result of the Hypothesis Testing Chi - square

Statistics	df	P value	Significance
19.693 <sup>a</sup>	5	0.001	Significant

**Note:** a. 4 cells (33.3%) have expected count less than 5. The minimum expected count is 1.73.

**Interpretation:** It can be analyzed from the above tables that the p values for 5 variables namely educational qualification, type of house, no. of family member employed, financial constraints and financial assistance are less than 0.5, which shows that there is significant relationship with the annual production. The hypothesis is rejected. But only 2 variables viz. gender, no. of family members have no significant relationship with the annual production in the study area.

**Table 10.** Descriptive Statistics

Horticultural Marketing Constraints	Mean	Std. Deviation	Rank
Product type	1.840	0.8361	8
Lack of market	1.973	1.00966	7
Low price of the product	2.020	0.98628	6
Lack of Storage	2.160	1.10569	5

Table 10. Descriptive Statistics (Contd....)

Horticultural Marketing Constraints	Mean	Std. Deviation	Rank
Lack of Transport	3.000	1.16435	1
Lack of market information	2.640	0.95031	3
Perishability	2.267	0.98762	4
Brokers Hindrance	2.700	0.99495	2

Source: Computed from survey data

Table – 10 above reports the different constraints faced by the horticulturists in production and marketing of the products. The deduction of the study is that higher the mean value the greater is the level of the constraint. It is proved that among the horticultural marketing constraints lack of transport (Mean= 3.000, S.D = 1.16435) followed by brokers hindrance (Mean = 2.700, S.D = 0.99495). Lack of market information scores third and perishability of the product scores 2.267 Mean value and is in the fourth. The lowest is the product type (Mean = 1.840, S.D = 0.8361), which shows that the products produced in the region is of good quality and marketing is not dependent on the product they produced.

### CONCLUSION

The study attempted to identify the potential of horticulture production in the valley districts of Manipur, its contribution on livelihood and constraints of production and marketing. It study indicates that there is good possibility to grow a variety of horticultural crops in the valley region. The major problem of the respondents is transportation to bring the horticultural produce to the market, which if improved could reap a better return for the horticulturists. To improve the livelihood of farmers, different horticultural activities have been taken carried out by the Govt., NGOs and private sectors. More emphasis has been given for horticultural production by introducing new inputs and technology, systems and various services. Under this system horticultural activities take important share to the livelihood of the farmers.

Support is expected in all phases of its growth, intervention by the Govt., NGOs and private sector to solve the problems need to be developed. Developmental plans or policies need to be implemented in order to develop the socio economic condition of the horticulturists in particular and economic development of the state in general.

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**CONSCIOUS CONSUMPTION: A BEHAVIOURAL  
TRANSFORMATION APPROACH FOR SUSTAINABLE  
DEVELOPMENT**

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**ABSTRACT**

*One of the most insightful challenges for a nation is transforming its conventional economic system into a sustainable mechanism. Consumption issue is of central concern for an economy. With a reference to economic disparity, there are large numbers of consumers that are surviving at the base of the economic pyramid. They are subsistence consumers who struggle to accomplish their basic needs. While, there are few who spend to demonstrate their affluence. It is imperative for an economy to better respond to social equity and environmental needs along with prosperity to ascertain sustainability.*

*The paper stresses upon the need of conscious moderation of materialistic lifestyles to visualize sustainable development. It highlights that the resources spent on improving one's status are wasteful from societal point of view, as one person's gain is another person's loss. The acquisition of material goods doesn't bring about happiness and well-being. Thus, people need to make a check on their purchasing habits and look out for consuming only those products and services that are healthy for the society, economy and environment.*

**Keywords:** Conspicuous Consumption; Conscious Consumption; Sustainable Development

**INTRODUCTION**

Consumer–producer relationship has been considered as an exchange relationship where both parties interact for self interests. Considering the game of exchange, producers strive to maximize their profit by selling products and services; conversely, consumers try to augment their level of satisfaction by using those goods and services. The result is competition among independently acting buyers and sellers of each product.

Consumer's choice plays a leading role in orienting production. The purchases that an individual makes are indeed the result of his decisions which are, usually, directed by his need and desires, and simultaneously, reflect his social status. In the signaling game we call life, when deciding upon a course of action; we consider not only the direct effects of our choice on our welfare, but also the indirect (or social) effects resulting from society observing our choice. Balancing these two effects, we may choose actions that are suboptimal in their direct effects, but, considering their value as a signal, are overall optimal (for the decision-making individual) (Ori Heffetz, 2004). Therefore, people consume a variety of products and move beyond basic needs by including luxury items, and then consumption, beyond minimal and basic needs, leaves certain impacts upon individuals, society and environment.

Population growth and economic development are driving consumption around the world and will continue to do so as billions of consumers – especially in China, India and other emerging economies

– add to the demand for goods and services (WBCSD, 2008). The 12 percent of the world's population that lives in North America and Western Europe accounts for 60 percent of private consumption spending, while the one-third living in South Asia and sub-Saharan Africa accounts for only 3.2 percent. 2.8 billion People on the planet struggle to survive on less than \$2 a day. The consumer class thrives; great disparities still remain (Worldwatch, 2013).

The market pressure created by competitive spending and conspicuous consumption turn the affluence of some into the exclusion of many (WBCSD, 2008). We are paying price for this unrestrained consumption though we do not realize it. Ignoring the large segment of society; companies are focusing to produce goods and services for the minority of population i.e. compromising with the basic needs of people; resources (limited) are sometimes directed to luxury items.

### **OBJECTIVES**

1. To highlight the significance of consumption in establishing sustainable economic system.
2. To emphasize the need of behavioural transformation for sustainable development.
3. To propose a conscious consumption approach for sustainable development

### **Economic System and Sustainability**

Production, Distribution and Consumption are the three prominent constituents of an economic system. Consumption generates demand and is driven by consumers' commitments, production then takes the form to create supply and hence, it is driven by producers' actions. The distribution is influenced by the policy framework or rules of the game. Thus, producers, consumers and policy makers (government) are the three influential drivers that enable smooth and effective functioning of an economic system.

A nation which is economically viable, environmentally sound and socially responsible can be stated as Sustainable. Therefore, sustainability depends on the decision making power of its drivers. The emphasis of sustainable production is on the supply side of the equation, and it focuses upon improving environmental performance in key economic sectors, such as agriculture, energy, industry, tourism and transport. Sustainable consumption addresses the demand side, looking at how the goods and services, required to meet basic needs and improve quality of life - such as food and health, shelter, clothing, leisure and mobility - can be delivered in ways that reduce the burden on the Earth's carrying capacity (Nick Robins and Sarah Roberts, 1997). Distribution is the linkage between production and consumption which ensures social equity in a nation.

Patterns of consumption and production are not sustainable in developed or developing countries (Edgar Hertwich, 2003). World population will increase to an estimated 9.2 billion people in 2050 (United Nations, 2011) which will lead to dramatic environmental and social problems in the system. While agricultural productivity increase has been slowing down over the last decades; Earth does not have the capacity to support expected rates of consumption. Simultaneously, if urbanization is continued at an accelerated pace, levels of income will be many multiples of what they are now. It will raise the level of consumption (considering consumption as the positive function of income) without any drastic change in the level of production.

Economists usually focus on the supply side of the growth and ignore the demand aspect. They directly correlate production and growth, and ignore that growth in production also involves social and ecological costs. Decoupling economic growth and expansion in production needs to be addressed. A sustainable system makes use of resources in order to meet basic needs and maintain balance between supply and demand. Our demands have to be met, but they need to be controlled if we aspire to ascertain a balanced and sustainable economic system.

**Consumption And Sustainable Economic System**

Production is market driven and is fundamentally affected by consumption. Consumption is normally the largest GDP component. Many people judge the economic performance of their country mainly in terms of consumption level and dynamics. But, consumption is far more than a simple economic action: it has socio-cultural and psychological implications. It is important to us, not just for its functional uses, but it plays vital symbolic roles in our lives. This symbolic role of consumer goods facilitates a range of complex, deeply engrained 'social conversations' about status, identity, social cohesion, group norms and the pursuit of personal and cultural meaning (Jackson, T., 2005).

A sustainable style of life and consumption is also connected to the quest for a better life. ...conserving ecosystem and reducing inequity as intimately tied up with decisions about consumptions (Mark A. Burch, 2014). Therefore, the plea to the people of rich countries to reduce their standard of consumption due to social and ecological reasons does not necessarily result in painful renunciation. It is rather a chance to gain a certain life-quality, as standard of life is not the same as quality of life. Consumption needs to be understood more holistically as a process.

**Conspicuous Consumption**

The conspicuous consumption of limited resources has yet to be accepted widely as a spiritual error or even bad manners”

— Barbara Kingsolver

Conspicuous consumption is a term introduced by the Norwegian-American economist and sociologist Thorstein Veblen in his book *The Theory of the Leisure Class* published in 1899. The term refers to consumers who buy expensive items to advertise their wealth and social status rather than to meet real needs of life. Conspicuous consumption of luxury goods provides the consumer with satisfaction from others' reactions to the wealth displayed rather than from the value of the product itself (Jacqueline K. Eastman and Kevin L. Eastman, 2011 from Mason, 2001).

Conspicuous consumption is the outcome of an unequal society. Once a country reaches a reasonable standard of living, consumption goes increasingly on status symbols with no intrinsic value – such as on lavish jewelry, designer clothes and luxury cars. These goods represent a 'zero-sum game' for society: they satisfy the owners, making them appear wealthy, but everyone else is left feeling worse off. Those with above average wealth consume Veblen goods with a positive impact on their happiness. But those with below average wealth simply cannot afford these goods, so they have a negative impact on their happiness. This is known as 'Veblen competition' (Royal Economic Society). We consume to partake in the competition for status and acknowledgement within our society (Heike Leitschuh-Fecht). As average wealth rises, people grow richer but not happier (Royal Economic Society). As Karl Marx (1847) notably quoted, “A house may be large or small; as long as the neighboring houses are likewise small, it satisfies all social requirement for a residence. But let there arise next to the little house a palace, and the little house shrinks to a hut.”

Postmodern developments are significantly influencing the global nature of conspicuous consumption, especially in a transitional society like India. Class markers, to some extent, are still guided by the classical Veblenian dynamics and material possession, but the changing dynamics of socio-economic structure is also being felt. Fuelled by increasing purchasing power and high decibel advertising campaigns, mass produced and imported products are gradually obscuring class differences, and consumption patterns are largely guided by the non-functional symbolic properties of the products (H. R Chaudhuri & S. Majumdar, 2006)

Conspicuous consumption, a kind of materialism, may be a source of contentment for oneself but anxiety and aggravation for others. Sometimes it becomes the reason of dissatisfaction for oneself. Individuals often face personal costs associated with heavy levels of consumption: the financial debt; the time and stress associated with working to support high consumption; the time required to clean, upgrade, store, or otherwise maintain possessions; and the ways in which consumption replaces time

with family and friends (Worldwatch, 2013). Thus, it is required to draw people's attention on this issue to provide social and cultural base to an economy.

**Conscious Consumerism:** The definition proposed by Oslo Symposium (1994) on Sustainable Consumption defines it as “the use of services and related products which respond to basic needs and bring a better quality of life while minimizing the use of natural resources and toxic materials as well as emissions of waste and pollutants over the life cycle of the service or product so as not to jeopardize the needs of future generations.”

Prices are demand driven. The higher the demand, the higher is the price. Buying more than need generates demand and results into higher prices which makes many people far away from the consumption of the same. Consumer choice or demand plays an important role to channelize production, and a conscious consumer can initiate a conscious demand to move towards sustainable development. Consumers have power to help the communities by shifting their consumption patterns. Every purchase gives them a chance to make the change. By giving a thought while spending, one must learn how he/she is impacting the communities.

Unsustainable consumption patterns are deep rooted in cultural habits. A sustainable culture ultimately is in direct conflict with any type of consumer culture. If seven billion people were to live truly sustainable lifestyles (assuming an equitable distribution of wealth rather than a rich elite and an impoverished majority), at best, the world would live like Cubans—with minimal access to fossil fuels, private cars, and unneeded consumer novelties, but with access to enough to eat, excellent education and health care, some basic appliances maintained to last generations, and organic small-scale agriculture that both creates community food security and local livelihoods (Erik Assadourian).

Today, we as consumers are losing generosity, social concern, sharing and cooperation. We are only factors facilitating a fundamentally faulty production system. It's faulty because it's a linear system, Leonard says, “and you cannot run a linear system on a finite planet indefinitely” (Niyati Shah). The phase of overconsumption is not natural but it is the result of our skillful decision makers by their psychological manipulation. However, the recent green wave has encouraged us to buy consciously, recycle and do other things to live a more sustainable lifestyle (Niyati Shah).

Living consciously requires activating the imagination to understand the complex reactions generated by our actions. We have to realize and visualize the fact that we're connected to what we consume through a complex, interconnected web of transactions, which link people and materials from around the world together in a chain that ultimately connects us to the Earth. While picking something off a shelf or off a rack, and taking the time to understand the impact of that experience in deeper terms can make all the difference. Every purchase we make satisfies our needs and desires, but it also gives us a chance to connect to the people and resources required to create what we consume. Our consumption can help other people and heal the planet, if we take the effort to think more broadly about what we're consuming (Vinil Patel).

Conscious consumer is the one who is not merely environmentally and ethically conscious but one, who also considers the impact of his/ her consumption on the entire society. An individual's decisions reflect its core values: the belief in righteousness, equality and ecological responsibility. Thus, decisions must be taken in accordance with the better worldliness. Conscious consumerism will require changing the attitude of a vast number of the general public. People must recognize the importance of their purchasing decisions. They must have better understanding of the problems.

**Toward Conscious Consumption: A Behavioural Transformation:** Current global consumption patterns are unsustainable...it is becoming apparent that efficiency gains and technological advances alone will not be sufficient to bring global consumption to a sustainable level; changes will also be required to consumer lifestyles, including the ways in which consumers choose and use products and services (WBCSD, 2008).



To create sustainable patterns of consumption and production, or a situation, wherein, the production, distribution, use and disposal of goods consumed can no longer cause undue strain on the environment or lay undesirable social effects, fundamental changes are required. There is an option to reduce or halt the growth of consumption until autonomous eco-efficiency improvements catch up with past consumption growth (Edgar Hertwich, 2003). Sustainable consumption demands a discussion on and the questioning of the so far valid value model and the model of welfare (Heike Leitschuh-Fecht).

Consumption choices are powerful decisions that have a great impact on economy, society and environment. Sheth et al. (2011) characterized sustainable consumption pattern as mindful consumption, which is “guided and underpinned by a mindful mindset that reflects a conscious sense of caring toward self, community and nature.” We can say conscious consumer is one who is economically viable, socially responsible and environmentally sound.



Figure 1: Conscious Consumer Value Model

Economic dimension depicts the expenditure to increase long term personal well-being. Sustainable consumption means more conscious consumption which also means less consumption (Heike Leitschuh-Fecht). One should not purchase to increase belongingness; but for happiness. Material possessions do not always sustain contentment. Sometimes, desire and greed to hold matter increases financial burden which results in anxiety and dissatisfaction. We need to give a thought that what is it we want to increase – quantity of goods and services or the quality of our lives?

Social dimension includes social equity. It indicates living a life in a way to provide chance to live others. Motivation to consume in a socially responsible manner is mainly based on the consciousness of doing something good for others. In concrete terms, this means that a socially responsible consumer is “basing his or her acquisition, usage, and disposition of products on a desire to minimize or eliminate any harmful effects and maximize the long-run beneficial impact on society” (Mohr et al., 2001).

Environmental issue covers simply the consumption of eco-friendly products. Green practices can help to protect environment. Conscious consumption is not only about consuming less, but it is about consuming differently, consuming efficiently, and having an improved quality of life. Prosperity, economic growth and quality of life depend on living within ecological limits.

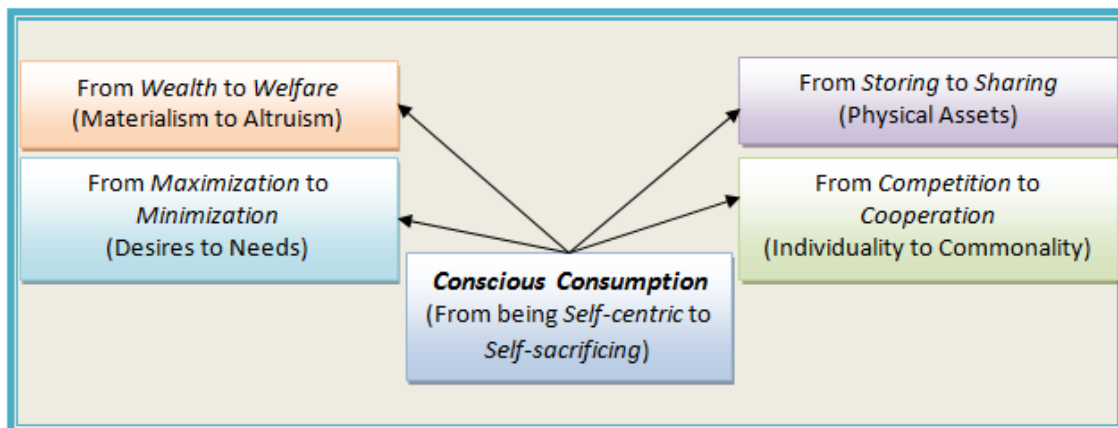
Thaler and Sunstein’s (2009) ...re-iterate claims of cognitive science to the effect that the brain has two systems generating behaviour, one ‘automatic’, which is uncontrolled, effortless, associative, fast, unconscious and skilled, the other, ‘reflective’, controlled, effortful, deductive, slow, self-aware and rule-following. ...A great deal of behaviour is governed by mental processes which are automatic,



intuitive, emotion-driven, and which therefore involve little deliberation or rational thought. ...action does not proceed from consulting our values and attitudes about our personal probity or the greater common good, but are instead rapid responses to cues provided in the external environment, conjured up from habits and intuitions about the nature of the situation in which we find ourselves. This implies that to alter behaviour requires changing the environment of action rather than changing people's minds (Alan Warde, 2013).

Providing sustainable economic system for the next generation presents both a challenge and an opportunity. It requires a transformation in consumer culture. Leaders can position themselves to succeed in this changing framework by redefining their strategies. Sustainable habits will be developed with full participation of all stakeholders. A clearly revealed consumer consciousness for sustainable consumption will help motivate and reinforce appropriate activities of companies, as well as impact the activities of political institutions that define regulatory frameworks and play an influential role in attaining sustainability goals (Ingo Balderjahn et. al., 2013). There is a gap between consumers' attitude and practices regarding conscious behaviour. Consumers need to reduce this gap and must focus on the practices that help to minimize environmental impacts and provide sustainable lifestyle opportunities for all.

Despite significant shifts in levels of awareness, concern and general attitudes to environmental and social issues, many consumers have not made the same shifts in general behaviors, lifestyles and purchasing decisions (WBCSD, 2008). People are supposed to initiate to change their behaviour and take greater personal responsibility for their lifestyle and their choices. It is required that the individuals become rational and sensitive towards society and planet. They should be encouraged to change their conventional behaviours.



**Figure 2:** Toward Conscious Consumption: A Behavioural Transformation for Sustainable Development

We need cultural pioneers that can extract themselves from the dominant consumer cultural paradigm and work toward bringing about a new sustainable culture—ideally now, and in a way that can compete with consumerism. ...These pioneers will need to embed themselves in existing institutions—governments, business, education, media and advertising, social movements, even religions—working to overhaul systems and the cultural norms they reinforce to make them orient on sustainability (Erik Assadourian).

Sustainability challenge cannot be solved only by improving efficiency, but should also include behavioural changes that entail empowerment of individuals and a concerted action of all societal actors, including governments, businesses, NGOs, media and education sectors, which by now have already been shaping lifestyles, effectively.

### CONCLUSION

We can pay the ecological debt by changing economic models, and by giving up luxury consumption, setting aside selfishness and individualism, and thinking about the people and the planet Earth.

- Evo Morales

Present consumption patterns are intensifying inequalities. If the trends continue- if individuals won't shift their priority from conspicuous display to meeting basic needs, if they won't get satiated with their present level of consumption, if their thirst for consumption would not come to an end – our economy, society and planet will be deteriorated.

Hardly, there are some classes focusing on the higher spiritual needs of life. There are few who have actively pursued a change towards sustainability by now but there are many who apparently are least concerned. Considering the sheer scale and complexity of the issue, systemic changes for sustainable consumption appear to be a daunting task (Julia Backhaus). Conscious moderation of material consumption is the need of the hour.

A high consumption level does not necessarily guarantee happiness. It should in fact claim that people can live long, happy lives without using more than their “fair share” of the Earth's resources. While no country combines high GDP with low life satisfaction, many poorer countries achieve levels of life satisfaction just as high as their wealthier neighbors (WBCSD, 2008). By engaging in conscious consumption, one can contribute to a better world order. Consumption should be guided by need but not by desires. A shift in consumer consciousness will cause a revolution that will put us on a healing path as we continue our journey through space (Vinil Patel). Everybody must get a fair chance to make its survival with dignity, and small steps can make a big difference in this direction.

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**CORPORATE SOCIAL RESPONSIBILITY (CSR): A CASE  
STUDY ON NTPC VINDHYA NAGAR, SINGRAULI (M.P.)  
INDIA**

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**ABSTRACT**

*Corporate social responsibility means conducting business in an ethical way and in the interests of the wider community and responding positively to emerging societal priorities and expectations. It is a willingness to act ahead of regulatory confrontation and balancing shareholder interests against the interests of the wider community for becoming a good citizen. It 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. Thus the meaning of CSR has two fold. On one hand, it exhibits the ethical behaviour that an organization exhibits towards its internal and external stakeholders. On the other hand, it denotes the responsibility of an organization towards the environment and society in which it operates. CSR is regarded as vehicle through which companies give something back to the society. Moreover corporate social responsibility is an obligation, beyond that required by the law and economics, for a firm to pursue long term goals that are good for society and 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 that of the local community and society at large. In the present study an attempts has been made to study the corporate social responsibilities for industrial image at NTPC Vindhya Nagar, (Singrauli) Madhya Pradesh, India. The study showed the corporate social responsibilities for industrial image at NTPC Vindhya Nagar. to be average .The average mean and percentage scores of the overall 23 items have been computed at 2.53 (38.25%). Study concluded that the CSR activities of the NTPC are not properly. So the image of NTPC Vindhya Nagar is not satisfactory.*

**Keywords:** Corporate Social Responsibility (CSR); Industrial Image; NTPC Vindhya Nagar

**INTRODUCTION**

Corporate social responsibility means conducting business in an ethical way and in the interests of the wider community and responding positively to emerging societal priorities and expectations. It is a willingness to act ahead of regulatory confrontation and balancing shareholder interests against the interests of the wider community for becoming a good citizen. It 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. Thus, the meaning of CSR has two fold. On one hand, it exhibits the ethical behaviour that an organization exhibits towards its internal and external stakeholders. On the other hand, it denotes the responsibility of an organization towards the environment and society in which it operates. CSR is regarded as vehicle through which companies give something back to the society. Moreover, corporate social responsibility is an obligation, beyond that required by the law and economics, for a firm to pursue long term goals that are good for society and 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 that of the local community and society at large.

India has been named among the top ten Asian countries paying increasing importance towards corporate social responsibility (CSR) disclosure norms. India was ranked fourth in the list, according to social enterprise CSR Asia's Asian Sustainability Ranking (ASR), released in October 2009. 'Sustainability in Asia ESG reporting uncovered' (September 2010) is based on four parameters viz. General, Environment, Social and Governance. In its study based on 56 companies in India, it observed that India is ranked second in country ranking in Asia and is ranked one ranking in general category. It is observed that reporting is strongly followed by companies as well as they seek international development standards. It could be attributed to the Indian government compelling the public sector companies to provide for community investment and other environmental, social and governance liabilities.

A key finding of the survey conducted in June 2008, aimed at understanding of the role of corporations in CSR, carried out by TNS India ( a research organization) and the Times Foundation, revealed that over 90 per cent of all major Indian organizations surveyed were involved in CSR activities. Besides the public sector, it was the private sector companies that played dominant role in CSR activities. A study on the CSR activities of 300 corporate houses, conducted by an industry body in June 2009, revealed that Corporate India has spread its CSR activities across 20 states and Union territories, with Maharashtra gaining the most from them. The study also revealed that about 36 per cent of the CSR activities are concentrated in the state, followed by about 12 percent in Gujarat, 10 per cent in Delhi and 9 per cent in TamilNadu. The companies have on an aggregate, identified 26 different themes for their CSR initiatives. Of these 26 schemes, community welfare tops the list, followed by education, the environment, health, as well as rural development.

In the present study an attempts has been made to study the corporate social responsibilities of NTPC Vindhya Nagar, (Singrauli) Madhya Pradesh, India.

### REVIEW OF LITERATURE

Arora and Puranik (2004) applied a development oriented framework to contextualize CSR to structural adjustments related macro socioeconomic issues relevant to the developing countries with a focus on CSR in India. They concluded that a though the corporate sector in India benefited immensely from liberalization and privatization processes, its transition from philanthropic mindsets to CSR have been lagging behind its impressive financial growth.

Marne (2005) proposed a transnational model of corporate social responsibility (CSR) that permits identification of universal domains, yet incorporates the flexibility and adoptability demanded by international research. The end result is a multi-dimensional typology that permits the organisation and development of empirical CSR research in an internal setting.

Chappel and Moon (2005) concludes that CSR does considerably among Asian countries. They also reported that multinational companies are more likely to adopt CSR than those operating solely in their home/ country but that the profile of their CSR trends to reflect the profile of the country of operation rather than the county of origin.

Fronk *et.al.* (2005): analysed three views of CSR and CSP one view is that development occurred from conceptual vagueness, through clarification of central constructs and their relationships. other view that hardly any progress is to be expected because of the inherently normative character of the literature. Final view is that progress in the literature on the social responsibilities of business is observed or even hampered by the continuing introduction of new construct this survey explores which of these three views better describes.

Doh and Guay (2006) assessed the role that US and European non-governmental organisations (NGOS) have played in influencing CSR policies in three areas: the trade and regulation of genetically-modified organism (GMOS), pharmaceutical pricing and distribution policies, and



international environmental agreements. Verma and Chauhan (2007) found that roads, pollution and power are the major concern of corporate activities as compared to least concern area which is communication and education.

Barammer *et.al.* (2007) examined the potential contribution of institutional theory to understanding CSR mode of governance. They suggested that institutional theory seems to be a promising avenue to explore how the boundaries between business and society are constructed in different ways, and improve our understanding of the effectiveness of CSR within the wider institutional field of economic governance.

Blasco and Zeiner (2008) : concluded that despite similar institutional conditions in Mexico and France, the interplay of those institutions combined with the historical role of business and its relationship with society product quite different articulations of CSR in each country.

Mittal *et.al.* (2008) reported that there is title evidence that companies with a code of ethics would generate significantly more economic value added (EVA) and market added value (MVA) than these without code.. .

Kariabrahimoglu (2010) was found that there is significant drop in numbers and extent of CSR projects in times of financial crisis. The study contributes to the literature by initiating discussions on CSR and the ways they are affected by financial crisis.

Mishra and Suar (2010) Indicated that stock- listed firms show responsible business practices and better FP than the non-stock listed firms. controlling confounding effects of stock- listing ownership, and firm size, a favorable perception of mangers towards CSR is found to be associated with increase in FP and NFP of firms. Such finding hold good CSR is assessed fro the Six stakeholder group in segregate. Findings suggested that responsible business practices towards. Primary stakeholders can be profitable and beneficial to Indian firms.

Silti and Michael (2011) stated that both community related and environmental related CSR are positively related to organisational commitment these result imply that companies should communicate their CSP to all employees because it has the potential to increase their employees organisational commitment, which may result in positive organisational outcomes.-

Gautam and singh(2012) find of the study are that CSR is now presented as a comprehensive business strategy, arising mainly from performance considerations and stakeholder pressure. Companies consider their interaction with stakeholders and impact of its business on society as significant issues. CSR policies vary with turnover and profit. The study suggests that business and CSR strategy appear to be on a convergent path, towards business and CSR integration across the company. Out of the top 500 companies, 229 did not report on CSR activities and were therefore filtered. 49% of the remaining 271 companies were reporting on CSR. Many companies are making token gestures towards CSR and only a few companies have a structured and planned approach. Several companies spread their CSR funds very thinly across many activities. Every company defines CSR in their own ways as per their needs. CSR is on an upward learning curve and is primarily driven by philanthropy. Tiwari (2013) showed the corporate social responsibilities for industrial image at ACC Cement Kymore, to be average. Study concluded that the CSR activities of the factory are not properly. So the industrial image of the factory is not satisfactory.

### OBJECTIVES

1. To know the CSR activities of NTPC Vindhya Nagar.
2. To study the educational facilities and related infrastructure.
3. To analyse the health and hygienic programmes of NTPC Vindhya Nagar.
4. To measure the existing condition of neighbouring villages.
5. To evaluate the image of NTPC Vindhya Nagar.



**Hypothesis**

- A CSR activity at NTPC Vindhya Nagar is satisfactory.
- Health and educational programme are working properly.
- Existing condition of neighbouring villages is good.
- The industrial image of NTPC Vindhya Nagar is good.

**METHODOLOGY**

With a view to analyse the corporate social responsibility (CSR) of NTPC Vindhya Nagar, 23 items close ended structured questionnaires were distributed among various cadres of employees and peoples of neighbouring villages. Interview and discussion with some employees and villagers was another tool for study. Secondary data collected from past literature, annual reports, data maintained by the NTPC Vindhya Nagar was also incorporated. The study was conducted in NTPC Vindhya Nagar and neighbouring villages. The scoring was analysed on five point scale and score was simplified in percentage as per the formula of Rao (1991). i.e. Percentage Score = Mean Score - 1 x 25

Five categories of gradations consisted of very good, Fairly good, good, average and poor.

**RESULT / FINDINGS**

The table 1& 2 and fig. 1 & 2 as appended show the item wise mean score, percentage score and category of 23 items obtained in the study on CSR for industrial image at NTPC Vindhya Nagar (Singrauli) M.P. Some of trends noticed are given below-

The CSR for industrial image at NTPC appear to be average. The average mean score and percentage score of the overall of 23 item have been computed at 2.53 (38.25%).

The most important factors contributing very good score are: (i)Community houses are built by NTPC at necessary places (item-3), (ii)Improvement of shulabh toilets is done at neighbouring villages (item-22).

Other important factors resulting good score are (i) health checkup and medical facilities is going routinely and in proper manner (item-7), (ii)there is given concession to poor on their treatment(item-9),(iii)there is given concession in fees to student those belong from poor class family(item-13).

The items on which NTPC score average are: (i)Work done by NTPC is helpful in development of society and environment(item 1) ,(ii)malaria control operation is going properly (item 8), (iii)tricycles and hearing equipment are given to disabled people(item-10),(iv} I am satisfied with the education system provided by NTPC (item 12),(v)there is proper setting arrangement and furniture in school those run by NTPC (item-14).

The items which NTPC scored poor are: (i)NTPC has provided necessary employment to rehabilitated people(item-4), (ii)distribution of blankets, sweaters is done to poor/needy people(item-5),(iii) NTPC give compensation to pollution affected people (item 6), (iv)roads are repaired after certain period(item-16}, (v) there are no problems in drinking water (item -18), (vi) cleanliness of sulabh toilets is done neighbouring villages (item-23).

The items which NTPC scored extremely poor are: (i) NTPC pays attention towards making neighbouring villages hygienic (item-2), (ii) there is available necessary medicine and equipments in NTPC hospital (item-11), (iii) NTPC provide educational loan facility to poor class students for their further studies (item-15),(iv}development of road is done(item-17),(v)deep seating of ponds is done(item-19}, (vi)hand pumps are repaired regularly (item-20), (vii) drinking water is supplied during the summer through water tankers(item-21).

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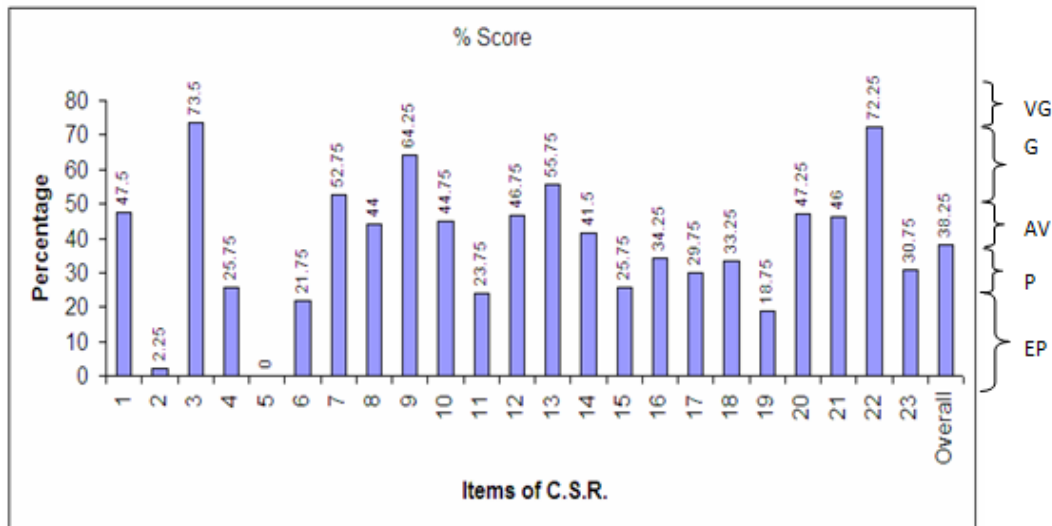
**Table 1.** Item wise mean score, percentage score and categories of Corporate Social Responsibility (CSR) at NTPC Vindhya Nagar Singrauli (M.P.) India

Item	Statement	Mean score	% Score	Category
1	Work done by NTPC is helpful in development of society and environment.	2.9	47.5	AV
2	NTPC Pays attention towards making neighbouring village hygienic.	1.09	2.25	EP
3	Community houses are built by NTPC at necessary places.	3.94	73.5	VG
4	NTPC has provided necessary employment to rehabilitated people.	2.03	25.75	EP
5	Distribution of blankets, sweaters is done to poor/needy people.	1.00	0	EP
6	NTPC gives compensation to pollution effected people.	1.87	21.75	EP
7	Health checkups and medical facilities is going routinely and in proper manner.	3.11	52.75	G
8	Malaria control operation is going properly.	2.76	44	AV
9	There is given concession to poor on their treatment.	3.57	64.25	G
10	Tricycles and hearing equipment are given to disabled people.	2.79	44.75	AV
11	There is available necessary medicines and equipments in NTPC hospital.	1.95	23.75	EP
12	I am satisfied with the education system provided by NTPC.	2.87	46.75	AV
13	There is given concession in fees to student those belong from poor class family.	3.23	55.75	G
14	There is proper setting arrangement and furniture in schools those run by NTPC	2.66	41.5	AV
15	NTPC provide educational loan facility to poor class students, for their further studies.	2.03	25.75	EP
16	Roads are repaired after certain period.	2.37	34.25	P
17	Development of road is done.	2.19	29.75	EP
18	There are no problems in drinking water.	2.33	33.25	P
19	Deep seating of ponds is done.	1.75	18.75	EP
20	Hand pumps are repaired regularly.	2.89	47.25	AV
21	Drinking water is supplied during the summer through water tanker.	2.84	46	AV
22	Improvement of shulabh toilets is done at neighbouring villages.	3.89	72.25	VG
23	Cleanliness of sulabh toilets is done in neighbouring villages.	2.23	30.75	P
<b>Average</b>		<b>2.53</b>	<b>38.25</b>	<b>P</b>

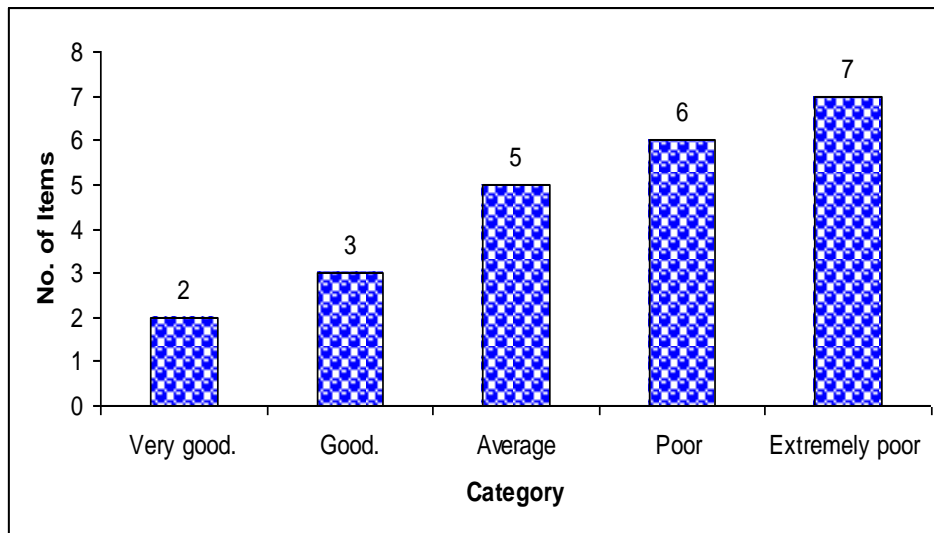
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**Table 2.** Categories wise items of CSR in NTPC Vindhya Nagar

S.No.	Statement	Percentage (Range)	Item No.	Total No. of Item
1.	Very good.	70 and above	3,22	02
2.	Good.	50 and above	7,9,13	03
3.	Average	40 and above	1,8,10,12,13	05
4.	Poor	30 and above	4,5,6,16,18,23	06
5.	Extremely poor	Less than 30	2,11,15,17,19,20,21,	07



**Fig 1.** Item wise percentage score and categories of Corporate Social Responsibility (CSR) at NTPC Vindhya Nagar Singrauli (M.P.) India



**Fig 2.** Categories wise items of CSR in NTPC Vindhya Nagar

## CONCLUSION

There are many problems of the executing of CSR policies which is made by NTPC Plant Vindhya Nagar-

- Many problems of drinking water in neighbouring village hand pumps are not repaired regularly and drinking water is not supplied regularly even summer season.
- The neighbouring villages are suffered from the pollution of NTPC which causes various respiratory diseases, tuberculosis, skin diseases etc. NTPC does not give proper compensation to pollution affected peoples.
- There are does not given any educational loan facility to poor class students for their studies.
- Neighbouring villages has many problems of sanitation and hygiene. NTPC does not pay proper attention towards making neighbouring villages hygienic, sulabh toilet are dirty.

So the above analysis concluded the execution of the CSR policies of NTPC Vindhya Nagar Singrauli (M.P.) is not satisfactory.

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**STYDY OF ATTITUDE OF DELHI SHOPPERS TOWARDS  
MALL SHOPPING EXPERIENCE**

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**ABSTRACT**

*Rapid economic growth, encouraged by Multinational companies by investing in India in the past years has changed the lifestyle of the Indian consumer and specially those who live in Metro cities. These cities are most affected by the investment as these have led to Job opportunities, improvement in Infrastructural facilities and hence have created healthy competition between the marketers. One major change that is noticed in the Consumer is that he has become wiser in terms of choosing the products and want free access to the products available in the market. This has encouraged these consumers in shifting to mall shopping where they have access to all the products and have ease of making decision. Seeing this trend the researchers decided to study the buying behavior of Delhi Shoppers towards mall shopping experience. This paper also aims to study the attitude towards various offerings by shopping mall and local markets.*

**Keywords:** Shopping; Malls; Attitude; Kirana; Buying behavior

**INTRODUCTION**

Attitudes are a combination of a consumer's beliefs, feelings, and behavioral intentions toward some object. For Marketer it is usually attitude towards a brand or retail store. Consumers today concentrate more on how easily he can make the purchase decision, How well does the item express the values he prides himself on having and showing and What more can he know about the item before he buys it. Delhi is a city where people are open for new ideas and life style. One can notice the transition in the demography of people in Delhi with the changing lifestyle and the influence of modern ideas in the lives of Delhi consumers. People from all parts of the country live in Delhi which makes the city very mature. Large social and cultural gatherings from all communities can be seen here. Shopping and mall culture in Delhi has changed the way people used to shop earlier. There are new shopping complexes and malls in Delhi where you can find all your shopping requirements under one roof.

Malls have emerged as single-point destination for shopping, food and entertainment appeal simultaneously to the browsing, the brand-conscious, the quality-conscious, the ambience-seeking, the discount-seeking and the impulsive buyers which consumer are looking for. The mall culture actually brought in the organized format for retailing in India which was absent earlier. Modern retail is



growing at 28% annually, faster than the general trade's expansion rate of 15%. However, the first category formed just 6.1% of the overall Rs1.6 trillion consumer packaged goods market as of December 2011, according to research firm Nielsen. With modern retail occupying about 95% space in malls, its growth has been led by increased mall development. There are 470 operational malls in India and 250 are upcoming. Trading densities are set to reach 1,475 per square foot by 2016 says an Images Retail Research report. Though malls were also initially planned for the higher strata, they successfully adapted to cater to the larger population of India. And it no wonder, today malls are changing the way common Indians have their shopping experience. However there is still great scope for enhancing Indian mall culture as other than ambience and branding many other aspects of Retail Service remains to be developed on international standards. Delhi Malls are usually flooded with youngsters. Malls in Delhi often have entertaining activities at their premises like music concerts, game shows, rock bands, reality show auditions, and so on. The malls in Delhi also present special discounts or offers to the shoppers, who are thrilled to avail them. The malls and their brands also provide special discounts to the people who prefer the particular brand more than the other. Convenience, Variety and Hygiene significantly influence overall shopping experience of the shopper. Services such as Multiplex Experience and Availability of goods also benefit the shopping experience in a positive way. Respondents prefer the facilities offered by the malls but they don't affect the overall shopping experience. Major industrial houses like Reliance Industries, Bharti group, Aditya Birla group and Tata Trent are running successfully in this sector.

#### **LITERATURE REVIEW**

There are three malls taken into consideration in this study which represent the city of NCT of Delhi in a geographical manner. This paper proposes to study the shopping mall attractiveness wherein the attempt is to study the behavior and attitude of the shoppers towards malls. Furthermore, the paper also proposes to derive the constituents of an ideal mall from shopper's perspective. The study also arrived at characteristics of a mall that people consider while visiting the mall which are Overall Attractiveness, Amenities & Atmospherics, Personnel, Shopping Ease and Convenience. The categorization of attractiveness factors for studying the behavior and attitude of the shoppers towards malls reveal the overall insight about the concept of an ideal mall and therefore, allow the mall managers to develop effective retail strategies to deliver the desired values.

Pirakatheswari (2010) - The Indian Retail sector is estimated to have a market size of about \$180 billion, but the organized sector represents only 2% share of this market. Liberalization of the Indian economy has brought an opening for consumer goods and this has helped many MNC's to serve with a wide variety of choices to Indian consumers. Consumers have shifted their demands towards foreign brands like Pizza hut, Mc Donald's and so on. The internet has also been a tool for this revolution as Indian consumers are more accessible to the growing influences of domestic and foreign retail chains.

CII (2005) - In India the retail sector is the second largest employer after agriculture, although it is highly fragmented and predominantly consists of small independent, owner – managed shops. There are over 12 million retail outlets in India, and organized retail trade is worth about Rs.1, 290,000 crores (September, 2003). The country is witnessing a period of boom in retail trade, mainly on account of a gradual increase in the disposable incomes of the middle and upper-middle class households. More and more corporate houses including large real estate companies are coming into the retail business, directly or indirectly, in the form of mall and shopping center builders and managers. New formats like super - markets and large discount and departmental stores have started influencing the traditional looks of bookstores, furnishing stores and chemist shops. The retail revolution, apart from bringing in sweeping, positive changes in the quality of life in the metros and bigger towns, is also bringing in slow changes in lifestyle in the smaller towns of India. Increase in literacy, exposure to media, greater availability and penetration of a variety of consumer goods into the interiors of the country, have all resulted in narrowing down the spending differences between the consumers of larger metros and those of smaller towns<sup>4</sup>.

Srivastava (2008) - The findings presented show that malls in 2006 are more developed in the North and West part of India. Food, groceries and apparel purchase by customers contributed to 52 percent. On an average 75 percent of customers spend about 1-3 hours in the mall. Malls with multiplexes such as cinema theatres, food courts, and play places for children are becoming the center for family outings. Small retailers have improved their service to cater to Indian consumers. Credit limits and home service are helping them to hold on to their customers. Retailing focus is changing towards satisfying the different hierarchy of needs of customers.

Ernst & Young's report- 'The New Market Shehers: Tapping Potential beyond the Metros' (2010) – throws light on the growing clout of the key urban towns in India. The key findings of the report indicate retail presence in the Key Urban Towns (KUTs) and the Rest Of Urban India (ROUI) through organized retail chains and malls has increased considerably over a two-year period; the percentage growth in the number of malls in the KUT (55%) was more than twice that of the metros (24%).

### RESEARCH OBJECTIVES

To ascertain the attitude of Delhi shoppers towards mall shopping experience.

#### Sub Objectives

1. Attitude towards various offerings by a shopping mall and the relation between them.
2. Attitude towards local markets and mall shopping.

### RESEARCH METHODOLOGY

Conclusive & exploratory research Secondary data will be used for constructing the Questionnaire

### DATA COLLECTION METHOD

Primary data collection through a Structured Non Disguised Questionnaire

### SAMPLE SIZE

CL = 95%

Z = 1.96

p = 75%

q = 25%

D = ±5

sp = 2.5

n = 292

N = 10,268,614 (Population of NCT of Delhi between the age group of 18-60 years)

Nc = 291.99 (corrected sample size)

### TYPE OF SAMPLING

Non Probability – Convenience Sampling

### ANALYSIS AND INTERPRETATION OF FINDINGS

The analyses of the collected data were carried out through various statistical techniques such as multiple regression analysis, ANOVA and data analysis. The data were compiled and analysed using MS Excel for Windows computer software. All the data collected and used is for Delhi shoppers only.

**Table 1** shows the age profile of the respondents. The number of participants in the present research is 80. Out of the 80 respondents the highest proportion of the respondents (59%) fell in 10-20 year age group, followed by the age group 20-30 (29%).

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**Table 1.** Age Profile of the Respondents

Age Group	No of people
10-20	47
20-30	23
30-40	4
40-50	6
<b>TOTAL</b>	<b>80</b>

**Table 2** shows the occupation profile of the respondents. The number of participants in the present research is 80. Out of the 80 respondents the highest proportions of the respondents (79%) were Students, followed by Professionals 20-30 (11%).

**Table 2.** Occupation Profile of the Respondents

Occupation	No of people
Student	63
Professional/Service	9
Housewife	5
Self Employed/Own Business	3
<b>TOTAL</b>	<b>80</b>

**Table 3** shows the number of times people shop in a month. The number of participants in the present research is 80. Out of the 80 respondents the highest numbers of the respondents (37) shop once a month, followed by people who shop twice a month (25).

**Table 3.** Monthly Shopping by the Respondents

Frequency - Shopping/Month	No of people
Once a month	37
Twice a month	25
Thrice a month	7
More than thrice a month	11
<b>TOTAL</b>	<b>80</b>

**Table 4** shows the time preferred by shoppers to shop over the week. The number of participants in the present research is 80. Out of the 80 respondents the highest numbers of the respondents (29) shop during a weekend evening, followed by people who prefer shopping at a weekend afternoon (16).

**Table 4: Shopping Period Preferred by the Respondents**

Preferred Time for Shopping	No of people
Weekdays morning	3
Weekend morning	10
Weekdays afternoon	14
Weekend afternoon	16
Weekdays evening	8
Weekend evening	29
<b>TOTAL</b>	<b>80</b>

**Table 5** shows the place preferred by shoppers to shop. The number of participants in the present research is 80. Out of the 80 respondents the highest numbers of the respondents prefer shopping at both – Malls & Local Markets (52), followed by people who preferred to shop at a Shopping Mall (25).

**Table 5.** Place Preferred for Shopping by the Respondents

Place preferred for shopping	No of people
Shopping mall	25
Local area market	3
Both	52
<b>TOTAL</b>	<b>80</b>

**Table 6** shows the malls people are aware about. The number of participants in the present research is 80. The mall about which people are most aware about is The Great India Place (72), followed by Select Citywalk (68).

**Table 6.** Malls which Respondents are aware about

Malls	No of people aware
The Great India Place	72
Select Citywalk	68
Ambience Mall Gurgaon	59
Metro Walk Mall	38
Star City Mall	34

The following figure shows the average number of monthly visits by the respondents to the malls taken in the survey. The number of participants in the present research is 80. The mall which is most visited is The Great India Place (2.25times), followed by Select Citywalk (1.525).

The following figure shows the spending breakup of the respondents in the malls taken in the survey. The number of participants in the present research is 80. Respondents usually spend equally on –

- Eating & Drinking
- Movies & Entertainment and
- Shopping

**Table 7** shows the spending behaviour of the respondents in malls. The number of participants in the present research is 80. The results tell us that people are equally inclined towards all the three behaviours; i.e. On-the-spot mood, Planned Purchases and Linked Spending.

**Table 7.** Spending Behaviour of the Respondents

Spending Behaviour	No of persons (Out of 80)
On the spot mood	51
Planned purchases	50
Linked spending	48

A total of 8 attributes of mall shopping were assumed to affect the shopper experience in the malls of Delhi. Each factor was allotted rating on a scale of 1-5 (where, strongly agree=5 & strongly disagree=1). **Table 8** shows the mean responses of the respondents on the attributes. This table tells us a consumer's average experience in the following criteria. The results show that people strongly agree that malls are hygienic, convenient and offer more variety as compared to other local markets. Many think that malls don't offer value for money and may or may not be expensive. Malls are good for outings with friends and family, are fashionable and offer a congenial atmosphere.

**Table 8.** Mean Scores for Attributes of Shopping Mall Experience

ATTRIBUTES	ITEM DESCRIPTION	MEAN SCORE
<b>Convenience</b>	Malls are convenient	4.2875
<b>Variety</b>	Malls offer more variety	4.1375
<b>Hygiene</b>	Malls are hygienic	4.3375

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**Table 8.** Mean Scores for Attributes of Shopping Mall Experience (Contd....)

ATTRIBUTES	ITEM DESCRIPTION	MEAN SCORE
<b>Value for Money</b>	Malls offer value for money	3.225
<b>Expensiveness</b>	Malls are not expensive	2.7875
<b>Congeniality</b>	Atmosphere in malls is congenial	3.6
<b>Fashion</b>	Malls are fashionable	4
<b>Personal Comfort</b>	Malls are good for outings with Friends & Family	3.975

A total of 4 qualities / offerings of malls were rated by the respondents on a scale depicting their satisfaction with the offering. Each factor was allotted rating on a scale of 1-5 (where, 5 = Max & 1 = Min). With this a response on the overall mall shopping experience of the Delhi shopper was also rated on the same scale. **Table 9** shows the mean responses of the respondents on the five, above mentioned factors.

**Table 9.** Mean Scores for Various Offerings of Shopping Malls

OFFERINGS	MEAN SCORE
Availability of Goods	3.7625
Eating Joints	3.8625
Multiplexes / Entertainment	4.125
Facilities (AC, Parking)	4.05
<b>Overall Experience</b>	<b>3.8625</b>

## Multiple Regression Analysis

The number of participants in the present research is 80. A hypothesis test was done in order to discover which Dimension has a positive impact on Customer Satisfaction in malls. Multiple Regression analysis was thus used to reduce the items to several factors. Some items sometimes represent the same idea, thus these can be omitted if they are redundant or unnecessary.

H0 = There is no significant impact of any of the Dimensions on Shopping Experience.

H1 = Availability of Goods has a significant impact on Shopping Experience.

H2 = Quality of Eating Joints has a significant impact on Shopping Experience.

H3 = Multiplex / Entertainment has a significant impact on Shopping Experience.

H4 = Facilities like Car parking; AC, etc have a significant impact on Shopping Experience.

Table 10 gives out the result of the multiple regressions analysis tests so that appropriate conclusions can be devised.

**Table 10.** Regression Results for Dimensions on Shopping Experience

DIMENSIONS	COEFFICIENTS	T STAT	SIG. (P-VALUE)
<b>Availability</b>	0.41592	3.41436	0.0010
<b>Eating Joints</b>	0.11633	1.17723	0.2428
<b>Multiplexes</b>	0.52061	3.94002	0.0001
<b>Facilities</b>	-0.21897	-1.99216	0.0499

**Note:** Dependent Variable: Overall Customer Shopping Experience F = 32.951 (Sig. at p<0.05), R=0.79833, R<sup>2</sup>=0.63733, adj R<sup>2</sup>=0.61799 p<0.05

## Hypothesis Testing

H1 = Availability of Goods has a significant impact on Overall Shopping Experience.

Based on the result in Table 10, Multiple Regression exhibits that there is a significant positive relationship between Availability of Goods and Overall Shopping Experience (Coefficient=0.41,  $p<0.05$ ). Consequently, the first hypothesis of this research is accepted.

H2 = Quality of Eating Joints has a significant impact on Overall Shopping Experience.

Based on the result in Table 10, Multiple Regression exhibits that there is not a significant relationship between Quality of Eating Joints and Overall Shopping Experience (Coefficient=0.11,  $p>0.05$ ). Consequently, the second hypothesis of this research is not accepted.

H3 = Multiplex / Entertainment has a significant impact on Overall Shopping Experience.

Based on the result in Table 10, Multiple Regression exhibits that there is a significant relationship between Multiplex Experience / Entertainment and Overall Shopping Experience (Coefficient=0.52,  $p<0.05$ ). Consequently, the third hypothesis of this research is accepted.

H4 = Facilities have a significant impact on Overall Shopping Experience.

Based on the result in Table 10, Multiple Regression exhibits that there is a significant negative relationship between Facilities offered and Overall Shopping Experience (Coefficient=-0.21,  $p<0.05$ ). Consequently, the fourth hypothesis of this research is not accepted.

Table 10 indicates that *Availability of Goods* and *Multiplex Experience / Entertainment* have a significant positive impact on Overall Shopping Experience, whereas the impact of Responsiveness, Assurance and Empathy on Overall Shopping Experience is not significant.

Therefore, hypotheses H1 and H3 are accepted whereas H2 and H4 are not accepted. Moreover, Multiplex Experience / Entertainment has greater impact (Coefficient=0.52,  $p<0.05$ ) than that of Availability of Goods (Coefficient=0.41,  $p<0.05$ ).

### **ANOVA Analysis**

A hypothesis test was done in order to discover whether there is any difference between the various factors affecting mall shopping behaviour or not. ANOVA was thus used to analyse the several factors.

H0 = There is no significant difference between the various attributes / factors affecting Mall Shopping namely – Convenience, Variety, Hygiene, Value for Money, Expensiveness, Congeniality, Fashion and Family Suitability.

H1 = There is a significant difference between the various attributes / factors affecting Shopping Experience.

Table 11 gives out the result of the ANOVA analysis test so that appropriate conclusions can be devised.

**Table 11.** ANOVA Results for Factors Affecting Shopping Experience

<b>F</b>	<b>P-VALUE</b>	<b>F-CRIT</b>
38.9888	1.51E-45	2.02405

### **Hypothesis Testing**

H1 = There is a significant difference between the various attributes / factors affecting Shopping Experience.

Based on the result in Table 11, ANOVA exhibits that there is a significant difference between the various factors / attributes affecting Shopping Experience (F-Value>F-Critical, P-Value>0.05). Consequently, the hypothesis of this research is accepted.

The Overall Mall Experience got an average rating of 3.8625 out of 5, which points towards significantly high satisfaction levels of the respondents from malls.



## **CONCLUSION**

With the change in the living style of the people of Delhi it is observed that consumers prefer to buy from a place where the accessibility is higher and where they can buy everything under one roof. This has brought the concept of Malls. Also with the opening of the super markets and hypermarkets in Malls consumers get variety of product at competitive prices. Consumers not only treat Malls as a place to shop but they treat it as a picnic place where can enjoy using the recreational facilities like multiplexes, gaming zones and can even go for Window Shopping. Facilities like Spa, Gyms, eating Joints are all found in the Malls. All this adds on to their shopping Experience.

## **LIMITATIONS OF THE STUDY**

The study has the following limitations:

The study of customer attitude towards shopping malls in Delhi is a very vast subject consisting of a number of dimensions. Only a few dimensions / aspects were studied in this study.

Only 80 customers visiting the 5 shopping malls in Delhi have been selected and studied. Hence, the conclusion drawn is specific and cannot be generalized.

## **MANAGERIAL IMPLICATIONS**

The results show that dimensions such as Convenience, Variety and Hygiene significantly influence overall shopping experience of the Delhi shopper. Services such as Multiplex Experience and Availability of goods also benefit the shopping experience in a positive way. Respondents prefer the facilities offered by the malls but they don't affect the overall shopping experience. Also, people don't consider malls to offer value for money.

This research demonstrates that managers at a mall should take into account that their mall should offer services like Availability, Congeniality, Hygiene, Product Variety & quality and should offer an environment suitable for outings with friends & family. Malls should be more fashionable and offer more stylish products, as these factors are the most preferred by the respondents. The managers at the malls in Delhi should monitor the latest fashion trends and should update their inventories accordingly.

The managers should maintain the prices of goods on the basis of the location of the mall, for example, if the mall is located in a Porsche area like near Khan Market or Vasant Kunj, then the prices should be high and if the mall is located in areas like Gaziabad or Indirapuram, then the prices should be kept low, but these prices should be competitive with the local markets.

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**CORPORATE GOVERNANCE PRACTICES: CRISES AND  
CHALLENGES IN BANKING INDUSTRY IN NEPAL**

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**ABSTRACT**

*Financial sector plays crucial intermediary role that create public trust and confidence among the participants in the financial system. This sector, being considered a highly trusted sector, any lacking in the system or failure in the governance would attract adverse effect in public trust and economic environment of the country. Financial institutions are operated as a trustee and are responsible day to day operations with high level of integrity and professionalism. Nepal being a developing country has its own problems and prospects of banking and financial institutions. The financial institutions are growing in numbers which pressurized the central bank to effective supervision for the protection of rights and interest of depositors, creditors, shareholders and other stakeholders. Most of the failure of financial institutions has resulted from misappropriation of funds, lack of transparency and disclosure that unfavorably affect the public confidence in the reliability of performance of financial institutions. Capital market and corporate sector cannot develop with weak minority shareholders, inadequate disclosures practices, non-compliance of laws and regulations and lack of independent oversight function of management.*

**Keywords:** Corporate Governance; BFI; Nepal Rastra Bank; BAFIA; Basel Committee; BOD

**INTRODUCTION**

Corporate governance signifies the corporate decision making process with the involvement of shareholders, directors and management of the company. The governance mechanism tries to reduce or eliminate the problems between the principal and agent. The principal delegates the power to the manager to act in the best interest of the principal. This separation of power between these two parties, assist to align the responsibilities of managers with the shareholders. The modern concept of corporate governance was heavily brought into light after the failure of big corporate houses (Polly Peck, Maxwell) in Britain and set up the Cadbury Committee in 1992 to study the governance system. The Committee reported major causes of failures due to the flaws or lapses in governance system. Further, there has been growing interest in the corporate governance issues since failures of high profile companies in the United States in 2001 and thereafter.

Implications of corporate governance principles are more important for financial sectors due to the special nature of business which is more challenging to operate, survive in long-run and trust by the wide range of stakeholders including public. Corporate governance practice has been a hot issue especially in those institutions which have failed and did not perform well. Majority of the financial institutions failure has resulted from misappropriation of fund and manipulation of financial records by the Board and the executive management. The lack of transparency and disclosure also considered one of the major causes of the corporate scandals and failures that unfavorably affect the public confidence in the reliability of disclosure practices in financial institutions. Multifaceted role of banks and financial institutions in the economic system of the country has attracted much more regulatory

attention to encourage sound corporate governance norms and address the risks faced by banking and financial institutions. If single financial institution is gone to failure, it leads to bust the financial system which will have greater impact in the economic environment of the country

Corporate governance principles of Basel Committee on Banking Supervision are considered the basic elements in the stability of financial markets and corporate governance practices in financial institutions. Laws, rules and regulations together assimilate the elements of corporate governance framework for Bank and Financial Institutions (BFIs) in Nepal. Despite the enormous growth of financial institutions within a short period, equal number of cases of failure, fraud and malpractices has found important space in news and print media since the past few years in the Nepalese financial sector. The financial sector is passing through a transitional phase that includes number of institutional governance reform such as financial sector reform program, effective application of laws and regulations that expected to enhance the institutionalization of corporate governance.

### **OBJECTIVE OF THE STUDY AND RESEARCH QUESTIONS**

Based on the above background, the objectives of the study is to analyze the growth and crises in BFIs, examine legal and regulatory provisions of corporate governance in financial institutions with reference to application of Basel principles of corporate governance in Nepalese Financial Institutions. Descriptive methodology has been adopted to become familiar with the framework of corporate governance which is built on the appropriate application of legal, regulatory and best practices and causes of crises in financial institutions. On this objective, the following research questions have been developed.

**R.Q. 1** What are the factors responsible for corporate governance framework?

**R.Q. 2** How do you examine the impact of these factors in corporate governance practices?

**R.Q. 3** What do you suggest for improvement of effective corporate governance framework?

### **LITERATURE REVIEW**

Corporate governance signifies the corporate decision making process among the corporate participants. The ownership of a corporate body is separated from its management and control (Berle & Means, 1932). A corporate governance framework should protect shareholders' right, such as voting right, right to elect board member, right to get relevant information, interact and communicate with the management, equitable treatment of all shareholders (Tricker, 1984). Corporate governance is a set of relationships between a company's management, its board, its shareholders and other stakeholders (OECD, 1999). Corporate governance issue arises from high profile corporate scandals, globalization and increased investor activism (Thapa, 2008). Corporate governance refers to leadership and control of a firm with long-term sustainability (Adhikari, 2008). Corporate governance is the appropriate management and control structure of the company (Gorkhali, 2010).

Bank, being the responsible corporate citizen understands its commitments towards stakeholders and society at large. The strategies of bank includes to nurture and grow a sustainable business far beyond profit making or being the best and seek to create a value for a variety of stakeholders including shareholders, employees, customers, creditors, communities and the natural environment (CBC, Annual Report, 2010). From the viewpoint of banks and financial institutions, corporate governance includes maintaining capital adequacy, transparency in the publication of accounts, management of operational, credit, market and environmental risks, to name a few (Mundul, 2009). Stiglitz et. al. (2009), observe that, banks have the unique ability to attract funding in the form of deposits that are fully insured up to a limit and thus insensitive to risk. Corporate governance is particularly important in Banking industries in less-developed countries because economic development and growth is dependent to a large extent on well functioning, stable and soundly managed banking system (Islam, et.al, 2009). Banking business is highly regulated businesses, oversight by the government and regulator and is important factor of economic reforms and development of the country (Gorkhali,

2010). Effective corporate governance in banks and financial institutions helps foster financial stability, strengthen risk management and ultimately contribute to a strong financial system (Mundul, 2009).

Poor corporate governance of banks can drive the market to lose confidence in the ability of a bank then it leads to economic crisis in a country and invite systemic risk (García-Marco & Robles-Fernández, 2008). Corporate Governance aims to minimize the chances of corruption, malpractices, financial frauds and misconduct of management (Ubha, 2007). Alexander (2004) believes that best corporate governance practices enable banks to get easy access in the capital market, decrease the cost of capital and protect the rights of minority shareholders. Arun and Turner (2004), emphasizes that corporate governance of banks in developing economies is important for several reasons. First, banks have dominant position in developing-economy financial systems and are extremely important engines of economic growth. Second, banks in developing economies are typically the most important source of finance for the majority of firms. Third, banks in developing countries are usually the main depository for the economy's savings. Fourth, many developing economies have recently liberalized their banking systems through privatization/disinvestments and reducing role of economic regulation.

Corporate governance aims to protect shareholder's rights, to enhance disclosure and transparency, to facilitate effective functioning of the board and to provide an efficient legal and regulatory enforcement framework (Thapa, 2008). Corporate governance of the financial institutions such as banks remains ever crucial that banks will operate in a safe and sound manner and will comply with applicable laws and regulations while protecting the interests of depositors (Wilson, 2006). The implementation of the governance principles should be proportionate to the size complexity, structure, economic significance and risk profile of the bank and the group to which it belongs (Basel, 2006).

### **Basel Principles of Corporate Governance**

Basel Committee published a guidance paper which was drawn from OECD principles of corporate governance to assist central banks of the member countries to evaluate and improve corporate governance framework in their jurisdictions. The Committee issued revised set of principles for enhancing sound corporate governance practices in banking organizations in 2010. This was the result of drawing lessons learned from the global financial crisis of 2008-09. The Committee's document, principles for enhancing corporate governance set out best practices for banking institutions. The key areas related with corporate governance principles include:

1. Approve and oversees the corporate strategies that will direct the ongoing activities of the bank in which they operate.
2. Qualifications of board member and composition of the board. For example, the board member should have adequate knowledge and experience relevant about the activities of the bank and oversight the management functions
3. Appraisal of independent risk management function and access to the board, monitoring risks on an ongoing firm-wide and individual entity basis,
4. Active oversight of the board regarding compensation system design and operation, including careful alignment of employee compensation with prudent risk-taking
5. Board and senior management understanding of the bank's operational structure i.e. know your structure.

The on-site and off-site supervision, BASEL provisions for banking supervision, laws and regulatory provisions are linkages with the institutlisation of corporate governance practices towards the better performance of the banks and financial institutions in Nepal.

### Evolution and Growth Pattern of BFIs in Nepal

The initiation of formal banking system in Nepal commenced with the establishment of Nepal Bank Limited (NBL), the first Nepalese commercial bank in 1937. The country's Central Bank, Nepal Rastra Bank (NRB) was established after nearly two decades of NBL's existence, in 1956 by an Act of 1955. A decade after the establishment of NRB, Rastriya Banijya Bank (RBB), a commercial bank under the ownership of the Government of Nepal was established. After the financial liberalization in the 1980s, a third commercial bank and the first foreign joint venture bank, Nepal Arab Bank Ltd (now NABIL Bank) was set up in 1984. Following this, two foreign joint venture banks, Nepal Indosuez Bank Ltd (now Nepal Investment Bank) and Nepal Grindlays Bank Ltd (now Standard Chartered Bank) were established in 1986 and 1987 respectively. In 1993 Himalayan Bank Ltd, Nepal SBI Bank Ltd and in 1994 Nepal Bangladesh Bank Ltd and Everest Bank Ltd were established that counts altogether ten commercial banks.

There has been a tremendous growth on the number of BFIs after 1995. By the end of 2005 there were 17 commercial banks, 26 development banks, 60 finance companies and 78 micro-finance institutions came into existence. By overlooking the need for having a limited number of BFIs, the depositor base and financial penetration over the years, NRB let too many BFIs to pop up. It created a BFI bubble within very short period. As on mid-July 2013, altogether 253 banks and non-bank financial institutions licensed by NRB were in operation. Out of them, 31 were commercial banks, 86 were development banks, 59 were finance companies, 31 were micro-credit development banks, 15 were saving and credit co-operatives and 31 were NGOs. Total banks branches were 1,486 with the population of 8,443 per branch (NRB Report, 2013).

As per the size of the economy of Nepal the enormous growth in financial institutions was followed by intense competition not only between commercial banks in the same category but also between other financial institutions in different categories, leading to an informal competition in offering high deposit rates and lending without differentiating markets, products and borrowers' creditworthiness. Without a proportional increase in customer base and diversification of investment portfolios, the unnatural growth in the number of BFIs led to unhealthy competition in enticing depositors such as institutional and borrowers.

Many financial and economic analysts failed to perceive the rapid changes happening in the banking and financial sector and business journalists failed to even read clues of troubles starting more than a decade ago when the liquidated Nepal Development Bank was put under management review and the number of BFIs increased multifold within a very short period. Nepal has unsustainable number of BFIs at present in term of size of the economy and the regulator, NRB has no answer why such a huge number of licenses were issued to operate BFIs within a period of just a decade. The following table shows growth of BFIs within 4 decades starting from 1980s.

Types of BFIs	1980	1985	1990	1995	2000	2005	2010	2013
Commercial Banks (A)	2	3	5	10	13	17	27	31
Development Banks (B)	2	2	2	3	7	26	79	86
Finance Companies (C)	-	-	-	21	45	60	79	59
Micro Finance Institutions, Saving & Credit Cooperatives, NGOs Financial Intermediaries (D)	-	-	-	10	33	78	78	77
<b>Total BFIs</b>	<b>4</b>	<b>5</b>	<b>7</b>	<b>44</b>	<b>98</b>	<b>181</b>	<b>263</b>	<b>253</b>

**Source:** BFIs Regulation Department Statistics, NRB, July-2013

Further, commercial banks dominate the substantial share of the balance sheet components of the overall financial system with minimal role of non-bank financial institutions and the capital market. Commercial banks stand alone occupied 78.2 percent of total assets/liabilities, 81.2 percent of total deposits and NRs. 94,661 million/ USD 985 million of capital fund (NRB Report, 2013).



**Legal and Regulatory Environment in Nepalese Banks**

Considering the banking environment in Nepal, it is important to emphasize the banking laws, commercial laws and other regulatory frameworks. These are some of the basic tenets of corporate governance which are in mandatory form but the main responsibility for maintaining good governance lies within the companies themselves. Nepalese banks are operated by the Bank and Financial Institutions Act (BAFIA) 2006, Companies Act 2006 and directives issued by Nepal Rastra Bank. The legal and institutional framework related with the corporate governance practices in Nepal evolved progressively after 2006, where some of the important provisions in terms of governance issues have been incorporated in different laws. Provisions regarding corporate governance were incorporated in Companies Act 2006, BAFIA 2006 and Securities Act 2006. Mainly these provisions consists of composition of the BOD, tenure of BOD, provision of independent/professional director, qualifications of board members, compensation to the board and executives, responsibilities of BOD, Board meetings, disclosure of interest by directors, CEO and executives holding company's shares, composition, powers and reporting of audit committee.

After the operations of the international commercial banks as joint venture bank in Nepal since 1984, they help to modernize the banking business and exercise to establish the good governance practices in Nepalese financial sector. It has to be well understood that the growth in number of listed companies and participation of small investors depends on the governance practices and the ultimate responsibility to govern the capital market rest with the Securities Board of Nepal. Apart from the provisions enshrined in the different laws, Directive No. 6 of Nepal Rastra Bank on good corporate governance, this is clear indication of central bank's commitment to bring corporate governance at high level. Mundul (2009) agrees that, to be very specific, Directive Number 6 of the central bank is related to the code of ethics to be observed by directors and chief executive officers of banks and financial institutions and these codes require all the directors, regardless of their executive or non-executive status, to sign a declaration which prohibits directors' involvement in activities against the interest of the company.

Nepal Rastra Bank, the regulator of the bank and financial institutions, has the responsibility to supervise the nature of corporate governance practices in the financial institutions. The Basel Committee corporate governance principles are being adopted by the Nepalese commercial banks in order to safeguard the financial system and stability of the economy. Government of Nepal and NRB has continued the financial sector reform and emphasizes the maintenance of good governance practices in financial sector that create the environment to ensure the flow of foreign investment.

**Review the Causes of Crises of Nepalese BFIs**

Before analyzing the corporate governance in Nepalese banking and financial system, we also need to consider the unfavorable political situation of more than a decade. Frequently changed government and political unrest also creates different problem and lapses in governance issues. Poudel & Hovey (2013) analyses that Nepal Rastra Bank reported severe lapses in corporate governance in most of the banks, despite issuing directives to strengthen corporate governance in 2005, the results were not improved.

The liquidation of Nepal Development Bank and Samjhana Finance, management take over action of Nepal Rastra Bank to Lumbini Bank, Kumari Bank, Nepal Bangladesh Bank, Bank of Kathmandu, Nepal Bank, Nepal Credit & Commerce Bank, huge amount of fraud cases and crisis-ridden reported in Kist Bank, Gurkha Development Bank, H & B Development Bank, Peoples Finance, Nepal Share Markets Finance, Royal Merchant Banking & Finance, liquidity crises of Vibor Development Bank, United Development Bank are the noteworthy ups and downs in Nepalese financial sector that attracted the eye and minds of corporate bodies, depositors, lenders, regulatory authorities, shareholders and other stakeholders including Government. Now let us review the causes of Nepalese financial sector crises happened during last one decade.

First it was Nepal Development Bank to go into liquidation process and then Samjhana Finance followed suit. It is the second instance since 2009 when the central bank took a bold step to initiate the liquidation process of Nepal Development Bank. Gurkha Development Bank and United Development Bank were declared crisis-ridden. One common factor behind the misfortune of these institutions is bad corporate governance. Gurkha Development Bank fiasco is due to the tussle between promoters (The Kathmandu Post, 2011). Sapkota (2011) strongly argue that, due to the ignorance by the central bank on the unhealthy competition among BFIs, questionable lending to few sectors, governance practices by BFIs, the new BFIs pop up without even evaluating whether the economy needs so many of them and ultimately took damage control measures of late.

With the easy licensing policy in place, the number of BFIs soared to over 200. However, the supervisory capacity of the central bank remained same and the BFIs, one after another, are being found involved in fraudulent activities which has hampered the credibility of the banking sector (The Kathmandu Post, 2011). Pandey (2011) suggests that corporate governance should be given priority, in the wake of financial crisis, and it should be understood that financial indiscipline invites crisis sooner or later. Sapkota (2011) strongly argues that the rescue of Vibor Development Bank, in Nepal's banking history, is a 'northern-rock-moment' the day when the Bank of England extended emergency financial support to the troubled mortgage lender and saved it from collapsing. United Development Bank declared crisis-ridden as its directors were found to have taken loans for themselves (The Kathmandu Post, 2011). According to Pandey, (2011), failures of Nepal Share Markets Finance and Peoples Finance have come as a rude awakening to Nepalese financial sectors and consumers. Ghimire (2013), argue that many times, BOD, CEO and other giant managerial leaders are found involved in the unethical and illegal practices in financial institutions.

Sapkota (2011), analyze that too many BFIs to pop up, created a BFI bubble. This increase follow by intense competition of not only between banks in the same category but also between BFIs in different categories, leading to an informal war in offering high deposit rates and lending without differentiating markets, products, and borrowers' creditworthiness that reflected bad corporate governance practice. Pandey, (2011) argue that majority of the institutions failure has resulted from misappropriation of bank's fund by the BOD and the top management. Promoters and executives think that banks are their own property and they are free to do whatever they want (The Kathmandu Post, 2011).

Ghimire (2013) further argue that truth and transparency in every course of action is a demanding concern of today in Nepalese corporate sector. Indeed, companies can't innovate, respond to the changing needs of the stakeholders and function efficiently unless and until they are honest and transparent for the long run in business. Sapkota (2008) claim that Nepalese financial institutions do not have self-managed codes of conduct to disclosed details of facilities provided to board members and senior executives. Nepalese banking industry, in recent years practicing to disclose the material matters including regulatory requirements; however most of the banks disclosed very few items of accounting standards compliance notes observed in their annual reports.

Sapkota (2011) claim that tendency to seek short term, quick returns against long term viability and sustainability is leading the BFIs in a path of self-destruction. Ghimire (2013) also analyze that most of the business managers involved in short term business practices to gain profit deviated from corporate norms and values that certainly affect the corporate image and customer loyalty in the long run. Sapkota (2011) further argues that without a proportional increase in depositor base and diversification of investment portfolios, the unnatural growth in the number of BFIs led to cutthroat competition in enticing depositors and borrowers. According to Ghimire (2013), globally manager-centered approach in managing organization is out of vogue and has shifted to teamwork that obviously empowers transparency. Team work and participation as cultivating factors of candor are an increasing trend; most of the BOD and top managers make crucial decisions in their own favor or corporate point of view without any satisfaction to its employees. Stiglitz et. al. (2009), observe that unhealthy banks are taken over by regulators instead of having to face bankruptcy in public courts. Decisions by regulators and the Companies Board are regularly appealed, while the average court case

in Nepal take less time than other countries in the region including India and Pakistan and compare favorably in terms of cost and number of procedures, courts lack expertise and the time it takes to resolve a dispute 1-2 years remains substantial (World Bank, 2005).

If just by pulling out a few millions of mature deposits by institutional depositors puts the BFIs in trouble, then there is something wrong with the way they are doing business. It points to bankers' incompetence and inability to run BFIs (Sapkota, 2011). The high concentration of corporate ownership structure and dominance of family business in corporate affairs have become major constraints in exercising good corporate governance in Nepalese corporate sector (Mundul, 2005). Failure teaches a lot. The system has started to witness outcome of financial indiscipline. Now, time has come to accept the reality and realize that we are in trouble. Timely review and inspection by Nepal Rastra Bank, self management of the risks by the bank management itself are felt desperately (Pandey, 2011).

### **Challenges of Corporate Governance Practices In BFIs**

From the review of legal and regulatory framework and banking industry ups and down scenario during last one and half decade, causes of crises from the banking perspectives, it is clear that corporate governance ensures board governance system, transparency, accountability and professionalism in the financial system that enhances the credibility and acceptability to the shareholders, employees, investors, customers, lenders, governments and other stakeholders. This is more relevant in case of banking industry, since bank deals in public money, public confidence is of utmost importance in this industry. Besides this, banking system is gearing up with financial sector reform program to develop a transparent, competitive and strong financial sector (Thapa, 2008). Good governance and good performance reinforce each other and with good governance, good performance comes automatically (Mundul, 2009).

After analysis of the numbers of situations, following challenges are seen in the financial sector in Nepal. First, board governance system, leadership, guidance and oversight to ensure the needs and rights of all parties are not adequately and appropriately managed. Second, issues of compliance of stringent legal and regulatory requirements as well as their proper supervision. Third, bank and financial institutions are continue to consolidate and becoming larger and more complex as they grow in size but managing risk will be challenge to BFIs i.e. challenge to manage the business becoming "big-is-better" rather than "small-is-beautiful". Fourth, responsibility of board and management to disclose the legal, regulatory and other pertinent informations friendly and transparently seems to be inadequate. Fifth, board and management approach on mitigating the risks associated with the banking industry and potential misconduct and negligence of bank management. Sixth, challenge to innovate the new banking product and able to compete with global networking of the banking environment. Seventh, proper implementation of global regulatory reforms such as compliance of BASEL principles for bank supervision and finally lack of efficient judiciary system i.e. still courts lack adequate expertise in commercial laws and the time is taken to resolve a dispute within couple of years remains substantial.

### **CONCLUSION**

The survival and stability of financial sector depends on the quality of its governance system. Effective corporate governance in banking industry helps foster financial stability, strengthen risk management and ultimately contribute to a strong financial system. In spite of several reforms programs put to strengthen this sector, financial institutions are still prone to failure. The loss associated with this failure is enormous on their reputation as well as industrial growth in Nepalese economy. For a healthy financial industry, Nepal needs fewer but stronger BFIs with sound corporate governance system. Financial institutions should have self-managed codes of conduct to disclose board governance system, financial situations, facilities provided to board members and senior executives. Further, there has to be enhancement of regulatory and supervisory capabilities of NRB with the increase in number of BFIs. Few but strong BFIs with strong supervision would lead to minimize the operating expenses, healthy

competition, economics of scale and innovation in the banking products. To build public confidence and trust in the financial industry, strong enforcement mechanism of legal and regulatory framework is a must. Efficient judiciary system would also be indispensable factor to enhance and effective implementation of corporate governance in Nepalese financial sector.

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**WOMEN ENTREPRENEURS IN INDIA: MOTIVATIONS,  
CHALLENGES AND PROSPECTS**

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**ABSTRACT**

*The economic development of a country depends on utilization of its human resources. In India women constitute almost half of total population. It is realized now that women are valuable human resources and their role in the economy of a nation is crucial. The age-old Indian perception of a woman only as a homemaker is gradually vanishing. Women in modern India have proved themselves in many fields including entrepreneurship which has been men dominated phenomenon. Though majority of women have enterprises at micro level, success of women in large scale enterprises cannot be ignored. The present paper discusses the factors which motivate Indian women to enter into entrepreneurship and the practical problems encountered by them. The study aims to identify the strategies which would create environment for women entrepreneurs or entrepreneurs in the making. The case studies of women entrepreneurs are conducted and the factors which influenced them to become successful are discussed.*

**Keywords:** Women entrepreneurs; Motivation; Modern India

**INTRODUCTION**

Entrepreneurship is a crucial factor for the acceleration of economic growth of any country. Entrepreneurship is believed to create new businesses which create jobs, provide people with a variety of products and services. It intensifies competition, increases productivity through technological advancements and improves quality of life. The economic development of advanced countries to a large extent has been attributed to growth of entrepreneurship in small and medium enterprises. In these countries majority of small enterprises have been managed by women. Though entrepreneurship has been predominantly a man's world in India, quite a large number of women have set up their enterprises. Few of these women entrepreneurs have created their position in the industry. But Indian woman's participation in trade industry and commerce still remains poor.

The Micro, Small, and Medium enterprises (MSME) sector plays significant role in the economic and social development of country. MSMES are credited with generating highest rating of employment growth and account for a major share of industrial production and exports. It is estimated that MSMES in India contribute 45% of industrial output, 40% of exports and employ nearly 59.5 million people in over 26.1 million MSME enterprises with over 6000 products ranging from traditional to high tech items manufactured. Women owned enterprises contribute 3.09% of industrial output and employ over 8 million people. Government has setup various institutions at national and state level to assist women entering in the world of entrepreneurship

This paper attempts to study the present status of women entrepreneurs in India and recommends measures for further development of women owned businesses.



**OBJECTIVES OF THE STUDY**

- To study present status of Indian women entrepreneurs.
- To study the factors that influence Indian women to become entrepreneurs.
- To identify practical problems faced by Indian women entrepreneurs.
- To recommend measures that will create enabling environment for Indian women entrepreneurs.

**RESEARCH METHODOLOGY**

The study focuses on extensive study of secondary data collected from various books journals publications from various websites and reports from national and international research institutes, reports of ministry of Government of India.

**Present status of women entrepreneurs**

The World Bank defines empowerment as “the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions which both build individual and collective assets and improve efficiency and fairness of the organizational and institutional context which govern the use of these assets.”

Entrepreneurship development among women can be considered as a possible approach to economic empowerment of women. The Industrial Policy Resolution of 1978 recognized women entrepreneurs as a special group, needing assistance and support. The year 2000 was declared as the year of Empowerment of Women in India and National Policy for Empowerment of Women was formally announced in 2001. The definition of a women-entrepreneur-promoted enterprise announced in 1978 was modified in the Small and Tiny Enterprises Policy of 1991

A women entrepreneur- promoted enterprise is defined as a Micro, Small or Medium, manufacturing or service enterprise managed by one or more women entrepreneurs in proprietary concerns or other forms of organization and in which she/they individually or jointly have a share capital of not less than 51% as partners / shareholders/directors of a private limited company members of a cooperative society. As per the Fourth All India Census on Micro, Small and Medium Enterprises (MSMEs) covering registered and unregistered segments of MSMEs, with reference year as 2006-07, following is the status of women entrepreneurs in India.

- Dominance of male in ownership is observed in both registered as well as unregistered MSMEs. For registered sector, male owned 86.28% of enterprises as compared to 13.72% owned by female. For unregistered sector, male owned 90.445% of enterprises as compared to 9.09% owned by female.

Percentage Distribution of enterprises by gender of owner in rural and urban areas					
Area	Registered MSME		Unregistered MSME		
	Female	Male	Female	Male	NR
Rural	15.27	84.73	10.69	89.09	0.22
Urban	12.45	87.55	6.67	92.49	0.84
All	13.72	86.28	9.09	90.44	0.47

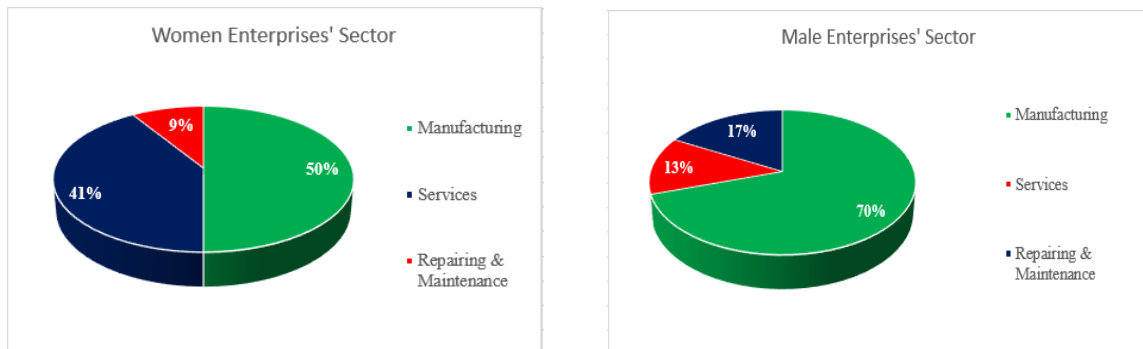
Source: Fourth All India Census of MSME 2006-07, Ministry of MSME

- Dominance of male in ownership is observed in all the segments of MSME sector. Also most of the women enterprises are micro enterprises in registered as well as unregistered MSMEs.

Percentage Distribution of enterprises by gender of owner and sector					
Sector	Registered MSME		Unregistered MSME		
	Female	Male	Female	Male	NR
Micro	14.19	85.81	9.1	90.43	0.47
Small	5.06	94.94	3.01	96.81	0.18
Medium	4.21	95.79	-	-	-
All	13.72	86.28	9.09	90.44	0.47

**Source:** Fourth All India Census of MSME 2006-07, Ministry of MSME

Majority of women enterprises are in manufacturing sector (50.4%)



**Source:** Fourth All India Census of MSME 2006-07, Ministry of MSME

- Almost 90% of enterprises are under proprietorship or Hindu Undivided Family (HUF). Out of 1,408,760 under proprietorship or HUF, 13% are owned by women. Women largely prefer being proprietors in business.
- As per Statistics on Women in India (2010), the control over economic resources is a measure of women's economic independence. The share of women holding credit bank accounts is significantly low, only 11.72% of total credit accounts are owned by women. It indicates that women do not have sufficient access to credit support.

### Factors influencing Indian women to be in entrepreneurship

Women entrepreneurs are influenced by push factors such as need for better income, unemployment, unsatisfactory work conditions, desire for better life, need for recognition, and motivation from Government schemes for assistance. Factors such as desire to be one's own boss, sense of achievement, personal satisfaction, implementation of innovation, search for a challenge, challenging or rejecting gender stereotypes pull women in business.

- **Economic need:** Women in low income and low education group start enterprise to support family earning out of sense of responsibility and obligation towards the family. Need for greater income is observed among women from mid-income group to start a business.
- **Personal satisfaction and achievement:** Women from high education level start enterprise to achieve the goal through a successful career. Also they perceive entrepreneurship as a challenge, ambition fulfilling and doing something fruitful. Younger women are more achievement oriented than women entrepreneurs in older age group.
- **Desire to be financially independent:** Women from high education level are more influenced by this factor. Women start business to create self-identity, self-respect and also to earn prestige, status in the family and society.
- **Continuing family occupation:** women from business background start helping their father/husband and continue enterprises.

- Use of free time: Very few women start enterprise to utilize free time.
- Inspiring cases of women entrepreneurs: Success stories of women from different corners of the world inspire women to start a business.

Motivational factors for starting a business for women entrepreneurs are necessary versus opportunity oriented. Necessary motivation is relatively more dominant in low income and low education level group. These women are often pushed into businesses. Opportunity motivation is more prevalent in mid, high income and high education level.

### Practical Problems Encountered by Women Entrepreneurs in India

- Shortage of finance: Access to finance is biggest barrier to growth and development for women owned MSMEs. In India, parental immovable property or business goes to the male child by succession. Women generally do not have property in their names. Hence it is very difficult for women entrepreneurs to access loan facilities from formal financial institutions as they are unable to provide security. There continues to be heavy reliance on informal sources of finance for seed capital and working capital requirement.
- Complex process: Legal formalities required to register a business is complicated as well as expensive for women entrepreneurs. According to the World Bank's Doing Business 2013 data, India ranks 132 out of 185 countries in ease of doing business. Starting a business where India ranks 173, takes about 12 procedures, 27 days and a paid up capital of 140% per capita income. By contrast, it takes only 7 procedures, 19 days and 18% of per capita income on average to our neighbors in South Asia. After completing initial procedures, entrepreneurs have to obtain a number of clearances which require separate visits to various authorities. Many processes especially at state level, remain complex, forcing entrepreneurs to hire a consultant, thereby adding to the costs.
- Marketing: Women Entrepreneurs face problem of marketing of products and services. Due to lack of funds wide publicity is not possible. Lack of awareness and low literacy rate add to the problem as they do not know to use various means to advertise. Exports remain a distant dream.
- Stiff competition: In this era of globalization, industry offers a variety of products and services which are promoted using modern techniques and strategies by well- established business companies. Women entrepreneurs have to struggle to set a place or sustain in the industry.
- Experience and training: Many women entrepreneurs start a business without prior experience or training in the respective field. Women start it on trial and error basis, but may not succeed in the long run.
- Raw material: Most women face scarcity of quality raw material. This affects quality of finished products which in turn lowers profit margin.
- Risk-taking ability: Indian women are mostly economically dependent on their male members in the family. This reduces their ability to bear the risks and taking decisions needed to carry business ahead.
- Literacy: As per 2011 Census of India, 30% women are illiterate compared with 13% illiteracy among men. Lack of education among women results in lack of knowledge and information about running business successfully. Women with no literacy or low literacy also lack self-esteem and self-confidence.
- Family support: Women undergo pressure balancing business-family responsibilities. As per Indian culture, a woman is prime care-giver for children and elders. As a result, women entrepreneurs often need to juggle both family and business. Their geographical mobility is

restricted as they choose to operate business from home to continue to fulfill family responsibilities and have smaller network. In the absence of assistance and co-operation from family, women entrepreneurs cannot grow in business.

- Society: In India, entrepreneurship is considered as man's world. Women's opinions are not taken seriously. Men do not like to have woman as a boss. Women entrepreneurs face problems in dealing with men in business. It is really hard for them to break into male oriented business culture and business networks dominated by men.

According to 2013 Human Development Report, India ranks 132th out of 186 countries in its gender inequality index. This makes it South Asia's worst performing country after Afghanistan, Pakistan, Nepal and Bangladesh, which have lower HDI, all do comparatively better than India when it comes to gender equality.

- Health: As per national Family Health Survey, 45% of women in the age group 20-24 years, marry before the legal age of marriage of 18 years. Early marriage, child bearing at early age inadequate health care, all these factors affect woman's health. More than half of the women (55%) in India are anemic. In all nearly half of married women are either underweight or overweight. The experience of spousal violence ranges from a low of 6% (in Himachal Pradesh) to a high of 59% (in Bihar).

Indian women entrepreneurs find difficult to continue with business after certain age without health of body and mind.

### RECOMMENDATIONS

#### Role of Government

The execution of existing schemes and strategies for promoting women enterprises should be assessed critically. Impact of MSME related policies on women enterprises should be evaluated periodically.

State Governments should set up 'one stop shop' for women enterprises at local levels which will assist women for availing services like finance, raw material, skilled labour, marketing products and services etc. Once business is set up entrepreneurs can be charged for these services.

One stop registration system can be introduced where an applicant can fill up a single application with information necessary for all the departments.

A credit guarantee scheme needs to be framed to enable women entrepreneurs to borrow from formal financial institutions in the absence of collateral. Also amendment of regulations to address issues related to inheritance of property and land ownership of women is necessary.

Income tax rates for income of women entrepreneurs should be reduced. Also stamp duty and registration fees on property purchase can be kept minimum to encourage women entrepreneurs to invest in property for expansion of business.

Central and state Governments should organize trade fair, exhibitions at international, national and local level at regular intervals. This will assist women entrepreneurs in marketing their products and services.

Basic amenities like public transport, health care, child care etc. should be provided in industrial area which should be close to residential area and environment at work place should be safe for women entrepreneurs.

Need based training programs should be arranged by state Government for making women aware of various products and services, marketing prospects, investments, advertisement of businesses, updating technology advancements, developing managerial skills etc.

State Government should introduce 'Entrepreneurial Development' in school curriculum. Success stories of entrepreneurs in particular women entrepreneurs should be part of syllabus.

State Government should form grievance cell at all levels to tackle practical problems encountered by women entrepreneurs. Such cells should have women friendly staff with knowledge of local geography, culture and language.

**Role of formal financial institutions**

Simplify approval process to reduce visits to bank. Collateral-free lending can be introduced for women entrepreneurs.

Signature of male members in a family to approve loan application should not be mandatory.

Awareness programs should be conducted regularly to inform women about schemes and to help them to form strategy as per their need.

Staff in banks should be friendly and approachable. Female relationship managers can be hired to target women entrepreneurs.

**Role of educational institutions**

School and colleges should encourage their students, especially female students to open a bank account. A one day camp can be arranged with the help of bank officials in the vicinity.

Training programs can be organized to identify entrepreneurial qualities among students since school days. Women entrepreneurs can be invited to share their journey on the path of entrepreneurship. Colleges can ask the students to observe and submit projects on enterprises in the vicinity.

**Role of society**

Society needs to change its mindset towards women. Women Entrepreneurs cannot attain desired success if society does not have healthy approach for its women. The potential of women should be given scope. Women Entrepreneurs need to be taken seriously. Gender equality needs to be practiced at work place. Male workers should accept their female managers as managers and not as just women. Women entrepreneur should be able to travel any time any place in a country without male company. Men helping women at home in daily chores, child care etc. should be a norm and not exception in society.

**Role of Family**

Family is very important part for women entrepreneurs. It is family which recognizes abilities and desires of a woman first. She should be given equal opportunities to explore her potential. Responsibilities at home should be shared by family members. A woman should have a voice over decision making. If family is not supportive, women are most likely to choose not to pursue a career in entrepreneurship.

**Case Studies**

**Kalpana Saroj:** Born into a low caste Dalit family, forced into marriage at 16, tortured with physical and verbal abuse by in-laws in slum, attempted suicide after not being able to cope with pressure for leaving husband, when saved by her Aunt, she decided to do something big before dying. She began her journey with earning of just Rs. 2 a day with tailoring, working 16 hours a day, opened a furniture shop. She ventured into construction, built 'Kohinoor Plaza' after purchase of a controversial plot for which she had to fight court cases. By now she had established herself as a woman of substance. In 2006, she took over Kamani Tubes, a metal tubing factory that had 1.1 billion Rs. Debt. She not only got sick company out of huge debt but paid its workers for that period. Today this 9<sup>th</sup> class passed lady is a CEO of multimillion companies.

Kalpana Saroj, is a tough spirited women, who has defied all the obstacles, broke social restraints, raised 300 Cr business with her determination, perseverance and unbeatable entrepreneurial spirit.

It is an inspiring 'Rags to Riches' story for every Indian woman.

**Shahnaz Husain:** She borrowed loan of Rs. 35,000 from her father and started her business at home so that she can look after her children. She became mother at 16 and started studying beauty just a year later. During her training in London in Cosmetology, she came across instances of damage caused by chemical substances. That gave idea of herbal beauty. She formulated her own products based on Ayurveda. Today Shahnaz Husain is a global brand. She is a chairperson and managing director of Shahnaz Husain Group having over 400 beauty centers worldwide. She believes in 'You can be what you will yourself to be. You can make your own destiny'.

Always looking at obstacles and hurdles as challenges, an iron will, relentless determination to succeed, desire to excel and sheer hard work are the qualities which made this strong lady a global entrepreneur.

### CONCLUSION

Women entrepreneurs represent immense economic potential. Though contribution of women-led-businesses is increasing, there is a long way to go. Indian women lag behind on many social indicators like health, education and economic opportunities. Hence they need special attention due to their vulnerability and lack of access to resources. Ministry of MSME has various schemes targeted specifically to help women entrepreneurs. The problem lies in ignorance of women-friendly measures framed by Government. Also women as entrepreneurs are still not accepted and supported by society. She is expected to balance both business as well as family. Indian society needs to change its mindset and allow its women to educate, make decisions for herself and use her in-born strength in terms of innovation and creativity. If such freedom is granted by society, it is certain that women in India will reach global from local.

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**GLASS CEILING AND GENDER DISCRIMINATION: A STUDY  
ON CAUSES AND IMPACTS ON FEMALE MANAGERS**

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**ABSTRACT**

*The term “Glass ceiling” refers to mean “the unseen, yet unbreachable barrier that keeps women from rising to the upper rung of the corporate ladder, regardless of their qualifications or achievements”. To be more specific, the connotation is one of the most compelling metaphors for analyzing inequalities between men and women at workplaces. “Glass ceiling” comes under the category of gender discrimination meted out to the women folk in the economic arena, as the practice works as a barricading to give women their due credit in an industrial set up. The present paper will try to make a precise and honest effort to explain the practice or phenomenon of glass ceiling as an instrument of gender discrimination, various expressions of gender discrimination, and its impact upon the female working force.*

**Keywords:** Glass Ceiling; Gender Discrimination; Gender Insensitive

**INTRODUCTION**

The very fact of women being adequately represented in the work-force, but hardly present in the senior managerial positions has been labelled “the glass ceiling”, “a barrier so subtle that it is transparent, yet so strong that it prevents women from moving up in the management hierarchy”(Morrison & Von Glinow, 1990). The “glass ceiling” is one of the most compelling metaphors for analyzing inequalities between men and women in the workplace. The term first came into use in 1986, when two Wall Street Journal reporters named Hymowitz and Schellhardt coined the phrase to describe the invisible barrier that blocks women from advancing to senior leadership positions in organizations. Since then, the expression has been used widely in the popular media, official government reports and different academic platforms. The term “Glass ceiling” refers to mean “the unseen, yet unbreachable barrier that keeps women from rising to the upper rung of the corporate ladder, regardless of their qualifications or achievements”. The term suggests that although it may now be the case that women are able to get through the front door of managerial hierarchies, at some point they hit an invisible barrier that blocks any further upward movement. The ILO’s *Global Employment Trends* (2003) reported that women continue to have lower labour market participation rates, higher unemployment rates and significant pay differences compared to men. Women represent over 40 per cent of the global labour force, approximately 70 per cent of women in developed countries and 60 per cent in developing countries. Men are in the majority among managers, top executives, and higher levels of professional workers whilst women are still concentrated in the lower categories of managerial positions.

### AIMS OF THE RESEARCH

The practice of 'glass ceiling' has corrosive impact on the psyche of female species. The present paper makes an attempt to understand the concept of 'glass ceiling' and how this practice has evolved into an instrument of gender discrimination against women. Another aim of the paper is to cite out the reasons for this discrimination. The paper, at the end, will also suggest some recommendations to break the 'glass ceiling' and facilitate the progress of women at workplaces.

### OBJECTIVES OF THE RESEARCH WORK

1. To understand the concept of 'Glass Ceiling' as practiced in different forms in organizations.
2. To examine the reasons for gender discrimination based on the principle of 'glass ceiling'.
3. To examine how this gender discrimination in the form of glass ceiling has an impact on the female workforce.
4. To suggest ways to break this glass ceiling so that a better and conducive atmosphere could be created for the welfare of women managers.

### RESEARCH METHODOLOGY

Research Methodology serves as the backbone of any form of research. The present paper has been developed on the basis of secondary literature available on the subject. The paper has incorporated findings from various research papers, reports, websites, and other sources to draw inferences on the subject.

### AN OVERVIEW OF LITERATURE

Powell and Graves (2003) conducted a study to indicate that proportion of women in the managerial ranks has increased in almost all countries. But irrespective of this, most of the women working at managerial level find it hard to make upward progression to the top most management positions. They are confronted with the phenomenon of 'Glass ceiling' practices by the organizations to hinder the progression of female managers. It can be noted that the proportion of women in lower and midlevel management positions has increased dramatically, while the proportion of women reaching top management positions or climbing up the corporate ladder has remained relatively small (ILO, 2002). The International Labour Organization (ILO) offers the following description of the obstacles to women's career development (ILO, 2002):

"Cultural biases, gender stereotypes, and attitudes against women, coupled with their not being viewed as primary income-earners, are the major obstacles to women's advancement".

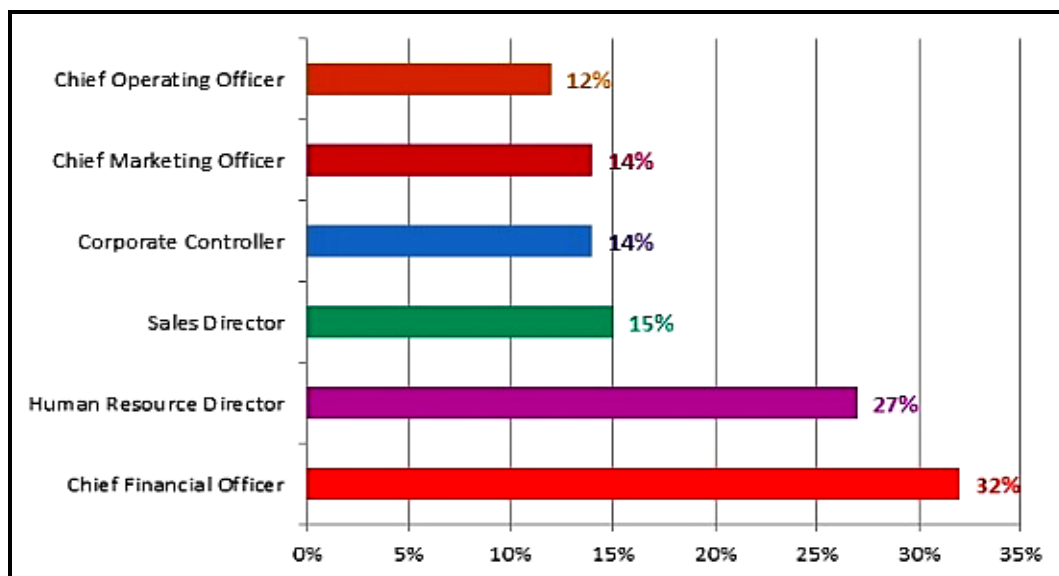
Glass Ceiling as a phenomenon leading to gender discrimination occupies a significant place in available literature on the subject. Simpson and Altman (2003) describes glass ceiling as 'a well enshrined phenomenon supported by conclusive evidence'. Several empirical studies have been conducted to establish the presence of practice of 'glass ceiling' in organizations worldwide which act as an instrument of gender discrimination. Federal Glass Ceiling Commission (1995 a: iii) defined the concept of glass ceiling as "artificial barriers to the advancement of women and minorities". These barriers reflect "discrimination...a deep line of demarcation between those who prosper and those left behind". However, discrimination against women in the workplace has impacted their advancement in jobs that acquire higher societal recognition among men. This discrimination acts as an instrument of exploitation which puts adverse and repressive affects on female employees. Prejudices, glass ceiling effect or gender diversity are such barriers which are unseen and yet cast spell a lot on working woman so that organizations having intention to retain them, ultimately are in vain (Nandy, Bhaskar & Ghosh, 2014). Glass ceiling effect is instigated by the issues of gender differentiation and gender stereotyping which affect women continuously (Nandy, Bhaskar & Ghosh, 2014).

### Global findings on Glass Ceiling:

Glass ceiling is a phenomenon rampant in every country. However, the practice finds presence to a much larger extent in developing countries. The below mentioned figures present certain statistics on the present day scenario on the status of female managers across the globe.

- Mainland China (51%), Poland (48%), Latvia (43%), Estonia, Baltics and Lithuania (40% each) lead in terms of businesses having women in senior management. Those with the lowest numbers of women are Japan (7%), UAB (11%), Netherlands (11%), Switzerland (14%) and Argentina (18%)
- Globally, women make up (35%) of the workforce. Leaders are Latvia (46%), Hong Kong (45%), Botswana (44%), Mainland China and Estonia (42% each), while countries with the lowest number of women in business are the UAB (14%), India (15%), Argentina (24%), Chile and Turkey (25% each)
- 19% of those on company boards globally are women. Leaders are Russia (37%), Thailand (35%), Philippines (34%), Vietnam (30%) and Latvia (30%) while at the other end of the spectrum lie Japan (7%), Switzerland (7%), UAB (12%), Malaysia (13%) and Brazil (13%).

(Grant Thornton International business report 2013: Women in business – Top six roles for women in senior management level)



Source: <http://www.gt.co.za/news/2013/03/not-enough-women-in-senior-management-positions-in-south-africa/>

### An Indian Scenario

Indian companies seriously lack women in senior management roles. Women Managers, despite being highly educated often remain in lower management positions with little access to challenging assignments and power (Jain & Mukherji, 2010). There are stunning statistics which elude the corporate world. Women account for nearly 40% of the total workforce in Indian corporate houses, but their presence is less than 7% when it comes to board level positions. According to a recent study, only 26.1 percent of the listed companies (392 of 1,500 firms) have a woman on their boards. Out of the 278 directors on the BSE Sensex companies, there are only 10 women directors. Apart from this, women executives in India earn 40 percent less than what men earn over their entire career. Even when compared to global counterparts, corporate India stands below average. Over 77 percent of the 200 largest companies in the world, as ranked by Fortune, had at least one women director on their board

as of 2006. Only 36 percent of Indian companies have women holding senior management positions as compared to 91 percent of companies in China. India is ranked 28<sup>th</sup> in terms of the presence of women directors on company boards. The following figures force us to ponder on how successful women have been in breaking the glass ceilings.

- In 2010, Women held only 5.3% of board directorships of BSE-100 companies.
- Gender Diversity Benchmark, 2011, reports that India has the lowest national female labour force and the worst leaking pipeline for junior to middle level position women.
- 28.71% of those at the junior level of the workplace
- 14.9% of those at the middle level.
- 9.32% of those at the senior level.
- Out of 323 total executive directorship positions (generally considered to be prerequisites to holding the CEO position) on the Bombay Stock Exchange 100, just eight (2.5%) are held by women.
- 54% of companies on the Bombay Stock Exchange 100 have no women board directors.

### **Discriminating Gender: Different Expressions:**

Gender discrimination of women at workplaces causes exploitation of the women. Exploitation, in any form, is an expression of violence, as violence, according to the World Health Organization, is the intentional use of physical force or power, threatened or actual, against a person, or against a group or community that either results in or has a high likelihood of resulting in injury, death, psychological harm, mal-development or deprivation. The practice of 'glass ceiling' finds expression of violence in different forms. Woman managers are subject to exploitation when they are made victims of gender discrimination while working in organizations. Some of the types of exploitations they face during the course of their stay in organization include:

1. **Psychological:** Glass ceiling encompasses various tactics to undermine a woman's self-confidence such as yelling, insults, mockery, threats, abusive language, humiliation, harassment, contempt and deliberate deprivation of emotional care or isolation.
2. **Physical:** The most obvious ranges from pushing and shoving to hitting, physical abuse with a weapon, torture, etc.
3. **Sexual:** Any form of non-consensual sexual activity (ie, forced on a person) ranging from harassment, unwanted sexual touching, to rape. This form of violence also includes incest.
4. **Financial:** Encompasses various tactics for total or partial control of finances, inheritance or employment income.
5. **Spiritual:** Works to destroy a women's cultural or religious beliefs through ridicule or punishment, forbidding practise of a personal religion or forcing women to adhere to religious practices that are not their own, etc

But why do women face gender discrimination? The UN has identified the following underlying causes for discrimination against women:

1. **Historically unequal power relations:** The political, economic and social processes that have evolved over many centuries have kept men in a position of power over women. Many organizations operate with this mental approach and framework, which naturally allows the women managers to counter the problem of glass ceiling and gender discrimination.

2. **Control of women's sexuality:** Many societies use violence as a way to control a woman's sexuality, and likewise in many societies violence is used to punish women who exhibit sexual behaviour, preferences and attitudes that violate cultural norms.
3. **Cultural ideology:** Culture defines gender roles and some customs, traditions and religions are used to justify violence against women when women transgress these culturally assigned roles.
4. **Gender stereotyping:** Lippman in 1922 introduced the term stereotype to represent the typical picture that comes to mind when thinking about a particular social group. Women employees are generally taken to be humble, modest and accommodating. They are believed to be weak or emotional while taking tough decision. Women are also believed to be challenge averse. They "shy away from competition and men compete too much, this decrease the chances of women succeeding in competition for promotions and more lucrative jobs" (Jain & Mukherji, 2010).
5. **Gender Insensitivity:** The lack of gender sensitivity is still a problem in many organizations. Interestingly, companies who have female CEOs are generally more gender- friendly. Although women managers at the senior level have tried to introduce some gender-friendly policies, it has only been successful in a few cases. Several of the women managers at the middle level have stated that they had to take a break from work and their career for family reasons, because their companies were not sensitive enough to appreciate the situation. Certain policies could promote women and make the organization more gender inclusive.
6. **Government inaction:** Government negligence in passing a suitable and stringent legislative framework to curb the practice of glass ceiling has aggravated the problem. The major reason for this is the disguised nature of this practice. Organizations always succeed to find a solid ground to explain why they have not given promotions to the women managers working in their organizations. The organizations always blame the competencies of women managers.

### Glass Ceiling: The Impacts

#### Loss of Productivity

Women who are victims of glass ceiling and sexual discrimination lose motivation and morale necessary to perform their jobs effectively. This also leads to a loss in productivity. Things that may lead to this loss of morale and motivation could include jokes about women's gender that imply inferiority, offensive jokes of a suggestive or sexual nature and jokes implying that an employee's work is sub-par due to her gender.

#### Promotions

Stereotypical views related to women cause supervisors to engage in the illegal practice of passing a person over for promotion due to gender. While this can happen to both genders, supervisors most often pass over women for promotion due to preconceived notions about their roles and abilities. For example, a fire chief may repeatedly pass over a female fire fighter for promotion, due to resentment stemming from women applying to the force or due to a belief that men inherently perform better in these positions. Supervisors may pass over qualified males for promotions in industries that employ a high percentage of women compared to men, such as teaching positions or those industries involving care of children.

#### Family Responsibilities

Women who have young children at home may experience push-back when interviewing due to family responsibilities. Although law prohibits a prospective employer from asking about family responsibility outright, it often comes out during the interview process anyway. This may provoke the hiring manager to pass over a qualified female candidate if he feels she will be torn between her home and job responsibilities. If the woman makes it into the position, her supervisor can view her employee

file to see that she has young children signed up on insurance or other benefits. He then may choose to give her less responsibility or assign menial tasks to her that do not fit her job description. Although illegal, this practice still exists in offices today.

### **Destruction**

Those discriminated against may feel such strong resentment and loss of self worth that they resort to destruction as a way to get back at the discriminatory employer or co workers. Destructiveness may manifest itself as physical violence against others, destruction of property or propagation of malicious rumours about people in the company and the company itself.

### **Recommendations to break the Glass ceiling**

1. To advance women in managerial and leadership roles, support of top management becomes a pre requisite. The Chief Executive Officer should recognise the important role of women in the development of the organizations.
2. The organizations should identify the specific barriers in the culture and working environment that impedes the progress of women.
3. Training programmes, such as mentorship, career guidance, and leadership development should be implemented to address the problems of stereotyping of women and rewards should be tied to successful performance in the companies.
4. Financial support should be increased for the academic programs for women in the non-traditional fields, such as science and engineering. This will promote women to acquire non traditional positions in the organizations.
5. A system should be implemented to identify and monitor the progress of high potential women so that they are able to compete with men.
6. A gender sensitive approach should be adopted to understand the needs and issues related to female managers and a proper development avenue should be provided to them.
7. The government should also keep a vigil on the unfair practices hindering the progress of women managers. Women Cell needs to be formed at state and district level to monitor the menace of glass ceiling. The focus should be on chalking out mutual solutions to curb the practice of glass ceiling in the organizations.

### **CONCLUSION**

Gender discrimination in economic activities is a matter of concern for any welfare, democratic and developing state (Chaudhuri & Panigrahi, 2013). Glass ceiling is a form of gender discrimination which hinders the progress of women at the economic front. This scenario should be changed and only the modernization of thought process of the management of organizations can change it with the help of positive societal changes (Nandy, Bhaskar & Ghosh, 2014). Proper policy planning and rectifying the institutional defects will be instrumental in eradicating this social and economic menace. Glass ceiling demotivates the women managers. Women managers serve as the vital and rich fountain of precious 'human resource'. There are several advantages of having female managers on board. The literature underlines the following from women's participation on boards and in senior management positions (Tuminez, 2012):

- Women managers bring empathy, flexibility, communication and collaboration to the team.
- Women serve to 'social sensitivity' and collective intelligence by bringing varying perspectives, opinions and expertise that would otherwise not be found in a team of male members.



- Women are more diligent in attending board meetings and influence male members to attend the board meetings.
- Women tend to be more risk averse, thereby, resulting in risk mitigation of running a business.

The list is exhaustive. It is extremely unfair to treat this rich and diversified 'human resource' merely on the basis of gender. The mental framework of organizations employing female workers has to be changed.

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**AN EMPIRICAL ANALYSIS OF FACTORS AFFECTING  
WORK LIFE BALANCE AMONG INFORMATION  
TECHNOLOGY EMPLOYEES IN MUMBAI**

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**ABSTRACT**

*The study examines the work-life balance form analysis of interviews of 20 employees of information technology companies in Mumbai. The study tries to look into the work related stresses that affect the work life ultimately creating an imbalance in the work-life balance. The Analysis of the interviews and the scope of the employees to have a balance between their work and life offered to them in the organization, the role of the team leaders and the level of job satisfaction. Factors that affect the work-life balance of the employees were investigated. The importance of the workplace culture that enabled employees to attain a balance between work and life was highlighted in the results.*

**Keywords:** Family; Home; Work; Work and Organizational Psychology; Stress; Work Related Stress; Work Life Interference; Work Life Balance

**INTRODUCTION**

The natural factors that affect an individual while acting either from the inside or from the outside of the individual or both are called stress. The environment and the individual is affected when that individual reacts to stress. While most of the people tend to perceive stress that one experiences in everyday life in the negative sense, stress can also be a positive experience in some cases and to a certain extent. Both internal and external factors contribute to creating stress in a person (Joshi, 2005). Physical environments like job, relationships, challenges, difficulties and expectations are external stress factors that one experiences in everyday life. The process of dealing with these external forces is decided by internal factors in an individual. Factors like nutritional status, overall health and fitness levels, emotional well being and the amount of sleep and rest are internal factors for an individual.

Stress is induced by the demands of a modern lifestyle and the modern organizational setups which often act as stress factors for an individual. Such stress as the work place, while affecting the individual, also affects the organization as the output of that particular individual is affected by stress (Reindl, 2013). Long working hours and tight deadlines are often the reason for stress when an individual cannot cope up with such deadlines and working hours. These are factors for work related stress. In today's workplace, stress is a very common thing and is also well accepted as influencing force at work.

Stress in work is not related to any particular sector or job or industry and can affect anyone no matter the position of that individual in the organization (Reuters, 2014). The overall well being of an individual's mind and body is affected by stress and as such the individual's performance at work is negatively affected by continuous stresses at job that can be caused by conditions at work. Job stress can manifest itself in one or more physical or mental illness and in some cases it can cause chronic illness or psychiatric conditions in individuals. While in early stages of job stress it can act as a booster

to enhance performance, continued exposure to stress has negative results on an individual. Such stress eventually affects that balance of an individual between work and life as the individual is affected either physically or mentally or both (Reindl, 2013). Most often, the individual suffering from prolonged job related stress is unable to manage both the work stress and life and hence fails in either one or both of these. In this study there is an attempt to see the conditions and factors of job stress for IT employees of Mumbai that can affect work life balance negatively.

### **LITERATURE REVIEW**

Having a measure over when, where and how a person works is the essence of work life balance. Most of the people perceive the work life balance to be the extent to which it is allowed by an organization. But many others see it as a bi-dimensional thing rather than blaming the stress at work only. This relates to what individuals are able to do to achieve the balance for themselves. Achievement at work and enjoyment in life are the two aspects that need to be balanced to attain a work life balance. Such enjoyment can be at work or outside. Enjoying the work one does is very critical in achieving work life balance (Voydanoff, 2004). Achievement and enjoyment in family matters, in relation with friends and with oneself is another aspect of work life balance. Though stress conditions can appear at any point in life, those related to work affect a working person the most.

The theories relating to work life balance deal with the concept of boundary-spanning resources and stress and strain in the family life (Patterson, 2002). The theories at work place related stress looks into the correlation between stress and workplace support, supervisory support, work-schedule flexibility, work-life balance, and employee well-being.

The Border theory related to work life balance says that though work and family influence each other though they are essentially separate entities. This theory suggests that an individual often has to bargain options between work and family so that the individual is able to strike a balance between life and work. According to Desrochers and Sargent “the central proposition of border theory is that integrating work and family facilitates transitions between these domains” (Desrochers and Sargent, 2004).

The rise of industrialization has given rise to the concept of nuclear families and to the notion of both the partners working. This also gave rise to the concept where work was regarded as official life and family was considered to be private life (Parsons and Bales, 1955). It was also considered that the workplace belonged to the male fraternity while the family or home was the prerogative of the female folk. This notion gave rise to long hours, gender division and social ignorance of caring work.

In recent researches on work life balance, study was based on the factors related to emotions between work and home and home and work (Keene and Reynolds, 2005). The spillover theory was used for this purpose. The studies tried to find out the reasons that relate between conflict reductions between work place and home. Such studies were mainly related to the stress that individuals faced at their work place and how such stress caused emotional problems that spilled over at home, with the family and with friends thus affecting work-life balance in a negative way. The vice versa was also true where stress in family life and at home or with friends caused problems at work. The stress caused outside of work spilled onto the workplace affecting work efficiency of an individual (Rossi, Quick and Perrewe, 2009). The theories suggested that the reduction in stress at work can help a person achieve balance between work and life. The broader theory suggests that people should devote equal amounts of time to work and family.

The Centre for Disease Control and Prevention says that the stress at the workplace can be caused by many factors. Such factors relate to the design of tasks like heavy workload, long work hours and infrequent breaks in between work hours. The management style concerned about participation by workers and proper communication can cause job stress (Cdc.go, 2014). Other factors include interpersonal relationships (between co-workers), stringent work rules, career concerns (career advancement and opportunities) and other work environmental conditions (pay packages and facilities,

etc.). Though stress at work [place is primarily caused by external forces and work related environment, experts suggest that as a person, an individual can take steps to reduce the stress. This can be done by managing work schedules so that a balance between work and family and personal life is achieved. One needs to activate and use a network of family and friends who act as support network to relieve work related stress and to acquire a relaxed and positive approach to work (Cdc.go, 2014).

Thus it is seen that the work place is the actual place that can cause imbalance between an individual's work and life. A supportive workplace culture is very essential for the maintenance of work life balance. This is perhaps the most important variable (Appelbaum, Bailey, Berg, and Kalleberg, 2005). A good example is the role of the supervisors and their attitude towards colleagues and subordinates is a vital factor in workplace environment. The supervisors, who are generally directed and guided by company work culture, as well as the company policies themselves need to be sympathetic towards employees. There needs to be some degree of flexibility in company policy and the supervisors' attitude as they are the primary people who execute company policy and contribute significantly to creation of a culture at work place. For example, employees would expect companies to be lenient in cases of a family crisis or when a person needs time off from work and devote the time for the family, the company culture needs to be accommodative and flexible to take care of the such employee's needs. Such a supportive and sympathetic work culture could also mean flexible daily starts and finish time for shifts (Appelbaum, Bailey, Berg, and Kalleberg, 2005).

Many researchers have strongly suggested that the role of the supervisor is the most critical factor for an employee to achieve balance between work and life (Mennino et al., 2005).

### **RESEARCH OBJECTIVES**

The study is about how employees of Information and Technology companies, who work under a lot of stress, and what are the factors that affect their balancing of their work life and personal life. The study was conducted on 20 employees of IT companies from Mumbai. The objectives of the study can be summarized as below:

1. To find out supervisor role in work
2. To find out if employees suffer from job stress
3. To find out the causes of such stress
4. To find out organizational culture to allow less stress at work
5. To find out participation of employees in company
6. To find out job over load situations at work

### **RESEARCH HYPOTHESES**

The Research hypothesis will be as follows

Employees at IT companies in Mumbai feel work stress

Employees at IT companies in Mumbai do not feel work stress

Employees at IT companies in Mumbai feel that work stress affects balance of work and life

Employees at IT companies in Mumbai do not feel that work stress affects balance of work and life

### **Data Collection**

The data for this study is collected from primary sources. Given below is the Data that is collected from a survey of 20 employees who work in different information technology companies in Mumbai. The survey was done by way of a questionnaire that the respondents were asked to answer. They were chosen at random and their permission was taken for this survey. They were assured that none of the information thus collected would be made public without their knowledge. While some of the



respondents chose to answer themselves, others took help of the researcher to understand and answer the questions.

The data is presented in the form of a table on an excel sheet.

<b>Sl. No</b>	<b>Name</b>	<b>Email ID</b>	<b>Oragan</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
1	Anupam	anupam27	Tata Con	b	c	b	b
2	Aparna	aparnavee	WIPRO E	b	b	b	c
3	Bhakti	bhakti_ka	Tata Con	b	b	c	b
4	Dinesh	dinesh.nir	Patni cor	b	b	c	b
5	Faiyaz	faiyaz@g	Patni Com	b	b	c	b
6	Gulshan	gulshan_a	Patni Cor	c	d	b	a
7	Harshal	harshal.de	Wipro In	b	c	b	b
8	Jignesh	jignesh_p	Tata Teles	b	c	b	b

### DATA ANALYSIS

The data collected shows the following:

90% of respondents who were interviewed claimed that the team leaders were facilitating in executing the floor tasks of the company.

A majority, 65% were of the opinion that the team leaders were effective enough in solving the programming problems that the employees faced in their daily routine. 25% of the people interviewed were non committal about answering the question

Most of the employees, 75%, were of the opinion that the training programs that were provided to them by the team leaders were adequate in improving their skills and adequate to satisfy the needs for the job. 5% of the respondents said that they had no opinion to express in this matter.

A majority of the students, 70%, were of the opinion that the training programs that were offered to them and which they had undertaken were fruitful in the employees gaining a practical knowhow on the computer programming. Just 5 percent of the respondents did not agree to this while 10% of the people interviewed were very optimistic about the training programs.

60% of the employees interviewed felt that the team leaders or the supervisors were able to make the work more interesting and engaging for the employees. Just 5% of the employees strongly disagreed to this assumption.

More than half of the employees agreed that the team leader acknowledged the good work of a member of the team or of the entire team. Just 15 percent of the employees disagreed to this presumption. The same number of employees, 60%, said that the recognition given to them was a motivational factor for them and made work harder. Just 5% strongly disagreed to this question. While a majority of the employees, 60% agreed to the question of a self managing team being developed by the leaders, 20% of the employees disagreed to this fact.

An overwhelming 80% of the employees surveyed said that the programs were able to provide a balanced work life to them. None of the respondents disagreed to this proposition.

55% of the respondents said that an open door communication strategy was followed by the team leaders while directing any process of IT programming to their team of employees. None of the employees disagreed on this point.

Most of the employees agree that a system of regular meetings practiced by the team leaders as well as by the programmers with the organizational employees and enabling them to maintain and lead a balanced work life. 60% agreed and 35% choose to stay neutral to the issue.

65% of the respondents feel that they are able to get enough time for their leisure-time activities. 30% did not comment and 5% disagreed to this presumption.

A huge number of employees interviewed, 70%, said that they were able to have breaks during their working hours, necessary for the mental and physical health. 15% agreed and just 5% of the employees surveyed answered in negative to this question.

## **RESULTS AND DISCUSSIONS**

The balance between work and life depend primarily on the conditions of work. The study looked not the aspect of the work environment of 20 employees and the effect it had on the work life balance of the employees. The as seen earlier, the supervisor plays a very important part in the maintenance of a good work atmosphere. The team leaders, as in the case being discussed, are the focal point of maintaining good work environment.

Floor task is very important for any company and employees are expected to complete the tasks on a daily basis. The team leader should assist an employee in this. In the study it is revealed that 90% of the employees interviewed respondents claimed that the team leaders were facilitating in executing the floor tasks of the company. This means that the leaders of the IT companies were co-operating enough t the employees.

It is also important or the team leaders and the company to provide easy solutions of the complex problems that they are faced with. A majority of the employees were of the opinion that the team leaders were effective enough in solving the programming problems that the employees faced in their daily routine. Just a handful of the interviewees were non committal about answering the question. The skill development of the employees is an important factor in determining whether the employees are happy at work or are they more inclined to maintain the balance of work and life. The answer to the question was overwhelming as more than 75% of the employees interviewed said that the training programs that were provided to them by the team leaders were adequate in improving their skills and adequate to satisfy the needs for the job.

It was necessary that the training programs that were being organized were fruitful in the employees gaining a practical knowhow on the computer programming. 70% of the interviewees agreed to the fact. Just 5 percent of the respondents did not agree to this while 10% of the people interviewed were very optimistic about the training programs.

It is important that the employees are able to make work more interest in despite the boring routine of every day. These efforts include ijterest9ng way of work presentation etc. In our interviews 60% of the employees interviewed felt that the team leaders or the supervisors were able to make the work more interesting and engaging for the employees. A very minor segment of the interviewees disagreed.

The question now was whether the employees of the IT companies able to get quality life and work balance. According to the survey 80% of the employees surveyed said that the programs were able to provide a balanced work life to them. None of the respondents disagreed to this preposition. This means that the corporate policy followed by the company is satisfactory and is reason the goals. Good communication is necessary for patients to voice their concerns and to understand that medication.55% of the respondents said that an open door communication strategy was followed by the team leaders while directing any process of IT programming to their team of employees. Majority of employees agree that the employees are agreeable to regular meetings practiced by the team leaders as well as by the programmers with the organizational employees and enabling them to maintain and lead a balanced work life.

Most of the employees agree that a system of regular meetings practiced by the team leaders as well as by the programmers with the organizational employees and enabling them to maintain and lead a balanced work life. 60 % agreed and 35% choose to stay neutral to the issue.

65% of the respondents feel that they are able to get enough time for their leisure-time activities. 30% did not comment and 5% disagreed to this presumption. This means that the company policies and the role of the supervisors is conducive for the employees to maintain work life balance. This was further reiterated by the analysis that 80% of the employees surveyed felt that the programs that were being undertaken by the company did allow them to balance work and life.

Participation of the employees in the company affairs and an open communication system is a factor in maintaining work life balance. Majority of the employees agreed that the company as well as the supervisors allowed open communication and the system of regular meetings did help in achieving a degree of balance between work and life.

Another fact in favor of the company policies for work life balance came out of the analysis. Majority of the employees were of the view that they got time for leisure activities and have breaks between work and working hours, very important factors in achieving balance in life.

Just 5% of the employees disagreed.

This results of the analysis shows that the company policy is such that the employees of the IT industry in Mumbai are able to achieve a balance between work and life.

### **CONCLUSION**

The study shows that the employees of the IT companies in Mumbai are able to achieve a balance between work and life. The company policies need to be somewhat flexible to allow this. The supervisors too have an important role to play in the employees achieving the balance. The employees need to feel that they have a say in the functioning of the company and have breaks and time for leisure activities. The programs of the company should be so designed that they do not become burden of the employees. The work load is also an important factor and too much of work load causes stress. The combination of the all the above factors discussed are responsible for employees in achieve work life balance.

### **RECOMMENDATIONS**

It is important for companies to have flexible rules in favor of the employees. The company should also be considerate to the needs of the employees. The company policies should be such that the employees are to over burdened with work and the employees are allowed to participate in the decision making process of the company (Rossi, Quick and Perrew, 2009). The company training programs should be designed so that the employees get career development and hence job satisfaction. The supervisors need to allow the employees to have leisure time in between work and the work schedule should be so designed that the employees get leisure time.

### **FUTURE SCOPE**

The study is empirical in nature and has discussed the factors that can lead to work life balance achievement. The study was conducted and limited to the employees of It industry in Mumbai there is scope in the future to include employees from other industries as well. The study has discussed the theories in work life balance and the family relation theories in a limited manner. Future studies can undertake extensive studies on this issue. The study has also found out the factors that affect the achievement of balance between work and life. There is further scope for detailed discussion about the factors and how to increase or decrease their role.

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**MALL MANIA IN SMALL TOWNS OF KERALA- CHANGING  
TRENDS IN SHOPPING BEHAVIOUR**

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**ABSTRACT**

*Shopping malls are become a fashion and a new life style among the present generation. So now a day it is seen that shopping malls contribute to business more significantly than the unorganized traditional markets, which are viewed as a simple means of concentrated supply and demand. Shopping malls attract buyers and sellers, by providing an unmatched ambience, enough variety and time to make choices as well as a pleasure ways of shopping. Even though the competition from traditional shopping centers prevails in the market, because of building more excitement and enthusiasm in customers, more and more ordinary people are attracted to the mall. Earlier the mall was visited only by the upper class people. But the things have been changed a lot. More and more ordinary people from all segment irrespective of the age, gender, education and occupation, visiting the mall which leads to a scenario called Mall Mania. This study examines the impact on emergence of shopping malls in small towns of Kerala on shopping convenience and shopping behavior. Based on the survey of shoppers, the study analyses the cognitive attributes of the shoppers towards attractiveness of shopping malls and intensity of shopping. The result of the study found through analysis based on the results from an extensive customer audit which was drawn up in the form of interviews/surveys. Later the data were interpreted by using statistical tools. The results of the study reveal that the recreational facility provided by the mall, variety of products offered, discounts, nearness to the residence/work place and parking space of the mall attract higher customer traffic to the malls.*

**Keywords:** Mall Mania; Life Style; Shopping Behavior; Unmatched Ambiance; Intensity of Shopping

**INTRODUCTION**

Today the life style of people has been changed a lot. For the present generation of consumers, the meaning of shopping also has changed. They don't like to search for their product throughout the unorganized retail street. For them shopping is not just a mere necessity, as it was in the earlier times, but it's a way of their life style.

As traders moved into more spacious shops in the early 19th century high streets developed, but wealthier people (who could afford to travel to city centers for pleasure) started wanting shelter from rain, so shopping arcades were developed. With new innovations like escalators these evolved into shopping centers and with the rise of the automobile these evolved into shopping malls.

A shopping mall is one or more buildings forming a complex of shops representing merchandisers, with interconnecting walkways enabling visitors to walk from unit to unit. Other establishments including movie theaters and restaurants are also often included. In India, the term shopping mall is usually applied to enclosed retail structures; facilities usually have large parking lots, face major traffic arterials, and have few pedestrian connections to surrounding neighborhoods.

In recent years India has witnessed a tremendous expansion and developments in retailing. The shopping Malls, which were earlier concentrated their operation only in metropolitan cities, are extending their reach to the semi urban cities. The investment and growth in malls is primarily driven by changes in the lifestyle of consumers and transition in retailing from unorganized to organized formats. As mentioned earlier, for most consumers, malls play a major role in their lifestyle. The customers' choice of retailing formats is primarily governed by the variety and services offered. According to Messinger and Narasimhan there are various factors that influence a customer to rush into a shopping mall, which include assortment of products available, price of the products, transactional convenience and the shopping experience. Bloch et al in their study stressed that mall was perceived attractive because of the space, physical ambience and the leisure facilities provided by them. They state that physical environment affected the emotions of the customers and they were forced to buy something if there isn't actually a necessity for it. Malls are also considered as a central point for community interaction and entertainment, and to attract consumer traffic to the malls, retailers have to fulfill the social and hedonic shopping

In Kerala, Calicut district is selected for the study. From the ancient times onwards, Calicut was the trade hub of Kerala. The city has a strong mercantile aspect. Persians and the Europeans were created trade connections with Calicut from the earlier period onwards. As time progressed, the city developed a lot and now it is one of the fastest growing cities in Kerala.

Kozhikode city presently has three shopping malls 1. Focus Mall (Located in Rajaji road) and 2. RP Mall (Located on Mavoor road).3. Emerald Mall (Mavoor Road). Hilite mall Focus mall is one of the First mall in the state which has 250,000 sq.ft of shopping area, on the other end RP Mall is around 200,000 sq.ft shopping area which covers mall, multiplex and a 4-star Hotel. Some more Retail Mall projects under construction which includes Lulu Mall, Mall of Joy, Gokulam Galleria (3 multiplex), Hilite Mall (8 multiplex), Confident Mall (multiplex), ACE Mall, Grand Mall, Hill wood Ebonade, Landship Mall, City Mall and Orbit Mall. By 2016 Kozhikode will provide an immense amount of shopping experience through the development of retail sector as well as entertainment sector.

The growth of integrated shopping malls, retail chains and multi-brand outlets is evidence of consumer behaviour being favourable to the growing organized segment of the business. Space, ambience and convenience are beginning to play an important role in drawing customers. Thus, this article aims at studying the changing shopping trends of consumers in the context of emerging shopping malls in small towns of Kerala.

## **REVIEW OF LITERATURE**

Anish Abraham and Rupesh Kumar Tiwari, in their paper "understanding the buyer behavior towards searching malls in Raipur town (2010) explore the emergence of shopping malls, as a very important destination for searching, leisure and socialization of ordinary people and has turned the face of the unorganized retail business sector in Republic of India. Most of the urban cities of Republic of India like, Mumbai, Kolkatta, Chennai and Bangalluru etc have received large economic and social contributions from these malls creating them one among the foremost distinguished cities not solely in Republic of India however round the globe in addition. Even, small cities like Raipur is currently eye witnessing constant development, delineate earlier because of the "mall culture"

Rajgopal in his paper "Growing searching malls and behavior of urban shoppers" (2010) examines the impact of growing congestion of searching in malls in urban areas on searching convenience and searching behavior. Supported the survey of urban shoppers, the study analyses the psychological feature attributes of the patrons towards attractiveness of searching in malls and intensity of searching. The results of the study reveal that the atmosphere of searching malls, assortment of stores, ads, recreation and comparative economic gains within the malls attract higher client traffic to the shopping malls.



Chandan A Chavadi and Shilpa S. kokatnur in their paper “Driving factors and effectiveness of commercial in looking malls:” a client perspective: (April 2010) investigated the factors driving customers towards looking in malls and client promotional tools that influence shopping behavior of the customers and how they finished their shopping in spite of the challenges. Their study reveal that the ambience, wide range of selection, convenience, and leisure facilities provided by the malls act as a weapon for selling the product and services and attracts the customers to the malls.

Maronick, T.J. in his study about the ‘Specialty retail center's impact on downtown shopping, dining, and entertainment’ (2007) explains the attitude of people towards the specialty retail center’s (shopping mall). The main objective of this study was to spot whether or not shoppers place larger value on utilitarian or indulgent expertise once searching at the specialty retail centers. A secondary objective was to explore however the searching mall’s surroundings impacts on indulgent and utilitarian searching experiences and approach behavior of shoppers. The results of the study indicate that customers are a lot of seemingly to place larger worth on indulgent than on utilitarian expertise.

### OBJECTIVES

1. To know about the emerging trends of organized retail industry.
2. To understand the consumer decision making process towards buying from shopping malls.
3. To analyse and compare the attitude and perception of consumers towards the malls.
4. To study the demographic changes of consumers due to the emergence of shopping malls in Kerala.

### METHODOLOGY

Data are collected from both primary and secondary sources. Primary data are collected from both customers and shoppers in malls. Primary data’s are collected through questionnaire and interview methods. A structured questionnaire was built in correlation with objective of research and hypotheses. About the secondary data, the concepts regarding consumer behavior and other literature regarding shopping malls were taken from the different reference books, article and journals.

### Sample Size and Design

The research aims to quantify the attitudes and perceptions of the customers towards shopping malls. The data will be collected through the responses of customers and shoppers were analyzed by using appropriate statistical tools.

In Kerala the population here considered for the study was Calicut city which was quite unambiguous. The sampling unit selected was the individuals who visit the shopping malls and the shoppers who do their business in Mall.

The total sample size decided for this study was 150 across Calicut city. All clusters namely, students, service class, business class, professional and others were considered for the same. Researcher had made an attempt that the sample size was adequate, representative and estimator with sufficiently high precision. In this study, statistical tools like Kruskal vallis H test, Mann-Whitney U test, mean and percentages was employed to measure the demographic changes and consumer attitude towards shopping malls.

### STUDY FRAMEWORK

### RESULT AND DISCUSSION

The responses of the respondents were analyzed based on various demographic segments like their age, gender, income and occupation to find their attitude and perception towards shopping malls.

To find the attitude and perception of respondents towards shopping malls keeping in mind the Age out of different demographics, we used 3 age intervals from 20-35, 36-50 AND 50 above.

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**Table 1**

Total sample population 150 (% are rounded off)							
Sl No.		20-35		36-50		>50	
		No. of respondents	%	No. of respondents	%	No. of respondents	%
1	Near to residence/workplace	6	10	19	28	7	29
2	Parking space of the mall	3	5	9	14	2	8
3	Working hours of the mall	3	5	5	7	1	4
4	Variety of products under one roof	9	15	9	13.5	8	34
5	Shopping with recreation	18	31	10	15	1	4
6	Ambience of the mall	14	24	6	9	1	4
7	Discounts and offers	6	10	9	13	4	17
	Total	59	39	67	45	24	16

Table 1 shows that out of 150 respondents, 45 percent are aged 36-50 years, 39 percent are aged 20-35 and 16 percent belong to the age group above 50. So it is revealed that majority of respondents who visit mall in the small towns of Kerala comes under the age group of 36-50. Out of the 59 respondents who come under the age group of 20-35, 31% are attracted to the mall because of the recreational facility provided by the mall along with shopping. It also shows that the respondents of 36-50 age group are attracted to the mall due to the nearness of the mall to the residence/work place (28%) and above50 age group are interested about the variety of products (34%) available in the mall.

Ho: There is no statistical difference between different Age group and the ranks given for the factors determines the visit of shopping mall

**Table 2. Mean Rank- Age Wise**

Rank	Age	N	Mean Rank
	20-35	7	12.21
	36-50	7	14.79
	<50	7	6
	Total	21	

**Table 3. Kruskal Vallis H test- Age wise**

	Rank
Chi-square	7.512
df	2
Asymp.sig	.023

From the Table 3, it is inferred that there is statistically significant difference in ranks between different age group as the significant value of Kruskal Vallis H Test (0.023) is less than 0.05.

Attitude and perception of respondents towards shopping malls keeping in mind the Gender out of different demographics.

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**Table 4**

Total sample population 150 (% are rounded off)					
Sl No.		Male		Female	
		No. of respondents	%	No. of respondents	%
1	Near to residence/workplace	14	15	14	25
2	Parking space of the mall	10	11	2	3.5
3	Working hours of the mall	3	3	2	3.5
4	Variety of products under one roof	19	20	16	28
5	Shopping with recreation	24	26	6	11
6	Ambience of the mall	9	10	2	3
7	Discounts and offers	14	15	15	26
	Total	93	62	57	38

Table 4 shows that out of 150 respondents who visit shopping mall 62 percent are male and 38 percent are females. It also reveals that out of the total respondents of 93 male, 26% are attracted to the mall because of the recreation facility available there and 20% are focused on the availability of variety of products. But among the 57 female respondents, variety of products (28%) and discounts and offers (26%) are the priority factors for visiting the mall.

Ho: There is no statistical difference between different sex group and the ranks given for the factors determines the visit of shopping mall

**Table 5. Mean Rank- Gender wise**

Rank	Gender	N	Mean Rank	Sum of Ranks
	Male	7	8.86	62
	Female	7	6.14	43
	Total	14		

**Table 6. Mann Whitney U test- Gender wise**

	Rank
Mann Whitney	15.000
Wilcoxon W	43.000
Z	-1.225
Asymp.Sig (2 Tailed)	.221

From the Table 6, it is inferred that there is no statistically significant difference in ranks between different sex group as the significant value of Mann Whitney U Test (0.221) is higher than 0.05.

Attitude and perception of respondents towards shopping malls keeping in mind the Occupation out of different demographics.

**Table 7**

Total sample population 150 (% are rounded off)									
Sl. No.		Employees		Business		NRI		Others	
		No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
1	Near to residence/workplace	10	22	4	10	3	8	1	4
2	Parking space of the mall	4	9	5	12	6	16	2	8

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**Table 7. (Contd....)**

Total sample population 150 (% are rounded off)									
Sl. No.		Employees		Business		NRI		Others	
		No. of respondents	%	No. of respondents	%	No. of respondents	%	No. of respondents	%
3	Working hours of the mall	2	4	10	25	1	3	1	4
4	Variety of products under one roof	11	24	6	15	5	13	4	16
5	Shopping with recreation	3	7	10	24	15	39	9	36
6	Ambience of the mall	2	4	3	7	6	16	3	12
7	Discounts and offers	14	30	3	7	2	5	5	20
	Total	46	31	41	27	38	25	25	17

From the Table 7 it is clear that out of 150 respondents who visit malls for shopping, 31 percent are employees, 27 percent are business people, 25 percent are NRI and 17 percent comes from various other fields. It is also found that out of the 46 respondents of the employee group, 30 percent are attracted to the mall due to discounts and offers provide by the mall. But for the business people, working hours of the mall (25%) and shopping with recreation (24%) are the priority factors. The NRI's and others are more attracted by the recreation facility of the mall (36%).

Ho: There is no statistical difference between different occupation group and the ranks given for the factors determines the visit of shopping mall

**Table 8. Mean Rank- Occupation wise**

Occupation	N	Mean Rank
Employee	7	16.00
Business	7	17.00
NRI	7	14.64
Others	7	10.36
Total	28	

**Table 9. Kruskal Vallis H test- Occupation wise**

	Rank
Chi-Square	2.694
Df	3
Asymp.Sig	.441

From the Table 9, it is inferred that there is no statistically significant difference in ranks between different occupation group as the significant value of Kruskal Vallis H test (0.441) is higher than 0.05.

Attitude and perception of respondents towards shopping malls keeping in mind the Income out of different demographics.

**Table 10**

Total sample population 150 (% are rounded off)							
Sl. No.		<25000		25000–50000		>50000	
		No. of respondents	%	No. of respondents	%	No. of respondents	%
1	Near to residence/workplace	3	10	9	12	3	7
2	Parking space of the mall	1	3	14	18	15	36
3	Working hours of the mall	2	6	5	6		
4	Variety of products under one roof	4	13	9	12	7	17
5	Shopping with recreation	6	20	17	22	10	23
6	Ambience of the mall	4	13	12	16	7	17
7	Discounts and offers	11	35	11	14		
	Total	31	21	77	51	42	28

Table 10 reveals that 51 percent of the respondents who visit mall comes under the income group of 25000-50000, 28 percent are above 50000 income group and 21 percent are below 25000 income group. It also shows that out of the 31 respondents whose income is below 25000, visiting the mall due to the discounts and offers (35%). But 25000-50000 income group are more interested about the recreational facility of the mall(22%) and those who have an income of above 50000, visiting the mall based on the parking space availability(36%), recreation and variety of products comes next for them (20% and 17%).

Ho: There is no statistical difference between different income group and the ranks given for the factors determines the visit of shopping mall.

**Table 11.** Mean rank – Income wise

	income	N	Mean Rank
Rank	>25000	7	7.71
	25000-50000	7	15.79
	<50000	7	9.50
	Total	21	

**Table 12.** Result of Kruskal Vallis H Test – Income wise

	Rank
Chi-Square	6.562
df	2
Asymp. Sig.	0.038

**Note:** a. Kruskal Wallis Test, b. Grouping Variable: income

From the Table 12, it is inferred that there is statistically significant difference in ranks between different income groups as the significant value of Kruskal Vallis H test (0.038) is less than 0.05.

**CONCLUSION**

This study reveals that in the small towns of Kerala, demographic factors of consumers have an influence on buying behavior of people towards emerging shopping malls. Demographic factors of Gender, Age, Monthly Income, and Occupation, influence the attitudes and perception of buyers toward shopping malls.

It was found that Age plays major role in buying behavior because of the recreational facility (20-35), Nearness to residence/workplace (36-50) and variety of products (above 50). The second important factor would be Gender of people. It is concluded that male always interested about the recreational facility available in the mall while female about variety of products and discounts. Based on the occupation of the people, it can be concluded that different occupation doesn't have any impact on the behaviour of visiting mall. But their reason for shopping has significant difference. The employee class interested on discounts, Business people on working hours while NRI and others on recreation facility of the mall. The Income of people is also one of the important factors choosing mall. The low income group looks for the discounts offered by the mall. The middle income people likes to have recreation with shopping while high income group concerned about the parking space of the mall.

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**A STUDY ON PRODUCTIVITY IN THE SERVICES SECTOR**

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**ABSTRACT**

*Within services research, productivity has been one of the most important issues from an economic point of view. But despite the importance of productivity management in service organizations it is surprising that there is relatively little research on this topic. The aim of this paper is to perform the conceptual analysis of service sector productivity determination, its comparison with manufacturing sector and discussion on various measurement methods. It has been argued in the literature that services are less productive than goods leading to concerns that, as the size of the service sector increases, total economy-wide productivity growth will be reduced. Productivity measurement presents several issues and problems. There is underestimation of service productivity growth and different measurement errors. Thus, this paper is intended as a theoretical framework for a study on services sector productivity issues and is expected to lay the groundwork for further analysis and measurement of services sector productivity.*

**Keywords:** Productivity; Service Sector; Manufacturing Sector; Measurement Errors

**INTRODUCTION**

**Defining Services**

In attempting a definition of a service, one needs to recognize the heterogeneous nature of the activities which comprise the services sector. This diversity creates difficulties in formulating a definition which can be applied universally. Perhaps the most common characteristic of services is their intangibility. Apart from this feature, it is difficult to find elements which are common to all services. T.P. Hill (1977) defines a service as a change in the condition of a person or good belonging to some economic unit as a result of the activity of some other economic unit. He argues that services are not capable of being transferred from one unit to another and are characterized by simultaneity of production and consumption.

Service organizations are recognized as the largest and fastest-growing segment of the economy in the world (Sahay, 2005). During the last decade, the service sector has been the fastest growing segment and represents a major and increasing part in the global economy (Russell, 2009). The significance of services for the prosperity of the world economy has been widely recognized. Service sector has played an important role in the growth and development process of developed economies and is currently playing in the developing economies of the world. The greater presence of the service sector in these economies is indeed in line with the growth transformation that has taken place in which the service sector forms a major structural component of the economy compared to that of the manufacturing or primary sector.

Within services research, productivity has been one of the most important issues from an economic point of view. The reasons for why services productivity is important are easy to understand. Developed as well as developing economies have shown a progressive intensification of the service sector. For this reason in the long term the overall productivity should converge with growth rate similar to productivity rates in service industries. Johnston and Jones (2004) states, that despite the

importance of productivity management in service organizations it is surprising that there is relatively little empirical research on this topic. So, this paper is intended to fill this gap in literature.

### **The Concept of Productivity in the Service Sector**

The concept of productivity in the present time, as economists have defined it as the relationship between output and inputs necessary to produce it. Current economic realities (liberalized and dynamic markets, constantly changing customer preferences etc.) are leading to rethinking of the notion of productivity. Whereas, traditionally productivity was viewed as an efficiency concept, it is now viewed increasingly as an efficiency and effectiveness concept, effectiveness being how the enterprise meets the dynamic needs and expectations of customers.

The concept and issues of productivity have been considerably researched in the manufacturing sector for a long time, compared with those researches for the service sector. The current idea of productivity stems from and is a construct of the "manufacturing paradigm" developed during the Fordist period (Jones and Hall, 1996). Adam and Gravesen (1996) argue that the concept of productivity is deeply rooted in the context of manufacturing, which could be the reason for continuing to overlook the issues and concept of productivity in the service sector.

Productivity of manufacturing organizations is measured in quantitative units of input and output with relatively the same quality. There were several attempts to measure service sector productivity in the same way, i.e. using only quantitative dimensions of input and output (McLaughlin, 1990). At least there are two reasons for inadequacy of this type of service sector productivity measures. The first reason is the fact that input and output of service sector productivity consist not only of quantitative elements but also qualitative (Reid, 2005). The second reason is the fact that quality and productivity in all the sectors of service are strongly correlative (Gummesson, 1992). Customer involvement to the organizational activity in the service sector generates many output quality variations. Therefore, output of service sector in many cases could be measured only by measuring its quantity variations.

### **Traditional Theories on Service Sector Productivity: Baumol disease Costs or Services as Guilty of Overall Low Productivity**

Researchers have mainly cited the relative productivity of services to explain the sector's growth. With regard to the relationship between the progressive growth of services in the economy and their low productivity, the most important advances are due to the works of William Baumol. The well-known "Baumol disease" brings out a decrease in economic growth due to its influence on productivity, while at the same time prices increase. Thus, this would bring down the decrease in overall total factor productivity.

But, in recent years as other authors have criticized or have been contemplated that Baumol disease has been cured. More recent studies show that only one – third of the services sector can be identified as low productivity growth activities, while the rest includes sectors registering similar growth rates or even higher than the manufacturing sector.

Another important theory, the "stages" theory given by Clarke (1960) and Bell (1973) seems to suggest that the services sector is inherently low in productivity. Thus, the shift to the tertiary/service sector is regarded as contributing to slowing down the rate of growth of the economy. Another implication of the theory is that an economy which has attained a certain level of development and per capita incomes would automatically experience a rapid increase in the contribution of the services sector in terms of additions to national product and employment. A further implication is that there would be no need for a services policy. Thirdly, it implies that developed countries should specialize in the production of services and developing countries in the export of goods.

Some writers have sought to refine the theory and more importantly to conduct empirical investigations into the causes of services sector growth. They explain the latter in terms of the difference in the dynamics of productivity between services and industry. Momigliano and Siniscalco (op. cit.) state: The lower growth of productivity in the tertiary sector is alleged to be caused either by

smaller opportunities of embodying technical progress in that sector or by the smaller exposure of the services sector to competition. Fuchs and Baumol (Inman, 1985), on the basis of data on the U.S. economy, sought to investigate the factors contributory to the emergence of the services sector; and have concluded that differential labour productivity growth was the main cause of low service sector productivity.

### **The Definition of Service Productivity**

Given the huge size of the service sector in GDP it is increasingly important to find a satisfactory and widely accepted definition for the productivity of the service sector. As Mahoney (1988) has emphasized, it is inevitable that aggregate productivity measures will be plagued with difficulties unless service sector productivity is defined satisfactorily. As such there is no universally accepted definition of productivity.

Productivity shows whether the activity of an organization is efficient and effective. Though the terms like productivity, efficiency and effectiveness are used together and precisians sometimes alternate their meanings, however we must not identify productivity with efficiency and/or effectiveness. Productivity requires both efficiency and effectiveness, because a certain activity will not be productive if it is only efficient, but not effective, or effective, but not efficient. Productivity in economic position is defined as the relation between output and input. Input element in an organization consists of resources used in the product creation process, such as labour, materials, energy. Output consists of a given product, service and the amount of both. Mostly productivity is analyzed in manufacturing sphere. Productivity in the service sector was not analyzed before the end of the twentieth century, while productivity in manufacturing has been analyzed for more than two hundred years. Many researchers argued that application of productivity concept in service sector is more complicated task than its application in manufacturing. Productivity concept in manufacturing is analyzed in the scope of organization, but in the service sector this scope is larger and involves an external element from the organizational position – customer. The quality aspect in manufacturing is not gauged, because input and output are measured by quantity units which quality is seemingly the same. The quality in service sector is very important. Customers often evaluate a given service not only by its amount. If only one unit or package of service is purchased, output is mostly gauged only by the quality aspect. Input commonly is gauged both by the quantity and quality aspects. Quantity and quality aspects in the determination of productivity will differ in different spheres of service sector. Service sector input elements such as materials, machines and energy are not as important as in manufacturing. The main element in service sector is labour because service sector is more personnel-intensive comparing to manufacturing. Output in manufacturing is measured by quantity units and boosted by increasing the amounts of production, its realization. Service sector output usually has no high values by the quantity aspect; therefore it is mostly increased by the attempt to provide higher quality services to the customer, seeking for better customer satisfaction.

Productivity measures the efficiency and effectiveness with which resources are used in economic activity. Efficiency comprises two components: technical efficiency which reflects the ability of a firm to obtain maximal output from a given set of inputs, and allocative efficiency which is a reflection of how a firm uses the inputs in optimal proportion given their respective prices and the production technology. Productivity is defined as the relation between output and input, in other words, a ratio of output to input. Inputs are the resources used in the production, such as labour, materials and energy. A given product, service or both are the output.

Kendrick (1985) argued that the broadest measure is called total productivity (TP) or the total output (TO) -total input (TI) ratio:

$$TP= TO/TI =TO/L+K+M$$

The total inputs of the factors of production (F) consist of labour (L) and capital (K) that includes natural resources as well as structures, equipment and inventories, and intermediate products (M) that

include materials, components, supplies, energy, and services purchased from other producers. Total productivity can be written as the weighted average of the partial productivity of L, K and M. Total productivity measurement is particularly useful at the company or plant level because management is concerned about saving on all cost elements and TP enables direct analysis of the savings achieved in the use of purchased goods and services as well as of factor inputs per unit of output.

### Indicators and Methodological Issues for Productivity Measurement in Service Sector

One major issue in the context of service science is how service productivity can be measured and assessed. Services sector productivity analysis and measurement constitute a complex and intriguing proposition, given the heterogeneous nature and intangibility of services. Some services appear to be amenable to achieving productivity gains, while others appear to be resistant to the same.

Nevertheless, there are two types of productivity measurements that are mostly used to evaluate economic performance. One is called Partial Productivity such as labour productivity (LP) or capital productivity, relating output to a single production factor. As a partial productivity measure, labour productivity is much more often used to measure productivity compared with other partial productivity because it is significant for determining the potential growth in living standards as higher levels of per capita income or output require more output to be produced per labour. Labour productivity is used to capture the efficiency with which the economic system transforms labour into output. Labor productivity is defined as the ratio of a volume measure of output to a volume measure of input and its identity can be written as following:

$$Y/N = Y/H *H/ N$$

Y is output, N is number of labour and H is number of working hours.

Another is Total or multi-factor productivity measures, relating output to an index of two or more production factors, which is especially useful for measuring the efficiency of the use of resources. Multifactor productivity (MFP) or Total factor productivity (TFP) is a variable which accounts for effects in total output not caused by inputs. For example, in a Cobb-Douglas production function,  $Y=AK^\beta L^\alpha$ , A is the MFP or the TFP. MFP/TFP is a more comprehensive measure of overall productivity, which combines all of the partial measures into an aggregate index. The benefit of using MFP/TFP for industries and sectors is that MFP/TFP for the national economy or the business sector is a weighted average of TFP/MFP in each of the component industries, the weights being the base-period proportions that each industry's value added GDP is of total gross product. The changes in TFP reflect changes in productive efficiency as a result of net savings in real factor costs per unit of final products.

Järvinen, Lehtinen, and Vuorinen (1996) defined productivity of the service sector as:

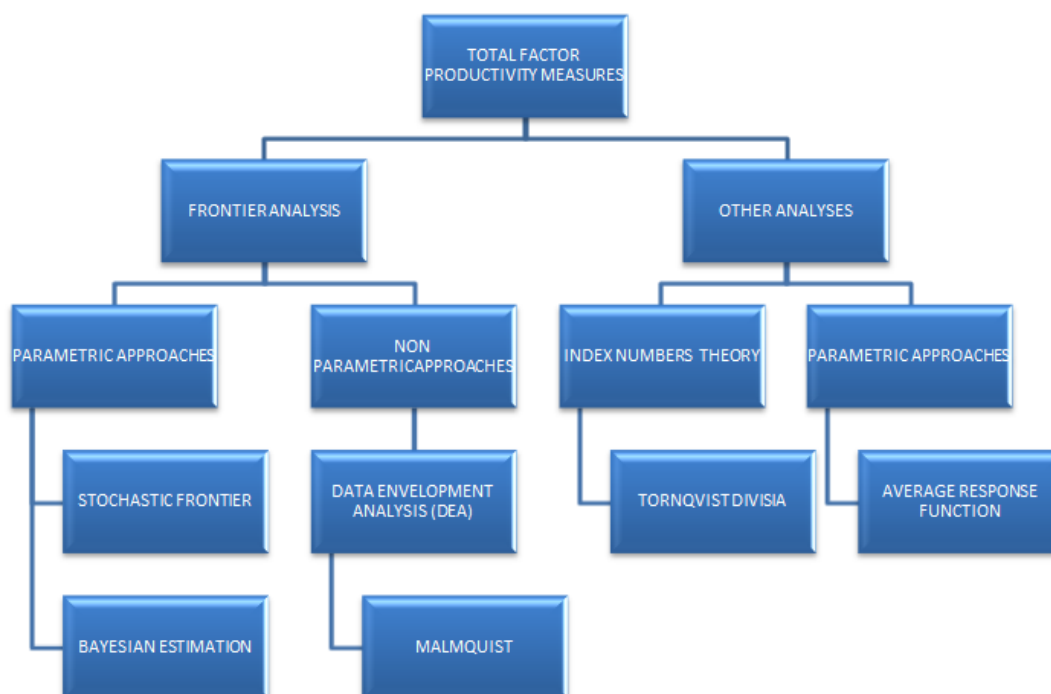
$$\text{Service Productivity} = \frac{\text{Quantity of output and Quality of output}}{\text{Quantity of input and Quality of input}}$$

In this ratio, the quantity aspect of service productivity is the same as the manufacturing productivity, which consists of material, labour, and capital. Unlike the quantity for manufacturing output, the volume of the service output is not an important issue from the customer's perspective because the customer normally purchases only one unit of output or one package of service. The output consists of a total service offered in terms of quality and the input includes both tangible and intangible elements. The quality in service sector is very important. Customers often evaluate a given service not only by its amount. If only one unit or package of service is purchased, output is mostly gauged only by the quality aspect. Input commonly is gauged both by the quantity and quality aspects. Quantity and quality aspects in the determination of productivity will differ in different spheres of service sector.

Thus, determining productivity of service sector, we must evaluate output and input elements in the aspects of quantity and quality. Analysis of productivity concept in service sector helps to reconcile conflicts between improving service quality and boosting productivity. Determination of service

output could be a difficult task because of its intangible nature. One of the most effective ways of boosting productivity is investing to new technologies, which helps to reduce labour element of input and to reach higher values of productivity.

Productivity measurement can be approached in different ways . Determination of which one to use should be based on the particular aim of the research and availability of data. A summary of techniques available is shown in the figure.



Source: Own Elaboration

**Figure 1.** Methodological Approaches to Productivity Measurement

The two main approaches to measure total factor productivity are Frontier analysis (where efficiency is measured as distance from best practice frontier) and non – frontier approaches. Further the frontier analysis involves two main methods – Parametric and non – parametric. The parametric approach is based on econometric estimation of a given predefined function with given set of assumptions whereas non – parametric approaches do not assume any functional form. Data envelopment analysis is one of the most popular linear programming non parametric method to measure productivity originally developed by Charnes, Cooper and Rhodes (1978).The non – frontier analysis involves Index numbers which can be evaluated from observable price and quantity data .Out of different index numbers, Tornqvist (1936) indexes are most widely used and are weighted geometric averages of growth rates for the micro-economic data.

### Main Types of Productivity Measures

There are many different productivity measures. The choice between them depends on the purpose of productivity measurement and, in many instances, on the availability of data. Broadly, productivity measures can be classified as single factor productivity measures (relating a measure of output to a single measure of input) or multifactor productivity measures (relating a measure of output to a bundle of inputs). Another distinction, of particular relevance at the industry or firm level is between productivity measures that relate some measure of gross output to one or several inputs and those which use a value-added concept to capture movements of output. Table 1 uses these criteria to enumerate the main productivity measures. These are measures of labour and capital productivity, and multifactor productivity measures (MFP), either in the form of capital-labour MFP, based on a value-



added concept of output, or in the form of capital-labour-energy-materials MFP (KLEMS), based on a concept of gross output. Among those measures, value-added based labour productivity is the single most frequently computed productivity statistic, followed by capital-labour MFP and KLEMS MFP. These measures are not independent of each other. For example, it is possible to identify various driving forces behind labour productivity growth, one of which is the rate of MFP change

**Table 1.** Overview of Main Productivity Measures

Type of Output Measure	Type Of Input Measure			
	Labour	Capital	Capital and Labour	Capital , Labour and Intermediate Inputs (energy, materials, services )
<b>Gross Output</b>	Labour Productivity (based on gross output)	Capital Productivity (based on gross output)	Capital-Labour MFP (based on gross output)	KLEMS multifactor productivity
<b>Value Added</b>	Labour Productivity (based on value added )	Capital Productivity (based on value added )	Capital – Labour MFP (based on value added )	_____
	<b>Single Factor Productivity Measures</b>		<b>Multifactor Productivity (MFP) Measures</b>	

**Source:** Own elaboration

### **Goods and Services Sector Productivity**

It has been argued in the literature that services are less productive than goods. In response to Kaldor (1966), who emphasized that labor in the non-manufacturing sector is less productive; many studies have attempted to examine the lagging service sector productivity. Baumol (1967) points out those productivity improvements in services are harder to achieve than in goods producing industries. The unbalanced growth models by Baumol and Fuchs (1968) helped in popularizing the notion that because of their labor-intensive nature, service-sector activities cannot be made more efficient through capital accumulation, innovation, or economies of scale. Thus, leading to concerns that, as the size of the service sector increases, total economy-wide productivity growth will be reduced. Certainly, lower overall productivity growth would result in lower growth in potential output or, in other words, would lead to slower increases in the level of output that the economy can sustain without raising inflation. It would also limit rates of sustainable, aggregate real wage increases.

### **Reasons for Lagging Service Sector Productivity**

#### **Measurement Errors**

Many researchers have suggested that an important source of the differential in productivity growth between goods and services is measurement error. They argue that problems in defining service-sector outputs and identifying price versus quality changes, as well as the paucity of data on services, have resulted in underestimation of service-sector output growth. At a general intuitive level, it is not hard to make a convincing argument in favour of measurement errors leading to underestimation.

General problems that are frequently discussed include:

- The greater difficulty involved in defining output and assessing quality change for the service sector compared with the goods sector. While there are major problems with measuring productivity for both the goods and service sectors, defining a unit of service output is often thought to be harder because of problem such as its greater intangibility and the fact that quality depends on the inputs provided by the user of the service. These conceptual problems translate into practical difficulties, such as less standardization of data reporting.



- The poorer quality of data on services than on goods. This is due in part to poorer survey coverage
- The high proportion of certain service outputs that are intermediate inputs elsewhere. This further complicates measurement, since data on intermediate inputs are generally harder to obtain than data on final outputs.
- Inappropriate deflators that cannot account for many quality improvements. Price increases resulting from quality increases, for example, may be treated as pure price increases, thus creating a downward bias in real output.

### **Mismanagement of New Technology?**

Stephen Roach has suggested that lagging productivity in services in the 1980s was in part a result of overinvestment in information technology. He claims that not only did service firms invest too much in new computer technology, but that the long learning period associated with the new technology also reduced the visible benefits from these investments. Often, for example, new systems operated side-by-side with the old systems, so that tasks were done twice. Investment in computers has been relatively high in the service sector. So, overinvestment in computer technology offers an explanation for the slower productivity growth in services.

There are a number of factors that can delay the visible benefits of new technology. For instance:

- The adoption of new technology usually involves learning periods that show up as decreased productivity, because improvements in human capital are not captured in the data. Moreover, many of the skills will likely be acquired through “learning by doing” and such a learning process may well include making errors that register as “mismanagement.”
- Initially, technology is used largely to improve the way in which traditional tasks are performed. It takes greater familiarity with the potential of new technology before more fundamental changes in organization and the production process can be implemented to better exploit the technology.
- Significant productivity gains will not be seen until the effective use of new technologies is widespread. Measured productivity growth reflects the average practice rather than the best practice.
- Diffusion of technology may be slow because of the substantial fixed costs of changeover and because of uncertainty about the benefits and vintage effects— it takes time to adapt the structure of capital and it does not make economic sense to scrap old equipment immediately.

In conclusion, it is evident that the service sector has invested heavily in new computer technology and that there has not been visible productivity gains from this investment. It is not clear that the failure to realize productivity growth is the result of poor investment decisions or of mismanagement of the new technology. Unfortunately there is no clear empirical evidence to resolve the issue. At best, however, the hypothesis of overinvestment in computing provides only a very short-term explanation of the disparity in productivity growth between goods and services. Moreover, it only explains the disparity to the extent that the service sector has invested more heavily than the goods sector in new technology.

### **Lack of Competition?**

Another explanation for lower productivity growth in services is that the service sector is subject to less competition than the goods sector. Roach (1991), for example, comments that the failure of the service sector to implement the same kind of productivity- increasing restructuring as the manufacturing sector in the 1980s was a direct consequence of its lack of exposure to competition. There are two main reasons why the service sector may be subject to less competition than the goods sector: a higher level of regulation, including foreign investment controls; and less exposure to foreign

trade. The latter stems not only from trade restrictions, but also from the very nature of services, which often cannot be provided at a distance

### **An Innate Feature of the Service Sector?**

In the 1960s, the development of unbalanced growth models by Baumol (1967) and Fuchs (1968) helped to popularize the notion that because of their labour-intensive nature, service-sector activities cannot be made more efficient through capital accumulation, innovation or economies of scale. They believed that low productivity growth is an innate feature of the service sector. Such ideas remain pervasive today. But while they are valid for some service industries, they should not be applied to the whole service sector.

Thus, various explanations have been given for the lagging service sector productivity in comparison to the goods sector.

### **Problems and Measurement Issues**

The concept and definition problems within productivity create measurement problems for the productivity of the service sector and its growth. Productivity measurement presents several issues and problems. There is underestimation of service productivity growth and different measurement biases. There are three areas in which measurement issues may arise. These relate firstly to the choice of inputs, secondly to the choice of outputs at current and constant prices, and finally to the approach of aggregation across industries.

One of the measurement problems concerns prices. Standard price data fails to capture the improvement in the quality of many outputs and thus leads to an understatement of real output. While the index numbers are used to deflate the GDP, they are facing weighting schemes problems. Using a single base year or fixed weighting scheme leads to measurement error of the true productivity and economic performance, so the weights of index numbers should be changed frequently (Diewert, 1987; Gordon, 1996). If the consumer price index (CPI) has an upward bias, the growth rate of output and productivity must be downward biased. The causation of the CPI's upward bias can be identified as traditional substitution bias, quality change, outlet substitution bias and logarithm bias. Due to the traditional substitution bias and outlet substitution bias, the officially recorded productivity growth in manufacturing and trade has been much lower than the actual productivity growth. Many consumer purchase sectors, such as services like banking, insurance, and health care have quality change bias. Due to this CPI upward bias problem, Gordon (1996) argued that the US productivity growth might have been substantially understated both before and after 1972.

To measure the productivity of a industry or a sector, we have to have the information on the outputs produced by the production unit for every time period in the sample along with the average price received by the production unit in every time period for each of the outputs. Many of the outputs in service sector industries, however, are difficult to measure theoretically, such as the output in insurance, gambling, banking, options trading, etc. (Diewert, 2008). The problems in defining service-sector outputs have caused underestimation of service-sector output growth. It is hard to find equivalent output unit in physical terms for most of the service sector outputs (Sink, 1989). Defining a unit of service output is considered to be difficult because of the facts such as its greater intangibility and that quality depends on the inputs provided by the user of the service (MacLean, 1997). The quality of service output has more variation than the non-service sector outputs but the average quality should not vary much over time (Kendrick, 1985). Normally, output information is presented as revenues received by the industry with either an output index or a price index for each output. The output of the service sector consists of a total service offering in terms of quality, which is what the customer in fact pays for and which is mostly intangible and difficult to quantify (Adam, 1995). Adam (1995) suggested that the service sector output should be treated as the value for the customer and from the perspective of the customer and defined by its quality level.

Measurement of inputs in the service sector production also poses a problem for service sector productivity measurement. The inputs include both intangible and tangible elements (Rutkauskas and Paulavičienė, 2005). For example, service culture is considered as one important intangible element for service sector production, but it is extremely difficult to put a value on it. Labour input is generally measured in terms of hours worked by all persons engaged in production (Kendrick, 1985). Such a measurement, however, is not accurate. Highly skilled workers contribute more to production than unskilled workers if both of them work for the same number of hours (Diewert, 2008). To solve this problem, some analysts weight labour hours by the average hourly compensation by industry, occupation, and other significant classifications, including levels of education and experience.

Moreover, in the service sector, a high proportion of certain service outputs are used as intermediate inputs elsewhere, which makes the measurement even more difficult because the data on intermediate inputs are harder to obtain compared with the data on final outputs (MacLean, 1997). Many industries in the service sector have more than half of their outputs used as intermediate inputs.

Measurement errors cannot explain all the slowdown and low productivity growth in the service sector, but correcting these errors indeed helps to significantly improve the productivity growth picture in the service sector. Gordon (1996) states that the corrections of the measurement errors could easily double the officially recorded rate of private non-farm non-manufacturing sector productivity growth in the US. Thus, a potential under-estimation of services productivity growth may lead eventually to an under-estimation of aggregate productivity growth. This effect would depend on the type and extent of the measurement bias, and on the role of the under-estimated services for other industries and the whole economy.

More work needs to be done with regard to the role of measurement problems in estimating productivity growth in services industries. Progress on basic services sector measurement problems will improve productivity growth measures and enhance our understanding of the cross-country differences in productivity growth performance.

### CONCLUSION

Various relevant conclusions can be drawn from the analysis carried out in the productivity review. It seems clear that the analysis regarding productivity in the services sector is the core of the increasing debate, principally regarding its definition and measurement. A major concern is produced when stagnant or slow productivity in services may slow the entire economic growth due to major participation of services in total economy. Services sector productivity analysis and measurement constitute a complex and intriguing proposition. Though, there is an extensive and still rapidly evolving literature on productivity issues and on the available methodologies for productivity estimation. However, this is just the starting point. The effect of errors in the measurement of productivity and heterogeneity of services needs a far greater analysis. It is intended that this conceptual framework will form the basis for empirical work on service sector productivity for selected developed as well as developing countries of the world.

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**GO GREEN: BANKING SECTOR'S PERSPECTIVE**

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**ABSTRACT**

*Society is facing most complicated issues of climate change. People nowadays are more conversant with global warming and its inherent consequences on human life. So change is the need of the hour for the survival and continuous efforts should be made for the environmental management in a sustainable manner. It is not only the concern of the government and the direct polluters but also of other stakeholders like financial institutions such as banks, which are playing a fundamental role in the development of the society. Banking activities are not physically related to the environment, but the external impact of their customer activities is substantial. So there is need for banks to adopt green strategies into their operations, buildings, investments and financing strategies. Green banking means combining operational improvements, technology and changing client habits in banking business. This study has made an attempt to highlight the strategic aspects of Green Banking, opportunities & challenges faced by green bank in India. The aim of this paper is to study the major Green Banking initiatives taken at national and international level. The finding of the study shows that SBI has taken more green banking initiatives as compared to ICICI Bank.*

**Keywords:** Green Banking Strategies; Green Banking Initiatives; Opportunities and Challenges

**INTRODUCTION**

Enterprises are now increasingly interested in establishing and implementing strategies that will help them to address environmental issues and also pursue new opportunities. The reasons for going green are manifold, and the key among them are: increasing energy consumption and energy prices, growing consumer interest in environmentally-friendly goods and services, higher expectations by the public on enterprises' environmental responsibilities and emerging stricter regulatory and compliance requirements. Further, enterprise will increasingly feel the effects of environmental issues that impact their competitive landscape in ways not envisaged earlier. For instance, investors have started discounting the share prices of companies that poorly address the environmental problems they create. When making purchasing, leasing or Outsourcing decisions, many customers now take into consideration the company's environmental records and initiatives. Investors are increasingly placing their money on initiatives that are green or that develop and promote green products and services. Government agencies, investors and the public are demanding more disclosures from enterprises regarding their carbon footprint and their environmental initiatives and achievements. As a result, enterprises with the technology and vision to provide products and services that address environmental issues will enjoy a competitive edge.

Like any other enterprises, as consumers of natural resources, banks directly interact with the environment. For instance, banks contribute towards the carbon emission directly in their day-to-day operations in terms of use of paper, electricity, lighting, air conditioning, electronic equipment and other things, although this is moderate compared to other carbon sensitive industries like steel, oil and gas, etc. Banks affect the environment indirectly by financing intermediaries who are the major source







### Strategies of Green Banking

Generally speaking, green banking refers to the efforts of the banking sector to keep the environment green and to minimise greenhouse effects through in house operational activities and green finance. According to Md shafiqul and prahalled (2013), green banking activities involve two major approaches, that is, green transformation of internal operation and environmentally responsible financing (Green Finance).

**Green Banking through internal operations:-** Green transformation through internal operations means all bank should adopt green banking activities in their day to day operations. These include adopting appropriate ways to use renewable energy, automation and minimising their carbon footprint. In the past few years, all the banks have incorporated paperless technologies in their internal operations to help the environment as well as provide their customers efficient and better services. In their day to day business operations, banks ordinarily generate carbon emissions through the usage of paper, electricity, stationary, lighting ,air conditioning and electronic equipment.

Green banking internal operations include on line account opening, online banking, mobile banking, SMS banking, net banking, EFT as well as the use of ATM, cash and cheque deposit machines, credit and debit cards, e-statement SMS alert, image statement etc.

**Green Finance:-** Green Finance refers to banks that provide financial assistance to environmentally responsible projects. The purpose is to provide financial assistance to green technology and pollution reduction projects to reduce external carbon emissions. The bank support industries that are resource efficient and emit low carbon footprint. Priority is given to financing eco-friendly business activities and energy efficient industries such as waste water treatment plant, waste disposal plants, bio-gas plants, renewable energy projects, hybrid car projects and so on.



Fig.1. Conceptual Model for Green Banking Strategies

### Green Banking Initiatives

The financial sector's growing adherences to environment management system is attributed to the direct and indirect pressure from International and local Non-Governmental organizations (NGOs), Multilateral Agencies and in cases market through customers. First Green Bank is a commercial bank based in Mt. Dora, Florida, United States commenced its operations in 2009. The Company is known for its focus on environmentally friendly banking practices. The following are the important initiatives regarding green bank at international level and national level.

### International Level Initiatives

- In the early 1990, the United Nation Environment Programme (UNEP) launched what is now known as the UNEP Finance initiative (UNEPFI). The objective is to integrate the environmental and social dimension to the financial performance and risk associated with it in the financial sector.
- Around 34 International bank follow codes of conduct in the lines of UNEP, Environmental Reporting, environmental management system, environmental policies and environmental risk assessment and guidelines to reduce environmental impact on both internal and external. (Jeucken 2001)
- In similarly, the city of London in 2002 launched the London principles on Sustainable finance at Johannesburg Earth Summit. It addresses the environmental and social impact of the financial sector and emphasized issues such as transparency, risk management, equitable access to capital.
- The US Export-Import Bank regularly reviews while financing explores on the ground whether they are environmentally sound.
- Some of the big International banks like ABN Amro Deutsche, standard HSBC bank etc. look at environmental issues discussed under Kyoto protocol.
- The Dutch government has made a formal request to bank in achieving sustainable development. The dialogue between bank and Government was established in 1999 to initiate the policies for environmental improvement through the development of financial products and services.
- In 2002, Aglobal coalition of NGOs formed a network named 'Bank Tract' to promote sustainable finance in the commercial sector. This coalition constituting six principles- Commitments to sustainability, no-harm, responsibility, accountability, transparency, sustainable market and governance.
- A small group of banks along with IFC came together to initiate the process of designing the common guidelines in October 2002 and came up with guidelines in June 2003 that is known as 'Equator Principles'. This principle has become a common standard of project finance that incorporated environmental social issues in project finance.

All the International initiatives towards integrating environmental concerns into business operation of banks are voluntary in nature and meant to promote a better eco system.

### National Level Initiatives

India is the world's largest six and second fastest growing country in terms of producing green gases. Delhi, Mumbai and Chennai are the three of the world's ten most polluted cities. The banking operation and investment by financial institutions should take care of environmental management of the polluting industries by improving the overall environment, the quality and conversation of life, level of efficiency in using materials and energy quality of products and services. So, the role of banking sector, which is on major financing sources to the Industries assumes high importance. This study has taken largest public sector bank (SBI) and largest private sector bank (ICICI) for understanding initiatives at national Level.

### Green Banking –SBI Initiatives

- a. State Bank of India has a green channel counter and the bank encourages paperless banking
- b. Banks have adopted energy efficient measures.
- c. Installation of solar ATM, Introduction of green channel banking (paperless banking)

- d. The bank had also collaborated with Suzlon Energy Ltd for the generation of wind power for selected branches by setting of windmills in Gujarat, Tamil Nadu and Maharashtra (Business Standard, 2014).
- e. Supporting the construction of wind farms in India
- f. The initiatives of State Bank of Mysore includes use of energy efficient photocopier, energy efficient computers and CFL bulbs; need based printing to save paper, auto cut off for air conditioners etc.
- g. The bank has introduced solar powered ATM's, support for social forestry programme, waste reduction and recycling, etc.
- h. SBI launches green policy for paperless banking

### Green Banking –ICICI Initiatives

- a. **Vehicle Finance:** They are offering 50% waiver on processing fee of auto loans on the car models which uses alternate sources of energy.
- b. **Home Finance:** The bank had reduced the processing fee for the customers who are purchasing homes in LEED certified buildings.
- c. **Instabanking:** It is a service which gives convenience to the customers to do banking anywhere and anytime through internet banking, mobile banking, IVR banking, etc. This reduces the carbon footprint.
- d. **Green Partners:** The organization is looking forward for partnerships with national and international green organizations and NGO's.
- e. **Green Communications:** The bank always insists their customers for online bill payment, online funds transfer and subscription to e-statements which promote 'paperless' and 'commute free' modes of banking transactions.
- f. **Green Engagements:** The bank is celebrating World Environment Day every year on June 5. They perform various activities on that day like green pledge through signature campaigns, plantation and distribution of saplings etc. They are also celebrating Earth hour every year in March in which they switch off the lights of their premises, branches and ATM's between 8:30 pm to 9:30pm.

### Green Banking - Opportunities

A bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly or through capital markets. A Green Bank requires each of its functional units and activities to be green – environmentally friendly and help to improve environmental sustainability. Several opportunities are available for banks to green their functional units and activities. Key among them are;

#### Supply chain management

- Adopt techniques and plans to minimize inventory and wasted freight.
- Adopt networked design using a carbon footprint.

#### Enterprise Resource Management

- Facilitate paperless transactions.
- Adopt techniques for workforce and parts optimization as well as intelligent device management.

**Customer Relationship Management**

- Use electronic means, wherever possible, to maintain contact with and correspond with customers and potential customers, and minimize paper-based correspondences.

**Source procurement**

- Select vendors by the sustainability rating of their products, services and operations.

**Product Life Cycle Management**

- Design and offer banking products and services in such a way that consume less resources and energy and thereby reduce carbon footprint.
- Implement effective systems for product end-of-life management that have minimal impact on the environment.

**Benefits of going green**

The green Bank offers the following benefits;

- Green banking avoids paper work and make use of online transaction such as Internet banking, SMS banking and ATM banking etc.
- Green bank provides green home loan scheme which will support environmentally friendly residential project and offer various concession.
- Green banks gives more importance to environmental friendly factors like ecological gains thus interest on loan is comparatively less.
- Online account is opened in the form of 'green account'.
- Free electronic bill payment system.
- Cash back will be credited to all customers opening 'green account'.
- Green bank has used solar and wind energy for generation of wind power.

SBI has become the first bank by installing wind mills.

**Green Banking-Challenges**

While adopting green banking practices, the banks would face the following challenges;

- **High operating cost:** Green bank require talented experienced staff to provide proper services to customers. Experienced loan officers are needed additional experience in dealing with green business and customers.
- **Reputational Risk:** If banks are involved in those projects which are damaging the environment they are prove to loss of their reputations. There are also a few cases where environmental management system has resulted in cost saving, increase in bond value (Heim.G et al,2005).
- **Diversification Problem:** Green banks restrict their business transaction to those business entities who qualify screening process done by green banks. With limited number of customers they will have a smaller base to support them.
- **Startup face:** Many banks in green business are very new and are in startup face, generally it takes 3 to4 years for a bank to start making money thus it does not help banks during recession
- **Credit Risk:** Credit arise due to lending to those customers whose business are effected by the cost of pollution, change in environmental regulation and new requirements of emission level.

It is high due to probability of customers default as a result of uncalculated expenses for capital investment in production facilities, loss of market share and third party claims.

• **Other Reasons:-**

- a. Lack of RBI mandates as main barrier to adopting sustainability.
- b. Majority of banks identified 'risk of failure of business to peers'.
- c. Unavailability of skilled employees.
- d. Insufficient budget to train employees.
- e. Complex reporting framework
- f. Lack of interest shown by customers and investors.

### CONCLUSION

In a rapidly changing market economy where globalization of markets has intensified the competition, banks should play a pro-active role to take environmental and ecological aspects as part of their lending principle which would force industries to go for mandated investment for environmental management, use of appropriate technologies and management systems. The banking and financial sector should be made to work for sustainable development. Even though they have started adopting green practices, but still a lot of channels are unutilized by the Indian banks for greening their activities. Moreover they could adopt the green practices only in selected branches. From the study, it is concluded that the public sector bank has taken more green banking initiatives than private sector bank. As far as green banking is concerned, India's banks are running behind time and it is the need of the hour to think it seriously for the sustainable growth of the nation.

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**A STUDY ON THE USAGE PATTERN AND AWARENESS  
LEVEL OF MINORS IN OPERATING SAVINGS BANK  
ACCOUNT**

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**ABSTRACT**

*Government of India is now focusing on financial inclusion and financial literacy as its important policy goals. With an objective to promote financial inclusion the Reserve Bank of India has recently issued guidelines allowing minors to operate their accounts independently. Earlier RBI permitted minors to open a savings deposit account through his/her natural guardian or legally appointed guardian only. But RBI made a rethink about old policy and modified the guideline that the minors who have attained 10 years of age would be allowed to open and operate savings bank account independently. This recent step taken by RBI will pave a path for the minors to manage cash by themselves and helps to develop the skill of cash management among minors. As the minors can be influenced by others easily there is a chance for misuse or fraudulence of minors account by others. This paper examines usage pattern and awareness level of minors in operating savings bank account.*

**Keywords:** Financial Inclusion; Financial Literacy; Saving Account; Minors

**INTRODUCTION**

The Reserve Bank has recently issued the guidelines allowing minors to operate bank accounts independently with a view to promote financial inclusion. RBI had earlier permitted minors to open fixed and savings deposit bank account with mothers as guardian. Modifying the guidelines, the RBI said that all minors can now open a savings deposit account through either his/her natural guardian or legally appointed guardian. The minors, who have attained 10 years of age, would be allowed to open and operate savings bank accounts independently.

RBI announced that in order to avoid risk banks can fix limits in terms of age and amount up to which minors may be allowed to operate the deposit accounts independently. Further, the banks can also decide on the minimum documents which are required for opening of accounts by minors. Banks are also free to offer additional banking facilities like Internet banking, ATM/debit card, cheque book facility, etc, subject to the safeguards that minor accounts are not allowed to be overdrawn



This recent step taken by RBI will pave a path for the minors to manage cash by themselves and helps to develop the skill of cash management among minors. But as the minors can be influenced by others easily there is a chance for misuse or fraudulence of minors account by others. Through this study we aim at analyzing the usage pattern of savings account by minors and about their awareness level in operating the account.

### **REVIEW OF LITERATURE**

Savings accounts are those deposits made by people of the lower and middle classes who wish to save a part of their incomes to meet their future needs and also intend to earn an income from their savings. By accepting savings deposits, banks mobilize scattered savings of the public and utilize them for productive purposes which will in turn stimulates economic development.

At present, the rate of interest ranges between 4% to 6% per annum in India. The interest rates vary as per the amount of money deposited (lying) in the saving bank account, scheme opted, and its maturity range. It is also subject to current trend of banking policies in a country.

The main features of saving account in bank are as follows:

1. The main objective of saving account is to promote savings.
2. There is no restriction on the number and amount of deposits. However, in India, mandatory PAN (Permanent Account Number) details are required to be furnished for doing cash transactions exceeding ₹50, 000.
3. Withdrawals are allowed subject to certain restrictions.
4. The money can be withdrawn either by cheque or withdrawal slip of the respective bank.
5. The rate of interest payable is very nominal on saving accounts. At present it is between 4% to 6% p.a in India.
6. Saving account is of continuing nature. There is no maximum period of holding.
7. A minimum amount has to be kept on saving account to keep it functioning.
8. No loan facility is provided against saving account.
9. Electronic clearing System (ECS) or E-Banking are available to pay electricity bill, telephone bill and other routine household expenses.
10. Generally, equated monthly installments (EMI) for housing loan, personal loan, car loan, etc., are paid (routed) through saving bank account.

A minor is a person who has not attained age of 18. There is no harm for banks in opening a saving account in name of minor. As per the Indian Contract Act, 1872, a minor is incompetent to contract and therefore an agreement by minor is void. Hence, to make the guardian liable for all the transactions of the minor, it is advisable to open a saving account in the name of a guardian or a joint account in the name of both minor and his guardian. It is not advisable for a bank to open a current account since an overdraft sanctioned to a minor is not recoverable through court of law.

In order to promote the objective of financial inclusion and also to bring uniformity among banks in opening minor's accounts, RBI advised banks on May 6, 2014 that;

1. A savings /fixed /recurring account can be opened by a minor of any age through his /her natural or legally appointed guardian.
2. Minors above the age of 10 years may be allowed to open and operate savings account independently. However, banks can fix limits in terms of age and amount up to which minors may be allowed to operate the deposit accounts independently. Banks are also given freedom to decide what minimum documents are required for opening accounts by minors.

3. On attaining majority, the erstwhile minor should confirm the balance in his/ her account and if the account is operated by the natural guardian /legal guardian, fresh operating instructions and specimen signature of erstwhile minor should be obtained and kept on record for all operational purposes
4. Banks are free to offer banking facilities like internet banking, ATM/debit card, cheque facility etc to minors after taking precautions that minor's accounts are not allowed to withdrawn and that these always remain in credit.

The advantages of savings bank account are as follows:

1. Saving account encourages savings habit among salary earners and others who have fixed income.
2. It enables the depositor to earn income by way of saving bank interest.
3. Saving account helps the depositor to make payment by way of issuing cheques.
4. It shows income of a salaried and other person earned during the year.
5. Saving account passbook acts as an identity and residential proof of the account holder.
6. It provides a facility such as Electronic fund transfer (EFT) to other people's accounts.
7. It helps to do online shopping via facility like internet banking.
8. It aids to keep records of all online transactions carried on by the account holder.
9. It provides immediate funds as and when required through ATM.
10. The bank offers number of services to the saving account holders.

### **OBJECTIVES OF THE STUDY**

1. To study about the usage pattern of savings bank account by minors.
2. To study about the awareness level of minors in operating savings bank account.

### **RESEARCH METHODOLOGY**

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically and systematically.

### **RESEARCH DESIGN**

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Research design is the conceptual structure within which the research is conducted. The researcher had done a descriptive research for this particular study.

#### **Sample Design**

A sample design is a definite plan determined before any data are actually collected for obtaining a sample from a given population. Sample design deals with the method of selecting items to be observed for the study.

#### **Sample Area**

The Ernakulum district of the state of Kerala is decided as the sample area of the study.

#### **Sample Size**

There are large numbers of minor savings bank account holders in this area. It is needless to say that a census study is practically impossible and that is not necessary to arrive at some reliable conclusion. In such a situation, the researcher decided to go for a sample study making sure that the quality and

accuracy of the data are not affected. We collected information from 60 minor saving account holders belonging to different socio economic back grounds.

### Sampling Technique

In this study the method used for selecting the samples from the population is convenience sampling method.

### Data Collection

An interview schedule was prepared to collect primary data from the sample. Secondary data were also collected from the available books, journals.

### Analysis

The data collected from various sources were analyzed by applying appropriate mathematical and statistical techniques. Percentage analysis was also extensively used.

### DATA ANALYSIS AND INTERPRETATION

**Table 1.** Respondent's classification on the basis of age

Age	Frequency	Percentage
10 – 12	6	10
12 – 14	10	11
14 – 16	17	28
16 – 18	27	45
Total	60	100

**Inference:** The table reveals that 10 % of the respondents belong to the age category of 10 – 12, 16 % belong to the age category of 12 – 14, 28 % belong to the age category of 14 – 16 and 45 % belong to the age category of 16 – 18.

**Table 2.** Bank wise classification of respondent's

Bank	Frequency	Percentage
SBI	18	30
SBT	15	25
Federal Bank	12	20
South Indian Bank	10	17
Others	5	8
Total	60	100

**Inference:** The table reveals that 30% of the respondents use the services of SBI, 25 % use the services of SBT, 20% use the services of federal bank, 17 % use the services of South Indian Bank and 8% use the services of other banks.

**Table 3.** Respondent's classification on the basis use of banking services

Type	Frequency	Percentage
Debit card	38	63
Cheques	9	15
Demand draft	7	12
Internet banking	6	10
Total	60	100

**Inference:** The table reveals that 63 % of the respondents used debit card, 15 % used the cheque, 12 % used the demand draft and 10% used internet banking service.

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**Table 4.** Respondent's classification on the basis of frequency of usage

Often	Frequency	Percentage
Daily	5	8.3
1 – 3 times in a week	10	16.7
Weekly	14	23.3
1 – 3 times in a month	20	33.4
Once in a month	11	18.3
Total	60	100

**Inference:** The table reveals that 8.3% of the respondents use the baking service daily, 16.7 % uses the services 1 – 3 times in a week, 23.3 % use the services weekly, 33.4 % use the services 1 – 3 times in a month, and 18.3 % uses the services once in a month.

**Table 5.** Respondent's classification on the basis of awareness about Debit card

Age	Aware	Percentage	Unaware	Percentage
10 – 12	2	33.3	4	66.7
12 -14	4	40	6	60
14 – 16	15	88.2	2	11.8
16 – 18	27	100	0	0
Total	48	80	12	20

**Inference:** The table reveals that 33.3 % of the respondents of the age category 10 – 12 are aware about debit card, 40 % of the respondents of the age category 12 -1 4 are aware about debit card, 88.2 % of the respondents of the age category 14 -16 are aware about debit card, 100 % of the respondents of the age category 16 – 18 are aware about debit card and out of total respondents 80 % are aware about debit card.

**Table 6.** Respondent's classification on the basis of awareness about Cheques & Demand draft

Age	Aware	Percentage	Unaware	Percentage
10 – 12	1	16.7	5	83.3
12 -14	3	30	7	70
14 – 16	15	88.2	2	11.8
16 – 18	27	100	0	0
Total	46	76.7	14	23.3

**Inference:** The table reveals that 16.7 % of the respondents of the age category 10 – 12 are aware about Cheques & Demand draft, 30 % of the respondents of the age category 12 -1 4 are aware about Cheques & Demand draft, 88.2 % of the respondents of the age category 14 -16 are aware about Cheques & Demand draft, 100 % of the respondents of the age category 16 – 18 are aware about Cheques & Demand draft and out of total respondents 76.7% are aware about Cheques & Demand draft.

**Table 7.** Respondent's classification on the basis of awareness about Internet banking

Age	Aware	Percentage	Unaware	Percentage
10 – 12	1	16.7	5	83.3
12 -14	2	20	8	80
14 – 16	13	76.5	4	23.5
16 – 18	23	85.2	4	14.8
Total	39	65	21	35

**Inference:** The table reveals that 16.7 % of the respondents of the age category 10 – 12 are aware about Internet banking, 20 % of the respondents of the age category 12 -1 4 are aware about Internet

banking, 76.5 % of the respondents of the age category 14 -16 are aware about Internet banking, 85.2 % of the respondents of the age category 16 – 18 are aware about Internet banking and out of total respondents 65% are aware about Internet banking.

### **FINDINGS AND SUGGESTIONS**

1. The study finds that majority of the minor savings bank account holders belongs to the age group of 16 – 18.
2. The study finds that most of the respondents are the customers of SBI.
3. The study finds that most of the respondents used debit cards out of various services offered by banks.
4. The study finds that majority of the respondents avail the various services offered by the banks at 1 – 3 times in a month.
5. The study finds that 80 percent of the respondents are aware of the use of debit cards and among respondents of age group 10 – 12, 33.3 percent are aware; among respondents of age group 12 – 14, 40 percent are aware; among respondents of age group 14 – 16, 88.2 percent are aware; among respondents of age group 16 – 18, 100 percent are aware.
6. The study finds that 76.7 percent of the respondents are aware of the use of cheques and demand draft and among respondents of age group 10 – 12, 16.7 percent are aware; among respondents of age group 12 – 14, 30 percent are aware; among respondents of age group 14 – 16, 88.2 percent are aware; among respondents of age group 16 – 18, 100 percent are aware.
7. The study finds that 65 percent of the respondents are aware of the use of internet banking and among respondents of age group 10 – 12, 16.7 percent are aware; among respondents of age group 12 – 14, 20 percent are aware; among respondents of age group 14 – 16, 76.5 percent are aware; among respondents of age group 16 – 18, 85.2 percent are aware.

### **CONCLUSION**

The opportunity for minors to operate a savings bank account will help them to manage cash in future in an effective way. The Children will also become aware of the fundamentals of banking transactions and facilities, such as debit cards, cheque books, fund transfers, withdrawal and deposit of money. Earlier minors were allowed to operate an account only under guardianship of a parent or a guardian. The recent step taken by RBI will permit the children above the age of 10 to operate an account by themselves which will help the children to manage the cash effectively in future and gain the habit of saving money.

The study reveals that minors are using the services provided by banks and operating the accounts 1 – 3 times monthly .It is a positive sign. But the study reveals that minors below the age of 16 are not much aware about the various services offered by banks. This will lead to a chance of misuse of minor's accounts by others for illegal purposes. A parent must carefully watch if a child is misusing money or wavering from the spending and savings goals. The minor's accounts should be under the surveillance of their parents and they should try to make the children aware about the services.

The parents/ guardians should take certain necessary steps such as linking their mobile number with minor's bank account to get the details about transactions done in minors account. But, the most important thing is to make the minors aware about the banking services; otherwise the step taken by RBI to boost financial inclusion will create a negative effect on financial inclusion.

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**SERVICE MARKETING QUALITY AND PROBLEMS IN  
PUBLIC SECTOR AND PRIVATE SECTOR BANKS OF  
INDORE CITY**

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**ABSTRACT**

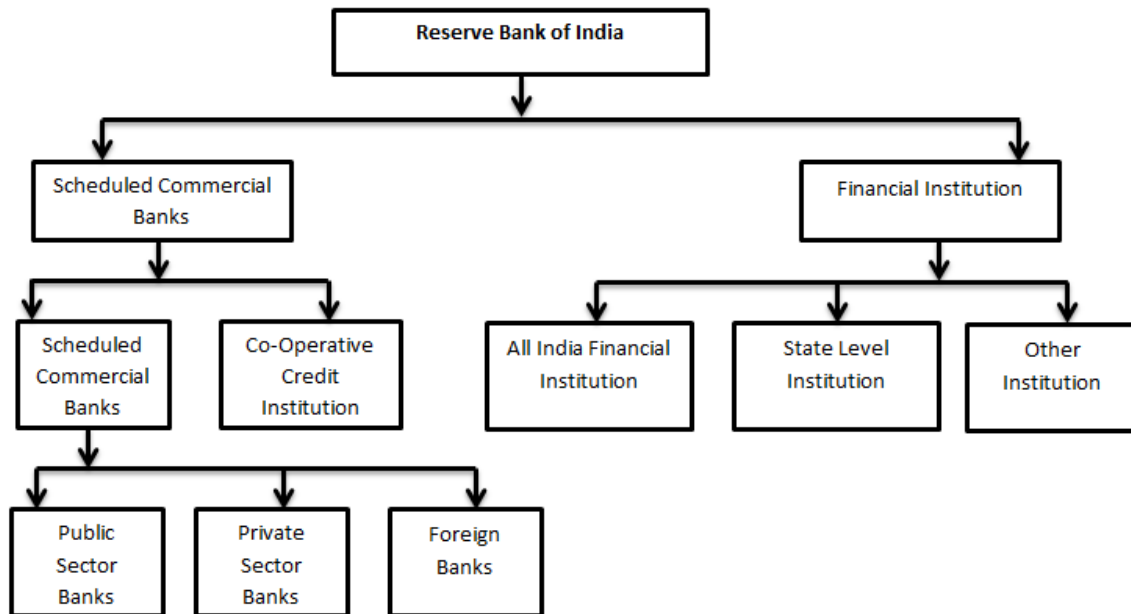
*The services sector is the most significant sector, which contributes maximum to the GDP in Indian economy. Among fast growing developing countries, India is distinctive for the role of its service sector. Although there are other emerging markets where the share of services in GDP exceeds the share of manufacturing, India stands out for the size and dynamism of its services sector. In India, the banking sector is a central component of services sector. Banks are the most common institutions for transfer of funds and investments. Banking Industry is one of the most important service industries which touch the lives of millions of people. Its service is unique both in social and economic points of view of a nation. In this research paper we have identified the service quality and problems related to public sector banks as well as private sector banks. We have also identified the important factors related to service sector of banks.*

**Keywords:** Indian Banking Industry; Service Marketing in Banking Sector Service Sector; Public and Private Banks in Indore; Problems in Banking Industry

**INTRODUCTION**

The services sector is the most significant sector, which contributes maximum to the GDP in Indian economy. Among fast growing developing countries, India is distinctive for the role of its service sector. Although there are other emerging markets where the share of services in GDP exceeds the share of manufacturing, India stands out for the size and dynamism of its services sector. The share of services in India's GDP increased rapidly from 30.5 per cent in 1950-51 to 55.2 per cent in 2009-10. If construction sector is also included, the share increases to 63.4 per cent in 2009-10 (Economic Survey 2010-11).

In India, the banking sector is a central component of services sector. Banks are the most common institutions for transfer of funds and investments. Prior to economic liberalization, public sector banks enjoyed a monopoly over market due to protectionist policies of the government. The liberalization policy of the Government of India in 1991 permitted entry to foreign and private banks in the banking industry, leading to increased competition. Because of increased competition, banks are exploring marketing strategies to differentiate their services from their competitors.



**Figure 1.** Structure of Indian Banking Industry

The Indian banking industry, which is governed by the Banking Regulation Act of India, 1949 can be broadly classified in to two major categories, non-schedule bank and schedule bank. The growth in the Indian Banking Industry has been more qualitative than quantitative and it is expected to remain the same in the coming years. Based on the projections made in the "India Vision 2020" prepared by the Planning Commission and the Draft 10th Plan, the report forecasts that the pace of expansion in the balance-sheets of banks is likely to decelerate. Banking Industry is one of the most important service industries which touch the lives of millions of people. Its service is unique both in social and economic points of view of a nation. Earlier the attitude of banking service was that it was not professional to sell one's services and was unnecessary in the sense that traditional relationships and quality of products were sufficient to carry forward the tasks. Before the mid 1950's the banks had no understanding or regard for marketing. The bank building was created in the image of a Greek Temple to impress the public about the importance of a bank. The interior was austere and the teller rarely smiled. Bankers maintained austere dignity and they hardly maintained friendliness. In the Indian Banking Industry some of the Private Sector Banks operating are IDBI Bank, ING Vyasa Bank, SBI Commercial and International Bank Ltd, Bank of Rajasthan Ltd.

### **Classification of Banking Industry in India**

Indian banking industry has been divided into two parts, organized and unorganized sectors. The organized sector consists of Reserve Bank of India, Commercial Banks and Co-operative Banks, and Specialized Financial Institutions (IDBI, ICICI, IFC etc). The unorganized sector, which is not homogeneous, is largely made up of money lenders and indigenous bankers. An outline of the Indian Banking structure may be presented as follows:-

1. Reserve banks of India.
2. Indian Scheduled Commercial Banks.
  - a) State Bank of India and its associate banks.
  - b) Twenty nationalized banks.
  - c) Regional rural banks.
  - d) Other scheduled commercial banks.

3. Foreign Banks
4. Non-scheduled banks.
5. Co-operative banks.

**Table 1.** Key Players in Indian Banking Sector

Sr.No	Name of Indian Bank (Public and Private)
1	State Bank of India
2	Punjab National Bank
3	Bank of Baroda
4	ICICI Bank
5	Bank of India
6	Canara Bank
7	HDFC Bank
8	IDBI Bank
9	Axis Bank
10	Central Bank of India

**Source:** Annual Reports, Results of banks, ICRA Research

### **Development of Service Marketing: An Overview**

Using an evolutionary metaphor as a framework for their study, Fisk, Brown and Bitner (1993) traced eleven years ago the evolution of the service marketing literature from its embryonic beginnings in 1953 until its maturity in 1993. They identify three stages in this evolution: Crawling Out (1953-79), Scurrying About (1980-1985), and Walking Erect (1986- 1993).

During the Crawling Out stage (1953-79), scholars in the service marketing field first fought to assert the discipline's right to exist (Fisk, Brown and Bitner 1993; Swartz, Bowen and Brown 1992). This stage began in 1953 with the first service marketing scholars struggling to publish their work and culminated with the debate of how and why services were different from goods (e.g., Shostack 1977). From this early work came the identification of some of the distinctive characteristics of services, such as intangibility, inseparability, heterogeneity, and perish ability (Shostack 1977).

The Scurrying About stage (1980-1985) was a bridging period where the services vs. goods debate began to wane (Fisk, Brown and Bitner 1993). Attention then shifted from "Are services different from goods?" to "What are the implications of these differences?" (Swartz, Bowen and Brown 1992) Christopher Lovelock tried to answer this question in a seminal article by classifying services (Lovelock 1983). This stage also saw the first papers in new areas of investigation, such as service design and mapping (Shostack 1984) and service encounter (Czepiel, Solomon and Surprenant 1985), which flourished in the next period.

In the Walking Erect stage (1986-1993), scholars achieved a respected stance as service marketing became an established field within the marketing discipline (Fisk, Brown and Bitner 1993). The publications on many of the primary topics matured considerably. These topics include managing quality given the heterogeneity of the service experience, designing and controlling intangible processes, managing supply and demand in capacity constrained services, and organizational issues resulting from the overlap in marketing and operations functions (Fisk, Brown and Bitner 1993; Swartz, Bowen and Brown 1992).

Fisk, Brown and Bitner (1993), documented the founding, emergence, and legitimization of the service marketing literature. They also asked: "What will the literature of the future be like?" and tried to answer this question based on documentation of the past and their positions as active researchers and participants in the field. In their speculations about the future of service marketing research, they predicted a broadening, deepening, and sharpening of the field and identified key research topics for

the future. These topics were: service design and delivery, service encounters and service experience, service quality and customer satisfaction, as well as service recovery, reverse marketing, internal marketing and support services, modelling and measurement, and technology infusion. More recently, Fisk, Brown and John (2000; Brown, Fisk and John 2003) asked ten service experts: "What directions would you like to see the services marketing field take in the future?" Their observations could be organized under three broad headings: the nature of services, the scope of services, and services and value creation.

### Characteristics of Marketing of Banking Services

Banking industry is in service industry. So service characteristics, as given below, make Marketing of Banking Services difficult.

**Perishability:** Bank services are perishable. It means it cannot be stored like goods e.g. if Bank employees are there, but account holders are less then business loss even for few hours cannot be restored. Similarly banks have funds are there to give as a loan, but there are no applicants. So interest lost by the bank for a particular time period is a loss forever. So Demand Management in Banks is more difficult than goods.

**Intangibility:** Banking services cannot be seen, touched or felt. So advertising or promotion is very difficult. Marketers reach customers through Mouth publicity through satisfied customers. It is the total resultant experience from bank which creates an impact.

**Heterogeneity:** Bank services cannot be standardized like goods. Bank Marketing is an interactive Marketing. I.e. customers will have constant interaction with the service provider. So behind back of all services are employees i.e. human beings and they are complex and volatile. So Quality Control and standardization of Banking Services are challenges before Marketer.

### Recent Trend of Marketing in Banking Services

The Indian economy's liberalisation in the early 1990s has resulted in the conception of various private sector banks. This has sparked a boom in the country's banking sector in the past two decade. The revenue of Indian banks grew four-fold from US\$ 11.8 billion to US\$ 46.9 billion, whereas the profit after tax rose nearly nine-fold from US\$ 1.4 billion to US\$ 12 billion over 2001-105. This growth was driven primarily by two factors. First, the influx of Foreign Direct Investment (FDI) of up to 74 per cent with certain restriction. Second, the conservative policies of the Reserve Bank of India (RBI), which have shielded Indian banks from recession and global economic turmoil

Today, we are having a fairly well developed banking system with different classes of banks public sector banks, foreign banks, private sector banks, regional rural banks and co-operative banks. The Reserve Bank of India (RBI) is at the paramount of all the banks. The RBI's most important goal is to maintain monetary stability (moderate and stable inflation) in India. The RBI uses monetary policy to maintain price stability and an adequate flow of credit. The rates used by RBI to achieve this are the bank rate, repo rate, reverse repo rate and the cash reserve ratio. Reducing inflation has been one of the most important goals for some time.

Growth and diversification in banking sector has transcended limits all over the world. In 1991, the Government opened the doors for foreign banks to start their operations in India and provide their wide range of facilities, thereby providing a strong competition to the domestic banks, and helping the customers in availing the best of the services.

The Reserve Bank in its bid to move towards the best international banking practices will further sharpen the prudential norms and strengthen its supervisor mechanism. There has been considerable innovation and diversification in the business of major commercial banks. Some of them have engaged in the areas of consumer credit, credit cards, merchant banking, internet and phone banking, leasing, mutual funds etc. A few banks have already set up subsidiaries for merchant banking, leasing and

mutual funds and many more are in the process of doing so. Some banks have commenced factoring business.

### **REVIEW OF LITERATURE**

Deryk Weyer of Barclay's Bank attempted a comprehensive definition for Bank marketing as quoted by Mohan (2009), it consists of identifying the most profitable markets now and in future; assessing the present and future needs of customers; setting business development goals and marketing plans to meet them and managing the various services and promoting them to achieve the plans, all in the context of a changing market environment.

According to Shamsher (2009), Bank marketing does not only include service selling of the bank but also is the function which gets personality and image for bank on its customers' mind. Further, bank marketing is based on a thorough knowledge of objective information about the market; the real consumer needs initiative and enterprise, finding the most profitable markets for banking products and effectively adapting to the market.

Frank (2012), financial institutions such as investment companies are directly competing with commercial banks. Banks need effective marketing strategies to retain their existing customers and attract new customers. According author, the environment for banks is more challenging, employing effective bank marketing strategies will enable a bank to grow and maintain profits.

According to Anubhuti (2011), marketing is a very useful tool for banking sector for attracting customers for various banking products, stating that old days are gone for banking where in the customer had to walk into his bank and ask for services. Due to increase in competition, it has become imperative for banks to use marketing tool to increase their marketing share by providing awareness of their products to their prospective customers.

Summary of references documenting these differences are given in Illustration-1. The fundamental difference universally cited by authors is intangibility. Because services are performances rather than objects, they cannot be seen, felt, tasted or touched in the same manner in which goods can be sensed. Intangibility is the critical goods-services distinction from which all other differences emerge. Inseparability of production and consumption involves the simultaneous production and consumption which characterizes most services.

Whereas goods are first produced, then sold and then consumed. Services are first sold, then produced and consumed simultaneously. Since customer must be present during the production of many services (haircut, health services, travel), inseparability "forces the buyer into intimate contact with the production process". Services could be directly produced and delivered to buyer himself or to the products owned by the buyer. Inseparability also means that the producer and the seller are the same entity, making only direct distribution possible in most cases and causing marketing and production of services to be most interactive.

Heterogeneity concerns the potential for high variability in the performance of services. The quality and essence of a service (medical examination, car rental, restaurant, and beauty treatment) can vary from producer to producer, from customer to customer, and from day to day. Heterogeneity in service output is a particular problem for labor intensive services.

Many different employees may be in contact with an individual customer, raising a problem of consistency of behavior. Service performance from the same individual may also differ. People's performance day in and day out fluctuates up and down. The level of consistency that you count on and try to communicate to the consumer is not a certain thing.

### **OBJECTIVE OF THE STUDY**

1. To study about the Indian Banking Scenario
2. To find out recent trends in marketing of bank services.

3. To know the problem in banking service industry
4. To analyses the customer preference for service quality of banking industry

### RESEARCH METHODOLOGY

A systematic and coherent approach has been adopted for the research study. First, the objectives of the study were chalked out on the basis of focus group discussion and exhaustive literature review.

In this research study we have identified the certain problems of banking sector in Indore city through personal interviewing method and for the data collection, sample of 100 customers who have their bank account with different banks having operations in Indore city on convenience basis. We have also identified different factors related to services of banking sector. Thereafter, the questionnaire was administered to customers for giving their response on banks service quality.

#### Methods of data collection

##### Primary:

- a. Observation
- b. Interview of branch managers & Customer

##### Secondary:

- a. Books
- b. Journals

**Research Data:** We have used primary as well as secondary data.

**Sample Size:** we have selected 100 sample sizes

**Research Software:** we have applied SPSS software for analysis of the data

**Research Area:** We have covered Indore city of MP

**Analysis:** Quantitative and Qualitative data Analysis.

### DATA ANALYSIS AND INTERPRETATION

Table 2. Profiles of the Customers

Parameters	No. of Respondents	Percentage (%)
<b>Gender</b>		
Male	65	0.65
Female	35	0.35
<b>Total</b>	<b>100</b>	<b>100</b>
<b>Age Group</b>		
Below 20	20	0.20
Between 20-30	30	0.30
Between 31-40	25	0.25
Above 41	25	0.25
<b>Total</b>	<b>100</b>	<b>100</b>
<b>Occupation</b>		
Students	15	0.15
Business	45	0.45
Service	20	0.20
Self employed	10	0.10
Others	10	0.10
<b>Total</b>	<b>100</b>	<b>100</b>



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**Table 2.** Profiles of the Customers (contd....)

Parameters	No. of Respondents	Percentage (%)
<b>Annual Income</b>		
Below 100000	36	0.36
Between 100000-200000	28	0.28
Between 200000-400000	16	0.16
Above 400000	20	0.20
<b>Total</b>	<b>100</b>	<b>100</b>

**Table 3.** Service Quality rating for Public sector and Private sector banks

Sr. No	Service Quality	Public Sector Bank (Mean)	Private Sector Bank (Mean)
	<b>Reliability</b>		
1.	My bank always promises to do something for us in time	2.27	4.0333
2.	My bank always help us to solve any kind of problem	2.64	4.0166
3.	My bank show us all errors records	2.0333	3.0666
	<b>Responsiveness</b>		
4.	Employee in my bank gives us proper services	2.8666	3.2666
5.	Employees are banks always ready to help us	2.15	3.85
6.	Employee are always treat us a family member in services	3.35	2.9
	<b>Assurance</b>		
7.	The behaviour are really good of employee	2.05	2.41666
8.	I feel always safe in money transaction	2.8833	3.356
9.	Employee of my bank always gives us answer very politely	3.25	3.5166
	<b>Empathy</b>		
10.	The staff of my bank properly understand my need and requirements	3.20	3.1834
11.	My staff always pay attention on me	3.08	3.45

**Table 4.** Distribution of bank customers by availing different services of bank

Services	SBI (n=100)	PNB(n=100)	HDFC(n=100)	ICICI(n=100)
Locker	30 30%	20 20%	10 20%	10 20%
Loan	15 15%	22 22%	30 30%	35 35%
Mail Transfer	-	10 10%	10 10%	10 10%
Cash Credit	-	-	5 05%	-
Gift Cheques	-	-	-	-
Issue of DD	25 25%	20 20%	15 15%	28 28%
Cheque of Clearing	20 20%	10 10%	40 10%	10 10%

**Table 4.** Factors Identified of Banking Services

Sr.No	Factors	Factor Loading
	<b>Traditional Banking Services</b>	
1	Open an account	0.703
2	Inquiry about tax deduction	0.709
3	Request for demand draft	0.708
4	Stop payment of cheque	0.665
5	Transfer fund	0.658

Table 4. Factors Identified of Banking Services (contd....)

Sr.No	Factors	Factor Loading
	<b>Online Banking Services</b>	
1	View your account balance	0.708
2	Print out your account balance	0.777
3	Bill Payment	0.701
4	Fund Transfer	0.692
5	Stop Payment	0.621
	<b>CRM Services</b>	
1	Better Communication	0.555
2	Speedy Problem Solving	0.501
3	Fast services	0.621
4	Co-operative with bank customers	0.603
5	Better Feed back	0.564

### ANALYSIS OF INTERVIEWING METHOD

We had asked certain questions too few respondents for identified the problems related to public sector bank as well as private sector bank. We found that, respondents gave us negative response for public sector bank. They identified following problems: They said that employees of public sector banks are not giving proper and fast services compare to private sector bank. They said that total environment of public sector banks are not so friendly compare to private sector bank. Employees are behaving very badly in some both types of banks.

### CONCLUSION

In this paper we have found that a customer gives highest impotence to reliability dimension. Within that reliability dimension they give more focus on how banks fulfill their promise and how they show interest to do work. In the table 1.2, it is clearly found that 30% respondents are availed with the locker facility and service. Only 5% respondents are availed with cash credit services from HDFC bank. Other facilities, like cheque of clearing service are availed by 40% percent respondents. From Analysis it was found that a customer gives second importance to responsiveness of bank employees. So, banks whether they are private sector bank or public sector bank they should give more focus on increasing reliability, responsiveness and assurance. For that they can give training to their employee which will help them to give personalized service. It will also help to implement empathetic approach. In the table 1.4 we have identified important factors of banking services. In the above table, the first factor reflects the information of traditional banking services and inquiry about the tax deduction have highest factor loading with 0.709. At present, banks are providing better online services and customer can also print out the copy of their balance. Even CRM also play very important role in the banking services and private banking sector are giving best CRM services compare to public sector bank.

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**A RIDDLE OF UNFAIR PRACTICES PROMOTING LIFE  
INSURANCE PRODUCTS AND ENTAILING  
UNCONSCIONABLE TERMS ON GULLIBLE CONSUMERS:  
A CRITICAL STUDY IN JURISDICTION OF PUNE**

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**ABSTRACT**

*Life has become more complex than never before and it has lead increasing demand for life insurance products. It is not only life but insurance business too, is taking a shape of complex industry with abundant life insurance products. With growing cut throat competition and lo survive in the industry, insurance companies introducing many new products with bend of advantages of different types of insurance products. Every company wants 10 capture major portion of the market, so on with the insurance agents. Insurance agents have set targets in front of them to achieve, it's a question of their survival and growth in monetary returns.*

*Insurers and insured people have conflicting interests. Law plays a very vital role in balancing these interests. The object of any regulatory framework relating to particular industry is basically to promote and develop the business Lo protect the interests of 'all stake holders fairly. Insurance regulatory framework is not an exception to It. Law should provide solutions to discourage unfair practices and terms with regard to life insurance products.*

**Keywords:** Instances of Mis-selling; International Status; National Status; Consumer Awareness

**INTRODUCTION**

Life has become more complex than never before and it has lead increasing demand for life insurance products. It is not only life but insurance business too, is taking a shape of complex industry with abundant life insurance products. With growing cut throat competition and lo survive in the industry, insurance companies introducing many new products with bend of advantages of different types of insurance products. Every company wants 10 capture major portion of the market, so on with the insurance agents. Insurance agents have set targets in front of them to achieve, it's a question of their survival and growth in monetary returns.

**RESEARCH PROBLEM**

It is observed by Governing Body of Insurance Council in its latest Report<sup>2</sup> that insurer parties and their agents are often play foul & 'mis-selling' has become a common feature in promotion of insurance products, especially in life insurance products. It is a need of the hour to curb this social evil. Not only that when due claims are made, they are rejected on any shady and unconscionable grounds, sometimes without proper investigation or without providing any just ground to do so. Insurer parties exercise its right to reject claim as a privilege, considering that insured doesn't have right at all lo get satisfied their claims. Despite order by Insurance Ombudsmen, similar nature of complaints has been

observed subsequently. It shows insurers are not serious about customer complaints & Ombudsmen orders.

### **Uberrimae Fidei : Duty of Disclosure- Is it one sided?**

It is open but disgusting truth that on large scale insurer parties engage themselves in false promises, wrong explanations, concealment of information & misrepresentation, it is observed that many complaints arise because customer is not made fully aware of the proper terms and conditions. Latin maxim *Uberrimae fidei*, which means utmost good faith, previously though imposed burden only on insured, the situation is changed now. According to jurists, it implies same duty from insurer also. In *LJC v Shankutrtalabai*<sup>5</sup>, the Andhra Pradesh High Court observed that the duty to show good faith falls on the insured as well as the insurer to an equal degree. This obligation seems to be not discharged by insurer companies generally.

When insurer expects utmost good faith, he should follow the same principle. No one should be allowed to take disadvantage of its own wrong, neither insured nor insurer.

### **Instances of Mis-selling:**

Practices like taking signatures on blank documents, false representations, very wide & ambiguous exclusion clauses, non- providing offer letters, not providing contact details, deliberately sending the policy document at insufficient address or not sending it at all to avoid option of Tree Look Cancellation<sup>1</sup>, non- disclosure of information, taking advantage of financial illiteracy of consumers, using very complex terminologies in policy etc. are some of the unfair practices observed by Ombudsmen in the Report<sup>6</sup>. Though maximum grievances arise because of non- reading of policy documents, reading blindly or without understanding the same doesn't serve the purpose. There could be many reasons for non reading like small font, providing contents in such a jumbling manner and using very technical or complex terms, so that consumer will be discouraged to read the same.

Insurance is essentially a contract and hence should satisfy the test of valid contract.<sup>7</sup> Freedom of contract is a basis for valid contract, if consent is obtained by misrepresentation or if the is lured by false promises, it should be voidable at the option of innocent. Informed consent or independent expert advice should be mandatory. Insurance agents can not lend such impartial advice; often they themselves are ignorant about implications of terms. They want to sell the products, so it can't be expected from them. *Qui facit per alium facit per se*, a Latin maxim which means, he who acts through another does the act himself. Considering the principle, insurer company shouldn't be allowed to escape from the responsibility for misrepresentations on part of their agents. Often after selling products, agents disappear or change the company, they couldn't be traced. This is again a common problem to be tackled.

It is argued that if consumers are allowed to return the policies on ground of unfairness, which is difficult to prove, it will lead to uncertainty in the industry. The answer to this question is, test to decide unfairness should be objective, guidelines can be definitely provided. It can be fairly said from decisions of the judicial & quasi-judicial forums like the Supreme Court, High Courts, Insurance Ombudsman, and Consumer Forums etc. that insurer companies incorporating terms which legally & ethically should not be a part of the insurance policy. They have failed to disclose information and lack genuineness in providing explanation. Exclusions clauses are misinterpreted to avoid claims. These all show, though IRDA & other regulators are doing a good job in protecting insurance consumers, in some respects they have failed and need to be worked more upon such issues. It is also observed that government/statutory insurance companies are blamed less and not much indulge in such practices, but private companies, who have sole motive to gain profit & profit only, engage largely in such practices.

Here the researchers wish to make a humble attempt to find out solutions for tackling above mentioned social evil.

### Interdisciplinary' Relevance

The research has interdisciplinary approach of law & commerce. The primary focus is to find out legal solutions to boost the insurance commerce. The insurance industry can't afford to lose credibility amongst consumers. To restore the faith & confidence of people, law must be proactive. Without delay and further damage to reputation of the industry, it is a high time to awake and spot the lacuna for removing the same, if necessary for overall development & public interest.

### LITERATURE REVIEW

Regulatory bodies, judicial forums, NGOs, research institutes are endeavoring to provide the solutions; still the problem subsists till today. The attempts have been made at international as well as national level. To summarize, following observations are made here.

**International Status:** U.K. a common law country like India if seen, has enacted two important pieces of legislations viz. Unfair Terms in Contracts Act 1977 & Unfair Terms in Consumer Contracts Regulations 1999<sup>s</sup> to tackle the problem of unfair terms & practices in contracts including insurance contracts. United Nations through a body named United Nations Conference on Trade & Development (UNCTD) keeping a watch on international insurance business. It is the only UN agency which has officially included insurance as one of its areas of working. There is also a body called International Association of Insurance Supervisors functioning for international cooperation and protection of insured.

**National Status:** Talking about Indian position, as it is a subject matter of Union List of Seventh Schedule in the Constitution of India 1950, the position of law is uniform throughout India. IRDA, Insurance Ombudsmen, Consumer Forums, other judicial bodies, executives, NGOs are trying to maintain the balance of industry. The governing laws namely Insurance Act 1938, Consumer Protection Act 1986, IRDA Protection of Policyholders Regulation 2002, IRDA other Regulations, Indian Contract Act 1872, Consumer Protection Act 1986 etc. are some of the amongst other laws dealing with given problem at present.

### SIGNIFICANCE OF THE STUDY

In one of the landmark decisions *Modern Insulator Ltd. vs. Oriental Insurance Co. Ltd.*<sup>10</sup> the Supreme Court of India stated that, "exclusion clause under the policy when not explained to the insured, then the same is liable to be ignored while considering the insurance claim."

The point is though judicial system is established, in country like India it is always misused/ abused by some parties for many reasons like unawareness of law amongst others, delay in justice, no satisfactory awards, difficulty in access to justice, time consuming, cost of justice etc. The challenge is to overcome all these problems as early as possible. It will not happen at once; gradually the plan of solutions should be implemented.

Consumer awareness, especially financial literacy is a must but the problem lies in means to achieve this object. Prevention is better than cure, it should be seen that people won't require to approach redressal agencies. A better system required to be evolved in terms of new regulations. If it is so evident that current system/ situation is being so exploited, it is asking for changes. Measures should be taken urgently considering the public element involved in the issue.

### OBJECTIVES

To curb any virus, diagnosis is important. Here the researchers will attempt to spot exact problems which need to be fixed, once problems are identified, measures can be provided accordingly. To elaborate more precisely statement of objectives can be further classified into below given headings

1. To find out unfair practices entailing life insurance products
2. To identify terms delaying or depriving claims which otherwise due or genuine in life insurance claims



3. To spread literacy of rules, regulations which govern insurance industry
4. To check the awareness amongst people in urban area
5. To analyze judicial decisions relating to the topic
6. To provide solutions curbing the problem

Scope- Here the researcher is restricting the scope of enquiry only to life insurance products and area of research shall be city of Pune.

### **RESEARCH METHODOLOGY**

It will be non- doctrinal & critical research, not restricted to any particular company.

#### **Secondary Data**

Reference Books, Research Articles, Reports by Govt. & Non-govt. Bodies, Judicial Decisions etc.

#### **Primary Data**

- i) Quantitative Data- Sample size 200 (Stratified Random Method) Technique - Questionnaire from Insured
- ii) Qualitative Data - Interview of Consultants, Lawyers, Insurance co. Executives, Insurance Ombudsman, Consumer courts Members, [RDA member etc.
- iii) Additional written material provided by insurance agents & policy holders

### **FINDINGS**

In light of above observations somewhere the market is turning into ugly trends, sophisticatedly called as 'mis-selling'. Insurance products are not cheap, rather they are very expensive. Consumers when buy them, it should be fairly presumed that they invest their hard earned money. The problem to be dealt in hand is how to curb the unfair practices played by insurers to promote or sell their products to genuine but economically illiterate and puzzled consumers. There is also alarming tendency amongst insurers to reject the claims by misinterpreting the exclusion clauses in insurance policy. Similarly, insurers try to retain maximum money by way of forfeiting the policy and or rejecting claims on any fishy grounds, they wish to keep returns for insured at minimal.

### **CONCLUSIONS**

Insurers and insured people have conflicting interests. Law plays a very vital role in balancing these interests. The object of any regulatory framework relating to particular industry is basically to promote and develop the business to protect the interests of 'all stake holders fairly. Insurance regulatory framework is not an exception to it. Law should provide solutions to discourage unfair practices and terms with regard to life insurance products.

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**BANKING SECTOR: CHALLENGES FOR PUBLIC SECTOR  
BANKS OF INDIA**

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**ABSTRACT**

*In Indian financial system Indian Banking sector is an integral part, which has undergone dramatic change ever since Liberalization, Privatization, and Globalization (LPG) has taken place. India is the largest country having many and varied financial institutions both public and private banks, who are controlled and governed by Reserve Bank of India, and Ministry of Finance. If we see the rich history of Indian banking sector, then it is not wrong to say that it was well-developed even prior to the independence of the country in 1947. The first bank in India, called The General Bank of India was established in the year 1786. The Bank of Bengal / Calcutta (1809), Bank of Bombay (1840) and Bank of Madras (1843) was established by the then The East India Company. The next bank was Bank of Hindustan which was established in 1870. At that time these three banks (Bank of Calcutta, Bank of Bombay, and Bank of Madras) were called as Presidency Banks. Allahabad Bank which started in 1865 was the first to be completely run by Indians. After independence, Government of India took an important step, by introducing reforms in the structure of Indian banks. In 1955, the Imperial Bank of India was nationalized and was given the name "State Bank of India", to act as the principal agent of Reserve Bank of India and was given the right / control to handle banking transactions all over the country. The Reserve Bank of India Act, 1934 provides the statutory basis of the functioning of the banks.*

*The main objective of reforms in India was to enhance the efficiency and performance of banks so that their economic standing also improves. In the early years of 1990's when the Government of India, opened the market through LPG, many private and foreign banks rushed to set up their business in India, as there was a gap (gap of service given by public banks and services expected). In order to pull up the socks and prepare our banking sector for this change, the Indian government started diluting its equity in Public Sector Banks (PSB) from early 1990s in a phased manner. In recent years the economist and banking sector specialist witnessed that though the public bank's infrastructure and size of business is too large and have enough experience, but they are facing the problems and difficulties from the functioning of private banks. Hence, public banks have begun to revise their growth approach and re-evaluate the prospects on hand to keep their economy rolling for their survival. The main point or focus is of survival for the public bank is to innovate and to take advantage of the new business opportunities and at the same time ensure continuous assessment of risks.*

**Keywords:** Liberalization; Privatization; Globalization; Risk Management; Open Appraisal System

### INTRODUCTION

Indian banks, to be specific the public sector banks are facing a number of challenges ever since the banking industry was opened up for private players. Actually, the public sector banks are governed by the norms and instructions of the Central / State Government, the political parties work for the masses, and want to gain more votes, so they don't give importance nor give the heed to the profitability of banks, etc. Thus the banks are forced to introduce social banking practices, which have resulted in increased non performing assets, decreased profitability and hampered the operational efficiency. The competition with private banks forced public sector banks to take up serious measures for improving profitability and efficiency of operations. It is rightly said that before opening up the market, the Indian public had only one choice for the banks i.e. public banks, but after opening up the market to the foreign and private banks, several private banks with better and fast services with pleasing marketing skills made the competition stiffer. Human resource management is the area where many initiatives were implemented for streamlining banking operations. In this research paper Human Resource Management challenges faced by public sector banks are analyzed and suggestions made are summarized. There are two factors, in which one can easily correlate the functioning of the banks. First factor is balance sheet, profitability and non-performing assets of banks. Another factor is the management of human resource, the way and method in which the management utilizes it.

In November 1991, The Narasimham Committee placed the report in front of the central government containing the reforms of the financial sector, which was later issued. These reforms aimed at improving the efficiency of the banking system, introducing transparency in operations, and ensuring that the sector is operating on a sound financial grip. The Committee came into conclusion that government sector banks are ailing with acute problems such as - poor loan recovery, weak capital position, high cost and low profitability, etc. and such problems were not aroused by / due to ownership i.e. they are government or public banks, but due to the various policies that are being practiced by the banks (Bery, 1994). The performance of the private and foreign banks has been stronger than that of the public sector banks. The reason is that private banks are not having the burden of a large network of branches, especially in low range of business areas, they have been able to introduce technology to upgrade operational efficiency, and their business strategy has concentrated more on high yielding and profitable areas. The non - performing assets of public sector banks is also high in comparison with their counterparts.

Lot of attention has been given to the performance evaluation of banks (Seifrd and Zhu, 1999). A number of studies were conducted to compare different types of banks operating in India based on different performance / efficiency criteria / factors from time to time. After the nationalization of banks were done, the position of public sector banks started worsening, which raised the concern. This resulted in that Reserve Bank of India formed number of committees, notably Tondon Committee in 1975, Luther Committee in 1977, Chakravarty Committee in 1986 and Narsimham Committee in 1991 which inter-alia examined various factors and gave number of suggestions to improve the efficiency of the banks in India. According to CRISIL study (2002) it was concluded that lower operating expenses improved the profitability of banks, contrary to the popular perception that only trading profits helped the banking sector shore up their bottom lines.

Human Resource Management is crucial to any business which is dealing with goods or service, and a bank is a service industry too, hence it has to give importance to its employees also and the system followed. There are two different kind of problems faced by the banks i.e. employees retention and management of risk. It is the question of, how you are managing the people and how you are managing the risks which determines your success in the banking business. Tackling risk efficiently may not be possible without skilled manpower. Though the interest rate on (deposits + loans) is important but, there may be other reasons / factors as to why people select and stay with a particular bank. Banks must try to distinguish themselves by creating their own niches, especially creating transparent working / situations with a high level of competitiveness. Those who do not meet the customer expectations or does not fulfill the demands will find survival difficult. Banks must communicative

and emphasize the services i.e. Unique Selling Proposition (USP) in order to attract and retain certain customers. Services should be consistent, novel; internationally acclaimed, socially responsible, etc. be emphasized and to be worked upon.

Since 1994, the performance of the private banks is growing up steadily; it is proved that in the period of (1995 – 2000) it saw the highest turnover for the private sector banks i.e. 25.8%. The growth of employment opportunities in the private banks was also higher, despite turnover rate was also high which shows clearly aggressiveness, the main focus of banks was technological up-gradation to reach a wider customer base and to offer a variety of financial services. The second distinguishing feature of employment practices in the private banks is the structural composition of the banking sector employees. There are three categories in banks – officers, clerical, and subordinate staff. The growth rate in the commercial banks from 1990-91 to 1994-95 was 1.21% in overall employment. It declined to – 0.27% during 1995 to 2000 as the banks started downsizing. The employment rate also declined amongst the clerical and subordinate staff too. For the officer's cadre the growth in employment was 1.81% in the first half of the decade and this declined to 0.89% in the latter half of the decade. For the clerical staff, the growth in employment was 0.80% in the first half of the decade and this slipped to – 0.89% in the second half of the decade. The growth in employment of subordinate staff also declined significantly from 1.41% in the first half of the decade to – 0.34% in the latter part of the 1990's.

The recruitment in public sector banks was standardized with the introduction of the Banking Service Recruitment Boards in 1978-79 by the government having directives to restrict intake and to improve the productivity. The Narasimham Committee urged the banks by allowing them to make their own recruitments, as special skills were required and to allow clerical recruitment to continue to take place through the boards. At present the subordinate staff is selected through the local employment exchange. For officers and clerical staff the number of vacancies are determined depending on business growth of a particular bank i.e. - branch expansion, existing pattern of staffing and wastages. The promotion of workers in nationalized banks from subordinate staff to clerk and from clerk to officer is the discretion of a particular bank.

In July 1973 the Government of India appointed Pillai Committee to standardize the pay scales, allowances, and perks of officers, which submitted its report in May 1974. With certain modifications, the suggestions were adopted resulting that Officers Service Regulation came into force. The Pillai Committee noted that to remove frustration and bring see through norms in the promotions for the meritorious employees, the scale system should be introduced i.e. Top Management (2 scales), Senior Management (2 scales), Middle Management (2 scales) and Junior Management (1 scale). The Pillai Committee recommended promotions to at senior and middle level should be on merit basis, having weight-age given on service record, professional qualifications, etc. The merit rule thus replaced the seniority rule for promotions in middle and senior positions.

It was in mid 90's when the private sector banks entered into the market, the period between 2002 - 2007 was golden period as these banks grew by leaps and bounds. They have increased their incomes, profit margins, asset sizes and outperformed their public sector counterparts. The private sector banks include Axis, HDFC, and ICICI, etc. whereas the public sector banks consists of 19 nationalized banks, IDBI bank and State Bank group. In conclusion, we may say that the human resource of the banks have enabled or created the vast gap of performance among two sectors. In order to achieve better results and remain competitive in a highly volatile and regulatory environment, this capital of human resource with better policies should be formed and practiced.

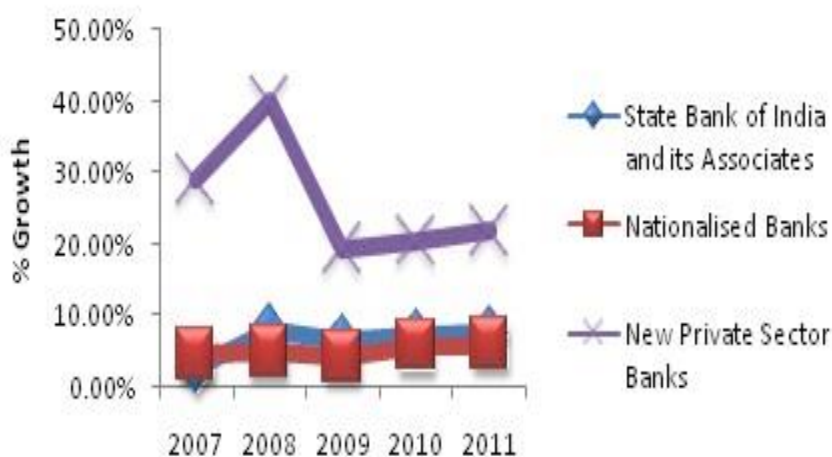
### OBJECTIVES

1. To examine the reforms done, and problems faced by the Indian banking sector after LPG.
2. To study the human resource policies practiced by public and private sector banks.
3. To review the financial performance of public, and private banks in India, and to enquire about the areas where public banks lack behind their counterparts.

- To know the threats faced by both public and private sector banks in terms of business and for their employees.

### Banks Network

In order to penetrate in the market and amass more and more share of market, banks have created network of branches and ATMs as their strategy so that they can continue to enlarge their geographical area with potential for growth. Indirectly the banks will serve the public and thus it will suffice growth of their businesses too.



Source: RBI

If we see the above graph, it clearly shows that % increase of growth of private sector banks against their counterpart's i.e. public banks (State Bank of India and Nationalized Banks) in the year 2008 it touched 40% and their counterparts i.e. public sector banks are on average 10% since 4 years (2007 – 2011). The private sector banks are spreading its wings at a much faster rate than public sector banks. The customer base of these banks has grown manifold since they are able to provide innovative services to the customers at a much faster pace. This is leading them to capture more market share and eating up some of the share of their public sector counterparts.

### Banks Growth

Each and every bank (private or public) aims to grow and it may be judged by various parameters i.e. asset base, customer base, net profits and less NPAs and many others.

	% Growth in Balance Sheet Size		% Growth in Total Income	
	2010	2011	2010	2011
<b>Private Sector Banks</b>	10.86%	23.51%	-2.19%	14.63%
<b>Public Sector Banks</b>	17.93%	19.21%	12.46%	16.71%

Source: RBI

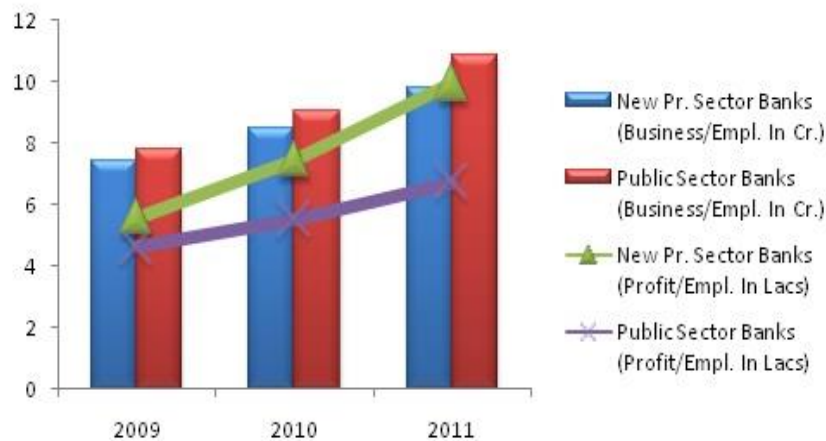
The public sector bank's balance sheet and income grew at a normal rate during 2010 – 2011, but comparing with private sector banks, the rates or percentage has shown phenomenal increase during 2010-11 that shows their ability to do profitable business.

### Productivity

Productivity is one of the measures of judging the efficiency of banks. This growth or rate is important to the banks because it means that the banks can meet its obligations to employees, shareholders, and governments (taxes and regulation), and still remain competitive in the market place. As in other



businesses or organizations, in the banking industry too, the productivity is measured by profit per employee, business per employee.

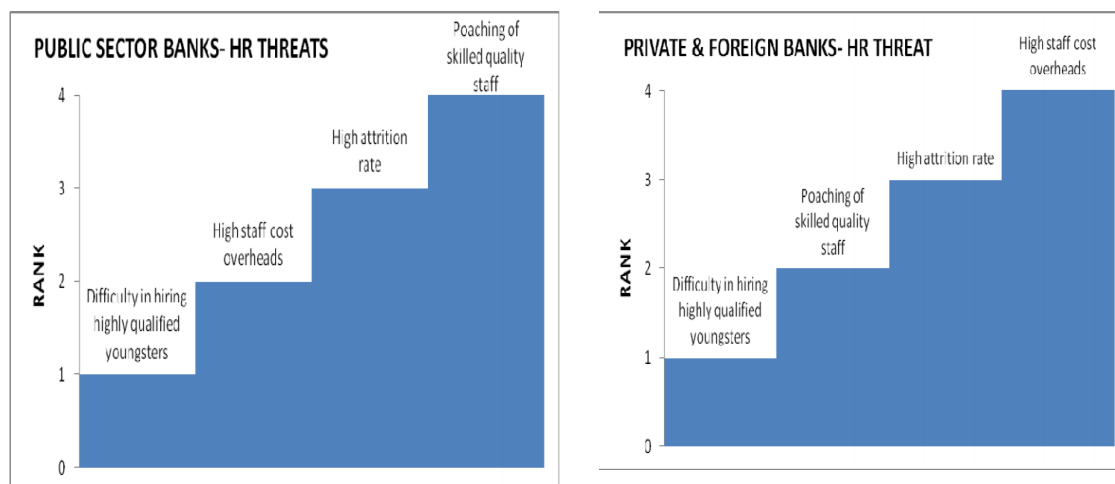


**Source:** RBI

The ratios given / shown sometimes may mislead, since private banks smartly improve their ratios by trimming their employees during recessionary environment. This is because during the period of 2009 – 2010, when the balance sheets and profits of private sector banks declined, still they managed to keep up the productivity rates higher. This was only possible when there is large lay-off of employees which is actually what had happened with these banks during the period 2008-10. It was only during 2010 and after when the business of banks started picking up again, and then they started to hire employees. Overall public sector banks scores higher when it comes to employee retention which is also evident from the graph.

It is correct that during latter half of 1990's the profitability of the public sector banks improved in relation with the performance of the private and foreign banks. However, the share of the total deposits raised by public banks declined and private banks attracted deposits at more favorable net interest rates. Private banks have adopted better risk-management practices and this resulted in increased prudence on their part which led to greater expenditures on provisioning which has reduced their profitability. Moreover, private banks give importance to technological up-gradation as to provide better customer support and manage assets better. The turnover per employee in the private banks also improved over the decade and relative to the turnover per employee of public sector banks by the end of the decade it was twice the figure for the beginning of the decade. Private banks improved their efficiency relatively faster during the course of the decade, and public banks lagged behind.

Change is the only constant feature in this competitive world and banking is not an exception. Adjust, adapt and change should be the key mantra for the survival in the market. The major challenge faced by banks today is the ever rising customer expectation and maintaining the market share with growth rate. Till now, public sector banks that were a dominating force in the Indian banking industry have lacked a proactive HR environment. Banks are beginning to recognize human resource as an area of core competence, and seek to pursue and retain the best talent in the industry. It has been realized that skill development is important for staff, so that the resource may stay and attrition rate is decreased. In order to keep the employees motivated and develop them, the banks are tying up with professional agencies for in-house training.



Source: FICCI

As per the report of Federation of Indian Chambers of Commerce & Industry (FICCI), Indian Banking System: The Current State & Road Ahead, Annual Survey 2010, clearly states that the major challenge faced by banks (private and public) today is not only the ever rising customer expectation, but poaching of the skilled / experienced employees and high attrition rates are some of the common problems faced by both types of banks. Thus, on the whole, we see that public sector banks, private sector banks face difficulty in hiring the right person and to retain them for a longer period.

**Table: Staff Expenses (Payments to and Provisions for Employees) of Public Sector Banks versus Private Sector Banks**

Year	Public Sector Banks		Private Sector Banks	
	Staff	Cost per employee (Rupees)	Staff	Cost per employee (Rupees)
1998-99	8,83,648	1,67,940	60,777	1,69,307
2002-03	7,57,251	2,70,426	59,374	3,54,532
2003-04	7,52,627	2,97,903	81,120	3,17,308
2006-07	7,28,878	3,81,449	1,37,284	3,83,439
2007-08	7,15,408	4,00,611	1,58,823	4,47,920
2008-09	7,31,524	4,72,493	1,76,339	4,83,501
2009-10	7,39,646	5,55,874	1,82,520	5,16,491
2010-11	7,57,535	7,15,914	2,18,679	5,63,154

Source: RBI Bulletin 2012

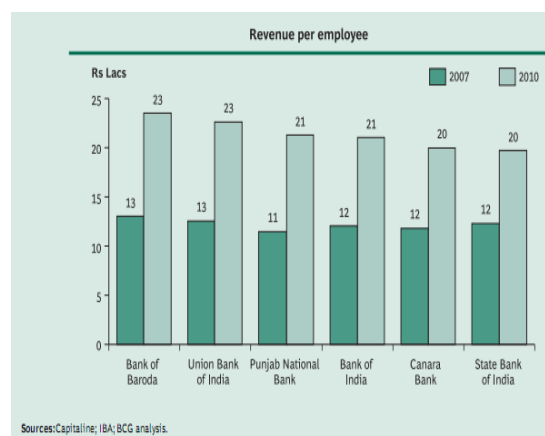
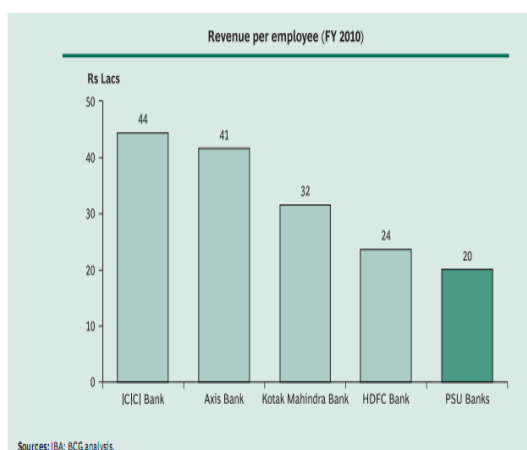
As per the bulletin published by the Reserve Bank of India during 2012, the table suggests that public sector banks are no longer the major employment providers as they used to be; now the private sector banks have more scope for employment. The employee strength of PSBs has gone down or remained static between 1998-99 and 2010-11 but that of private sector banks have gone up. As per the reports the per-employee expenses of PSBs is higher than that of private sector banks, which is around 130% higher during 2010 - 11. The main difference between public and private sector banks is their work culture and the spirit (what purpose they are doing the business). It has been observed that the work culture of public sector banks is based on socio-economic responsibility, in which profitability is secondary. On the other hand, private sector banks work towards profitability and work culture is purely of corporate style. Management of human resource in any organization is the utmost priority

and should be handled with care, as it is scarce both in quality and quantity. And, it is a basic principle that any resource that is short needs to be properly utilized for the benefit of society in large and, therefore there is need to pay attention to the process followed. This is more relevant for public sector banks today on the following grounds / areas.

- Planning
- Acquiring the right people
- Retaining / developing the people
- Managing people separation / exit

Each and every bank whether it is private or public is using human resource to gain competitive advantage, in which career planning and appraisal system is playing a pivotal role, which is beneficial for both i.e. employees and employers in the long run. In private banking system, employee can progress on the basis of his / her performance but in public sector system he / she gets promotion as per policy. It is suggested that the bank should introduce "open appraisal system" wherein the marks awarded to the reviewer must be disclosed. In many organizations open appraisal systems are working. Mostly promotions are given in accordance with the performance of the job. It is suggested that employee potential should be evaluated based on objective assessment and not on the time / years of service or any kind of reservations. Transparency in evaluation and promotion policy is suggested, as poor policies will hamper the growth and good one will motivate and retain the manpower.

Though the public sector banks have entered in the competitive decade (after opening of the market) with their private sector peers but they have still having / carrying certain lacunas in human resource department, policies or in the system. The HR challenge of public sector banks has reached a tipping point. The public sectors banks have a rich heritage of several decades, but still the banks are suffering, and is predicted that they will witness exceptional loss of skills and knoweldge in the form of retiring / poaching of senior and middle management executives. To counter this problem, the signifant challenge for the public sector banks is reskilling the present employees, attracting and retaining fresh talent, curtailing the growing employee costs, etc.

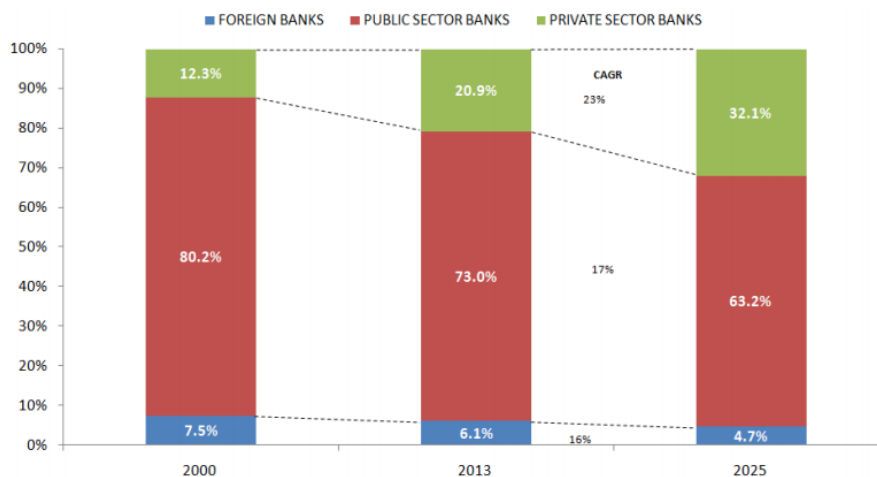


This raises the challenge for the public sector banks today: the banks have to induct talent in the form of fresh employees, and utilize the human capital properly for creating competitive edge and gain the market share. Even excluding their outsourced staff, private sector banks are among the top employers today with comparable employee strength to the public sector banks. The above chart which is taken from IBA; BCG Analysis, shows that PSU's revenue per employee is lower i.e. only Rs. 20 Lakhs, than the private bank's revenue i.e. Rs. 24 – 44 Lakhs. There is one key difference however: the aging profile of public sector manpower cannot match that of the private sector in product segments that require aggressive selling or significant technology dexterity.

Since, the introduction of private banks or ever since the customers have observed / felt the vast differences in services which are far better, etc. the perceptions of general public is against / negative for public sector banks, as they are outdated. But it is not true, the reality is far from it. If we study the records, most public sector banks have doubled their revenue per employee in the last three years, so that their productivity of the public sector banks can be compared with private sector counterparts. Basically, to increase the productivity level private sector banks outsource a significant part of their manpower, hence the result is better results. If outsourced manpower is factored in, the productivity gap would be less as shown it is shown / presented to the world. Aiming for 100% similarity among both type of banks is not feasible as both have different objectives, one is working for social cause and another is working for mere profit.

There are many factors, on which we can say that the public sector banks are facing problems, such as lower profitability and productivity ratios than private sector banks, they have lost significant market share, and their asset quality is also weaker, in some cases worsening to grave proportions. More alarmingly, several projections for the future made by research analysts who study Indian banks, suggest that the pain could worsen in the next few years, necessitating a large recapitalisation of the public sector banks. These levels of recapitalisation will prove challenging to any government which strives to achieve fiscal consolidation, and it is therefore in the government's own interest to revamp the approach in which these public sector banks are being governed and managed.

For the individual's career growth and the development, it needs a consciously planned effort on the part of the individual and the same cannot be left to chance. According to (I.K. Kilam, 2012) study conducted, the bank employees i.e. 14.12% of them have stated that they faced career hurdles / barriers / obstacles, while 64.12% employees stated that they came across such hurdles. Nearly 81% respondents perceived that private sector banks had better career planning & HRD system as compared to that in Indian public sector banks. This has forced Indian public sector banks to review their HR policies, so that they can keep pace with the changing times.



**Trend / Market capture of Public & Private sector Banks**

If we closely look the history / trend, of public sector banks and compare it now with other private banks, we can easily analyze how the public sector banks have weakened, and can predict as to how they may continue to worsen further, unless there is an major change (introduce corrective actions and policies) in their governance, functioning. The chart shows that from 80% of market, which was with the public sector banks during the year 2000 came crashing down to 73% in the year 2013, and if nothing is done or corrective actions are not taken it will go down to 63%. If we want that public sector banks should regain, than it should be managed efficiently. The board comprising of directors, economist, etc. should focus more on various strategies to bring down the risk mitigation, and non performing assets, etc. and increase the overall profitability by devoting more attention towards

business development. They should brainstorm the sessions and introduce technological innovations that may be used to bank upon the customers.

The private sector banks are more nimble for using new technologies to come closer, faster and smarter towards their customers with better services. A range of internet banking applications has already been introduced in mobile phones, smart phones and various innovative applications offering convenience to the customers. This has compelled public sector banks further to change their age-old strategies and made them to catch up with new technologies.

Challenges for Public Sector Bank	
Human Resources Management	<ul style="list-style-type: none"><li>• Training and Competence of Employees</li><li>• Change of Mindset</li><li>• Shortage of Professionals</li></ul>
Marketing Environment	<ul style="list-style-type: none"><li>• Identification of Customers &amp; Placing them in the Right Segments</li><li>• Competition</li><li>• Regulation</li></ul>
Product Development	<ul style="list-style-type: none"><li>• Quick Roll-out</li><li>• Innovation and Customization</li></ul>
Information Technology	<ul style="list-style-type: none"><li>• User Friendly Technology</li><li>• Financial Planning based CRM</li><li>• Customer Service Support</li></ul>

There are four main challenges faced by the public sector banks (shown above), which are termed as 'game changers'. If these areas are covered by the public banks and all the strategies are based upon them, then these banks will give stiff competition to their competitors, i.e. private banks.

1. Human Resource Management – Give best and current training to the employees, so that they are charged to take the market. Private Banks change the mindset of their employees, by providing the best technology, latest training and development sessions, (staff meetings / brainstorming sessions / study circle / quality circles, etc.). Public banks should try to lose some burden, by opening up for outsourcing. The regular / permanent employees are the burden on the public sector banks in terms of salaries / perks, etc. On the other hand in private sector banks, majority of employees work through agencies i.e. Human Resource Agencies, leaving less financial burden.
2. Marketing Environment – Public sector banks are still running their business on their terms and conditions, in other words they are rigid, and they are lacking the pace with the wants of the public. On the other hand private sector banks, know the demand and supply gap of the services, on which they are playing the game. The private sector banks are giving a lot of services / facilities, introduced several new schemes, etc. finally taking some market of Indian banking sector with them. This created loss of both profit and image of government-controlled public sector banks. Now the public banks are forced / compelled to change their way of style of working, by which they are now giving the services as per the requirement of the general public.
3. Product Development – Due to government control, the public banks have red tapism. In other words a lot of paper work / permission etc. has to be taken in order to launch a new service / scheme. This cannot roll out the services quickly. Innovation is nil in this type of system, age-old methods / system is used. Hence, quick and efficient with effectiveness is lacking in the customization field. The banks, in order to survive and give better results (latest services, having new features and concepts) should change the mind set first, shorten the steps and clear

/ launch the services which are lucrative / easy (time and cost saving), and which should benefit the masses.

4. Information Technology – Banks in order to be friendlier, should use and install user friendly technology, giving more priority on the support system for the customer services. This will bring back the lost customers and build their confidence. As this is the age of computers / internet, each and every educated prospective client / customer wants the services quick and easy to use.

### CONCLUSION

It can be concluded that most of the private sector banks due to their corporate style / strategies / policies have shown better performance than their public sector counterparts during the period 2009-11. The public sector banks, though having rich legacy and enough experience with a large span of services area is lagging behind due to the age old policies, government interference, etc. The main reasons or the factors that should be taken care of for their better performance are noted down; these are some of the reasons as to why the private sector banks are taking a lead:

- Banks should give importance towards net interest income margin and fee income; in this private banks are taking a lead against their counterparts.
- The credit-deposit & investment-deposit ratio of banks should be increased, in order to have better financial position. Private sector banks have higher ratios than their counterparts.
- For the public sector banks the operating cost, expenditure on per head basis, etc. should be reduced and income / profit per head should be increased. Due to inefficient policies in this factor too, public sector banks lagged behind with new private sector banks.
- The Return on Equity (ROE) should be taken care off, so that it will have better asset quality.

Time has come for the government to pay attention to this vital aspect, which has raised the questions on the survival of public sector banks and the way of functioning. The public sector banking system in India is standing at an important cross road. Time has come to take decisive moves and initiatives to be taken in order to regain the faith of general public. The time is ripe for leaving the old baggage and taking bold measures. These actions will chalk out the future path of public sector banks, and will tell whether they lead towards retaining the lost position of preeminence in the banking space or would they still face the pressure from their peers in the private sector.

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**SPIRITUALITY AT WORK PLACE: A MACROSCOPIC SHIFT  
FROM BUSINESS TO ETHICS**

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**ABSTRACT**

*Conversations about workplace spirituality are becoming more frequent, which is raising the awareness about ethical responsibility. There are intensifying questions about the appropriate definition for the S-word at work place. Some call it religious change, some diversity and others call a mode of marketing for spiritual gurus. However, the growth of workplace spirituality is widely based on one's personal responsibility towards the building of a mechanistic work environment to enhance spiritual and mental growth. Spirituality needs to be practiced for development of ethical leaders at workplace. Walter Earl Flucker an expert in the theory and practice of ethical responsibility quoted in his work Spirituality, Ethics and Responsibility "Spirituality demands that leaders cultivate and nourish a sense of self that recognizes the interrelatedness of life or a sense of community".*

*The study has been designed with the perspective to analyse the rising importance of spirituality at workplace. The paper has been divided into five parts: Introduction; Interdependence between Spirituality, Ethics and Business; Spirituality and Workplace: A Contemporary View; Emergence of Virtuous Leaders; and Conclusion.*

**Keywords:** Spirituality; Workplace; Ethics; Leadership; Management

**INTRODUCTION**

"Spirituality is the highest form of personal, political and social consciousness. It is important to use spirituality wisely and well in the 21st century - which will be a time of bridging ancient wisdom into the creative tapestry of contemporary times."<sup>12</sup>

A general believe is that spirituality is tied to religion, but there is a lot more to it than just following religion and believes and thus, aiming to be "a good person". Others would say that it's simply embodying their personal values of honesty, integrity, and good quality work. Again others would say it's treating their co-workers and employees in a responsible, caring way. While, for some it means participating in spiritual study groups or using prayer, meditation, or intuitive guidance at work.<sup>13</sup> Spirituality has been making their business socially responsible in how it impacts the environment, serves the community or helps to create a better world. Quite a few business people these days are comfortable using the word "spirituality" in the work environment, as it's more generic and all-encompassing than "religion." Instead of emphasizing belief as religion, the word spirituality emphasizes on how the values can be applied and embodied. However, there are some who are not comfortable with the word spiritual and prefer to talk more about values and ethics when describing the same things that others would call spiritual. Key spiritual values embraced in a business context include integrity, honesty, accountability, quality, cooperation, service, intuition, trustworthiness, respect, justice, and service.<sup>14</sup>

Spirituality is also a discipline that places emphasis on practice; it is something that we do. Prior to any act of cognition, spirituality has to do with the practical and day-to-day encounter with others and at same time focuses on being friends and strangers, comrade and opposers, individual and collective, divine and demonic.<sup>1</sup> In its active dynamic expression, spirituality has been life-generating and disfiguring. Using these indicators, spirituality can be viewed from three perspectives: a) formal notions of spirituality that are related to established religions; b) informal notions of spirituality that are "self-actualized" or self-defined by individuals or small groups that may or may not be associated with an established religious institution; and c) philosophical or ethical notions of spirituality related to values and perceived goods, (e.g. truth, beauty, justice, etc).<sup>2</sup> Spirituality is the core of the inner and social lives of ethical leaders. It informs the relationship between the private and public spheres of leadership at the intersections where worlds collide.

**OBJECTIVE OF STUDY:**

The study has been framed with the following objectives:

1. Analysing the emerging role of spirituality at workplace.
2. Appraising the rising interdependence of spirituality, ethics and business.
3. A macroscopic view of the importance of ethical behaviour among the managers.

**Interdependence between Spirituality, Ethics and Business**

Today there's an emerging movement around the country to bring spiritual and ethical values into business. Many people no longer see profit alone as the bottom line. Instead they honour a "triple bottom line," a commitment to "people, planet, and profit." Since the beginning of the 20th century, there has been an increasing focus on the spirit, spirituality, and spiritual phenomenon in Western society. Lately, this focus has shifted to the modern workplace influenced from numerous articles and books, who have been championing the role of spirituality in improving organisations, markets and economies, and subsequently all of society. Contained within this discourse is the notion that spiritual individuals are ethical in business, and consequently, are of significant benefit to an organisation.<sup>15</sup>

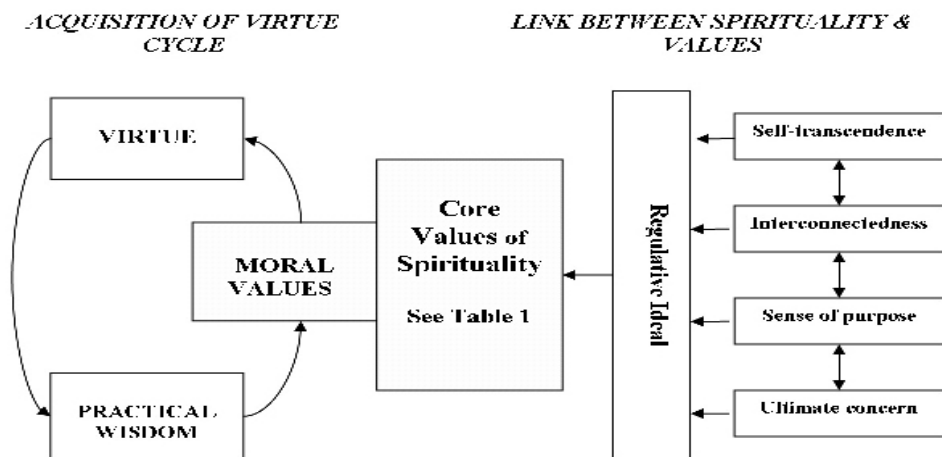
Spirituality can be termed as the actualisation of an inherently human capacity. It is actually about "becoming a person in the fullest sense", as one authentically quests for their ultimate value. Consequently, in principle at least spirituality may be equally available to every human being seeking to live an authentically human life. There is also ample evidence to suggest that spirituality has become a real thing. While an individual's spirituality is undoubtedly a personal experience, it is a subjective encounter with a spiritual reality, and to remove this reality has to eliminate the contribution to the content of the individual's experience. The core values of spirituality are moral values to the extent that they resemble the objective moral goods of human nature.

Ethics is an individual's moral judgements about right and wrong. Decisions taken within an organisation may be made by individuals or groups, but whoever makes them will be influenced by the culture of the company. The decision to behave ethically is a moral one; employees must decide what they need to think for the right course of action, as well as simultaneously attract customers. Thereby boosting sales and profits as the employees want to stay with the business, reduce the labour turnover and therefore increased productivity shall attract more employees wanting to work for the business, reduce recruitment costs and enable the company to get the most talented employees attract investors and keep the company's share price high.<sup>16</sup>

Spirituality and profitability have become mutually exclusive nowadays. Bringing ethics and spiritual values into the workplace has lead to increased productivity and profitability as well as employee retention, customer loyalty, and brand reputation, according to a growing body of research. In addition spirituality has become a direct way to boost loyalty and enhance morale at workplace. Conversely, growing number of business people want their spirituality to be more than just faith and belief – they want it to be practical and applied. Thus, the employers are seeing spirituality as a medium to bring the

whole selves to work - body, mind and spirit. They have bottom lined the business on the tagline of “do well by doing well.”<sup>17</sup>

People at all levels in the corporate hierarchy increasingly want to nourish their spirit and creativity. When employees are encouraged to express their creativity, the result is a more fulfilled and sustained workforce. Happy people work harder and are more likely to stay at their jobs. A study of business performance by the highly respected Wilson Learning Company found that 39% of the variability in corporate performance is attributable to the personal satisfaction of the staff.<sup>10</sup> Spirituality was cited as the second most important factor in personal happiness (after health) by the majority of Americans questioned in a USA Weekend poll, with 47% saying that spirituality was the most important element of their happiness.<sup>11</sup> Across the world, people increasingly want to bring a greater sense of meaning and purpose into their work life. They want their work to reflect their personal mission in life. So, many companies are finding the most effective way to bring spiritual values into the workplace is to clarify the company’s vision and mission, and to align it with a higher purpose and deeper commitment to service to both customers and community.



Source: Electronic Journal of Business Ethics and Organization Studies

### Spirituality and Workplace: A Contemporary View

Workplace spirituality has been a popular topic in the academic community over the last decade. There are three dynamics which have contributed to the lack of integration between strategic leadership and spirituality, viz. lack of clarity regarding the level of analysis, a focus on the interpersonal aspects of spirituality, and the dangers inherent in examining spirituality and leadership. Spirituality in the workplace is communicated and reinforced through the institution's leaders, organizational culture, policies and work design among other factors. Sensitivity and interest in the person (employee) must be common to all approaches. It may be noted that all of a sudden spirituality has caught popularity and profits.<sup>3</sup>

Downsizing and greater demands on remaining workers has left them too tired and stressed to be creative -at the same time that globalization of markets requires more creativity from employees. To survive into the 21st Century, organizations must offer a greater sense of meaning and purpose for their workforce. In today’s highly competitive environment, the best talent seeks out organizations that reflect their inner values and provide opportunities for personal development and community service, not just bigger salaries. Unlike the marketplace economy of 20 years ago, today’s information and services-dominated economy requires instantaneous decision making and building better relationships with customers and employees. Also, spending more time at work means there is less time available for religious activities. The New York Times recently reported that a growing number of companies are allowing employees to hold religion classes at work. This accommodates busy professionals who are pressed for time and afraid they have abandoned their faith. Many people are feeling more



comfortable in the public expression of their faith. Another factor in the popularity of spirituality at work is the fact that there are more women in the workplace today, and women tend to focus on spiritual values more often than men.<sup>4</sup>

When employees are encouraged to express their creativity they feel more valued and connected to the company. In this part of the world employee creativity is in many cases stifled or restricted by superiors. Staffs are requested to follow very strict and many times incoherent rules (whether they make sense or not seems not to be questioned by those who devise such rules) and negative or critical customer feedback hardly seems to make it to the decision and policy making ranks of private or government companies. Therefore, in such situations applicability of spirituality might help to overcome the negativity, as the participation of employee's increase.<sup>5</sup>

### **Emergence of Virtuous Leaders**

Virtues are attitudes, dispositions or character traits that enable us to be and to act in ways that allow us to pursue our human potential for moral excellence. They permeate our state of being and dispose us to action. The possessor of virtue is a morally good person. Virtue enables us to have the appropriate emotions and inner states as well as moving us to act in a virtuous way. Virtues develop through learning and practice. The road to becoming virtuous requires a person to be consistently motivated by moral goods in their actions. After a time of repeating such actions, they acquire good habits.<sup>6</sup>

However, virtues are not just habits. They are habits in that once acquired they become characteristic of a person. The more virtuous a person is, the more morally upright they are. In other words, their will is directed towards moral good. There is certain strength in a will that enables it to choose the moral good with ease in situations that would severely test ordinary people. This rectitude of the will influences the clarity of the intellect, enabling it to perceive what virtue demands in a particular situation. The core values of spirituality are moral values to the extent that they resemble the objective moral goods of human nature. Therefore a virtuous person perceives that it is worthwhile to live according to moral values. A spiritual person's mindset is similar to that of a virtuous person.<sup>7</sup>

Spirituality acts as a regulative idea which generates an embedded network of specific moral values that represents an 'internalised disposition' to act and be motivated in particular ways addressing an spiritual individual's conception of what makes for excellence, in terms of their roles and responsibilities. This idea shall provide a standard that informs judgement and helps to govern moral choices made in the context of daily working practice. It can be a reference point that might help to regulate both motivation and conduct, so that a spiritual individual tends to conform to their internalised conception of good or excellent spirituality. To put this differently, motivations, decisions and actions that harmonise with a person's regulative idea are appropriate and practiced, while those that clash with it are rejected.<sup>3</sup>

Authentically spiritual individuals exercise certain virtues. These virtues are the outward workings of an inward mindset—their internalised regulative ideal. The individual provide their work organisations with significant advantages as they exercise these virtues in their work context. Perhaps, at least partially, they see work as a calling not just a job; and it is a job in which they want to do the best they can with humility while respecting others for example. The spiritual individual's quest for a higher purpose, personal meaning and transcendent values in their workplace does not equate to an outward focus only; it rather creates a desire to integrate the self. For such individuals, spirituality is just a state of being, a process towards wholeness. Being virtuous is about seeking a fulfilled life, not just for others, but also for oneself. This internal focus leads to a number of outcomes that also indirectly benefit the organisation.<sup>8</sup>

### **CONCLUSION**

Spirituality, builds the understanding of being deeply connected. Being in touch with spiritual principles and values helps to stimulate the moral imaginations of individuals and can provide depth of

understanding of the many ethical problems that arise in business. The spirituality in business movement is one of the hopeful signs that business, as the most powerful institution in world today, may be transforming from within. What is emerging is a new attitude towards the workplace as a place to fulfil one's deeper purpose. As World Business Academy cofounder Willis Harman remarked, "The dominant institution in any society needs to take responsibility for the whole, as the church did in the days of the Holy Roman Empire." Each day, more and more business people are helping to create a better world by being more socially responsible in how they treat people and the environment. They are proving that spirituality helps, rather than harms, as "Work is love made visible."

Finally the study concludes that spirituality has become the life-blood of business in the recent times. Spiritual people are empowered (and empower others) to look beyond self-interest to make a difference in and a contribution to society as a whole. Virtue is also useful in recognising and minimising the potential problems of some inauthentic spirituality. Thus, spirituality forms an internalised general regulative idea, based on four common aspects of spirituality: self-transcendence, interconnectedness, meaning and one's ultimate concern, that governs what individuals perceive and value and how they act. These moral values practiced over time become virtues. Spiritually virtuous individuals contribute significant benefits to organisations.

It can thus be concluded that a strategic leader's spiritual beliefs acts like schemas to filter or frame the information the leader considers, and that the influence of those beliefs is mediated by the leader's constructive development and meta-belief and moderated by organizational context and leadership style. It is hoped that this framework can provide a foundation for future efforts to develop a multi-level theory of spirituality and leadership.

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**A STUDY OF BANKER'S PERCEPTION FOR THE FACTORS  
WHICH BANKS DELIVER TO CUSTOMERS IN  
BANCASSURANCE**

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**ABSTRACT**

*“Bancassurance” in its simplest form is the distribution of insurance products through a banks ‘distribution channels. The life insurance industry in India has been progressing at a rapid pace since opening up of the sector in 2000. Due to integration of global financial markets, development of new technologies, universalization of banking operations and diversification in non-banking activities, the business of banking around the globe is changing. This study tries to analyze those factors which are delivered to the customers under bancassurance and also the psychological mind set of the bankers as what they do for the fullest satisfaction of the customers receiving the services of the banks.*

*This study would help not only to the banks or the insurance companies but also to the distributors or sales personnel who try hard to convince the customers and would keep in mind those factors which positively or negatively affect the mind set of customers as well as bankers.*

**Keywords:** IRDA; Banc Assurance; Banker Perception; Quality and Innovation

**INTRODUCTION**

**Meaning and Definition of Bancassurance**

The banking and insurance industry have changed rapidly in the changing economic environment throughout the world. Together Banking and Insurance Industry contributes about seven percent GDP of our economy. The increased pace of market competition due to liberalization and privatization forced life insurers to be competitive by cutting cost and serving in a better way to the customers. In view to reach huge untapped market, the concept of Bancassurance was introduced by the IRDA.

In simple terms, Bancassurance means that the insurance company and the bank come together to offer insurance products from the counter of the banks to the common person who is the bank's customer.

It is a new and an emerging model of channel of distribution adopted by almost all the life insurance players to increase the market share and insurance penetration. The word Bancaassurance is a word derived from two French words Banque meaning Bank and Assurance which denotes insurance. These two words have joined to form the word “Bancassurance”. “Bancassurance refers to banks acting as corporate agents for insures to distribute insurance products”. IRDA

Swiss Re (2007) “Bancassurance can be generally defined as the joint effort of banks and insurers to provide insurance products and services to the banks’ customer base”.

According to Low no. 32/2000, the term bancassurance has also been defined, ”intermediary activity of the insurance products which are complementary to the products of credit and non-banking financial institutions, taking into account the terms stipulated by the issued rules putting the law into operation”.

Some of the examples of Bancassurance are given below:

Birla Sun Life Insurance	Bank of Rajasthan, Andhra Bank, Bank of Muscat, Development Credit Bank, Deutsche Bank and Catholic Syrian Bank
Aviva Life Insurance	Canara Bank, Lakshmi Vilas Bank, American Express Bank and ABN AMRO Bank
HDFC Standard Life Insurance	Union Bank Of India
ICICI Prudential	Lord Krishna Bank, ICICI Bank, Bank of India, Citibank, Allahabad Bank, Federal Bank, South Indian Bank, and Punjab and Maharashtra Co-operative Bank
LIC	Corporation Bank, Overseas Bank of India, Vijaya Bank, Bank of Commerce
SBI LIFE	SBI, BNP Paribas
Tata AIG	HSBC, United Bank of India
Bajaj Allianz	Syndicate Bank, Centurion Bank and Standard Chartered bank

Source: [www.bimaonline.com](http://www.bimaonline.com)

### Meaning of Perception and its importance

**Perception** is our sensory experience of the world around us and involves both the recognition of environmental stimuli and actions in response to these stimuli. Through the perceptual process, we gain information about properties and elements of the environment that are critical to our survival. Perception not only creates our experience of the world around us; it allows us to act within our environment. Perception includes the five senses; touch, sight, taste smell and taste.

### How the word “perception is significant in Bancassurance?

As we all know that all the marketing activities revolve around the customer, customer is the focal point of the marketing activities. All the activities start from the customer; (e.g. after recognition of the need of the customer/consumer, the product if manufactured) and the activities end also to the customer (e.g. customer satisfaction is done after sales service). In this its most important to know as what the customer needs? What are his requirements? How he would be satisfied? What’s going into his mind regarding a particular product or a service offered? After answering to all these or more questions only we can move a step forward in the field of success.

The transaction between the insurance companies and banks and customers would result positively and had healthy relationship only when the customer is satisfied by the services being provided; and further this is possible when one knows the psychological set of mind (what he desires? His choices? Type of services? Quality of products etc.)

Today's customer is very demanding and sensitive too. Customer expectations in respect of service quality are quite high. Consumers insist on respectable behaviour from their banker. Now, when there are so many operators, they can always switch over their loyalty at any moment. Thus, there is a challenge before service providers that their clientele base is retained. In regard to quality of service, our public sector banks are certainly required to redefine their priorities and strategies because very often they are labeled as poor. The competitive state of market suits the consumer as customer care is

always better. The customer will be benefited the most if the market is developed and competition is aroused to a greater extent.

### **Factors Bank delivers to the Customers**

There are several characteristics (factors) that are delivered to the customers, some of them are:

**Courtesy:** Courteous behavior is expected from the Bank's staff by every customer. Every customer who comes in shall be greeted in an appropriate manner with a smile and made to feel comfortable. Thus in view of every staff member of the bank this courteous behavior is the first and foremost thing which should be kept in mind while having all forms of non-face-to-face communication with the customer including telephonic calls and E-mail.

**Communication:** According to banker's perception while communicating with customers, 3 Cs of good communication- Correctness, Conciseness and Considerateness must be followed. Wherever, channels like E-Mail, SMS etc. are employed for sending communication which is sensitive in nature or which has financial implications, necessary safeguards shall be observed so as not to compromise the interests of either the Bank or the customer.

**Efficiency and Timeliness:** The needs of the customers must be attended by the bankers promptly and efficiently, ensuring that the time norms laid down by the Bank are followed.

**Products and Services:** Services provided by the bank staff is an important factor that a customer normally observe in the bank. Bankers perceive that the all kinds of services and the products are expected to have under one roof by every customer; hence the bank must strive to be a financial supermarket to the customer so that he can find solutions to all his banking needs under one roof.

**Knowledge:** The staff members manning points of interface with the customers are expected to be fully conversant with the products and services they handle so as to be able to answer any query from customers in a professional manner. Brochures/pamphlets on the products/services must be provided to the customers so as to assist them in making informed decisions.

**Going the extra mile for a customer:** There are some customers who may act as a fresher having nil knowledge and thousands of queries in mind; hence for them bank employees should make a conscious effort to assist a customer in finding what he or she needs and in resolving his problem. If the solution to a problem does not lie with the Bank, the staff shall to the best of their knowledge and capacity, extend necessary guidance to the customer with regard to the person/authority to be approached for resolution and the manner of doing so.

**Dress:** All employees of the Bank shall wear attire, which is proper and dignified, and in keeping with the professional appearance that they are expected to project.

### **Measures to adopt while providing customer service**

To provide excellent Customer Service, the following aspects shall be adhered to with regard to General management of the branches:

**a.** Providing infrastructure facilities by branches by bestowing particular attention to providing adequate space, proper furniture (seating etc.), drinking water facilities, sufficient lighting, clean toilets, gum for pasting cut/mutilated currency notes etc., with specific emphasis on pensioners, senior citizens, disabled persons, etc.

**b.** Providing entirely separate enquiry counters at their large / bigger branches in addition to a regular reception counter.

**c.** Displaying indicator boards at all the counters in English, Hindi as well as in the concerned regional language. Business posters at semi-urban and rural branches of banks should also be in the concerned regional languages.



- d.** Posting roving officials to ensure employees' response to customers and for helping out customers in putting in their transactions.
- e.** Providing customers with booklets consisting of all details of service and facilities available at the bank in Hindi, English and the concerned regional languages.
- f.** Use of Hindi and regional languages in transacting business by banks with customers, including communications to customers.
- g.** Reviewing and improving upon the existing security system in branches so as to instill confidence amongst the employees and the public.
- h.** Wearing on person an identification badge displaying photo and name thereon by the employees.
- i.** Periodic change of desk and entrustment of elementary supervisory jobs.
- j.** Training of staff in line with customer service orientation. Training in Technical areas of banking to the staff at delivery points. Adopting innovative ways of training / delivery ranging from job cards to roving faculty to video conferencing.
- k.** Visit by senior officials from controlling offices and Head Office to branches at periodical intervals for on the spot study of the quality of service rendered by the branches.
- l.** Rewarding the Best branches from customer service point of view by annual awards/running shield.
- m.** Customer service audit, customer surveys.
- n.** Holding customer relation programs and periodical meetings to interact with different cross sections of customers for identifying action points to upgrade the customer service with customers.
- o.** Clearly establishing a New Product and Services Approval Process which should require approval by the Board especially on issues which compromise the rights of the Common Person.
- p.** Appointing Quality Assurance Officers who will ensure that the intent of policy is translated into the content and its eventual translation into proper procedures.

**Source:** Syndicate Bank-“Bank’s Policy on Customer Service”

### **LITERATURE REVIEW**

Tiwari and Yadav (2012) discussed about the customer’s awareness, satisfaction and perception towards buying life insurance products from banks as well as its role in Indian life Insurance Industry. They found that the settlement of claims, service quality, performance appraisal, sales training of bank managers etc. could increase the trust and reliability of the customers on the banks. Also attractive incentives, proper motivation and the spread of awareness among the people are required about bancassurance and its benefits.

“Bancassurance is the process through which the insurance products are sold to customers at their local banks” Sarvanakumar, Punitha, Gunasekaran, Sankar (2012). According to them, with the opening of the Indian Insurance sector, the competition has become very intense between the private and the public sector. Insurance selling has become very difficult due to the size and diverse set of people in rural areas. By giving the examples of ICICI Bank, SBI & HDFC Bank, they said that these insurance companies are subscribers of their respective holding companies. For e.g. – ICICI Bank has partnership arrangements with 19 banks & 200 corporate tie-up arrangements.

- ICICI prudential has tie-up with a no. of Regional Rural Banks.
- Aviva Insurance with 22 banking companies which include private, public and foreign banks.
- Birla Sun Life Insurance with 10 leading banks in the country. Similarly Life Insurance Corporation has reported to have tie-up with 34 banks in the country. SBI Life Insurance is



placed in a unique position for a larger customer base. In short, bancassurance strategy could be a win-win situation for the parties-customer companies and banks.

The factors that influence the bancassurance products were mentioned by Constantinescu (2012) in his study such as; distribution, clients, competition, tax, legal system, supervision, internal resources, social security etc. (Mainz, S., 2004) Some of the factors had also been analyzed that increase the speed of transactions well as that must be attached to the distributed insurance products like adaption to the banking system, synchronized to the selling procedure of the bank, standard application forms, simple medical or financial selection. He also focused on the situation as when the consumers' interest rises and that is when the insurance products are associated with the banking products. For e.g. personal needs credits or consumption credits and the attached life insurance, car credits, motor insurance, real estate or mortgage credits and attached property insurances.

As analyzed by Mishra (2012) in Bancassurance Sales Model, the importance is given to the customer. The customer according to this model; has been informed as why his purchase of insurance is important for him. The most common and basic problem of establishment of relationship had also been highlighted. The model has two phases:

Traditional	Relationship-based
Sell the policy	Product sell
“analysis”	Presentation of analysis
Fact-finding	Quality fact-finding
Little time spent	Depth fact-finding with more time

In the Transactional phase, sales person only “sells”, while in the Relationship based, financial professional “helps customers buy”.

Kumaraswamy (2012) focused on the phenomenon of “Universal Banking”, which is built on the principle of leveraging existing networks to broaden its portfolio offerings. A bank or a branch becomes a one stop financial provider or a super market of financial services to the customers; when that bank offers vastly expanded and more sophisticated range of products to the customers from the same branch and ultimately this phenomenon is known as “Universal Banking”. How insurance is an option for banks? – It fulfills the requirements like asset management, investment skills distribution and capital adequacy, competitive edge over competitors, greater life cycle management, diversification and growth of revenue, diversification of risks by tapping another area of profitability. How bancassurance is beneficial for customers? The ways are – Delivery of all financial services at the doorstep, advisory services under one roof, relief from efforts from search for person or service/products, benefits of choosing multiple products at one place, satisfaction of brand strength of banks, better value and cheaper premiums, reduced premium charges, high quality products and trust on banks.

Boon, Chein and Yittjia (2012) examined those factors that influence the consumers' acceptance toward the new marketing products of bancassurance and how the consumers could accept the brand-new concept of bancassurance. By adopting *Rogers' Five Factors* they have measured the user acceptance of bancassurance. For the banker and insurer it had come into notice about the most important factors that affect the consumer for accepting bancassurance. Hence the advertisement of the bancassurance product could be given in the right way which may provide an effective strategy. It has been concluded that the only three of the Roger's five factors emerged to be of significance to the user acceptance, namely relative advantage, trialability and observability and these three criteria could be used to locate the true consumer for the correct marketing strategy.

The bancassurance concept has two aspects and there is distinction between assurance and all finance (Van den Berghe and Verweire 1998) Assurance is the provision of financial/banking products by insurers. It seems to be a less successful trend with respect to bancassurance, probably

because the banks are in a better position to be considered by customers as a unique intermediary able to satisfy all their financial needs Sorina (2012). The term 'all finance' is quite a general one, indicating the bundling of different products to offer integrated and personalized financial solutions to customers. Also the consumer perceptions of banks versus insurance companies were noted down on the basis of the comparison made between the insurance companies and the banks, where; Banks were found to be one-stop shop and interested in selling as more products as possible. While on the other hand, insurance companies were considered to be as better financial advisor and better accessibility for multiple channels. In 2010 Bancassurance was the main distribution channel for life insurance products in many western European countries. In Portugal it represented up to 84.5% of the total life insurance business. The role of bancassurance remained, however, limited in two large western European markets: Germany and the UK. In Germany, this low penetration (20%) may be related to the large number of small and regional banks, which impedes the rapid and widespread distribution of standardized products throughout the whole country. In the UK, financial institutions accounted for about 17% of new individual sales and only 2% of new group sales. Low market shares of the bancassurance channel were observed in eastern European countries

The factors that influence the agents' perception towards Life Insurance Corporation of India as mentioned by Bala & Sandhu (2011) are (i) customer target (ii) competitive advantage predicates (iii) material hallmarks (iv) promising products and process (v) service enhancements (vi) exclusive attention. Staff coordination is considered to be the most important factor to influence agents' perception. The agent has to deal with the dilemma between making sales (self interest) and providing service (customer benefit) (Oakes, 1990). Customers are, therefore, likely to place a high value on their agents' integrity and advice (Zeithaml et al.1993). Agents are the indeed ambassadors and the backbone of the insurance industry (Malliga, 2000). For the insurance company's agents' serve as the kingpin; seeking to provide traditional and innovative products and focal points for customers seeking to procure insurance coverage and long term saving.

Customers' expectations and their perceptions related to various services offered by banking industry were examined by Arora (2010). The factors that affect the expectations of the customers regarding the services being offered by banks are prior experience, personal needs and word of mouth communication.

Wallace & Herrick (2009) stated that there is constant need for the business models, capabilities & the practices of the financial services to get change along with the changing regulation & consumer expectations. Security, stability, growth & capital are those four factors of banks that cause the business nature to get changed for the public & private sectors according to time.

Further they stated as there is a sort of rivalry between healthcare & education professionals, the same case may be with private & public sectors for the talent in the upcoming future. Focusing on the customer's point of view they said that customers would perceive only those banks as the best one that would provide the services according to their requirements as well as the secure & stable services.

"Banks are the heart of the global economy, whether regional, specialist, government controlled or privately held or universal players."

Bancassurance is considered to be the customer friendly channel due to the ease of payment of premium and the facility of maturity/claim payments through the bank account, according to Goverdhan (2008)

Rajkumari (2007) described the awareness, satisfaction and preferences of customers towards various Insurance services and bancassurance. Further for the identification of the customer's attitude towards purchase of insurance products and their knowledge on the products; thorough study was conducted. Suggestions for the improvement of customer awareness on banc assurance and performance of banks in selling insurance policies were given.

**OBJECTIVES OF THE STUDY**

1. To study the factors which affect the likes and dislikes of the customers.
2. To study the image of bancassurance among the customers.
3. To study the banker's perception for the services delivered to the customers by them.
4. To study the service characteristics provided under the bancassurance activity.

**STATEMENT OF THE PROBLEM**

The term 'bancassurance' encompasses a wide range of distribution structures including: banks owning insurance companies outright; banks and insurance companies in corporate joint ventures; and insurers selling their products to customers of banks under distribution agreements. But the most important problem lies under the satisfaction level of the customers and this could only be possible when the bank employees come to about their choice, likes or dislikes.

The present study focuses on the factors which bank delivers to customers in bancassurance based on certain variables such as trust and reliability, user friendliness and easiness, regulated services and quality and innovation.

**HYPOTHESIS OF THE STUDY**

**H01:** Trust and reliability is delivered to customers as bancassurance factor which bank delivers.

**Ha1:** Trust and reliability is not delivered to customers as bancassurance factor which bank delivers.

**H02:** User Friendliness and Easiness is delivered to customers as bancassurance factor which bank delivers.

**Ha2:** User Friendliness and Easiness is not delivered to customers as bancassurance factor which bank delivers.

**H03:** Regulated Services are delivered to customers as bancassurance factor which bank delivers.

**Ha3:** Regulated Services are not delivered to customers as bancassurance factor which bank delivers.

**H04:** Quality and Innovation is delivered to customers as bancassurance factor which bank delivers.

**Ha4:** Quality and Innovation is not delivered to customers as bancassurance factor which bank delivers.

**SCOPE OF THE STUDY**

The present study has been made to analyze the "Banker's perception for factors which bank delivers to customers in Bancassurance" by some bankers of both Public and Private sector Banks.

**RESEARCH METHODOLOGY**

**Sampling Design**

The validity of any research is based on the systematic method of data collection and analysis of the data collected. The study is based on the data collected from individual employees of Public Sector and Private Sector Banks from Udaipur district collected through convenience sampling method.

**Collection of Data**

**Source of Data**

This study uses the primary data as well as secondary data.

In this study the researcher collected the primary data from the bank employees of Public sector Banks; SBI, Allahabad, SBBJ; and from private sector RBL Bank and IDBI Bank from Semi- Gov. Bank.

Here a well-structured questionnaire has been prepared with all the important details regarding bancassurance and about the factors affecting the habits of the customers. It has close-ended questions.

Secondary data has been collected from books, journals, newspapers, magazines, websites, bulletins issued by RBI and other annual reports of the banks.

### LIMITATIONS OF THE STUDY

The survey is conducted only in Udaipur district. Lack of awareness about the term “bancassurance”. Personal biases and prejudices of the customers may also affect the study. There are only 50 respondents i.e. employees of the bank.

### DATA ANALYSIS AND INTERPRETATION

In this section of analysis the banker’s perception for the characteristics delivered to the customer under Bancassurance were examined by the researcher. Questionnaire consisting 20 different factors for the banker’s opinion was measured by Likert 5 scale point basis. The Questionnaire contained all the possible direct and indirect service advantages of Bancassurance.

According to the Table 1 of the customer section analysis all the 20 statements of the questionnaire were put into examination by factor analysis, where four different factors were extracted. These four factors were trust and reliability, user friendliness and easiness, regulated services and Quality and Innovation. In this section of analysis the same class or group of characteristics were used for examining banker’s perception. Average score of the statements clubbed together under factor analysis was used to calculate the significance of the factors. To examine the significance non parametric chi square test was applied.

{**Chi-Square:** The chi-square test is a statistical test that can be used to determine whether observed frequencies are significantly different from expected frequencies. Based on the outcome of the chi-square test we will either reject or fail to reject the null hypothesis. Chi-square tests enable us to compare observed and expected frequencies objectively, since it is not always possible to tell just by looking at them whether they are "different enough" to be considered statistically significant. Statistical significance in this case implies that the differences are not due to chance alone, but instead may be indicative of other processes at work. }

**Table 1.** Descriptive Statistics of Banker’s perception for factors which Bank delivers under Bancassurance to customer

Descriptive Statistics					
	N	Mean	Std. Deviation	Minimum	Maximum
Trust and Reliability	50	3.7060	.60757	2.50	5.00
User friendliness and Easiness	50	3.4800	.70682	2.00	5.00
Regulated Services	50	3.2900	1.07423	1.00	5.00
Quality and Innovation	50	3.4500	.71607	2.00	5.00

**Source:** Primary Data

According to the Table 1 it could be observed that for all the factors mean score value is more than 3 and tends to 4 which represent the great extent of acceptance from the bankers for all the statements. Standard deviation value for all the factors presents wide coverage and variation among the responses of bankers.

**Table 2.** Test statistics of Banker’s perception for factors which Bank delivers under Bancassurance to customer

Test Statistics				
	Trust and Reliability	User friendliness and Easiness	Regulated Services	Quality and Innovation
Chi-Square	22.520 <sup>a</sup>	23.080 <sup>a</sup>	23.360 <sup>a</sup>	21.400 <sup>a</sup>
Df	6	6	6	6
Asymp. Sig.	.001	.001	.001	.002

**Note:** a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 7.1

**Source:** Primary Data

According to Table 2 it was observed that for trust and reliability factor chi square value was 22.520 and degree of freedom was 6 and sig. value was .001, which all represents that bankers responses for the trust and reliability factor shows significance, which means all the statements of this factor are significantly delivered to the customers under Bancassurance. For User friendliness and easiness factor chi square value was 23.080 and degree of freedom was 6 and sig. value was .001, which all represents that bankers responses for the User friendliness and easiness factor shows significance, which means all the statements of this factor are significantly delivered to the customer under Bancassurance. For Regulated services factor chi square value was 23.360 and degree of freedom was 6 and sig. value was .001, which all represents that bankers responses for the regulated services factor shows significance, which means all the statements of this factor are significantly delivered to the customer under Bancassurance. For Quality and innovation factor chi square value was 21.400 and degree of freedom was 6 and sig. value was .002, which all represents that bankers responses for the Quality and innovation factor shows significance, which means all the statements of this factor are significantly delivered to the customer under Bancassurance.

From the above observations following inferences were derived:

H01 is accepted as trust and reliability is offered to customers as banker’s perception.

H02 is accepted as user friendliness and easiness is offered to customers as banker’s perception.

H03 is accepted as regulated services are offered to customers as banker’s perception.

H04 is accepted as quality and innovation is offered to customers as banker’s perception.

Thus it can be concluded from the above analysis that all the services (factors affecting customers behavior) are positively and effectively provided by the bank employees whether they are of public or the private sector banks. Customers are fully satisfied according to the banker’s perception.

## CONCLUSION

In the present scenario Bancassurance has become not only the part of providing insurance services to the customers but also along with that reaching at their full satisfaction level; as customer is the focus point of marketing strategy which begins with customers and with customers. Thus all the banks are striving hard to provide their best of the services. And for this purpose bankers must well understand the psychological mind set of the customers and prepare them accordingly.

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**NON PERFORMING ASSETS OF SCHEDULE COMMERCIAL  
BANKS IN INDIA: A STUDY**

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**ABSTRACT**

*Now a day banks can play an important role for the economic development of a country. There are required to achieve growth in this sector. But there are various risk available in this sector like liquidity risk, interest risk, Market risk, operational risk and management risk. Besides this an important risk is available which is loan recovery risk. The financial position and profitability position of a bank is totally depends on NPA of this banks. So, at present NPA is a big concern for banking sector. The NPA is comparatively high in the public sector. To improve the efficiency and profitability of banks the NPA need to be reduced and controlled. Otherwise difficult for banking sector to stay in the market as long as possible. In this paper try to analysis in detail the NPA of schedule commercial bank in India during past year.*

**Keywords:** NPA; Recovery Risk; Market Risk; Management Risk

**INTRODUCTION**

There has been remarkable changed in the banking sector since 1991. Business of banking has spread throughout the country like India. The growth of economic has moved on because of banking sector. Large number of banking has been set up in our country. So, automatically competition of each other has move on. The main function of banks is to provide loans and advance for needy person for their up gradation for the growth of industry and also growth of the economy. If this money is not backed in the banks regular as per the due dates than it is created a major problem or affecting the performance of the banks. On this situation a term we have to use .This term is called non-performing assets (NPA). NPA means a kind of a loan and advance where repayment of installment and interest of principal or both remain unpaid for a certain period of time in our country like India. Once the borrower has failed to make installment with principal and interest payment for 90 days then this loan and advance is considered as non-performing assets. Interest on this loan and advance is the earning path of banking industry. So NAP is problematic for financial institution because this institution cannot able to earning any other ways through this loan and advance. Banking industry has been affected by NAP in two ways. The one way is that it does not generate any earning for the banks and the other way is that the banking industry are required to take provision for such non-performing assets from their present profit. Generally there are four types of NAP. Standard assets, sub slandered assets, doubtful assets and loss assets, no special provision are required for standard assets of NAP, but all those assets ( loan and advance) which are considered as NAP for a period of 12 months for a period of more than 12 months are called substandard, doubtful assets respectively. but all those assets which cannot be recovered are called as loss assets. The net non-performing assets of banks had gone up 51% in financial year 2013 to rs 92825 crore. According to a recent CRISIL report the gross NAP of banks are stated to increase from 3.3% in month 2013 to 4% by March 2014. Main objective of our study is to analysis the NPA of schedule commercial bank in India during past year.

**OBJECTIVES OF THE STUDY**

1. To examine the gross NPA and net NPA in schedule commercial bank.
2. To find out gross advance and net advance of schedule commercial bank.
3. To identify the non-performing assets at commercial bank.
4. To indicate classification of loan assets of schedule commercial banks during this period.
5. To offer suitable suggestion for NPA.

**DATA COLLECTION**

For this study we have considered NPA in schedule commercial bank as per second schedule of the RBI Act 1934. This schedule commercial bank includes public sector bank, private sector bank and foreign bank. Data is gathered from the secondary sources to fulfill our objective.

**Limitation of this study**

The present study is taken the year up to 2013 but not taken 2014 due to unavailability of data during this year.

**INTERPRETATION OF THIS STUDY**

**Table 1.** Gross Advance and Net Advance of Scheduled Commercial Bank (Amount In ` Billion)

Advance		
Year	Gross	Net
2002-03	7780.43	7404.73
2003-04	9020.26	8626.43
2004-05	11526.82	11156.63
2005-06	15513.78	15168.11
2006-07	20125.10	19812.37
2007-08	25078.85	24769.36
2008-09	30382.54	29999.24
2009-10	35449.65	34970.92
2010-11	40120.79	42987.04
2011-12	46655.44	50735.59
2012-13	59882.79	58797.03

**Source:** Department of Banking Supervision, RBI. (Statistical table relating to banks in India 2012-13)

Gross advance means a sum total of all loan assets which have been provided by the banking and financial institution to generally borrow and which provision is less from the gross advance then it is called net advance. Gross NPA is a part of gross advance which is not recovery during this time period that means which is declared as NPA guidelines. When provision is less from the gross NPA then it is called net NPA.

Above table indicates that gross advance as well as net advance was increased year by year. This trend is positive on upward during throughout year since 2001-02

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**Table 2.** Gross NPA and Net NPA of Schedule Commercial Bank (Amount In ` Billion)

Year	Gross			Net		
	Amount	As % of Gross Advance	As % of total assets	Amount	As % of Net Advance	As % of total assets
2001-02	708.61	10.4	4.6	355.54	5.5	2.3
2002-03	687.17	8.8	4.1	296.92	4.0	1.8
2003-04	648.12	7.2	3.3	243.96	2.8	1.2
2004-05	593.73	5.2	2.5	217.54	2.0	0.9
2005-06	510.97	3.3	1.8	185.43	1.2	0.7
2006-07	504.86	2.5	1.5	201.01	1.0	0.6
2007-08	563.09	2.3	1.3	247.30	1.0	0.6
2008-09	683.28	2.3	1.3	315.64	1.1	0.6
2009-10	846.98	2.4	1.4	387.23	1.1	0.6
2010-11	979.00	2.5	1.4	417.00	1.1	0.6
2011-12	1370.96	2.9	1.6	652.00	1.3	0.8
2012-13	1931.94	3.2	2.0	986.00	1.7	1.0

**Source:** Department of Banking Supervision, RBI. (Statistical table relating to banks in India 2012-13)

Table-2 indicates that during 2001-02, the percentage of gross NPA of total assets was 10.4% after that; this rate was decreased till 2008-09. But from 2009-10 this rate was continuously increase year by year and during 2012-13 this rate was 3.23%. so, we conclude that the rate of gross NPA as compare with gross advance was reduce during 2001-02 to 2008-09 but after that this rate was increased year by year from 2009-10 to 2012-13 and also we see same trend in case of NPA percentage of total assets.

On the other hand, rate of net NPA during 2001-02 was 5.5% of net advance after that this rate was decreased year by year up to 2008-09 but from 2009-10 this rate was increased year by year and during 2012-13 this rate was 1.7% of net advance and 1.0% of total assets. So, trend of net NPA is upward or positively move on. This is not good sign from banking industries and suitable steps should be taken by banking and financial institution as early as possible. Otherwise future of this sector is acceptable and automatically, we have to face as economic trouble in our country like India.

**Table 3.** Bank Group-Wise Classification of Loan Assets of Scheduled Commercial Banks - 2008 to 2013 (Amount in `Billion)

Year	Standard Advances		Sub-Standard Advances		Doubtful Advances		Loss Advances		Gross NPAs		Total Gross Advances
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
2008	22,760.54	97.61	260.89	1.12	243.04	1.04	53.02	0.23	556.95	2.39	23,317.50
2009	27,202.08	97.55	359.22	1.29	267.30	0.96	55.64	0.20	682.16	2.45	27,884.24
2010	31,831.81	97.49	412.93	1.26	326.64	1.00	78.51	0.24	818.08	2.51	32,649.89
2011	38,981.07	97.64	398.77	1.00	448.04	1.12	94.40	0.24	941.21	2.36	39,922.28
2012	45,292.36	97.06	675.87	1.45	596.23	1.28	98.92	0.21	1,371.02	2.94	46,663.37
2013	51,872.97	96.58	853.25	1.59	873.05	1.63	112.24	0.21	1,838.54	3.42	53,711.51

**Source:** Department of Banking Supervision, RBI (Statistical table relating to banks in India 2012-13)

This table indicates that during 2008 total value of gross advance was 23317.50 billion out of which 97.61% as standard advance, 1.12% as substandard and .23% as loss advance. But after that percentage rate of standard advance of gross advance were decreased year by year and during 2013 which was 96.58%. But rate of substandard advance was sometimes reduced or sometimes increased during 2010 and 2011 which was .24% and .23% respectively. But rate of gross NPAs were increased year by year. During 2013 this rate was 3.42% .so, we concluded that trend of gross NPAs were

increased year by year since 2008. This is not good indication of banking and financial sector in coming time. So, immediately this sector takes some precaution policy for overcome from this situation. One thing we indicate that the sum of doubtful advance and loss advance is more than substandard advance.

**Table 4.** Sector Wish NPA (Amount In `Billion)

year	Priority sector		Of which						Non-priority sector		Total NPA	
	Amount	%	agriculture		Small scale industry		other		Amount	%	Amount	%
			Amount	%	Amount	%	Amount	%				
2008	28705		9735		6456		12514		23721			
2009	27958	45.9	7149	11.7	7650	12.6	13159	21.6	32423	53.2	60930	100
2010	35646	47.7	10353	13.9	12.676	17.0	12611	16.9	39045	52.3	74685	100
2011	46068	51.8	16660	18.7	15638	17.6	13370	15.5	42950	48.2	89017	100
2012	613	46.9	249	19.0	191	17.7	173	13.2	695	53.1	1308	100
2013	721	41.0	302	17.2	304	17.3	116	6.5	1038	59.0	1759	100

**Source:** Report on trend and progress of banking in India 2010-11

This table indicates the sector wish NPA of schedule commercial bank. We can divide total sector into two parts. One is priority sector and the other one is non-priority sector. The priority sector is considered with agriculture, small scale industry and other sector. This sector mainly or directly help to us for achieving growth in the economy but in case of non-priority sector indirectly help to achieve financial growth for economy . It can be indicated that the NPA ratio in the priority sector was higher than the NPA ratio in the non-priority in the year 2008 and 2011 but this ratio is lower during the year of 2009, 2012 2012 and 2013. On 2008, total NPA was 52426 billion out of which 28705 billion is come from priority sector. That means performance of priority sector is not better than non-priority sector. Rate of NPA of agriculture sector was 18.56% during 2008 but which was sometimes increased or sometimes decreased. On 2009 this rate was just 11.7% but increase to 19% and 17.2% during 2012 and 2013 respectively. But during 2013 priority sectors performance is better than non-priority sector because NPA of priority sector was 41% but in case of non-priority sector which was 59%. During 2013 we have taken more or less same type of result as compare on 2013. We conclude that during throughout the year contribution of priority sector for NPA is lower than contribution of non-priority sector for NPA .That means recovery of loan from priority sector is higher than recovery of loan from non-priority sector. So banks should take various steps for increasing the recovery rate of loan from non-priority sector. But also indicates that total NPAs during 2012 and 2013 were reduced as compare 2008, 2009, and 2011. This is a very good sign for banking sector.

**CONCLUSION ABD RECOMMENDATION**

Finally, it can be concluded that level of NPA has been increased year by year due to mismanagement of banking sector. To minimizing this assets, the banker should follow different criteria when the banker going to sanction a loan for a customer. The banker should get both the formal and informal information about the customer from various sources i.e. knows the goodwill of the customer. If this customer had been proved that a failure to pay any loan there is no question to sanction any loan for this customer. The banker can reduced the non-performing assets in bank by using of various technologies like core banking solution in apex bank should make more reachable to all borrowers.

We through that the financial institution and banks have to maintain an effective process to overcome their dues. Generally there are two reasons for overdue the first is that their attitude and approach towards financing and recovery particularly of SMEs and the second one is the lack of full knowledge about the law and practice of banking the violation of RBI directives through their circulation . The banki8ng and financial institution should follow this rules and regulation or circulars that have been provided by the RBI and other regulation body for the banking and financial sectors. According to Mr.

Raghuram Rajan, economic policy makers require an enormous dose of humility, openness to various alternative (including the possibility that they might be wrong) and a willingness to experiment. We have to improve the efficiency of the recovery system especially at a time of economic uncertainty like the present. Recovery should be focused on efficiency and fairness presenting the value of underlying assets and jobs where possible, even while redeploying unviable assets to new uses and compensating fairly. All this should be done while ensuring that contractual priorities are met. The system has to be tolerant of genuine difficulties while coming down on mismanagement or fraud.

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**A STUDY ON THE INVESTMENT DECISION RATIONALITY  
OF RETAIL EQUITY INVESTORS IN CAPITAL MARKET**

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**ABSTRACT**

*Capital market is the one of the vital supporting elements of any country's economy. The recent years has witnessed several reforms in the Capital market. The trading platform has become electronic, automatic, nation- wide and screen based. Gestures and shouting have yielded place to punching and clicking. On any trading day, more than 10,000 terminals come alive, in 400 towns and cities which means that information is flashed on real time basis. Equal opportunity is provided for all those who are wishing to invest in the capital market. Almost 100 % of the trades are in D- mat form. Thus, investing in capital market is not an intricate one. But it is noticeable that the retail equity investors are facing the problem of losses from investments in capital market. The main reason for the problem faced by retail equity investors is about the investment decisions made by them in various investments in capital market. So it is necessary to study about the investment decisions of investors as their losses in investing in capital market will cause harm to the economy of the country. This paper examines about the investment decision rationality of retail equity investors and about various factors influencing their investment decisions.*

**Keywords:** D-mat; Terminals

**INTRODUCTION**

Investment is the sacrifice of certain present value for the uncertain future reward. It entails arriving at numerous decisions such as type, mix, amount, timing, grade etc of investment and disinvestment. Further, such decision – making has not only to be continuous but rational too. Broadly speaking, an investment decision is tradeoff between risk and return. All investment choices are made at points of time in accordance with personal investment ends and in contemplation of an uncertain future. Investors in securities will, from time to time, reappraise and re- evaluate their various investment commitments in the light of new information, changed expectations and ends.

Investment means a person's commitment of funds towards his future life. It is an economic activity. It refers to acquisition of assets which generates income. Investment is the employment of funds with the aim of achieving additional income or growth value. The essential quality of investment is that it involves waiting for a reward.

**STATEMENT OF THE PROBLEM**

Transparent, vibrant and efficient secondary market is necessary to provide avenue for deployment of savings and also to prop up the primary market, to mobilize savings for investments needed for capital



formation and economic growth. It helps the economic system to find the fuel it requires to accelerate the growth. Capital market helps a company to go public through which is the cheapest mode of finance. It also gives the market participants the opportunity to offload their holdings in the secondary market.

In the present scenario capital market especially the equity market is showing a positive trend. Long term and short term investors are present in the market. The source of funds, the leverage, risk taking ability, behavior and satisfaction varies between investors. The most crucial challenges faced by Investors are in the area of Investment Decisions. Some investors take investment decision rationally on the basis of various factors while some will take investment decision irrationally. The study would help to analyze the investment decision of investors.

## **REVIEW OF LITERATURE**

### **Finance**

Finance can be described as the monetary resources of a company, individual or institution. It is termed as the life blood of a firm. It also means arranging supply of money or credit at the time it is wanted. Acquiring and employing fund is financing or financial activity.

### **Meaning of Investment**

Investment involves employment of funds with the aim of achieving additional income or growth in values. The essential quality of an investment is that it involves waiting for reward. Investment involves the commitment of resources which have been saved in the hope that benefits will accrue in future. In the financial sense, investment is the commitment of a person's funds to derive future income in the form of interest, dividend, premiums, pension benefits or appreciation in the value for their capital. In the economic sense, investment means the net addition to the economy's capital stock which consist of goods and services that are used in the production of other goods and services.

Investment is parting with one's fund, to be used by another party, user of fund, for productive activity. It can mean giving an advance or loan or contributing to the equity (ownership capital) or debt capital of a corporate or non- corporate business unit. Generalized, investment means conversion of cash or money into a monetary asset or a claim on future money for a return. This return is for saving (as abstaining from present consumption), parting with saving or liquidity (to be rewarded for waiting for a future consumption) and lastly for taking a risk involving the uncertainty about the actual return, time of waiting and cost of getting back funds, and risk of the variability of the return.

### **Retail Investor**

Retail investors are those who buy and sell securities for their personal account, and not for another company or organization. Retail investors are also known as an "individual investor" or "small investor".

Retail investors buy in much smaller quantities than larger institutional investors. A retail investor is an individual investor possessing shares of a given security. Retail investors can be further divided into two categories of share ownership.

1. A Beneficial Shareholder is a retail investor who holds shares of their securities in the account of a bank or broker, also known as "in Street Name." The broker is in possession of the securities on behalf of the underlying shareholder.
2. A Registered Shareholder is a retail investor who holds shares of their securities directly through the issuer or its transfer agent. Many registered shareholders have physical copies of their stock certificates.

### **Capital Market**

Capital market may be defined as a market for borrowing and lending long- term capital funds required by business enterprises. Capital market is the market for financial assets that have long or indefinite maturity. Capital market offers an ideal source of external finance. Capital market forms an important part of a country's financial system too.

Capital market represents all the facilities and the institutional arrangements for borrowing and lending medium- term and long- term funds. Like any financial market, capital market is also composed of those who demand funds (borrowers) and those who supply funds (lenders).

### **Equity Shares/ Securities**

Equity shares are commonly referred to common stock ordinary shares. Even though the words shares and stocks are interchangeably used, there is a difference between them. Share capital of a company is divided into number of small units of equal value called shares. The term stock is the aggregate of a member's fully paid up shares of equal value merged into one fund. It is a set of shares put together in bundle. The "stock" is expressed in terms of money and not as many shares. Stock can be transferred like shares.

Equity shares/capital represents ownership capital and its owner's ordinary shareholders/equity holders- share the reward and risk associated with ownership of corporate enterprises. It is also called ordinary share/capital in contrast with preference to shares, which carries certain preference/prior rights with regard to income and redemption.

Share certificate means a certificate under the common seal of the company specifying the number of shares held by any member. Share certificate provides the prima facie of title of the members to such shares. This gives the shareholder the facility of dealing more easily with his shares in the market. It enables him to sell his shares by showing marketable title.

### **Features Of Equity Shares**

- Ownership evidence: When investors purchase equity shares they will get certificate of ownership as proof of their ownership.
- Voting rights: Equity shares carry a special right for voting, a right to get notice for the annual general meeting etc.
- Residual claim: It is an outstanding claim, as creditors and preference share holders are obliged to be paid ahead of equity shareholders.
- Pre-emptive right: It means the in-built right of shareholder, to keep his fair share of the resources, earnings and power of the corporation. This means the organization offers new shares to its existing shareholders before offering new shares to its existing shareholders before offering it to the open market.
- Tax benefits: Dividend from an Indian company is exempted under the provisions of Income Tax Act.

Equity shares have the following rights according to section 85 (2) of the Companies Act 1956.

- 1) Right to vote at general body meetings of the company.
- 2) Right to control the management of the company.
- 3) Right to claim on the residual after repayment of all the claims in the case of winding up of the company.
- 4) Right to pre-emption in matter of issue of new capital.
- 5) Right to receive a copy of the statutory report, copies of annual audited report.

- 6) Right to apply to the court if there is any discrepancy in the right set aside.
- 7) Right to apply the central government to call an annual general meeting when a company fails to call such a meeting.
- 8) Right to share profits in the form of dividend and bonus shares.
- 9) Right to apply the Company Law Board for calling an extraordinary general meeting.

In the limited company the equity shareholders are liable to pay the company's debt only to the extent of their share in the paid up capital.

### **Investment Decision-An Overview**

In the stock market parlance, investment decision refers to making a decision regarding the buy and sell orders. These decisions are influenced by availability of money and flow of information. What to buy and sell will also depend on the fair value of a share and the extend of overvaluation and undervaluation. For making such decision the common investors may have to depend more upon a study of fundamentals rather than technical, although technical are also important. It is necessary for a common investor to study the Balance sheet and Annual report of the company or analyze the half yearly results of the company and decide on whether to buy that company's shares or not. This is called fundamental analysis. The decision of what to buy is easier, and if investors are turned to making fundamental analysis, then the decision making becomes scientific and rational.

The fluctuation of the stock prices in stock market is not new for the investors. This movement is forecast on the basis of different models of conventional finance. Almost 40 years one model was supposed to be the best to forecast the asset prices, i.e. EMH (Efficient Market Hypothesis). With this model some other models are there such as CAPM (Capital Assets Pricing Model) and Portfolio Theory Model. Since mid 1980s these models were not enough to explain the anomalies in asset pricing and movements in the stock market so a new approach in finance has been emerged i.e. Behavioural Finance. Behavioural Finance has the basis of psychology, sociology and anthropology to explain these anomalies in the stock market. Behavioural Finance states that investors do not make decisions fully on the basis of rationality. As we all know that in stock market asset pricings are information that is decided through the process of demand and supply, the main element to this demand and supply is investors. So to understand and predict the asset pricing near to the accuracy, we have to understand the psychology of investors while making decisions.

### **OBJECTIVES**

1. To investigate whether the investment decisions in Capital market made by investors are rational or not.
2. To discover various factors influencing the investment decision while making decisions.
3. To make suggestions and recommendations based on the findings of the study.

### **HYPOTHESIS**

**H<sub>0</sub>**- The investment decisions in stock market made by investors are not rational.

**H<sub>0</sub>**- There is no significant relationship between amount of investment and factors influencing on investment decision.

### **RESEARCH METHODOLOGY**

Research methodology provides various steps that can be adopted by the researcher in studying his research problem. Primary and secondary data are used for this study. Primary data were collected from retail equity investors. For this purpose a structured, closed ended questionnaire was used as a tool for data collection. Secondary data are collected from various books, journals, newspapers, websites and other published sources.

### Sampling Technique

For the purpose of the study convenience sampling technique was adopted for the sample selection. It is also known as judgment sampling technique. Under this technique the selection of the sample entirely depends upon the discretion of the investigator.

### Sample Area

The Kottayam district of the state of Kerala is decided as the sample area of the study.

### Sample Size

There are large number retail equity investors in this area. Census study is not possible as the population is large. As a result sample study is used and Primary data were collected from 70 respondents.

### Techniques of Analysis

The primary data were analyzed by using statistical tool like graphs and percentages. The hypotheses were tested by using Chi square.

## DATA ANALYSIS AND INTERPRETATION

**Table 1.** Age wise classification of the respondents

Age	Frequency	Percent
20-30	22	31.4
31-40	25	35.7
41-50	11	15.7
51-60	4	5.7
61-70	7	10.0
71-80	1	1.4
<b>Total</b>	<b>70</b>	<b>100.0</b>

Inference: It is clear from the table that 35.7% of the respondents belong to the age group 31-40, 31.4% belong to the age group 20-30, 15.7% belong to the age group 41-50, 10% belong to the age group 61-70, 5.7% belong to the age group 51-60 and remaining 1.4% belong to the age group 71-80.

**Table 2.** Sex wise classification of respondents

Sex	Frequency	Percent
Male	51	72.9
Female	19	27.1
<b>Total</b>	<b>70</b>	<b>100.0</b>

Inference: It is clear from the table that 73% of the respondents are male and 27% of the respondents are female.

**Table 3.** Education level of respondents

Education	Frequency	Percent
Higher secondary	2	2.9
Degree	40	57.1
Post Graduate	27	38.6
Others	1	1.4
<b>Total</b>	<b>70</b>	<b>100.0</b>

Inference: It is clear from the table that 57% of the respondents have Degree level education qualification, 39% of the respondents have Post graduate level education classification, 3% of the

respondents have Higher secondary level education classification and remaining 1% have other educational qualification

**Table 4.** Half yearly income of the respondents

Income	Frequency	Percent
Below 1 lakh	10	14.3
1 lakh- 2 lakh	17	24.3
2 lakh- 5 lakh	41	58.6
Above 5 lakh	2	2.9
<b>Total</b>	<b>70</b>	<b>100.0</b>

Inference: It is clear from the table that 59% of the respondents have income between 2 lakh – 5 lakh, 24% of the respondents have income between 1 lakh – 2 lakh, 14% of the respondents have income below 1 lakh and remaining 3% of the respondents have income above 5 lakh.

**Table 5.** Type of investment of in Capital market

Type	Frequency	Percent
Day trading	19	27.1
Medium term	29	41.4
Long term	22	31.4
<b>Total</b>	<b>70</b>	<b>100.0</b>

Inference: It is clear from the table that 42% of the respondents are doing medium term investment in Capital market, 31% of the respondents are doing long term investment in Capital market and remaining 27% of respondents are doing day trading.

**Table 6.** Percentage of income invested in the Capital market

Percentage	Frequency	Percent
0 - 5	22	31.4
6 -10	37	52.9
11 - 15	8	11.4
Above 15	3	4.3
<b>Total</b>	<b>70</b>	<b>100.0</b>

Inference: It is clear from the table that 53% of the respondents invest 6 -10 % of income in Capital market, 31% of the respondents invests 0 – 5% of income in Capital market, 12% of the respondents invest 11 -15% of income in Capital market and remaining 4% of the respondents invest more than 15% of the income in Capital market.

**Table 7.** Influence of others in the investment decision of respondents

Influence	Frequency	Percent
yes	11	15.7
No	59	84.3
<b>Total</b>	<b>70</b>	<b>100.0</b>

Inference: It is clear from the table that 59% of the respondents investment decision is not influenced by others and remaining 11% of the respondents investment decision is influenced by others.

### TESTING OF HYPOTHESIS

Here statistics used is chi square test:

Chi square test is a statistical test, which test the significance of difference between observed frequencies and the corresponding theoretical frequencies of a distribution, without any assumption

about the distribution of the population. It is a non- parametric test. It is the difference between a set of observed frequencies and a set of corresponding expected frequencies. Here chi square test is done using SPSS.

**Hypothesis- 1**

**H<sub>0</sub>:** The investment decisions in stock market made by investors are not rational.

**H<sub>1</sub>:** The investment decisions in stock market made by investors are rational.

**Table showing investment decision rationality and factors influencing**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.848	14	.048
Likelihood Ratio	20.444	14	.117
Linear-by-Linear Association	1.049	1	.306
N of Valid Cases	70		

As per the rule, if the chi square value is less than 0 .05, we reject the null hypothesis, otherwise accept. Here the chi square value (0.048) is less than 0.05, and therefore null hypothesis is rejected. The result is to accept alternative hypothesis i.e. “The investment decisions in stock market made by investors are rational”.

**Hypothesis -2**

**H<sub>0</sub>:** There is no significant relationship between amount of investment and factors influencing on investment decision.

**H<sub>1</sub>:** There is significant relationship between amount of investment and factors influencing on investment decision.

**Table showing amount of investment and factors influencing investment decision**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	70.699	42	.004
Likelihood Ratio	50.738	42	.167
Linear-by-Linear Association	.032	1	.859
N of Valid Cases	70		

As per the rule, if the calculated value is less than 0 .05 reject the null hypothesis, otherwise accept. Here the calculated value (0.004) is less than 0.05, therefore null hypothesis is rejected. The result is to accept alternative hypothesis i.e. “There is significant relationship between amount of investment and factors influencing on investment decision”.

**FINDINGS**

1. Majority of the respondents belong to the age group 31- 40.
2. Majority of the respondents are males
3. Majority of the respondents have Degree level educational qualification.
4. Majority of the respondents have half yearly income between 2 – 3 lakh.
5. Most of the respondents are doing medium term investment Capital market.
6. Majority of the investors utilize about 6 -10 % of their annual income for investment.
7. Majority of the respondent’s investment decision is not influenced by the opinion of others.
8. The investment decisions in stock market made by investors are rational.
9. Factors influencing investment decision also affects the amount of investment.



**SUGGESTIONS**

1. It is clear from the study that majority of the investors in capital market is rational in investment decision even though certain percentage of investors are irrational towards investment. This attitude should be shifted with further study and analysis on investment decision.
2. The well – educated people refrain from making investments in the capital market. If they are made more active, more learned investments could be brought about in the capital market.
3. Do not purchase low-priced, low quality stocks.
4. Do not put all money in same stocks or sectors. Invest in variety of stocks or in different sectors.
5. As the women also earn very high especially in cities, steps to improve the awareness about capital market among women should be given more importance. Presently their participation is meagre.

**CONCLUSION**

This study has helped to understand about the investment decision rationality of retail equity investors in Capital market. The result of the study reveals that the investors takes investment decision rationally .They evaluate various factors such as fundamental analysis, technical analysis, news , return, risk, past experience etc. before taking an investment decision in capital market.

The result of the study also reveals that the amount of investment in capital market is greatly influenced by the various factors such as risk; return, news, past experience, fundamental analysis etc. In nutshell I conclude that investors are behaving rationally while making investment decisions.

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**AN ANALYTICAL STUDY OF IMPACT OF TRAINING AND  
DEVELOPMENT ON THE SALES GROWTH OF  
PHARMACEUTICAL INDUSTRY IN NAGPUR REGION**

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**ABSTRACT**

*Training is concerned with imparting developing specific skills for a particular purpose. It is the act of increasing the skills of employees for doing a particular job and is the process of learning a sequence of programmed behavior. In earlier it focused more on preparation for improved Performance in particular assigned job. Mostly the trainees are from operation levels and belong to semi killed category like Mechanics, machine operators and other kind of skilled workers. In case when the problems and issue from the middle grade like supervision increased, the appropriate steps taken to train them for better supervision. Management of training & development is all those activities and programme recognized and is controlled, which influence to increase the individuals capacity to perform his assignment better and in going so all likely to increase his potential for future assignments. In this paper the researcher is try to study the impact of Training & Development on the sales growth of pharmaceutical industry. This research will also be limited to the Nagpur region. Among all HR practices, only impact of training and development on sales growth will be studied. In the course of research the various aspects of training and development strategies will also be covered using statistical tools with SPSS.*

**Keywords:** Training and Development; Programmed Behavior; HR Practices; Operation Levels

**INTRODUCTION**

Every organization desires that it will grow continuously and make and retain its position in the competitive and continuously changing market environment. For that the employees of the different level in the organization must be skilled and talented. But all the employees of the different level have not that type of required skills and this required training to improve the skills with the framed training programs. To increase the overall development and competency of managerial personal in the light of the present requirement as well as the future requirement. For the performance of existing managers and to provide for a planned growth of managers to meet future organizational requirements. Training and development is "a process of systematically developing expertise in individuals." To improve employees' skills and knowledge for their current jobs and to make employees to prepare for future jobs. Training and development start with a training needs assessment and complete with measuring outcomes. A training needs assessment is "the process of determining the organization's training needs and seeks to answer the question of whether the organization's vision and mission along with their objectives, needs and problems can be addressed so that the gap between optimal performance and

actual performance. Training need identification is a tool utilized to identify what educational courses or activities should be provided to employees to improve their work productivity and employees for a constructive outcome.

### **LITERATURE REVIEW**

P B.S Kumar (2006) in an Article on Talent Management has stated that talent management implies recognizing inherent skills, traits, personality and offering a challenging job. Few decades back persons joining any organization in mid 20s continued to work till retirement but present young professionals hop job during 4-5 years. Though Indian service industries are basking in the light of outsourced jobs, they also cannot ignore the fact that BPO industry is also facing highest attrition rate of around 35 percent, which was never heard before. It is fact that talented people add value to organization, but they are restless species cannot stay rooted at one place. Talented persons leave job for one reason or another, causing serious setback to organizations.

Leo Webster (2008) in Best Practices of Talent Management and Succession Planning has expressed that talent management has become high priority for many companies in their human resources organizations under pressure of cut costs even after increasing productivity. The integrated talent management process is critical for effectiveness and efficiency. Senior human resource executives have to sit down with senior business leaders to review current and future business strategies, identify critical jobs and competencies needed to drive the business forward and come to an agreement on necessity of integrated talent management process for success of business.

Gregory P. Smith (2010) in his article on Employees Retention Strategies: How to Attract, Keep and Motive Today's Workforce has stated that employers face major challenge in finding skilled people, a younger workforce with different attitudes about work and growing population of old persons heading towards retirement. The study reveals 85 percent of human resource executives state the single greatest challenge in managing workforce in organization's inability to recruit and retain good employees and managers. Every industrial unit of pharmaceutical sector believes that most of their problems would be eliminated with the induction of talented persons, as they have solutions of all the problems, Such units are infusing the problem of attrition in pharmaceutical sector to vital extent as availability of opportunities are generated by such industries. Various industries from where the talented persons leave for better remunerations create serious problem by affecting the pace of progress to great extent.

### **OBJECTIVES OF THE STUDY**

1. The primary objective of this study is to observe the effect of training and development on the employees of Pharmaceutical industries.
2. To understand the Organization Culture & Employee Benefit in the Pharmaceutical industries.
3. To study the effect of training and development on the productivity of employees.

### **HYPOTHESIS**

H1: The Employee Performance is dependent on Organization Culture & Employee Benefit.

H2: Delivery style has significant effect on the Employee performance.

H3: Training & development has significant effect on the Employee performance.

### **RESEARCH METHODOLOGY**

To conduct any research a scientific method is followed. Since the universe is very large it is difficult to collect information from all the level of employees. Hence sampling method has been selected for the study.

Research is the process of searching systematically & in depth for any particular topic, subject or area of investigation backed by the collection, compilation, presentation, & interpretation of relevant details or data.

**Method of Data Collection** – In the research project primary data will be used and both observation & survey methods will be used. For the purpose of observation several visit will be paid to the selected companies & working will be observed personally.

**Tools & Techniques to be used** – In regard to Conclusions & suggestions various statistical tools & techniques like percentage, average, ratio, proportions, SPSS will be used.

**DATA ANALYSIS AND INTERPRETATION**

**Reliability Test**

Scale: All Variables

<b>Case Processing Summary</b>			
		N	%
Cases	Valid	100	100.0
	Excluded <sup>a</sup>	0	.0
	Total	100	100.0

**Note:** a. List wise deletion based on all variables in the procedure.

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.674	29

<b>Item Statistics</b>			
	Mean	Std. Deviation	N
VAR00001	3.9500	.84537	100
VAR00002	4.0000	.79137	100
VAR00003	3.8000	.79137	100
VAR00004	3.2900	.90224	100
VAR00005	3.3600	1.27541	100
VAR00006	4.0500	1.00880	100
VAR00007	3.5300	1.19304	100
VAR00008	4.0400	.77746	100
VAR00009	4.0400	.70953	100
VAR00010	4.1400	.63596	100
VAR00011	3.3000	1.29099	100
VAR00012	2.8500	1.34371	100
VAR00013	1.2600	.44084	100
VAR00014	1.0900	.28762	100
VAR00015	2.9900	1.34461	100
VAR00016	1.4300	.49757	100
VAR00017	1.4000	.56854	100
VAR00018	3.6600	.94516	100
VAR00019	2.3000	.57735	100
VAR00020	1.1000	.30151	100
VAR00021	1.4800	.79747	100
VAR00022	3.6400	1.07797	100
VAR00023	1.1000	.30151	100
VAR00024	2.9300	1.06605	100
VAR00025	2.1100	.61783	100
VAR00026	1.2200	.41633	100

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VAR00027	1.1900	.41911	100
VAR00028	1.2100	.40936	100
VAR00029	1.3000	.46057	100

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
VAR00001	71.8100	52.499	.322	.657
VAR00002	71.7600	53.679	.246	.664
VAR00003	71.9600	56.665	-.012	.684
VAR00004	72.4700	55.120	.091	.677
VAR00005	72.4000	49.253	.351	.651
VAR00006	71.7100	56.410	-.018	.689
VAR00007	72.2300	46.987	.535	.628
VAR00008	71.7200	51.981	.407	.651
VAR00009	71.7200	52.244	.430	.651
VAR00010	71.6200	52.460	.466	.651
VAR00011	72.4600	49.120	.352	.651
VAR00012	72.9100	48.265	.379	.647
VAR00013	74.5000	56.394	.085	.674
VAR00014	74.6700	56.062	.234	.670
VAR00015	72.7700	50.623	.247	.666
VAR00016	74.3300	56.264	.086	.674
VAR00017	74.3600	55.404	.169	.670
VAR00018	72.1000	53.384	.208	.667
VAR00019	73.4600	56.716	.012	.678
VAR00020	74.6600	56.004	.235	.669
VAR00021	74.2800	56.082	.036	.680
VAR00022	72.1200	47.844	.546	.630
VAR00023	74.6600	56.004	.235	.669
VAR00024	72.8300	54.425	.101	.679
VAR00025	73.6500	55.240	.167	.670
VAR00026	74.5400	57.544	-.089	.681
VAR00027	74.5700	57.056	-.012	.678
VAR00028	74.5500	57.422	-.070	.680
VAR00029	74.4600	55.948	.144	.671

**Interpretation**

From a Study on Impact of Training & Development on Employees and Pharma Industry Performance, Four major dimensions has been found from the literature namely 1. Organisation Culture & Employee Benefit 2. Employee Performance 3. Training and Development 4. Delivery Style. The Researcher Wants To Test The Reliability of this Dimension and she has Conducted Study of 100 Students. 0.6 Is the Standard to Test Cronbach's Alpha, after SPSS calculation the result shows Cronbach's Alpha is 0.674 which indicates the positive sign to go ahead.

**Descriptive Test**

The study sample comprised of 100 employees of different organizations. The sample includes both male and female. The research data is collected through a structured questionnaire consists of 29 questions. Questions are mixed and close ended questions with the use of a five point Likert scale

consisted of strongly disagree to strongly agree. All questionnaires data collected by hand from the offices of the organizations in the office timings. Questionnaires were collected and 100 of them gave the response to our questionnaire. After checking those all were found correct and the respond rate was 100%. These questionnaires were included in the study. The analysis of the collected data using Statistical Package for Social Sciences (SPSS). All mean and medians were calculated using SPSS along with descriptive statistics being used to identify and determine the independent.

**Descriptive Statistics**

	N	Min.	Max.	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Stats.	Stats.	Stats.	Stats.	Stats.	Stats.	Stats.	Std. Error	Stats.	Std. Error
Organisation Culture & Employee Benefit	100	1.00	5.00	3.9500	.84537	.715	-.928	.241	1.678	.478
Organisation Culture & Employee Benefit	100	2.00	5.00	4.0000	.79137	.626	-.749	.241	.574	.478
Organisation Culture & Employee Benefit	100	2.00	5.00	3.8000	.79137	.626	-.624	.241	.272	.478
Organisation Culture & Employee Benefit	100	2.00	5.00	3.2900	.90224	.814	-.443	.241	-1.340	.478
Organisation Culture & Employee Benefit	100	1.00	5.00	3.3600	1.27541	1.627	-.470	.241	-.889	.478
Organisation Culture & Employee Benefit	100	1.00	5.00	4.0500	1.00880	1.018	-1.065	.241	.645	.478
Organisation Culture & Employee Benefit	100	1.00	5.00	3.5300	1.19304	1.423	-.692	.241	-.565	.478
Organisation Culture & Employee Benefit	100	2.00	5.00	4.0400	.77746	.604	-.728	.241	.571	.478
Employee Performance	100	2.00	5.00	4.0400	.70953	.503	-.750	.241	1.213	.478
Employee Performance	100	2.00	5.00	4.1400	.63596	.404	-.364	.241	.472	.478
Employee Performance	100	1.00	5.00	3.3000	1.29099	1.667	-.236	.241	-1.242	.478
Employee	100	1.00	5.00	2.8500	1.34371	1.806	.254	.241	-	.478



Performance									1.313	
Training And Development	100	1.00	2.00	1.2600	.44084	.194	1.111	.241	- .782	.478
Training And Development	100	1.00	2.00	1.0900	.28762	.083	2.909	.241	6.595	.478
Training And Development	100	1.00	5.00	2.9900	1.34461	1.808	.451	.241	- 1.192	.478
Training And Development	100	1.00	2.00	1.4300	.49757	.248	.287	.241	- 1.957	.478
Training And Development	100	1.00	3.00	1.4000	.56854	.323	1.077	.241	.194	.478
Training And Development	100	2.00	5.00	3.6600	.94516	.893	-.218	.241	-.820	.478
Training And Development	100	1.00	4.00	2.3000	.57735	.333	.514	.241	.370	.478
Training And Development	100	1.00	2.00	1.1000	.30151	.091	2.707	.241	5.439	.478
Delivery Style	100	1.00	3.00	1.4800	.79747	.636	1.225	.241	-.282	.478
Delivery Style	100	1.00	5.00	3.6400	1.07797	1.162	-.865	.241	.289	.478
Delivery Style	100	1.00	2.00	1.1000	.30151	.091	2.707	.241	5.439	.478
Delivery Style	100	1.00	4.00	2.9300	1.06605	1.136	-.471	.241	- 1.114	.478
Delivery Style	100	1.00	3.00	2.1100	.61783	.382	-.070	.241	-.372	.478
Delivery Style	100	1.00	2.00	1.2200	.41633	.173	1.373	.241	-.119	.478
Delivery Style	100	1.00	3.00	1.1900	.41911	.176	2.016	.241	3.223	.478
Delivery Style	100	1.00	2.00	1.2100	.40936	.168	1.446	.241	.092	.478
Delivery Style	100	1.00	2.00	1.3000	.46057	.212	.886	.241	- 1.240	.478
Valid N (listwise)	100									

**HYPOTHESIS**

**H1:** The Employee Performance is dependent on Organization Culture & Employee Benefit

z-Test: Two Sample for Means	Variable 1	Variable 2
Mean	3.711428571	3.5825
Known Variance	0.2515	0.4395
Observations	100	100
Hypothesized Mean Difference	0	
Z	1.550994104	
P(Z<=z) one-tail	0.060451548	
z Critical one-tail	1.644853627	
P(Z<=z) two-tail	0.120903097	
z Critical two-tail	1.959963985	

**Interpretation**

Organisation culture is a very important part of an organisation and it also affects the employees of the organisation. Employees are very conscious about the culture and benefit they get from the industry. It is very necessary for an organisation to engage its employee.

All these results prove our First Hypothesis which is H1: The Employee Performance is dependent on Organisation Culture & Employee Benefit and it has a positive effect on the organizational performance. As we see the results most of the respondents lie in the bracket of 3-4 which is a significant effect on employee performance. So if we consider the majority, we can see that the collected data results into more in positive side and highlight that Employee Performance is dependent on Organisation Culture & Employee Benefit and it has a positive effect on the organizational performance too. If we see the z-test value it lies in the critical region side, it means that the researched data and the results are significant of our third hypothesis.

**H2:** Delivery style has significant effect on the Employee performance

z-Test: Two Sample for Means	Variable 1	Variable 2
Mean	3.5825	1.797777778
Known Variance	0.4395	0.0662
Observations	100	100
Hypothesized Mean Difference	0	
Z	25.09713544	
P(Z<=z) one-tail	0	
z Critical one-tail	1.644853627	
P(Z<=z) two-tail	0	
z Critical two-tail	1.959963985	

**Interpretation**

Delivery style is a very important part of Training and Development and employees are very conscious about the delivery style. If it is found that someone i.e. trainer is not delivering the training in an impressive style and he is not capturing the attention of the audience it is means he is wasting the time and for that matter the important aspect for a trainer is to engage its audience during the training session.

All these results prove our second Hypothesis which is H2: Delivery style has significant effect on the Employee performance and it has a positive effect on the organizational performance. We can see that the collected data results into more in positive side and very few of the respondents mark their disagree

with the term that Delivery style has a significant effect on employee performance. But most of the respondents have positive. So if we consider the majority. The majority say's that delivery style is very important in the training. And it has a positive effect on the employee as well as organizational performance. If we see the z-test value it lies in the critical region side, it means that the researched data and the results are significant of our third hypothesis.

**H3:** Training & development has significant effect on the Employee performance

z-Test: Two Sample for Means		
	Variable 1	Variable 2
Mean	3.5825	1.90375
Known Variance	0.4395	0.0975
Observations	100	100
Hypothesized Mean Difference	0	
Z	22.9086176	
P(Z<=z) one-tail	0	
z Critical one-tail	1.644853627	
P(Z<=z) two-tail	0	
z Critical two-tail	1.959963985	

### Interpretation

Trained employees perform well as compared to untrained employees and It is very difficult for an employee to perform well at the job place without any training or pre-training. Thus every organization to give its employees training to get overall goals of the organization in a better way. Training and development plays a very important role to increase the overall performance of the employees as well as organization. Ignorance is not consider if we are focusing on T&D and hence it is cost effective matter too but in the long run it give back more than the actual. So each and every organization needs to focus on development of its employees according to the need of that time so that they could compete with their competitors.

All these results prove our Third Hypothesis which is H3: Training & development has significant effect on the organizational performance and it has a positive effect on the organizational performance. It helps to improve the organizational performance too. As we see in the table that most of our respondents think that Training and Development has significant affect on the organizational performance. This also proves our third hypothesis which is; H3: Training & development has significant effect on the employee performance. If we see the z-test value it lies in the critical region side, it means that the researched data and the results are significant of our first hypothesis.

### FINDINGS

1. Organisation culture is a very important part of an organisation and it also affects the employees of the organisation. Employees are very conscious about the culture and benefit they get from the industry. It is very necessary for an organisation to engage its employee.
2. Delivery style is a very important part of Training and Development If someone is not delivering the training in an impressive style and he is not capturing the attention of the audience it is means he is wasting the time.
3. It is very necessary for any organization to give its employees training to get overall goals of the organization in a better way. It also increase the overall performance of the organization and it direct connect with the costing of the organization but in the long run prospective it give very good return on investment.

### CONCLUSION

Training and development is very important for an organization to compete with this challenging and changing world. It is directly related to employee but its ultimate effect goes to organization because the end user is organization itself. This study will help the organization to get the conceptual understanding about the importance of Training and Development. It will also help the organization focused on the factors which are very important to keep in mind during the training and how a good training can be deliver to their employees in a planned manner. It will help them to Increase the sales of Pharma Industry in Nagpur Region.

### SUGGESTION

In India, Pharma industry is facing employee problems and controlling the attrition is quite difficult task with the help of above research It is possible to minimize the impact through various retention measures by individual company and using strong Training and Development cell in the organization. In addition, it is also necessary to introduce various measures to minimize the impact of attrition to significant extent and create various avenues to benefit the talented person in suitable manner, preferably as policy issues of the company. It is not proper to initiate measures, when employee submits its resignation for better opportunities or pressurize the company. Employees are very conscious about the culture and benefit they get from the industry. It is very necessary for an organisation to engage its employee. It is very necessary for a trainer to engage its audience during the training session. Every organization should develop its employees according to the need of that time so that they could compete with their competitors. During interaction with employees of various levels in these companies these suggestions are based on the problems being faced by various pharmaceutical companies in Nagpur and revealed their complexity.

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**STUDY OF CUSTOMER PERCEPTION TOWARDS BIG  
BAZAAR**

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**ABSTRACT**

*This paper aims at identifying the profile of this new Indian consumer, how they purchase, what are the factors that influence the consumer behaviour towards Big Bazaar.*

*This study tries to throw light on customer perception and expectation in different ways towards Big Bazaar.*

*Our findings were that Big Bazaar's biggest client base is youngsters, who visit Big Bazaar mainly to shop Clothes and Food Items, and prefer Big Bazaar because of its Low-Price Pricing Strategy.*

**Keywords:** Big Bazaar; Retail; Customer Perception; Customer Satisfaction; Consumer Behavior

**INTRODUCTION**

India's retail Sector is wearing new clothes and is the fastest growing sector in the Indian economy. Big Bazaar is a part of Future group, owned by Mr. Kishore Biyani, a chain of hypermarket in India, designed as an agglomeration of bazaars with clusters offering a wide range of merchandise.

Now a day's customers play an important role in the field of decision making. Emotions have determined a shopping behavior more than he or she needs or wants due to greed customer.

In this context the study also try to throw light on customer's perception and expectations in different ways towards Big Bazaar. The purchase patterns of consumers related to food items has seen a major shift in developing economies like India. This can be specifically attributed to the increase in disposable incomes, access to global information, urbanization, education and health awareness which led to increase in standard of living of people in India.

**LITERATURE REVIEW**

"It Happened in India", Kishore Biyani:

Here we find out 3C Balance theory by Kishore Biyani which describes India in three groups India one- Consuming class, India two- Service class, India three- Struggling class. It also tells about success story of Big Bazaar and how the new concept evolved about "Sabse sasta aur accha kuch nahin" ," Sabse sasta din-Wednesday bazaar".

"Youth Customer perception of brand: Big Bazaar", Mr. Ankit Srivastava, Dr.Sanjay Shankar Mishra

This paper describes that in India the retail sector is worth US \$ 180 bn growing between 11-12 % annually. Youth being a critical segment the marketers cannot ignore to dodge this particular segment. The paper attempts to identify the dimensions of service quality which are important to a customer (Youth).

**OBJECTIVES**

1. To understand customer perception towards Big Bazaar

2. To study the satisfaction level of customers in different attributes of Big Bazaar.

### RESEARCH METHODOLOGY

Period of study has been 2 weeks. Area of study is done in the area of marketing. “Convenience Sampling” is used in this study. Sample Size of the study is 25 respondents.

Data Collection is done from various customers through personal interaction. Questionnaire is prepared for collecting data. Majority questions in the Questionnaire were close ended questions and a few open ended questions.

### RESEARCH LIMITATIONS

The major limitation of this research is that it was undertaken in the geographic boundary of the city of Nagpur.

### DATA ANALYSIS AND INTERPRETATION

**Table 1.** Gender wise respondents

Gender	Total	Percentage
Male	10	40
Female	15	60
Total	25	100

As seen from the above table, the proportion of gender visiting Big Bazaar, the proportion of women visiting Big Bazaar is slightly more than men.

**Table 2.** Accompanied with Respondent

Preference	Total	Percentage
Friends	20	80
Spouse	3	12
Colleagues	1	4
Alone	1	4
Total	25	100

The above table shows that majority i.e., 80% of the respondents liked to visit Big Bazaar along with their friends. Customer notice there friends, colleagues, neighborhoods and opt to shop at big bazaar instead of anywhere else due to offers and sales.

**Table 3.** Time Spent per visit

Time spend	Total	Percentage
Less than 30 minutes	5	20
30 minutes to 1 hour	12	48
1 hour to 2 hour	2	8
More than 2 hour	6	24
	25	100

The above table shows that about 30 minutes-1 hour was spent by the highest number of respondents at Big Bazaar in a visit. While 20% respondents said, they spent less than 30 minutes at Big Bazaar. This is a motivating revelation from the respondents.



Table 4. Frequency of visit

Visiting Frequency	Total	Percentage
Weekly	4	16
Monthly	13	52
Every 3 months	5	20
During Offer only	4	16
	25	100

The above table shows that more than half i.e. 52% of the respondents visited Big Bazaar on a monthly basis, a few 16% of the people visited Big Bazaar only During Offer.

Table 5. Money Spent per visit

Money Spend	Total	Percentage
Below Rs.500	4	16
Rs.500 to Rs.1000	10	40
RS. 1000 to Rs. 2000	7	28
More than Rs. 2000	4	16
	25	100

The table shows that 40% of the respondents spent money between Rs.500 to Rs. 1000 while only 16% of the respondents were either spending below Rs.500 or above Rs.2000.

Table 6. Staff behavior

Staff Behaviour	Total	Percentage
Supportive	20	80
Rude	2	8
Unresponsive	3	12
	25	100

The above table shows that majority of the respondents agreed that the staff behaved supportively in Big Bazaar and very few of them said that they were unresponsive. So, the staff should be more trained to attend all queries of customers.

Table 7. Types of products purchased

Product Purchased	Total	Percentage
Grocery	13	52
Clothes	5	20
Food items	2	8
Electronic items	1	4
Accessories	1	4
Other items	3	12
	25	100

To understand what kind of products are the respondents buying from Big Bazaar, we can look at above table, which shows that majority of the respondents went for purchasing Grocery items, followed by Clothes. This shows that discounts and offers attract customers to buy more Grocery items.

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Table 8. Continue Shopping from BIG BAZAAR

Continue Shopping	Total	Percentage
Yes	20	80
No	5	20
	25	100

The above table shows that almost all i.e. 80% of the respondents have agreed to continue their shopping from Big Bazaar and only 20% do not want to visit again.

Table 9. Any Bad Experience

Bad Experience	Total	Percentage
Yes	7	28
No	18	72
	25	100

The above table shows that very few respondents had bad experience in Big Bazaar. This means almost all respondents have Good experience with Big Bazaar.

Table 10. Problems faced

Problems	Total	Percentage
Desired goods out of stock	8	32
Long queue	13	52
Difficulty in product location	4	16
	25	100

The above table shows that more than half of the respondents were facing problem from long queues at the billing counter and 32% of the respondents were facing problem of out of stock of the desired goods which demotivated them for shopping again from Big Bazaar.

Table 11. Why Big Bazaar?

Attributes	Total	Percentage
Low Price	10	40
Good Service	5	20
Ambience	2	8
Better Quality	5	20
More Variety	3	12
	25	100

The above table shows that majority of the respondents i.e. about 40% liked to shop from Big Bazaar because of Low pricing of goods. 20% of the respondents agreed that Big Bazaar provided better quality products.

Table 12. Major Competitors

Mall	Total	Percentage
Empress Mall	16	64
Eternity Mall	6	24
Poonam Mall	3	12
	25	100

The above table shows that 64% of the respondents think that Empress Mall is the major competitor of Big Bazaar, followed by Eternity Mall and Poonam Mall.

**RECOMMENDATIONS**

Based on our Survey, we found that:-

- Big Bazaar should keep more goods in stock, so that consumers don't face "Goods Out-of-stock" problem.
- The long queues at the Billing counters were one of the most common problems faced by majority of the customers. So queue management like introducing Swipe cards along with more counters during peak periods and offer period is recommended.
- The infrastructure is needed to be changed a bit during weekends as heavy crowd comes in to big bazaar during those days.
- There should be periodical evaluation of staff and Sales staff should be trained well so that they are able to handle all queries and doubts of the customers in a proper manner.

**CONCLUSION**

Through our research we conclude that Big Bazaar is preferred by its patrons for its pricing strategies followed by variety. One of the major reasons for this is the high proportion of students and youngsters who are dependent on their parents for their incomes. Big bazaar has positioned itself in the market as a DISCOUNTED STORES. Volume sales always take place in big bazaar. Big bazaar has been successful in establishing emotional bonding with its customers.

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**SOCIO-ECONOMIC ROLE OF ADVERTISING: A NATIONAL  
DEVELOPMENT PERSPECTIVE**

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**ABSTRACT**

*Information plays a vital role in the development of the human and the society in which they live. If people are informed in an influential way, they behave accordingly and may leads to participate in economic activities. Advertising with its cognitive and persuasive nature can easily polish the mind of target audience and create the sense of motivation to purchase the value offered by the companies in the form of product, to satisfy their various needs which in turn helps to enhance the living standard of them. In Indian context emotional, religious, cultural and traditional aspect of advertising is broadly practiced. In this paper by conceptualizing advertising and linking its impact on social and economic aspect of nation's development such as advertising largely affects pricing of the product, creates demand and choice for consumers and further when they participate in economic transactions, they contributes to the national development. The advertisement also influences the social and cultural norms of peoples like their values, customs, developing living standard and creating social awareness. Various advertising initiatives are also analyzed which are available for social wellness.*

**Keywords:** Advertising; Persuasive; Development; Economic; Social; Social Welfare; Impulsive

**INTRODUCTION**

Advertising is any paid form of non- personal presentation of ideas, goods or services by an identified sponsor (AMA). As the above line itself having key words which denotes the nature of advertising. Firstly, 'paid' that means there is cost element in advertising, the company have to pay to the advertising agency for ad's copy creation and advertising media for ad broadcast. It also distinguishes it from free publicity. Secondly, 'non- personal' that means it is somewhat impersonal effort to present the message to the community or a group of audience. In other words producer and consumers are not in direct contact with each other. Thirdly, 'presentation' of message or mass communication process that means advertising is the act of disseminating information at large. In a short the sponsor can draw the attention of the million of peoples. Fourthly, 'idea or product' is that constituent of an advertisement about which the whole ad is effectively created and launched publically to aware them. They are the tangible and intangible goods or services or any social issue whose feature is conveyed to the target audience. Lastly, 'identified sponsor' they are the financier of the advertisement; they generally include manufacture, dealer, wholesaler on of behalf of producer, and some time retailer.

Advertising is the term derived from the Latin word originally i.e. 'advertere' which means 'to turn' the attention. Advertising is drawing attention of reader or listeners or viewers to make them informed about product and services. In simple words advertising is like salesmanship in a printed form. It is all about popularizing the matter among society. With the help of advertising distinct features of goods or services are being demonstrated electronically or through print media and peoples are offered a variety of choice, which let them to select the product which best satisfy the needs of them. Advertising is the marketing tool which initiates or enhances the economic activities in the society by educating and



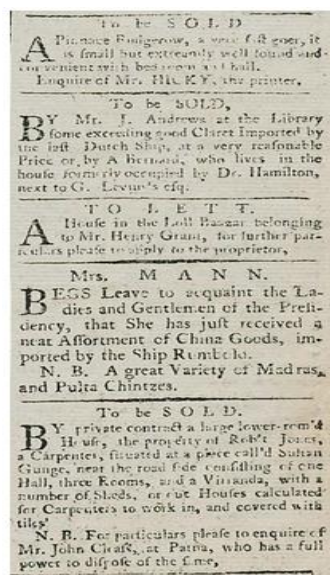
affiliating peoples to the brand. It stimulates the social awareness among the community, about various social problems and cure, about unethical business practices, government regulation, rights of consumers etc. Government with the help of open ad intimates the peoples at large about various programs and policies that are launched or running in a particular area. For example ads of Congress government about MGNREGA, NRHM etc.

### LITERATURE REVIEW

The origin of advertising evidence thousands of years in past, where sellers largely used outdoor display method to demonstrate the product and services. Word to mouth practices was very common to communicate the information to the society. They used self crafted attractive sign boards to pull the audience. The Indus valley civilization having prominently urbanized cities of Mohenjodaro and Harrapa used signs boards to sell the many types of craft and artistic goods about which our ancient civilization was known for. Drummers used to visit village to village and place to place and read the advertisement content to convey message and information to the peoples. Civilians mostly had shown a great concern to them. The emperor Great Ashoka of Kalinga engraved pillars and stones to spread the teachings of 'Gautam Buddha', between 563 and 232 B.C (Chunnawalla 1999) that can be called as the outdoor spiritual advertising for promotion of social integration and ethical harness. Pompeii and Rome were archeologically evident about various sign boards mentioning 'property on rent' and many of 'walls painted display' in excavation. That was basically to attract travelers for their stay. There was an advertisement found in Latin language in the excavation:

'A copper pot has been taken from this shop. Whoever brings it back will receive 65 cesterces. If anyone shall hand over the thief, he will receive an additional reward.'

The traders earned a good amount of money by selling their goods and services to varied customers. Now their economic activities were backed by a persuasive and attractive feature to motivate others to increase their participation in economic transaction. That further leads to growth of society and better standard of living. These communicative processes were not only confined to creation of a customer base, but also to disseminate regulatory or general order announced by government or ruler i.e. the public got easily updated about changing rules, new orders of ruler, various benefits and incentives and other social issues. In Indian scenario James Augustus Hicky on the 29 Jan, 1780 started 'Bengal Gazette' or the 'Calcutta General Advertiser' as the first newspaper to Indian continent, that announced various ads to it.



Hicky's Bengal Gazette showing ads.

Source: Universitats Bibliothek Heidelberg

Then after there were many of print media came into existence and advertisement got an esteemed growth with great importance. Even the daily newspapers announced themselves by with advertisement in their periodicals. In modern Indian history print ads played a great role in Indian National movement as with the help of various newspapers they revealed the actual face and working of East India Company and a huge social movement got pronounced strength. For example Lala Lajpat Rai's journal 'Punjabi Bandematram', Gandhi ji's 'Indian Opinion', Young India; Navjeevan, Harijan, Jawaharlal Nehru founded the 'National Herald', In 1905 Shyamji Krishna Verma started publication of a journal 'Indian Sociologist' from London.

Advertisements now a day become a very common medium through which temples, political parties, various labour groups and trading organization and the ordinary people communicate their thoughts, ideas, concept and creativity the public leads to enhance the societal upbringing. Advertising has also become an institution of persuasion to promote such social and economic values as health, safety, education, Liberty, Democracy, free enterprise and tolerance. An advertisement itself shows the beliefs, values and culture of the society and act as a bridge between public and the society and the economic activities.

In recent period due to technological implementation advertisements are more persuasive then earlier. Now there are highly impulsive advertisements (Seounmi Youn and Ronald J. Faber (2000) copies are made by specialized ad agencies that have stimulating impact on consumer buying behavior and greatly affect the mind of public. Currently mobile technologies have enabled a great level of connectivity between seller and buyer through SMS, Mobile Application (Facebook, Twitter, Linkdin), Mobile Web address, IVR messaging, Ads calls and many more. People's response rate is quite high now days because of changing needs of mobile features. Secondary function (m- commerce, m-banking, information services etc.) of mobile is also most prominent apart from making just a call. Fast growing gadget and technology market, made this ad market flourish in an effective way. Now it is quick and easier to get your words, reach to the public.

### OBJECTIVES

1. To explore the impact of advertising on economic development.
2. To examine the social aspect of advertising and its impact on social development.

### RESEARCH METHEDODOLOGY

Research is descriptive in nature. The secondary sources like reputed journals, periodicals, books and web sources are used to draw facts and concepts about various economic implication of advertising in nation's building and also various social aspects of advertising is considered to draw a conclusion about societal implication of advertising.

### Advertising Impact on Economic Development

Advertising is the tool that creates demand in the economy and the whole economy surrounds around customer demands and preferences. Consumers get to know about varieties of product available in the market and also show its preferences and required change to help the producer to make product user friendly. The production of goods is largely depends on consumers because if there is no need, there no worth meaning of production. Advertisement compels consumers in very cognitive way and motivates them to buy the offered goods and services. The economic activity start when people start expensing money in the market to get the benefit offered. It also helps in expending market out of national boundaries and informs other countries about features of the goods and services that may have satisfactory nature towards their demand. No doubt advertisement has its great impact on national income because it initiates production process by providing production objective and production itself creates income or money mobilization. Focusing some economic factors which are affected by advertisement:

**EFFECT ON VALUE OF PRODUCTS: (ADVERTISING IS VALUE CREATION PROCESS)** It is not right that advertisement is always ethical because various information are hidden or not shown in the ads to create the value of product in the market. They show the positive image of the product and services and peoples get motivated to have it. Advertising demonstrate the goods in a manner as to enhance the value and demand of it. For example benefit of using mobile phone has changed now, as earlier it was only confined to communication purposes but its uses has now changed as there are immense features are available to the user convenience and companies are advertising it as like.

**ADVERTISING EFFECT ON PRICES AND MONOPOLY CONDITION:** A competitive advertising expenses leads to increase the price of the product and ultimately consumers have to pay it. Advertising cost increases with time because of increasing competition day by day. Companies are making a highly persuasive & interactive ad copies and in this process they incur a huge cost that ultimately act as the burden on consumer pocket. The advertising cost also increases, if new product is entered into the market where old product is already firmly established, if there is cut throat competition into the market or may be when expanding a new market of large customer base. According to the book “Managerial Economics,” by Arun Kumar and Rachana Sharma (1998). In theory, the more money a business spends on developing effective advertising campaigns, the more products consumers will buy. So it’s possible, for example, for the mobile manufacturer to use the beneficial effects of advertising to counteract the negative effects of a price increase. In other words, increasing consumer demand through advertising can cancel out a decrease in consumer demand due to a price increase. Such a price rise is generally seen in the short run, whereas in the long run it goes down because of advertising cost diminishes with time and developing brand loyalty to the customer. Also increased economies of scale further reduces or constant the price of the product.

Sometime advertisement creates monopoly condition in the economy by publicizing a specified product in a very imperative way. Price rise creates an inflationary condition in the economy, and advertising may be a big factor behind it. But some products do not advertise much, but even their prices are high and they are still the leaders in market as they have their brand name. e.g., Luxury goods

**ADVERTISING EFFECT ON CONSUMER DEMAND AND CHOICES:** Advertising creates, maintain and extend demand for the goods through brand image and with this regular psychological brand imaging process, customers develop brand loyalty, which stick the customer to the same brand irrespective to the other competitor’s product. A persuasive advertisement has tendency to create demand in the market and educating consumers about differences and quality leads to increase market opportunity for the consumers. The consumers are now demanding the difference that further initiate and promote the industrial production process. Due to this, competitors will try to break this situation and so price may keep on increasing due to ad expense or may be decreasing when any firm adopts price down strategy or the new small industry will try to grasp this opportunity, and this industrial process will lead to national development

**ADVERTISING AND BUSINESS CYCLE:** Advertising no doubt helps in encouraging more buyers i.e. increasing more consumer demand that requires stock of workforce to cater the demand which leads to employing more number of people. It enhances the incentives of workforce operating in this field because of there is increase in revenues for company and which they use for betterment of goods and after sale services. But, there is bad side of advertising is also there. As consumer sometime get better quality foreign product in comparison to domestic product. Consumer starts demanding them and so it cause adverse effect on national income.

**ADVERTISING AND NATIONAL INCOME:** Advertising has favorable effect on national income and because it promotes the sale & creates the demand, which further increase the production and this industrialization leads to contribute the national income.



So, economic implication of advertising is very clear, that it largely affects the firms internal economic activities like pricing, demand creation, choice formation, market extension etc. and externally by contributing to the national income and national development. Though advertising is very productive, it requires proper invigilation because it directly makes impact on peoples mind and persuades them towards a direction, which should always be ethical.

### **Advertising Impact on Social Development**

Apart from advertising being a business process it is a social organization as it represents social life and way of living. The American Marketing Association has firstly defined social nature of advertising as "The advertising designed to educate or motivate target audience to undertake socially desirable actions". Advertising is all about drawing people attention to the social matter apart from giving exact solution. The social role of advertising is very evident from it practices that, it perform for the society whether it is good or bad, uneconomic, anti- social or for prevailing social problem. 'As it is good educator, informer and entertainer at a same time it can be an influencing way of cheating peoples also'. So, the whole sole motive of social advertising is to aware the peoples about various social problems and help them to know the prevailing situation of society.

**ADVERTISING IMPROVES LIVING STANDARD:** Advertising effect on consumer's knowledge, standard of living, and feeling of happiness and well-being, and its potential positive effects on the mass media. An advertisement increase the knowledge of the consumers about the product like its price, features, benefits and durability and induce them to buy the same that leads to increase the demand of the product in the market. For example promoting Android based mobile and its features and benefit. Nokia was initially very easiest in operating and generally uneducated peoples can even operate it, likewise Google's Android OS is now very easiest in operation and include a wide variety of functions through its Apps and a little educated person can easily operate it. Apart from calling function peoples are now directly connected with the global market that enhances their knowledge base and way of living. ITC promoting education through donating Rs 1 on every classmate copy on behalf of consumer purchase.

**CONSUMER WELFARE AND PROTECTION:** It is something which is concerned with the good of consumers and their interests. The Oxford Dictionary's (2001) defines welfare as well-being, happiness; health and prosperity (of person, community etc.) Consumer welfare and protection actually lies in safely fulfillment of their expectations and the aspirations as to goods and services that they need. For example Advertisement warned the peoples using tobacco that leads to cancer, using saccharin in place of sugar reveling all relevant information publically about financial investments in shares or any investment policy of any company like ad highlighting " Mutual funds are subject to market risk please read all terms and condition before invest".

**ADS AFFECT CULTURAL VALUE OF SOCIETY:** In the words of Philip Kotler culture covers attitudes and the value of the whole society having bearing on what we do, what we see, what we use, what we judge. Habits, customs, attitudes, beliefs, value, and taboos are the part of culture. Every people or a group of people possess different habits, values and way of living. So ads should be made accordingly and also to cater with the social norms and principles. For example, Nudity in ads in India is rarely practiced, Mc Donald promotes in India as they not use beef in their products. Now, several global fast food giants are turning vegetarian in the city by overhauling their menu to include vegetarian cuisine in the vegetarian heartland of Gujarat. In Gujarat, global restaurant chains like Subway, KFC and McDonalds are also expanding their menu for their vegetarian customer segment. In a first, American restaurant franchise Subway has opened a Jain counter at its first all-veg outlet in

Ahmedabad at a location with a high density of Jain population. "They carried out a survey in Gujarat and sent a proposal to the US HQ to open an all-veg outlet with a pure Jain counter in Ahmedabad as Gujrat is the only state that contributes 60% of the total sales from vegetarian food". When KFC entered Gujarat in November 2011 with its first restaurant, it changed its menu to include vegetarian cuisine as well. KFC plans to add five more stores in the state this year with increased vegetarian options. Pizza Hut made its Gujarat foray with its first only vegetarian restaurant in the world in Ahmedabad, offering Jain food. Pizza outlet Domino's Pizza also has four restaurants in Gujarat, which offer completely vegetarian menu.

**ADVERTISING AND SOCIAL AWARENESS:** Advertising broadly helps in conveying the message of alert and cure of various social problems prevailing in society like environment, health, safety etc. It aware the society and let them up to date about recent sensitive issues and make themselves ready to face the complications of it. For example, if peoples know about the exact symptom and cure of any disease, they can save the lives. In old times there were lack of information dissemination and so lots of villages seriously affected by epidemic diseases. In recent time like ads focusing on sexual harassment of women and letting them aware that what to do in this situation and promoting women safety and protection. The Times of India – Tum chalo toh Hindustan chaley! Ad motivates peoples to take initiatives in social work/ social development. Tata Tea JaagoRe is a cause marketing initiative launched in India by Tata Tea which aim of raising awareness for specific causes around Indian general elections in 2008 it also aware peoples about their duties towards their country and to take stand to reduce corruption the another examples like Akshya Patra a working NGO which operates for children welfare, Satyamev Jayate a famous television program doing intensive research on social issues and discussing them at large with solutions and various pros and cons associated with it, Idea's ad of saving paper by using mobile, Amul's every day comment on hot topics etc.

### CONCLUSIONS

From the above discussion it is clear that apart from influencing public, advertising also project an image of the corporate in the international market through largely affecting profitability, quality, competition and growth of that firm. Advertising Standard Council of India (ASCI) clearly states 'Self-Regulatory Code' for Corporate and Television Advertisement to have a truthful, honest and non-derogatory ad practices in country. It also regulates a level of fair competition so that consumer's rights can be protected in this competitive behavior as sometime they promote products that are hazardous or harmful to the society. Advertising helps in educating peoples about social issues, product and services information, price, quality, health hazards and safety norms and improving production capability. Advertising promotes national product to the outer world by enhancing export promotion, new product development for international market, country's socio-economic development, distribution and proper supply of goods, at a right time, at a right place by intimating public, about it. It improves standard of living and reaching great number of audience to account their feedback and utilize it for further correction. It affects cultural values of the society and consumer welfare and protection from various unfair trade practices.

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**MANEGIRAL PRACTICES OF NATIONALISED AND CO-  
OPERATIVE BANKS AND THEIR IMPACT ON CUSTOMER  
SATISFACTION**

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**ABSTRACT**

*Banking sector in Indian is well diversified. Banking sector in India, as a group is categorized as Scheduled Commercial Banks (SCBs). It comprise Public Sector Banks (PSBs) having 70 per cent market share of banking business. The Bank attained autonomous status in 1998. It helps in giving more and more services with simplified procedures without intervention of Government. The bank has 48% of its branches in rural areas.*

**Keywords:** Nationalised Bank under Study; Co-Operative Banks

**INTRODUCTION**

**Co-Operative Bank under Study**

**Nationalised Banks**

The Nationalized Bank in the study was registered in September 1935 with an authorized capital of 10 lacs and commenced business in February 1936. The Banks initial help to small units has given birth to many of today's industrial houses.

The Bank has wide network of 1234 branches (as of June 2013) all over India with 269 computerized branches, and 2 Overseas branches. And it has seven days working at its 22 strategic branches. The bank has (he largest network of branches by an Public Sector Bank in the State Of Maharashtra.

The Bank has fined tuned its services to cater the needs of the common man and incorporated the latest technology in banking offering a variety of services.

**The Branch under Study**

The branch under study was established in December 1982. It is a Scale 4 branch. As this branch is located in a rich residential locality, its present business is around 64 Crores including Deposits and Advances.

The banks total Deposits for the year end 2002-2003 is Rs.19,130 Crore and Advances are Rs.8,255 Crore. And die number of account holder in this bank are 42,000.

And the branch of this bank provides ATM facilities to its customers. And also the business transacted by this branch is fully computerized so by which these customers get their services within no time.

**Co-Operative Banks**

**Co-Operative Bank under Study**

The Co-operative Bank in the study is the oldest Co-operative Bank in the Country it was registered in January 1906 and has got stronger over a period of time with rich heritage, integrity, efficient and

transparent operation. It was converted from Cooperative Credit Society to Urban Co-operative Bank in 1928.

It became Scheduled Bank in December 1990. And RBI gave recognition to this Cooperative Bank as Multi State Schedule Bank in 1997.

This Bank has set up new benchmark to (he Co-operative Banking Sector. It continues to offer safety, profitability and comprehensive banking solutions to its ever- increasing customer base.

### **The Branch under Study**

The Branch under study was established in 1985, as it is located in rich residential locality. The Number of Account holders of this branch are around 52,107 and its deposits are Rs. 123.16 Crore and its advances are around Rs. 37.95 Crores. And the account holders in this branch are 52,107.

The Branch also provides ATM facility and DEMAT facility to its customers.

This Bank as a whole has widened its horizons with network of 41 branches along with 5 extension counters in Maharashtra, Gujrat, Madhya Pradesh, Andhra Pradesh and Karnataka. It is the first Co-operative bank in India to implement C-B-S (Centralized Banking System) and as it has its own Dealing Room functioning at Dadar, Mumbai (West).

### **OBJECTIVE OF THE STUDY**

1. To study customers of nationalize & co-operative banks.
2. To study attractive saving schemes of nationalise & co-operative banks.
3. To study the pay scale of nationalise & co-operative banks employees.
4. To see the services provided by nationalized banks are good services as compared to co-operative banks.

### **HYPOTHESIS**

The Hypothesis that this study wants to investigate is mat:

'The customers of a Nationalized Bank are more satisfied with the services provided by these bank than the customers of a Co-operative bank.'

The Hypothesis is based on the following assumptions:

1. Nationalized Banks are large in scale and can afford to provide all kinds of banking services to (heir customers.
2. The NB has very attractive saving schemes.
3. In NB the employees are very well paid and therefore they are expected to be polite and understanding towards their customers.
4. These Banks can afford branches in good locality and can also afford good place, this helps them to attract customers from well-to-do class.
5. The NB are open even on Sundays and can pay their employees even remuneration.

Co-operative Banks customers are not as satisfied with the services provided by them as the services provided by the Nationalized Bank to their customers. This is supposed to be so because of following reasons:

1. The Co-operative Banks are not very big and cannot afford of providing all kind of services to their customers.
2. These Banks do not provide very attractive schemes as the Nationalized Banks.

3. In Co-op Bank me employees salary is decided by the Board of Directors.
4. Alt co-op bank are not necessarily opened on Sunday.

### **METHOD OF STUDY**

#### **Questionnaire Method:**

This is the most popular method used for collection of data. It contains many questions pertaining to the field of inquiry and provide space for answers. It is an instrument for collecting information from a number of persons. It is sent to the informant by post or mail. Informant sends back the questionnaire duly filled within stipulated time.

The study employed the questionnaire method owing to following advantages of the method:

- With the help of this method extensive field may be surveyed and information elicited from persons living over geographical area
- This method is very commercial, as it contains printing and postage cost

#### **Interview Method:**

The Interview method of collecting data involves presentation of oral-verbal stimul and reply in terms of oral-verbal responses. Following are the methods of collecting data -

1. Direct Personal Interview.
2. Indirect Personal Interview.

**Direct Personal Interview:** Personal Interview method requires a person known as an interviewer asking questions generally face to face contact to other persons. In case of direct personal interview, the interviewer has to collect the information personally form sources concerned. One has to be on the spot and has to meet people from whom data have to be collected. The results obtained by this method are generally accurate and reliable as the enquiry is intensive and conducted personally. The investigator can remove the doubts of the informant about certain questions. If there is any doubt in answer, information can be obtained by asking question again.

Interviewer establishes personal contacts with informants. Any other additional information about the personal characteristics of the informants may be collected, which will provide a background at the time of interpretation of data. This method has certain limitation. Its nature limits its scope. If number of persons to be interviewed are large and they are spread over a wide area, this method can be useful. If the inquiry is a bigger one, then it cannot be completed within reasonable time of interviewer. If the interviewer is not trained properly, results obtained may not be accurate and reliable. This method is suitable when field of enquiry is small or limited area.

The study employed the interview method owing to following advantages of the method:

1. More information with greater depth can be obtained.
2. There is greater flexibility under this method as interviewer has opportunity to restructure the questions.
3. Observation method can be as well be applied to record verbal answers to various questions,
4. Personal information can be obtained easily.
5. Interviewer can usually control, which person will answer the question, which is not possible in mail questionnaire.
6. The language of me interview can be adopted to the ability or educational level of the person interviewed, so that misinterpretation can be avoided.

The interviewer may catch the information off-guard and one may secure the most spontaneous reaction that would be in case of mailed questionnaire.

### **CONCLUSION**

The conclusion/analysis of this study, is that the customers of Nationalized Bank are more satisfied by the services provided by the bank, than the customers of Co-operative bank for the services provided by the bank.

The reason for this conclusion/analysis is stated as follows:

1. The Nationalized Banks the deposits of the customers are fully secured and that they can get their entire amount of the deposit back at one stroke on demand.
2. The Nationalized Banks various types of deposit services, in the study (the Bank provides 12 types of depository services).
3. The NB has the facility of providing various Government Bonds to their customers, of which large percent of customers are satisfied from it by taking the full advantage of this type of service.
4. The customers are more satisfied because they have the satisfaction that, they can get the services from the Bank on Sunday's also.
5. The NB have large number of branches all over Maharashtra so the customers do not face any difficulty in dealing with any transaction from any branch.
6. Nationalized Bank are owned by Government that is why the employees do not undertake strike very frequently, when they undertake strike the Government can solve the problem immediately.

But in case of Co-operative Bank customers they are not as satisfied as compared to the Nationalized Bank customers due to the following reasons:

1. Compared to Nationalized Bank the Co-operative Banks have fewer types of depository services for their customers.
2. The deposits in the Co-operative Banks are insured only up to Rs 1 lac, that in case of Bankruptcy or winding up of Bank, the customers do not get their entire deposit back at one time on demand.
3. The Co-operative Bank is formed by the shareholders, and Directors there is a possibility of conflict between themselves, due to which that may affect the Business of the bank and also the customers get affected due to it
4. The Co-operative Banks do not provide any Government securities to their customers.
5. The Co-operative also do not have much wide spread branches
6. In Co-operative Banks frequently the problem of Trade Union arises which gives adverse effect on their customers.

### **RECOMMENDATION**

After the conclusion of this study, the recommendation to be made is as follows:

1. As Foreign Banks has entered Globalization, they have 24 hours working and ATM facility so the Nationalized Bank and Co-operative Bank should try to implement them.
2. The Nationalized Bank should increase the rate of interest on the deposits accepted by them.
3. The Co-operative Bank should try to innovative more depository services for their customers

4. The Co-operative Bank should try to open their business on Sundays also.
5. The Co-operative Banks should try to open more branches in rural areas for their customers.
6. The Nationalized Banks and Co-operative Banks should provide on-line services for their customers.

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**F D I: AN EMPIRICAL INVESTIGATION (1991-2014)**

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**ABSTRACT**

*The process of global economic integration is not a recent phenomenon. Spectacular progress was achieved in this direction during the 19<sup>th</sup> century, which was largely unraveled by the two world wars and the great depression in the 20<sup>th</sup> century. After the Second World War, major powers like the United States, the emergent Japan and the Western European countries undertook the intricate tasks of promoting international trades and monetary systems. The process underwent rapid acceleration since the mid-1980s and was mainly driven by two important factors namely, technological revolution and liberalization policies of the governments of many nations of the world. The past three decades have witnesses increased trade and financial openness in both developed and developing countries of the world. While in the developing nations trade openness has increased sharply than financial openness, in the industrial nations the increase in the later is greater compared to the former.*

*Foreign Direct Investment (FDI) is one of the most important forms of international capital flows across nations and has been one of the most significant factors in the process of economic development of many capital scarce countries of the world; where the domestic base of technology, skills and entrepreneurs hip are quite limited in supply. In these countries FDI serves as an engine of economic growth, helps technological development, augments foreign exchange reserves, improves management and organizational competencies and also has spillover effects on the rest of the economy. The FDI inflows to India became significant under the new policy frame work which dates back to the year 1991 and it plays a much larger role in accelerating the economic development of the country in the recent years*

**Keywords:** Foreign Direct Investment; Gross Domestic Product; Consumer Price Index; Trade Openness and Exchange Rate

**INTRODUCTION**

Foreign direct investment in India's services sector dipped 7.5% to \$1.22 billion in the first half of the current financial year. The services sector, which includes banking, insurance, outsourcing, R&D, courier and technology testing, had received FDI worth \$1.32 billion during April-September 2013-14, the data by Department of Industrial Policy and Promotion shows.

The services sector contributes over 60% to GDR In 2013-14, foreign investment in the sector fell to \$2.2 billion from \$4.4 billion in 2012-13.

The government is taking several measures to boost foreign inflows, according to an official. The bill to hike FDI cap in insurance sector to 49 % from the current level of 26% is pending in the Rajya Sabha. The other sectors that have recorded decline in foreign investment during the first two quarters of this financial year include construction and metallurgical industries.



During April-September of this fiscal, foreign investments showed a growth of 15% to \$14.47 billion as compared to \$12.59 in the same period last year. During the period, India received maximum FDI from Mauritius at \$4.19 billion, followed by Singapore.

### **LITERATURE REVIEW**

Several empirical researches have been conducted to examine factors determining FDI inflows in the home countries and have established linkage between economic, social and political variables. The key literature includes work done by Dunning (1993), which identified three important categories of variables that influence FDI flows in to home countries. Those are:

- (1). Economic,
- (2). Social or Cultural and
- (3). The Political Environment.

Dunning concluded that the major determinants causing FDI flows are market size and growth, gross domestic product, low production cost and political stability. A brief review of literature in this regard is presented here. Many of the studies conducted till date found size of the market as an important explanatory variable of FDI inflows in developing countries. Asiedu (2002) applying the Least Square Technique found Gross Domestic Product (GDP), Return on Investment (RoI) and Trade Openness are significant variables for FDI flows. Garibaldi *et al.*, (2002) in his study on FDI and portfolio investment flows to.

Quasi and Mahmud (2004) found that economic freedom, openness, prosperity, human capital and lagged FDI made positive impacts of FDI flow into South Asia. The study by Nonnenberg and Mendonca (2004) for 33 developing countries finds Gross National Product (GNP), availability of skilled labour, receptivity of foreign capital; country risk rating and stock market behavior serve as important determinants of FDI flows to those countries. Naeem, Ijaz, and Azam (2005) used time series data from 1970-71 to 1999-2000 for Pakistan and found that the influencing factors of FDI inflows to the country are market size, domestic investment, trade openness, indirect taxes, inflation and external debt. Nunes *et al.*, (2006) found that market size, openness of the economy; infrastructure, inflation, human capital, wages and natural resources are the determinants of FDI flows in the context of Latin American countries. Study conducted by Sahoo(2006) finds that market size, growth of labour force, infrastructure index and trade openness are the important determinants of FDI flows in South Asian countries. Study by Vijaykumar, Sridharan and Rao (2010) on the determinants of FDI in BRICs countries found that market size, labour cost, infrastructure, currency value and gross capital formation as potential determinants of FDI inflows in BRICS countries. However, their study revealed that economic stability, growth prospects and trade openness appears to be insignificant determinants of FDI inflows to BRICS nations. Hooda (2011) using Ordinary Least Squares (OLS) method found that trade GDP, research and development GDP, financial position, exchange rate, foreign exchange reserve and GDP are the important macro-economic determinants of FDI inflows to India. Sahni (2012) found that GDP, trade openness and inflation exhibit a positive relationship with FDI inflows to India. Thus the above reviews of literature gives direction to choose the cause variables those can explain the FDI inflows into India.

### **OBJECTIVES**

The objectives, study period, data source, variables and model specification, have been discussed in this section.

The study has two fold objectives as follows:

1. To examine the trend of Foreign Direct Investment (FDI) inflows into India over the period 1991 to 2014.

2. To analyze the major determinants of inward Foreign Direct Investment in India applying the Ordinary Least Square (OLS) technique; considering Gross Domestic Product, Consumer Price Index, Trade Openness, Exchange Rate, Foreign Exchange Reserves and Domestic Capital Formation as the explanatory variables and identify those contributing significantly to FDI inflows into India.

## **METHODOLOGY**

### **Period of the Study**

Time-series data on the above variables is taken from the period 1991 to 2014 for analysis. The model tries to identify the significant determinant variables of Foreign Direct Investment in the Indian economy based on the secondary data sources.

### **Data Source**

Varied data sources are referred for the study purpose. The major data sources are: Investment Country Profiles India, March 2014, UNCTAD, Hand Book of Statistics on the Indian Economy, 2012-14 Reserve Bank of India. The yearly Consumer Price Index (CPI) for the Indian economy has been obtained from the online data source:

## **CONCLUSION**

Foreign Direct Investment not only acts as an instrument of international capital flow but also serves as a very important source of technological and productivity (helps achieving higher level of production via positive externalities) spillovers; particularly in the context of the Less Developed Countries (LDCs) of the world. Policy makers, academicians and researchers around the world struggle that FDI can have important positive effects on host countries development efforts (Alfrao; 2003). It goes without saying that in the contemporary Liberalized, Privatized and Globalized (LPG) environment FDI plays a significant role in the process of their economic development, technological advancements and practice of up to date management and marketing techniques in the recipient nations. This phenomenon is clearly observed in many developing nations across the world. When domestic resources are short to finance the development needs, FDI appears as an important source of external finance for the low income countries like India. However, the inflows of FDI to the home countries are determined by various socio-economic and political factors in the recipient countries. Based on the choice variables, data and model specification; our study finds that the economic determinants such as Gross Domestic Product, Consumer Price Index, Trade Openness, Exchange Rate and Foreign Exchange Reserves have positive impacts on FDI inflows into India. Further, the macro-economic determinants having significant influence on FDI inflows into the country are found to be Foreign Exchange Reserves and Consumer Price Index. During 1991-92 India's Foreign Exchange Reserve was around 3.89 per cent of its GDP and by 2011-12 it was around 18.03 percent (estimated from the Handbook of Statistics on the Indian Economy, RBI, 2013-14) which is 4.63 times higher. In the OLS model the coefficient of the variable FOREX has taken a positive value and has appeared to be statistically significant. This provides empirical evidence that India's better external payment position has built confidence in foreign investors' and there by greater FDI inflows into the country. CPI has appeared to be the second significant variable having positive impact on FDI inflows into India. The average inflation in India during the period was estimated around 7.54 per cent with a standard deviation of 3.11 percent. Perhaps this degree of inflation has created opportunity for foreign investors to gain an appropriate return on FDI. Though the variables Gross Domestic Product, Trade Openness and Exchange Rate show direct relationship with FDI and support the existing literature on the determinants of FDI inflows, the estimated coefficients did not appear statistically significant in the model used in our study.

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**ECONOMIC REFORMS AND PRODUCTIVITY OF INDIAN  
MANUFACTURING: A STUDY OF FOOD PRODUCT SECTOR**

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**ABSTRACT**

*India started economic reforms by liberalising its economy in general and its industrial sector in particular during 1991. Economic reforms have affected its industrial sector competitiveness. Since, Productivity plays a key role in determining competitiveness of the industrial sector, estimation of productivity is vital in understanding the relative performance of the sector. In this study an attempt is made to estimate total factor productivity for food product and beverages industry at two digit level. By using Solow method to measure total factor productivity higher growth of total factor productivity has been found during Post-reforms period besides exports growth is also found higher during post-reforms period in comparison to pre-reforms period.*

**JEL Classification:** F13, O14, D24

**Keywords:** Trade Liberalisation; Manufacturing; Productivity

**INTRODUCTION**

India is world's second largest producer of food products and has the potential to become first. Food product industry is one of the largest and of great importance in India. The food & beverage industry has a unique role in expanding economic opportunity because it is universal to human life and health. The industry operates at multiple levels of society: families grow crops for their own consumption, community's trade fresh produce and home-processed goods, local companies transform domestic crops for local markets, and international corporations purchase commodities globally to deliver products across geographies.

Food processing sector covers activities such as agriculture, horticulture, plantation, animal husbandry and fisheries. It also includes other industries that use agriculture inputs for manufacturing of edible products. The food-processing sector employs about 13 million persons directly and about 35 million persons indirectly.

Since, "Productivity" plays a key role in determining competitiveness of the sector, estimation of productivity is vital in understanding the relative performance of the sector. Food processing sector is crucial to the economy as it provides employment to about 48 million people. In this study an attempt is made to estimate total factor productivity for food product and beverages industry at two digit level.

Productivity growth is a key factor in determining the growth of the industry. The need for studying productivity growth arises due to intimate link between productivity growth and economic growth (Mahambare, Vidya and V.N. Balasubramanyam, 2004).

Productivity growth is the basis of efficient economic growth. Economic growth has been defined as the process of a sustained increase in the production of goods and services with the aim of making available a progressively diversified basket of consumption goods to population. Scarcity of resources, which includes physical, financial and human resources, has been recognized as a limiting factor on

the process of economic growth. While output expansion based on increased use of resources is feasible, it is not sustainable. Therefore, efficiency or productivity of resources becomes a critical factor in economic growth. Economic growth has traditionally been associated with industrialization. But industrialization in the initial stages has the effect of making resource scarcities more acute, making it all the more necessary that available resources are utilized more productively (Mongia, Puran and Jayant Sathaye 1998).

Economic growth of a country requires transformation from a state of the dominance of the agriculture sector to that of the industrial sector. Economies have always realized the need for structural changes with the process of economic development. Friedrich List (1856) in the 19<sup>th</sup> century postulated a process of development proceeding from an agricultural stage through an agricultural-industrial stage to an agricultural-industrial-commercial stage.

The interrelationship between trade and growth in a theoretical perspective has been very fragile. From Adam Smith's discussion of specialization and the extent of the market, to the debates about import substitution versus export led growth, to recent work on increasing returns and endogenous technological progress, economies interested in the determination of standards of living have also been interested in trade. But despite the great effort that has been devoted to studying the issue, there is little persuasive evidence concerning the effect of trade (Fredric, G. Jayme Jr., 2001).

India has a colonial past and since independence it has gone through various policy changes. Feared from its colonial past earlier strategies were based self reliance and import substitution. Later India has to liberalized its economy. In present study an attempt has been made to evaluate the impact of economic reforms on total factor productivity of Food and Beverages products industry's performance.

### REVIEW OF STUDIES

The principal reforms initiated in the year 1991 were in the form of reduction in import tariffs on most goods other than consumer goods, removal of quantitative restrictions and liberal terms of entry for foreign investors. Although reforms were piecemeal they do appear to have promoted growth and productive efficiency of the manufacturing sector (Ahluwalia, 1991). There is, therefore, sufficient reason to believe that the manufacturing sector does respond to liberalization and the high growth rate of Indian economy during the nineties was, "in part, due to continued structural reform, including trade liberalization, leading the efficiency gains." (WTO 2002, p 1) this view is supported by Krishna & Mitra (1998) and Unel(2003) who found growth of labour productivity and total factor productivity was substantially higher in the nineties compared to the period up to 1990-91. Das (2002) reported that a positive impact of the lowering of non-tariff barriers (NTBs) on the manufacturing as well as intermediate goods sector promoted industrial productivity. A number of studies, however, contradict this view. Several studies [Das (2003), Kumari (2001)] found TFP growth worsened during the nineties compared with that during eighties. Srivastava (2001) reported that TFP growth rate in Indian manufacturing was 3.6 per cent per annum in the period 1980-81 to 1990-91 but had declined to 2 per cent per annum during the period 1990-91 to 1997-98. Although Goldar and Kumari (2003) reported a deceleration of TFP growth in Indian manufacturing in the 1990s, their analysis indicates that the lowering of effective protection to industries promoted productivity growth during the period 1991-98.

Economic reforms improved or worsened has long been the subject of controversy among economists. Although there are a number of theoretical and empirical studies on the impact of trade and productivity, it is as yet a controversial issue. Further most of the studies carried are based on aggregated level analyzing total manufacturing sector. Present study is an attempt to find out the productivity performance of Food product and beverages industry at disaggregated level. Present study aims to analyse total factor productivity performance of Indian manufacturing sector during Pre-Reforms and Post-Reforms period.

**OBJECTIVES OF THE STUDY**

1. To estimate the total factor productivity of Food products industries of Indian manufacturing Sector.
2. To evaluate the impact of economic reforms on productivity performance of Food products industries.

**METHODOLOGY AND DATA SOURCES**

There are basically three approaches to estimate total factor productivity namely these are: Parametric Approach, Non-Parametric Approach and The accounting approach. The accounting approach has been used in present study and total factor productivity has been estimated by Solow methods which has several useful properties

**Solow Index**

Solow’s measure of productivity growth for two input case is given by

$$g_{t+1}^S = \left[ \frac{V_{t+1} - V_t}{V_t} \right] - \left[ \frac{L_{t+1} - L_t}{L_t} + \frac{K_{t+1} - K_t}{K_t} \right]$$

Where,

$V_j$  = measure of output,

$\alpha, \beta$  are shares of labour (L) and capital (K) in output.

This measure is based on the general neo-classical production function. It assumes constant returns to scale, Hicks-neutral technical change, competitive equilibrium and factor rewards being determined by marginal products.

Under these conditions, the growth of total factor productivity is the difference between the growth of value added and the rate of growth of total factor inputs. The latter is in the form of a Divisia index number i.e. a weighted combination of the growth rates, the weights being the respective shares.

If we assumed specific Cobb-Douglas production function, with unit elasticity of output (unlike in the general functional form above) and took base year factor shares as weights, we would get Domar’s geometric index of TFPG.

Assuming  $A_1 = 1$ , a time series of Solow index of productivity ( $A_t$ ) can be formed from the formula:

$$A_{t+1} = A_t * (1 + g_{t+1}^S)$$

**Measurement of Variables**

**Output (Q):**–The Annual Survey of Industries provides data on both the output and the value added at the current prices. We have used gross value added as a variable for output. In this paper, the Wholesale Price Index (WPI) for manufactured products has been used to deflate the nominal values of gross value added.

**Labour (L):**– Total number of persons engaged is taken as the measure of labour input.

**Capital (K):**– Gross fixed capital stock at constant (1993-94) prices are taken as a measure of capital input. For constructing the capital stock for the sector, CSO’s data on fixed capital stock for 1973-74 has been considered as the benchmark year of capital stock. Capital stock series is then constructed by using perpetual inventory accumulation method.

Capital stock for the industrial sector in the subsequent years has been arrived at by adding the real investment figures to the stock of capital of the previous year. The relationship between gross fixed capital stock in year t, denoted by  $K_t$ , the benchmark capital stock,  $K_0$ . Following Goldar (1986) we



have uniformly applied 2% rate of obsolescence for each year. For year t, the estimate of capital stock (K) is obtained by using the following equation

$$K_t = K_{t-1} - 0.02 K_{t-1} + I_t$$

This means that

$$K_1 = K_0 + I_1 - 0.02 K_0$$

$$K_2 = K_1 - 0.02 K_1 + I_2, \text{ and so on}$$

The investment figures were obtained using the formula:

$$I_t = \frac{FC_t - FC_{t-1} + D_t}{WPIC_t} \times 100$$

Where, 'FC' is the book value of fixed capital, 'D' is the depreciation, and 'WPIC' is an appropriate deflator for fixed capital. For 'WPIC', we have used the wholesale price index of machines and machine tools published by the CSO. The base of this index series has been converted to 1993-94 year to retain the consistency of single base year for all the price indices.

**Emoluments:** - Total emoluments primarily constitute wages to workers, provident fund (PF) and other benefits and so on. To estimate real emoluments, the nominal value has been deflated by Consumer Price Index. In the present study, the share of emoluments in total value added is taken as the share of labour. Assuming constant returns to scale, the share of capital is one minus the share of labour.

TFP is measured for food products and beverages industry of India for the period 1975/76 to 2011-12. This period has been divided into two sub periods, namely, 1975/76 to 1989/90 (Pre-Reforms) and 1990/91 to 2011/12 (Post-Reforms). For the estimation of TFP index data on relevant variables are collected from various issues of "Annual Survey of Industries", a publication of Central Statistical Organization (CSO), Government of India.

### Empirical Analysis of Performance

Food products industry in India is a sunrise sector. It has gained prominence in the recent years and continues to doing so. Food products & beverages industry grew at a rate of 15.4 percent during 2011-12. Availability of raw materials, changing lifestyles of the people and appropriate fiscal policies has given a considerable push to the industry's growth. This sector is crucial because it serves as a vital link between the agriculture and industrial sectors of the economy. India is a highly populous country. Food products & beverages industry plays an important role to reduce waste of agricultural raw materials and to improve the value of agricultural produce. Adequate focus on this sector could greatly alleviate our concerns on food security and food inflation. India already is a leading exporter of several food products. To ensure that this sector gets the stimulus it deserves, Ministry of Food Processing Industries is implementing a number of schemes for Infrastructure development, technology up-gradation & modernization, human resources development and R&D in the Food Processing Sector.

**Table 1.** Registered Manufacturing of Food Products & Beverages (20-21) All India (Value in Rs. Lakhs, Others in Numbers)

Characteristics	1981-82	1991-92	2001-02	2009-10	2010-11	2011-12
Number Of Factories	18372	19721	22436	27480	35838	36875
Number Of Workers	1025496	864225	947637	1267359	1299467	1393265
Total Persons Engaged	1325832	1124366	1224581	1605954	1661597	1776732
Value Of Output at Constant Prices (1993-94=100)	2386082	5190625	9685290	25356181	29365168	37305676

**Table 1.** Registered Manufacturing of Food Products & Beverages (20-21) All India (Value in Rs. Lakhs, Others in Numbers) (Contd....)

<b>Characteristics</b>	<b>1981-82</b>	<b>1991-92</b>	<b>2001-02</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
GVA At Constant Prices (1993-94=100)	268163	620636	1294821	2943410	3268132	4232137
Fixed Capital at Constant Prices (1993-94=100)	314980	736085	1709741	1828190	1887197	2492642

**Source:** Computed from ASI, summary results for the Factory Sector, Various Issues

The food-product sector comprises of organized and unorganized industries. Due to lack of reliable data on unorganized industries, an analysis of the organized factory sector has been undertaken to get an idea on the productivity scenario of the Indian food-product sector. Further, the structural constituents of the food processing sector may be understood from the analysis of organized factory sector that mainly consists of large-scale enterprises. Table 1 shows some of the characteristics of Indian food processing sector since 1981-82. Though the number of factories in the food-product sector has increased over the years, the number of workers as well as total persons engaged declined initially but increased latter on. However, Gross value added at constant prices increased substantially during this period.

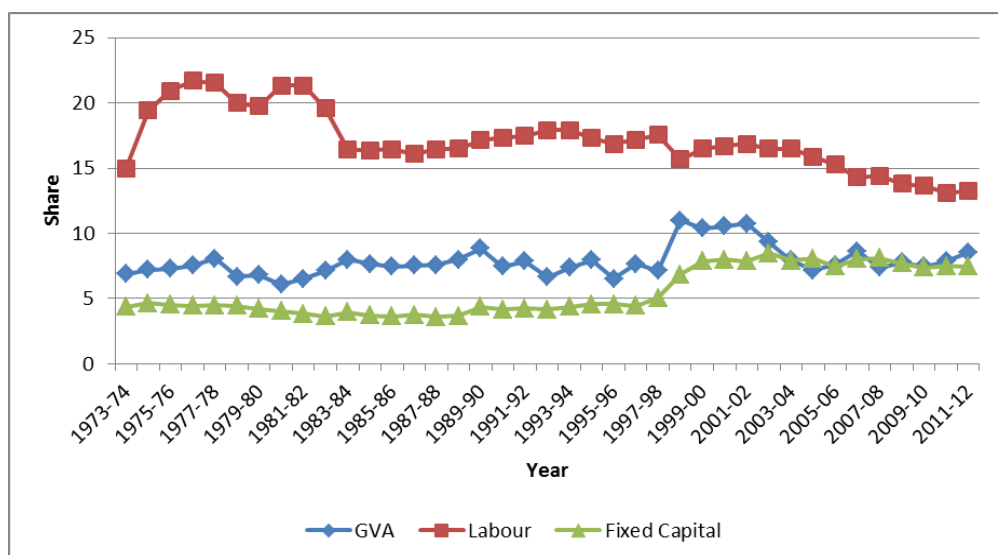
**Table 2.** Growth Rate analysis of key characteristics in the Food Processing Sector (figures in percent)

<b>Characteristics</b>	<b>Period I:</b>	<b>Period II:</b>	<b>Period III:</b>
	<b>1981-82 to</b>	<b>1990-91 to</b>	<b>2001-02to</b>
	<b>1989-90</b>	<b>2000-01</b>	<b>2011-12</b>
Number Of Factories	0.65	1.42	6.44
Number Of Workers	-2.12	0.71	4.70
Total Persons Engaged	-2.18	0.72	4.51
Value of output at Constant Prices (1993-94=100)	9.37	7.22	28.52
GVA at Constant Prices (1993-94=100)	12.42	4.52	22.69
Fixed Capital 1993-94=100	9.72	9.21	4.58

**Source:** Computed from ASI, summary results for the Factory Sector, Various Issues.

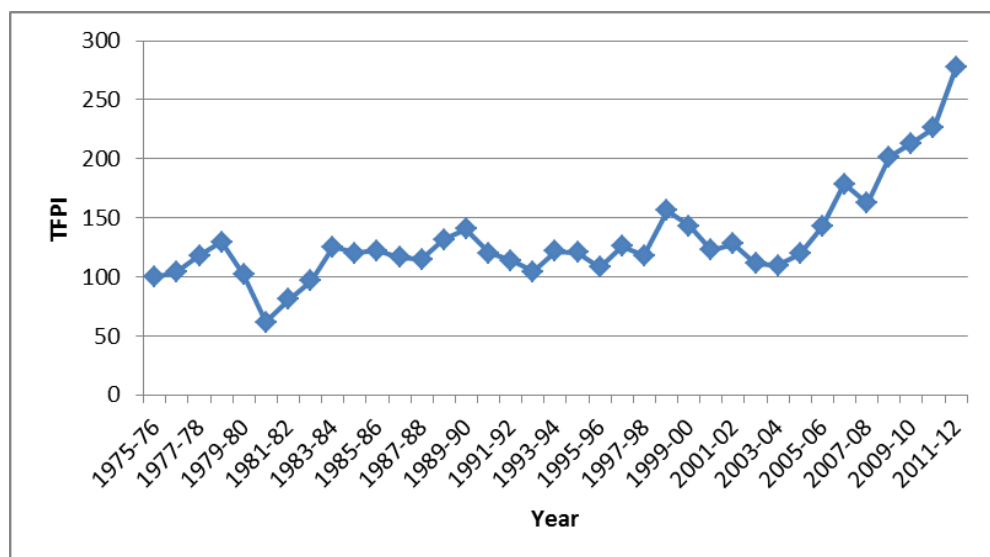
Growth rate analysis of the food-product sector shows that the sector has been growing constantly since 1981-82. The number of workers and the total persons engaged in food-processing sector reported a decaling growth during 1980-81 to 1991-92 however the second period decades reported positive growth and a significant improvement in recent decades (Table 2). It may be noted that all the factors considered during 1981-82 to 2011-12 reported positive annual growth rates since 1991-92 as compared to eighties. The highest growth rate was reported by the value of output at constant prices during 2001-02 to 2011-12 period value of output reported the highest annual growth rate.

Figure 1 shows trends in Food products & beverages industry's share of labour, share of fixed capital and share of Gross Value added in Total Manufacturing Industry. Food products & beverages industry's share in gross value added were 6.87 percent during 1973-74, now its share in gross value added of total manufacturing Industry has increased to 8.55 percent during 2011-12. It employed 14.93% labour of Total manufacturing sector during 1973-74. However, technology advancement making it to towards capital deepening industry but it stills employ 13.23 percent labour of total manufacturing sector during 2011-12. In case of fixed capital its share has increased from 4.38 percent during 1973-74 to 7.44 percent during 2011-12.



**Figure 1:** Share of Labour, Fixed Capital and Gross Value Added of Food products & beverages in Total Manufacturing Industry

Figure 2 shows TFPI trends using Solow method. It reflects that TFPI has improved in Post-Reforms period in comparison to Pre-Reforms period. There is a sharp increase in TFPI during the period 2003-04 to 2011-12. Estimated TFPI indices for figure 4.2 have been presented in table 2.1 in Appendix II for Food Products and Beverages.



**Figure 2:** TFPI of Food Products & Beverages

**Table 3.** CAGR of Food Products & Beverages (figures in percent)

Methods	Pre-Reforms Period (1975-76/1989-90)	Post-Reforms Period (1990-91/2011-12)	(2000-01 / 2011-12)	Over All Period (1975-76/2011-12)
Solow	1.99	3.35	8.30	1.85
Exports	2.31	10.52	16.43	8.72

**Source:** Author's computations based on ASI data

Exports of Food products & beverages industry grew at a compound annual growth rate (CAGR) of 2.31 percent, 10.52 percent and 8.72 percent during Pre-reforms period, Post-reforms period and

Entire period respectively estimated as given in table 3. Food products & beverages industry's export intensity as a ratio of exports to gross value added of total manufacturing industry has increased from 0.18 during 1975-76 to 0.26 during 2011-12.

Table 3 shows a higher compound annual growth rate for total factor productivity during Post-reforms period in comparison to pre-reforms period. It suggests that aggregate manufacturing sector saw a growth of 1.99 percent in the pre-reform period compared to 3.35 percent in the post-reforms period. Besides CAGR is much higher during 2000-01 to 2011-12 reflects food product industry has gained competitively from completion during post-reforms period. This higher growth result is the result of various factors but most important is inflow of foreign direct investment.

### CONCLUSION

The protective role of import substitution, however, has an effect that is in the opposite direction. Bhagwati (1998) blames import substitution for India's poor performance. The industrial licensing framework, established in 1951, has also been identified as a factor retarding productivity growth. The general argument is that by limiting the degree of foreign competition and sheltering domestic industry, import substitution prevents the introduction of new products and methods, lowers the incentive to reduce costs and productivity. Since imported inputs (intermediate as well as capital goods) would tend to embody technologies that are not available to domestic producers, any policies that limit the availability of such imports through tariff or quotas will tend to slow down the pace of productivity growth.

In this study, we have analysed the productivity performances of Food products sector in India based on a carefully constructed data set drawn from ASI for the period 1973-74 to 2011-12. By applying the Solow Index to estimate total factor productivity we have constructed total factor productivity series. Comparison of before and after economic reforms shows that total factor productivity has improved during post-reforms period in comparison to pre-reforms period.

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**MOTIVATION AND SPORTS PERFORMANCE**

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**ABSTRACT**

*A highly motivated person would be more eager to give a better performance than a lowly motivated one with the same skills. Likewise, a person who has less skill but more motivation can train to be better than another who has more skill but is less motivated to put in 100% of effort. However, motivation does not mean that sports performance is definitely increased. The sources of big flops are a lack of motivation, over confidence and over motivation. Over motivation means that a person is so motivated to perform well that he outperforms his limit and flops.*

*Motivation can be simply defined as the ability to initiate and persist at a task. Motivation is the main feeling that all athletes use in their effort and accomplishments. Without the use of strong motivation and determination to perform well in your sports, all other mental factors such as confidence, focus, intensity and emotions are all meaningless. In order to become the best you can be, you must be motivated to do whatever it takes to maximise your ability and goals*

*Motivation is the driving force that causes the flux from desire to will in life. For example: a flower with no water still desires for water to sustain life; however, due to its incapability to move and get water, the flower cannot will for water, hence, suffering from a break in the driving force of motivation; it is not to say, however, that, necessarily, the flower lacks the driving force; therefore, all life can said to have, at its very minimal, the igniting spark of motivation. It can be considered a psychological state that compels or reinforces an action toward a desired goal. For example, hunger is a motivation that elicits a desire to eat. Motivation is an inner drive to behave or act in a certain manner. "It's the difference between waking up before dawn to pound the pavement and lazing around the house all day." These inner conditions such as wishes, desires and goals, activate to move in a particular direction in behavior.*

**Keywords:** Motivation; Sports

**INTRODUCTION**

**Motivation**

Motivation can be described as an individual's inner will and dedication or focus to achieve a goal they have set for themselves. Motivation is a very important factor in elite level sports for the simple reason it's what makes you do what you do, if you're not motivated to be a top level athlete then you have a chance of not being the best you can be and falling short of your goals. Motivation is started and caused by a motive which is a reason to do things that will require motivation. Below is a more in depth explanation of motivation and its positives and negatives on sports in general and examples of specific areas.

**Some motives that are a part of sports are –**

**Goals –** Goals are something that we set to achieve our targets, for example big goals such as, getting a gold medal in the Olympic power lifting, or something smaller such as, improving your 400m running time by 1second. Goals can be either big ones or as small as little improvements.



**Performance** – Performance is the big one that comes with being an elite level athlete because one mistake may cost you big. If an athlete has a bad performance in the game before this can be used as a motive to get motivated and improve for the next time they perform.

**Persistence** – Persistence is also a big part of achieving goals and is often something that we lack because of low motivation levels. If we haven't got persistence in our training sessions then we won't get the results that we want which will lead to low motivation levels.

**Impression** – If an athlete's performance is good then this will leave a good impression with coaches, fans and possibly other clubs or organisations. Some athletes get motivation by the support of fans and people around them so leaving a good impression is a very important part of motivation.

Each and every person has their own reasons for participating in their chosen sport and below is some of the reasons.

- For the social side of sports, making new friends from playing in teams and working as a unit together.
- Improvements on overall health and fitness for the individual, and a great source of relieving stress from work and other things.
- Personal pride of defying odds and peoples expectations of you and doing something that you thought you might never be able to do.
- Possibly earning money for participating in sports both professional and semi professional sports pay wages, or maybe participating in a tournament of some sort for charity.
- Peer pressure can also be apart of peoples decisions to play sports, your friends might all want to play football but you might want to play rugby more, so the pressure is there for you to follow your friends and do the sports that they do.

This is a very common one in today's society.

Some factors that may affect the younger generation can also be related to the above ones which are more aimed at teenagers and adults.

Below are some factors that can affect younger people's motivation

- Sporting role models – They play a big part in younger people getting involved in sports for example David Beckham was the role model for many younger people when he was at Manchester united because everyone wanted to be like him, from his skills even down to his hairstyles, so he provided a role model for people both young and old and gave them motivation to get into football.
- Parental pressure- Some parents can push children into play sports for many reasons, they share the same passion for the sport, the parent never succeeded in the chosen sport so wants their child to do so and to keep kids active and in good health. Parental pressure can be both good and bad depending on the personality of the parent and the child.
- Motivation for the child should be high because he/she has great support from people close to them.
- Prizes – Prizes are a good way of getting younger people as well as older people to get motivated and perform well, for example if a child is playing a football match and their parents said if you score a goal today we will buy you a treat for doing so, well then the child will think I can get something extra out of this and put in a better performance and work harder.

### **Types of Motivation**

There are two different types or forms of motivation that we can use intrinsic motivation and extrinsic motivation. Below is a detailed explanation of both forms of motivation and how they relate to sports.

**Intrinsic Motivation:** Intrinsic motivation is motivation that comes from within us not from external sources for emotions. Someone who is intrinsically motivated doesn't require much external motivation from fans, money and expectations of others. They are focused on their own inner goals that they want to achieve and their personal reasons for being in the sporting situation they are in at that moment.

This is motivation from within. A desire to perform well and succeed. The following will be true:

- Desire to overcome the problem or task
- Development of skills and habits to overcome that problem
- Rehearsal of successful habits until they are perfect
- A feeling of pride and enjoyment in performing the skill
- Repeated goal setting in order to progress and maintain motivation

Goals must be all of the following in order to be attainable:

- Smart
- Measurable
- Agreed
- Realistic
- Time related
- Exciting
- Recorded

A sporting example of Intrinsic motivation is a Anderson Silva (MMA), before he enters the octagon he is calm and composed and is deep in thought about his motives, reasons for being there and his hard work and dedication to get this far in his career, that is intrinsic motivation because he is getting motivated by his own sources from within and not from other rewards such as money and fame. One of the main intrinsically motivated motives are personal pride the thought of being able to better yourself and beat the challenges that you set yourself.

People who are intrinsically motivated still want to receive rewards but these rewards are not what keeps the athlete motivated to persevere through the hard times that comes with being an athlete. Intrinsic motivation is a long term reason to get involved in sports because it will take a long time for this form of motivation to die down.

**Extrinsic Motivation:** Extrinsic motivation comes from a source outside of the performer. These are things which can encourage the athlete to perform and fall into two groups:

**Tangible rewards:** Physical rewards such as medals and money. These should be used sparingly with young athletes to avoid a situation where winning a prize is more important than competing well

**Intangible rewards:** Praise, recognition and achievements. These should be used on a regular basis to encourage the athlete to repeat the behaviour which earned the praise.

Extrinsic motivation is motivation that comes from outside of us not from internal sources for example personal pride. Someone who is extrinsically motivated doesn't require much internal motivation from

personal pride, achieving goals and enjoyment they are only focused on the rewards that come with being an athlete such as money and fame.

A sporting example of extrinsic motivation is Wayne Rooney, Wayne is one of the planets best known footballers and with this status comes a lot of money and fame. Wayne is sponsored by many internationally recognised brands such as Nike, Lucozade, Coca-Cola Zero and PowerAde. He also plays for one of the biggest clubs in world football Manchester United which brings him a lot of media coverage and fame within the public. Recently Wayne was caught in a debate with Manchester United over his weekly wages which saw a massive increase to his previous wage which shows that he is motivated by the money which is extrinsic motivation.

One of the main extrinsically motivated motives is fame, being in the eye of millions of people will leave great fame upon your shoulders and is one of the main reasons people want to be professional athletes.

People who are extrinsically motivated still do it for intrinsic reasons such as improving certain skill sets and becoming a better athlete on the pitch because you are motivated to become better because the better you are the better quality the extrinsic factors become.

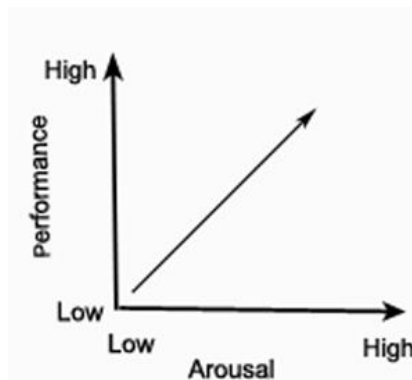
### OBJECTIVE OF THE STUDY

1. The objective of this study is to analyze the relationship between motivation and sports performance.
2. Identify the self-determined motivation promotes athletes' situational self-determined motivation before a competition, that in turn, predicts their sport performance
3. Identify the different types of motivation
4. Analyse how motivation can affects sports performance

### Motivation, Arousal and Performance

Motivation is related to the intensity and direction of behavior. That is, the level of arousal and the way in which we behave affect our motivation and hence performance. There are currently two theories. They are

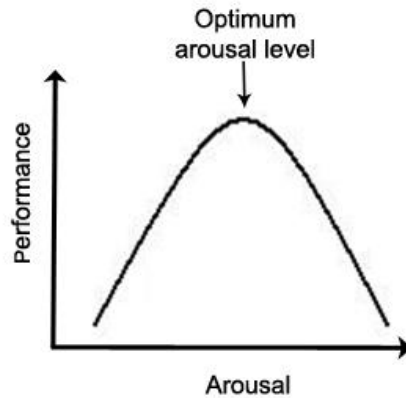
**Hull's Drive Theory:** This demonstrates a linear relationship between performance and arousal. This means at low levels of arousal, performance is low and performance increases in line with an increase in arousal. This is shown in the graph below.



This theory also explains that novices to the sport often do not perform well under pressure and their skill level decreases due to poor habits and ill-learned techniques. Habits are described as the performance which is dominant within each person. Experienced athletes tend to perform better under pressure due to their superior skills and the use of stress management techniques. This theory can be expressed using the following equation:

Performance = habit x drive (arousal)

**Inverted U Law:** This law states that arousal improves performance up to an optimal point. Past this point, performance begins to decrease. When drawn on a graph this appears as an upside down U shape.



There are three rules which surround this theory:

- Activity: Some sports are better performed at low arousal, mainly those which require small, precision movements and control, e.g. shooting
- Skill level: Beginners to a sport require all of their attention to be focused on the task in hand and so do not cope as well with over-arousal. Highly skilled individuals have the skill well practiced and so do not require such high levels of concentration meaning they can deal better with the arousal level.
- Personality: Extroverts perform better in high-pressure, high arousal situations. Introverts tend to do better in a state of low arousal. This is thought to be connected to part of the brain called the RAS or reticular activating system. This controls the level of arousal. Introverts have a highly stimulated RAS and so avoid stressful situations, whereas extroverts need high arousal situations to stimulate the RAS

### **Signs of Low Motivation**

There are several signs of low motivation:

- A lack of desire to practice as much as you should.
- Less than 100% effort in training.
- Skipping or shortening training.
- Effort that is inconsistent with your goals.

Three D's

- Direction
- Decision
- Dedication

Prime motivation means putting 100% of your time, effort, energy, and focus into all aspects of your sport. It involves doing everything possible to become the best athlete you can be.

Prime motivation begins with what I call the three D's. The first D stands for direction. Before you can attain prime motivation, you must first consider the different directions you can go in your sport. You

have three choices: stop participating completely, continue at your current level, or strive to be the best athlete you can be.

The second D represents decision. With these three choices of direction, you must select one direction in which to go. None of these directions are necessarily right or wrong, better or worse, they're simply your options. Your choice will dictate the amount of time and effort you will put into your sport and how good an athlete you will ultimately become.

The third D stands for dedication. Once you've made your decision, you must dedicate yourself to it. If your decision is to become the best athlete you can be, then this last step, dedication, will determine whether you have prime motivation. Your decision to be your best and your dedication to your sport must be a top priority. Only by being completely dedicated to your direction and decision will you ensure that you have prime motivation.

### CONCLUSION

Motivation is the foundation all athletic effort and accomplishment. Without your desire and determination to improve your sports performances, all of the other mental factors, confidence, intensity, focus, and emotions, are meaningless. To become the best athlete you can be, you must be motivated to do what it takes to maximize your ability and achieve your goals

The commonly held view is that motivation is either 'good' (intrinsic) or 'bad' (extrinsic). However, this understanding is limited and promotes an inaccurate understanding of extrinsic motivation and its varying influences on sport participation. Deci and Ryan's (1985) self-determination theory is a popular theory of motivation, which proposes that people seek to satisfy three psychological needs — self-determination (autonomy), perceived competence, and relatedness (sense of belonging) — necessary for personal growth. Self-determination theory also proposes several forms of intrinsic motivation, extrinsic motivation, and a motivation.

Intrinsic motivation is associated with the inherent fun and enjoyment associated with sport participation. For example, some athletes naturally enjoy running fast or striking the ball 'sweetly'. In contrast, a motivation is a lack of or reduction in motivation. In between these two opposing forms of motivation is extrinsic motivation, which is generally associated with the achievement of some goal, such as winning an Olympic gold medal. Of primary interest here is a more thorough understanding of extrinsic motivation and its influence on sport participation.

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**THE ECONOMIC REFORMS SINCE 1991 AND ITS IMPACT  
ON AGRICULTURE SECTOR OF WAYANAD**

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**ABSTRACT**

*The Indian farmers are trapped in a vicious circle of crop-loss, low price and indebtedness, which lead to dilapidated conditions in agriculture. It is generally accepted that agricultural activity is a noble profession. However nature's fury, exploitation of the market and negligence on the part of the authorities compel the farmers and agriculturists to do away with extensive cultivation. In recent years, the noble profession of Agriculture has become non-profitable to farmers. The contribution of agricultural sector to National income estimation declined from 55% in 1950-51 to 18% in 2007-08, while people's dependency on agriculture remains almost the same. This paper studies impact of economic reform in Indian economy particularly agriculture sector of Wayanad. The Indian state has launched unprecedented relief and rehabilitation measures in response to the suicide crisis. This article makes a strong case for grounding the study of farmers' suicides in ethnographies of agrarian practice and the local developmental state.*

**Keywords:** Indian Agriculture; Economic Reforms; Suicide

**INTRODUCTION**

Agriculturists in general and the small and marginal farmers in particular have been the worst sufferers from the onslaught of globalization. With more than 40 percent of agricultural lending even today coming from the non-institutional sources charging anywhere between 30-40 percent interest per annum, the farmers are in an immiserizing situation. They are committing one of the worst human tragedies – suicides. Rural India without them definitely is not shining. And with the woeful lack of infrastructure there is a gloom not a bloom in the countryside. A decline in the share of agriculture in the national income from over 50 per cent during the 50s to less than 20 per cent today may be a sign of structural transformation but the question today is whether Indian agriculture will be able to meet the new demands placed upon it by Liberalization, Privatization and Globalization (LPG).

**Wayanad district**

Wayanad District in the north-east of Kerala, India, was formed on 1 November 1980 as the 12th district by carving out areas from Kozhikode and Kannur districts. Kalpetta is the district headquarters as well as the only municipal town in the district. The Folk etymology of the word says it is a combination of Vayal (paddy field) and Naad (land), making it 'The Land of Paddy Fields'. There are many indigenous tribals in this area. It is set high on the Western Ghats with altitudes ranging from 700 to 2100 m. This tiny district located in the high ranges of Kerala has a population of about 7 lakh, of which 90 per cent depend upon agriculture for sustenance. There are 40,129 farmers, 74,813 agricultural labourers, and 17,413 plantation labourers in the district. Another 37,267 people earn their livelihood from animal husbandry and forest produce. (Source: District Project - Draft Document, Wayanad, 2001, Govt. of Kerala). The district has highest tribal population - about 1.25 lakh - constituting 17 per cent of the total population. The major crops grown here are coffee, pepper, tea, cardamom, areca nut, etc. These are perennial cash crops.



### Wayanad: Economy

Wayanad is 3.79% urbanised. Agriculture is the main stay of the economy. Oranges, Coffee, tea, cocoa, pepper, plantain and vanilla are the main crops. Besides these cash crops, the most important crop in the district is rice. Dams and aqueducts have been constructed to take water to the other dry areas in the district. Price of land is going up even though Agrarian crisis. Wayanad has two or more rice with its own property; gandagashala and geerakashala are most aromatic rice in world. In 2006 the Ministry of Panchayati Raj named Wayanad one of the country's 250 most backward districts (out of a total of 640). It is one of the two districts in Kerala currently receiving funds from the Backward Regions Grant Fund Programme (BRGF). The NREGS (National Rural Employment Guarantee Act) enacted by the UPA government has helped and Wayanad and Palakkad were the only districts selected to receive the benefits under this scheme because of the acute need in these areas. The daily wage under NREGS, regardless of gender, in Kerala is the highest among all the states. Work under NREGS includes building elephant trenches (crop-raiding by wild elephants is another problem in Wayanad), water bodies, roads, etc.

### Impact of economic reforms in Wayanad

The agrarian crisis and farmers' distress in Kerala especially Wayanad are closely linked to the neoliberal policy regime implemented in the country in the recent past. The association between the two is more in the regions of the state that are heavily dependent on export-oriented crops such as coffee and pepper. The worst affected are the small farmers, as they are more vulnerable to crop losses and price declines. Unless the plight of farmers is addressed in terms of changing the macro-policies regulating taxes, prices and imports, the condition of the farmers cannot be improved on a sustainable basis, either by increasing the availability of institutional credit or providing some alleviatory sops to the victims of suicide families.

### Farmers' suicides in India

Significant reporting on suicides among farmers in India began in the 1990s in the 1990s India woke up to a spate of farmers suicides. The first state where suicides were reported was Maharashtra. Soon newspapers began to report similar occurrences from Andhra Pradesh and Kerala. In the beginning it was believed that most of the suicides were happening among the cotton growers, especially those from Vidarbha. A look at the figures given out by the State Crime Records Bureau, however, was sufficient to indicate that it was not just the cotton farmer but farmers as a professional category were suffering, irrespective of their holding size. Moreover, it was not just the farmers from Vidarbha but all over Maharashtra who showed a significantly high suicide rate. The government appointed a number of inquiries to look into the causes of farmer's suicide and farm related distress in general. The families of farmers who had committed suicide were also offered an ex gratia grant to the tune of Rs.100,000 (about \$2,000) by the government, though this amount was changed several times.

India is an agrarian country with around 60% of its people depending directly or indirectly upon agriculture. Agriculture in India is often attributed as gambling with monsoons because of its almost exclusive dependency on precipitation from monsoons. The failure of these monsoons can lead to a series of droughts, lack of better prices, and exploitation of the farmers by middlemen, all of which have led to a series of suicides committed by farmers across India.

### Farmers' suicides in wayanad

In the recent years, Wayanad, a tiny hill district in Kerala famous for its spices and coffee plantations, has been in the news for the widespread suicides by distressed farmers - a phenomenon that is becoming increasingly commonplace in rural India as a result of implementation of free market economic policies. Recent reports indicate a rise in farmer suicides owing to financial distress in the hill district of Wayanad. Farmers committed suicide in Wayanad is trapped in a vicious cycle of mounting loan liabilities. This fact brings to the fore the magnitude of the economic collapse that prevails in the district, which is no less serious and meriting attention than that of the state of Andhra

Pradesh. The farmer's suicides are not limited to Wayanad alone. The paddy cultivators of Palghat and Alleppey are facing a very miserable economic crisis.

The last few years have witnessed a steady crash in the prices of the main agricultural products of the district. The persistent droughts in the last three years have only added to the misery of the farmers. The gravity of the situation is evident from the fact that the entire district was declared as drought affected by the central government in 2003 and two villages were brought under the Annavari Relief Project that mandates the government to make compulsory distribution of all essentials, including water and food, for the sustenance of the people.

### **Causes of Farmer's Suicide**

Following are the main causes of farmers' suicide

#### **High Interest Rates on Loans**

Impractical, blood-sucking loan-interest burden by unlawful money-lenders is one of the major causes. Once rural and poor people get the bank account then they become eligible to avail bank loans for farming and domestic purpose at 10% per year interest rate. It would be a great transformation of rural and poor India. Currently village money-lenders lend at very high interest rates (10% to 30% per month i.e. 120% to 360% per year) which results into many social evils like debt-trap, bonded-labor for generations, poor become poorer and children get deprived of education, families get shattered and many farmers commit suicide every year due to impractical, blood-sucking loan-interest burden. Thus financial inclusion will put stop to unlawful money-lending business and the associated social evils.

#### **Drought**

As much as 80% of India's farmland relies on flooding during monsoon season, so inadequate rainfall can cause droughts, making crop failure more common. In regions that have experienced droughts, crop yields have declined, and food for cattle has become scarcer. Agricultural regions that have been affected by droughts have subsequently seen their suicide rates increase.

#### **GM crops**

In the late 1990s and early 2000s, public attention was drawn to suicides by indebted farmers in wayanad following crop failures. Various studies identify the important factors as insufficient or risky credit systems, the difficulty of farming semi-arid regions, poor agricultural income, absence of alternative income opportunities, a downturn in the urban economy which forced non-farmers into farming, and the absence of suitable counseling services. The report concluded that while BT may have been a factor in specific suicides, the contribution was likely marginal compared to socio-economic factors. Anti-biotech activist Vandana Shiva criticized the report saying, "Nothing in that paper is addressing the issue of debt, which is the prime cause of suicide." In 2011, a review of the evidence regarding the relationship between Bt crops and farmers' suicides in India was published in the Journal of Development Studies, also by researchers from IFPRI, which found that "Available data show no evidence of a 'resurgence' of farmer suicides. Moreover, Bt technology has been very effective overall in India.

#### **Wide spread crises**

All sections of the people, including agricultural labourers, traders, workers in the service sector etc., have become victims of the crisis in the agricultural sector. Families of agricultural labourers who have no work and wages are facing starvation. Thousands of people are migrating to neighboring districts and states in search of livelihood. The welfare schemes for the poor are not being implemented properly. The plantation sector is also facing a serious crisis. Dozens of big and medium estates are currently under either formal lockout or illegal shutdown. Wayanad had plenty of water. But today the entire region is facing drought due to unchecked deforestation and large-scale conversion of paddy fields into plantations. In 1982, there were 30,000 hectares of paddy fields in Wayanad. It has shrunk by more than 76 per cent to 7,000 hectares in 1999. The ecosystem and

environment of the district, which is famous for its biodiversity, is greatly endangered today. The last few years have seen severe droughts, hitherto unforeseen in the history of Wayanad, with even wild animals dying for want of drinking water. If the government does not give top priority to forestation and protecting paddy fields, the ecosystem and environment of Wayanad will perish.

### **RESEARCH PROBLEM**

The socio economic development amongst the farmer is of paramount importance for ensuring their well-being and empowerment, especially in the context of the specific depressing situations that farmer are in viz. – outsiders exploitations, ineptness, abject poverty, asset lessens, poor productive capabilities, primitive technology, lack of marketing linkages etc.. This study is focusing mainly on the challenges faced by the government and other institutions while implementing various developmental and scaffolding programmes for the empowering farmers.

### **The Study Tries to Answer A Few Questions Like-**

- What are the benefits achieved by farmer through government programmes
- What are the problems in successful implementation of economic reforms
- What is the role of society to overcome this cries

### **OBJECTIVES OF THE STUDY**

1. To analyze the impact of economic reforms
2. To find out the problems faced by farmer's in Wayanad district
3. To assess the role of government initiatives in solving the farmers problems
4. To find out problems in implementing government programmes

### **SCOPE AND SIGNIFICANCE OF THE STUDY**

In present decade, significance of clusters and their role in promoting economic growth has been increasingly recognized. Experiences show that successful implementation of the economic reform could help farms to improve their performance, adopt appropriate technology, improve quality and productivity, and increase turnover and export and management efficiency.

### **RESEARCH METHODOLOGY**

#### **Research Design**

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.

#### **Population and Sample**

Population comprises of farmers and other officials in Wayanad. Data was collected from farmers, planters and agricultural labours and officials like police stations, agricultural department, SHG panchayath members etc.... in wayanad for the period from January 2014 to April 2014.

#### **Sample Procedure**

From a population of wayanad district samples were taken. A face to face interview was conducted with the farmer, and other officials in various departments.

#### **Tools for Data Collection**

Both primary and secondary data are used for the study. Primary data was collected directly from the farmers, planters, social workers and officials through a structured questionnaire. Secondary data was collected from journals, articles, websites, blogs etc.

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## Tools for Data Analysis

Data was analyzed by using simple statistical tools like tables, bar diagrams and pie diagrams.

## ANALYSIS AND DISCUSSION

**Table 1.** Major crops in wayanad

Status- crops	No. of respondents	Percentages
Ginger	14	28
Coffee	24	48
Rubber	8	16
tea	3	6
others	1	2
Total		100

**Source:** Primary data 2014

48% of farmer is wayanad Major crops in wayanad is coffee (48%)

Recent reports indicate a rise in farmer suicides owing to financial distress in the hill district of Wayanad. This happens due to fall in price of major crops.

**Table 2.** Reason of debt

Status- price falling of	No. of respondents	Percentages
Ginger	36	72
Coffee	5	10
Rubber	4	8
Tea	3	6
Others	2	4
Total		100

**Source:** Primary data 2014

**Table 3.** Reasons of financial distress

Status	No. of respondents	Percentages
Price falling	21	42
High rate of interest	18	36
Drought	5	10
Labour problem	4	8
others	2	4
Total		100

**Source:** Primary data 2014

## FINDING OF THE STUDY

- Major crops in wayanad are coffee.
- Reasons of financial distress are price falling.
- Absence of co-operative farming.
- Many govt. schemes and programmes are not reaching in real beneficiaries.
- The NREGS (National Rural Employment Guarantee Act) affects the small and medium farmers because labours go to many unimportant works.

- Many planters do not care the coffee plants.
- Small farmers do not get adequate financial assistance from bank.
- Bank provides agricultural loans to business men. So the real farmer always depends on unscrupulous money lenders.
- Middle men exploit farmers by providing low price to their products.

### SUGGESTIONS

- It is better if the coffee board and agriculture department provide the good quality seeds and plants at reasonable price.
- Govt. should ensure that agricultural loans are issued only for agricultural purpose.
- Govt. should ban the activities of unscrupulous money lenders.
- Govt. should promote collective and cooperative farming.
- Govt. should ensure good marketing facilities.
- Govt. should ensure whether the agri promotional schemes reach in real hands.
- Govt. should promote agri co- operative societies

### CONCLUSION

The Indian farmers are trapped in a vicious circle of crop-loss, low price and indebtedness, which lead to dilapidated conditions in agriculture. There have always been different opinions with regard to the causes of suicides, the number of suicides and the link between agricultural crisis and suicides. No two studies bring forth similar results. There is nothing strange to this phenomenon. It depends on the strategies employed and the tools used in collecting data regarding suicides. In normal parlance, the data available with the government often under estimates the number of suicides. While the data collected by the voluntary agencies or media houses are likely to be over exaggerative. Therefore, the study herein adopted a multiple edge method. For this study I visited local police stations and collected total number of suicides within their jurisdiction, and took care to separate suicides from other forms of unnatural deaths.

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**THE POTENTIAL CAUSE OF EMPLOYEE TURNOVER:  
IMMEDIATE SUPERVISOR**

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**ABSTRACT**

*The rate of change in the working staff of a concern during a definite period is called Employee Turnover. It signifies the shifting of the work force into and out of an organization. It is a measurement of inarticulate employee unrest due to loss of trust and confidence in immediate managers, lack of clarity about expectations of immediate supervisor, lack of freedom/opportunity to the employee to speak his or her mind freely, lack of freedom/opportunity for talent & skill utilization, public humiliation, undervaluing employee due to employer failing to provides the right immediate supervisor which in turn leading to employee turnover and loss to the organization in many ways.*

**Keywords:** Employee Turnover; Employee Retention;, Immediate Supervisor; Exit Interview; Job Rotation

**INTRODUCTION**

Employee retention is critical to the long term health and success of organization. Employee retention matters. Organizational issues such as training, time & investment, lost knowledge, insecure coworkers and a costly candidate search aside, failing to retain a key employee is costly. Immediate supervisor readily agree that retaining key employees ensures success of organization. If immediate supervisors know this fact so well, why do they behave in ways that so frequently encourage great employees to quit their jobs?

In spite of Better Pay, Better Profile, Employee friendly Human Resource Policy, Modern office, and other required necessary facilities, GOOD PEAOPLE DO LEAVE ORGANISATIONS, WHY?

The present study is of exploratory nature rather than an experimentative study or a historical research, conducted with the objective of identifying the potential cause of employee turnover and to find out whether there is any relation between employee turnover and immediate supervisor.

The answer lies in one of the largest studies undertaken by the Gallup Organization. The study surveyed over a million employees & 80,000 managers and was published in a book titled "First Break All the Rules".

It came up with surprising findings, if you are losing good people look to their immediate supervisor. More than any other single reason, he is the reason employee stay and develops in the organization and he's the reason why they quit.

By using data obtained from the Saratoga Institute, California, which is a division of Price Waterhouse Coopers and is considered to be the world leader in third-party exit interviewing and employee commitment surveying Leigh Branham, the author of the book "The 7 Hidden Reasons Employee Leave" has also validated this reason among other 6 hidden reasons why employee leave.

The loss of trust and confidence in Immediate Managers occur for the very same reasons that it happens in the case of Senior Managers. These are lack of competence, lack of a genuine caring attitude towards employees, inability to trust and have confidence in their employees, and inconsistencies between their actions and their professed good intentions or the professed values of the organization. Employees want caring yet capable leaders. They want them to have a clear and achievable vision, confidence in their capacity to achieve the vision, the ability to transform the vision into a workable strategy and plan, the right team of people in place to carry it out, and the ability to follow through with persistence to achieve the plan without compromising on honesty, integrity and consideration for others. Employees want to be assured of their jobs and future prospects. If the immediate supervisor cannot inspire such confidence, employees may leave and join other organizations.

### **Lack of Clarity about Expectations**

Management thinkers agree that a motivated employee knows clearly what is expected from him every day at work, but immediate supervisor's changing expectations keep people on edge and create unhealthy stress. They rob the employee of internal security and peace and make the employee feel unsuccessful. Job rotation is fruitful for both the employee and the organization but there should be a specific framework within which people clearly know what is expected from them. Frequent employee complaints against immediate supervisor center on these following areas:

- Lack of clarity about expectations of immediate supervisor,
- Lack of feedback about performance,
- Failure to provide a framework within which the employee perceives he can succeed.

### **Quality of Supervision**

The quality of the supervision an employee receives is critical to employee retention. People leave C.E.O's, Managers and Immediate Supervisors more often than they leave job or the organizations. It is not enough that the supervisor is well-liked or a nice person, starting with clear expectations of the employee, the Immediate Supervisor has a critical role to play in retention. Anything the immediate supervisor does to make an employee feel unvalued will contribute to turnover.

According to a survey conducted by Fortune magazine some years ago found that nearly 75% of employees have suffered at the hands of difficult immediate supervisor. Beyond a point, an employee's primary need has less to do with money, and more to do with how he's treated and how valued he feels. Much of this depends directly on the immediate manager and yet bad immediate supervisor seem to happen to good people everywhere. Of all the workplace stressors, a bad immediate supervisor is possibly the worst, directly impacting the emotional health and productivity of employees.

### **Talent & Skill Utilization**

Talent & skill utilization is another environmental factor key employee seeks in workplace. A motivated employee wants to contribute to work areas outside of his specific job description. How many people could contribute for more than they currently do? Immediate supervisor need to know their skills, talent and experience and take the time to tap into it.

### **Lack of Freedom / Opportunity to the Employee to Speak**

Lack of freedom / opportunity to the employee to speak his or her mind freely with immediate supervisor is another key factor in employee turnover. Does the immediate supervisor solicit ideas and provide an environment in which subordinates are comfortable providing feedback? If so, employees offer ideas, feel free to comment to continuous improvement. If not, they bite their tongue or find themselves constantly "in trouble" until they leave.

Mr. Ajay who has recently joined an educational institute as an Asst. Professor after eight years of industry experience in Human Resource field at managerial level was shocked to see the discipline level in the Institute. He understands that it is not possible for the management to implement the same alone. He understands that it should be a collective endeavor of all the employees to implement discipline in Institute. So he started checking the acts of indiscipline among students. Though checking indiscipline among students is also an important function of a faculty but his act was questioned by an immature, inexperienced and reckless Dy. Director of the institute. The Dy. Directors point was – “Who has asked you to do this”? Mr. Ajay thought to explain McClelland Theory to the manipulative Dy. Director but kept his mouth shut.

One day Mr. Ajay got an opportunity to interact with Dy. Director, and he tried to convince the immediate supervisor by using ulterior transactions that if the faculty is disciplined then only he can teach discipline to others. As a result of transactions the Dy. Director who always uses to come late started coming in time to the Institute. Mr. Ajay dared to speak up his mind but how many employees dare to open up their mouth.

### **Public Humiliation**

As per the findings of a survey conducted by me among randomly selected sample of 100 non managerial employees of a private company engaged in manufacturing of Mild Steel in Meghalaya, using interviewing method, states that of all the abuses, employees find public humiliation the most intolerable. The first time when an employee is humiliated by immediate supervisor, an employee may not leave the organization, but the act plants a thought in the grey cells of the employee. When the act is repeated second time, it supplies blood to the thought and the thought gets strengthened. The third time act of public humiliation by the immediate supervisor compels the employee to look for another job. When the employees can not express their anger openly, they do so by passive aggression. They slow down their work and they do only what they are told to do and no more. They avoid giving crucial important information to immediate supervisor. Different immediate managers harass employees in different ways – by being too autocratic, too free rein, too critical but they forget that employees are not the fixed assets of the organization but they are just like working capital of the organization. When the act of public humiliation goes on for long an employee will quit often over trivial issues.

### **Undervaluing Employee**

Number of reasons compels an employee to leave job like- better opportunities, better salary, better profile, better organizational culture, etc. but many who leave would have stayed- had it not been for one man i.e. immediate supervisor constantly telling them “I can find hundreds like you”.

### **Lack of Competent Immediate Supervisor**

When an employee is failing at work, we ask questions. The HR Department finds the answers in terms of tools, training, temperament or talent. The easiest way to solve the problem is to first look at the immediate supervisor who can be the main cause of the employee failure. Most frequently, even if the employee knows what he is supposed to do, but he is unable to do the same because of the poly tricks of the immediate supervisor. The HR Department can provide the best tools and training but failing to provide the right immediate supervisor compels the employee to move to an employer who provides the right supervisor.

### **Effects of Turnover**

Every employee who leaves an organization becomes its ambassador for worse. Plus, there is the cost of finding a replacement. The cost of training a replacement. The cost of not having someone to do the job in the meantime the loss of clients and contacts the person had with the industry. The loss of morale in co-workers & insecurity in them. The loss of trade secrets this employee may now share with others. And not only this, the loss of companies reputation, which is irreparable.

Jack Welch of GE once said “Any company trying to compete must figure out a way to engage the mind of every employee. Much of company’s value lies between the ears of its employees. If it’s bleeding talent, it’s bleeding value.

### CONCLUSION

There are many reasons for employee turnover like lack of recognition, lack of job satisfaction, limited career advancement, poor management practices and a non functional work culture but it isn’t the 100<sup>th</sup> blow that knocks a good man down. It’s the 99 that went before. The immediate supervisor believe that it is the “Pull Factor” that influences an employee’s decision to leave his job, but they fail to understand that the “Push Factor” are the initial triggers that open the gateway to the “Pull” of outside opportunities and that they are the main thrust and potential energy of that “Push Factor”. If they do some introspection the problem of employee turnover can be contained to very large extent.

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**EXPORT COMPETITIVENESS OF INDIAN TEXTILE  
INDUSTRY**

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**ABSTRACT**

*This study examines the Export competitiveness and Export performance of Indian textile with respect to rest of the world. The study focuses on Export performance and competitiveness of Indian textile industry during the period of 2010-2013. Export competitiveness is calculated with the help of Revealed Comparative Advantage (RCA) of eleven different product group of Textiles. Our results show that seven out of eleven products have competitive advantage and rest four products don't have competitive advantage. The commodities which are more competitive in the international market are Silk; Cotton; Vegetable textile fibres, paper yarn, woven fabric; Manmade filament; Manmade staple fibers; Carpets and other textile floor coverings and Special woven or tufted fabric, lace, tapestry etc. The commodities that are performing fairly well in international market with the highest value of RCA are Cotton and Carpets and other textile floor coverings.*

**Keywords:** Export Performance; Export Competitiveness; Revealed Comparative Advantage

**INTRODUCTION**

The Textile industry's predominant presence in the Indian economy is manifest in its significant contribution to industrial production, employment generation, and foreign exchange earnings. The textile industry is a key area where India has an opportunity for success on a global scale, given the low cost of labour since it is a labour intensive industry. Textile Industry in India is the largest organized and broad-based Industry. India has traditionally been a front-runner in the textile sector globally. It is also one of the largest industries in terms of its contribution in India's worldwide exports.

The textiles industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes about 14 per cent to industrial production, four per cent to the gross domestic product (GDP), and 27 per cent to the country's foreign exchange inflows. It provides direct employment to over 45 million people second largest after agriculture and accounts for nearly 16.63 per cent share of the country's total exports earnings. Thus, the growth and all round development of this industry has a direct bearing on the improvement of India's economy.

India has overtaken Italy, Germany and Bangladesh to emerge as the world's second largest textile exporter, as per recent data released by 'UN Comtrade'. India's share in Global Textiles increased by 17.5 per cent in 2013 compared to 2012.

The Textiles Vision Document formulated by the National Manufacturing Competitiveness Council (NMCC) has projected that textiles exports from India will touch US\$ 300 billion by the year 2024-25.

Removal or reduction of trade barriers creates competitive pressures and the potential for technology transfer so as to lead to productivity gains and restructuring of an economy toward its comparative advantage. India has undertaken a series of economic reforms towards opening up of the economy in the decade of the nineties. Notable among these has been the extensive effort to liberalise its international trade. It is therefore expected that trade liberalisation in India would have led to changes in the composition of exports so as to reflect India's comparative advantage in the global economy.

Specifically, this study is an effort to examine the structure of comparative advantage enjoyed by India in the global market, individually and in a comparative framework. Following this, an analysis of the comparative advantage according to factor intensity for the two economies is undertaken. The pattern of comparative advantage is also examined for inter-temporal variation over the period 2010-2013.

### REVIEW OF LITERATURE

The countries condition of competitiveness and the geographical and sectoral structures of world trade reflect in its export performance. Paula Fonto and Crespo (2010) by using constant market share (CMS) analysis to measure the variations in the market share found that the geographical structure of exports is significant in influencing export performances. Mukherjee Shameek and Mukherjee Shahana (2012) found that the performance of India's exports and the various economic factors have contributed to the growth of exports, the study also provides an overview of the export performance of three important commodities, namely, gems and jewellery, cotton and electronics goods and highlights key policy changes which could impact local production as well as international demand for these exports. The results show that the overall performance of the India manufacturing sector has widespread implication for various aspects of the economy, employment, being one of the main areas of gain. Samar Verma (2002) revealed that export competitiveness leads to greater export share in world market. The relation of competitiveness with the productivity, is a function of factors related to cost of products, as well as those related to non-price factors such as delivery schedules, reliability of producer and image of country/company and brand equity. There is great potential of Indian Textile and Garment industry for global performance as the demand side factors of Indian clothing and textile exports of the identified products in US and supply side factors of Indian clothing and textile exports in EU Markets are vital. The Indian government can trust the entrepreneur for making the Indian Textile and Garment industry globally competitive. Paul.S and Mote.V.C (2012) drew a conclusion that India should improve the level of export in global market to raise the level of competitiveness of Indian products and there are different prices quoted by the Indian manufacturers and their competitors for identical products. The study found that the improvement in the wage productivity relationship could have reduced the fixed cost of Indian mills and therefore their needs for realising a higher contribution.

### OBJECTIVES

1. To examine the competitiveness of Indian Textile Industry for the period 2010-2013.
2. To analyse the export performance of Indian Textile Industry.

### RESEARCH METHODOLOGY AND DATA SOURCES

In this study, analyses of export competitiveness and export performance for eleven products of Indian Textile industry of HS Code 50-60 for the period of 4 years. These eleven textile product group namely are, Silk; Wool, animal hair, horsehair yarn and fabric; Cotton; Vegetable textile fibres, paper yarn, woven fabric; Manmade filaments; Manmade staple fibres; Wadding, felt, nonwovens, yarns, twine, cordage, etc; Carpets and other textile floor coverings; Special woven or tufted fabric, lace, tapestry etc; Impregnated, coated or laminated textile fabric and Knitted or crocheted fabric.

The export performance is found on the basis of growth rate of exports in 2013. Compound annual growth rate of exports from 2001 to 2013, share of exports of particular product group in total exports

of India (exports are in values) and relative share of the given production global market. Our main data source is International Trade Centre. Data for exports is taken in values in US dollar from International Trade Centre.

The analysis of comparative advantage has been undertaken using the Balassa (1965) using Revealed Comparative Advantage (RCA) index. Balassa's index of relative export performance by country and commodity, defined as a country's share of world export of a commodity divided by its share of total world exports. The index for country i commodity j is calculated as follows:

$$RCA = \frac{(X_{ij}/X_i)}{(X_{aj}/X_a)}$$

Where,

$X_{ij}$  = Export of product j from country i

$X_i$  = Total exports from country i

$X_{aj}$  = Total export of product j from the world

$X_a$  = Total exports from the world

The index of Revealed Comparative Advantage (RCA) is a measure of export performance that shows comparison of commodities of a country's market share compared with the average percentage of exports of the country in total world exports. The index of RCA has a very simple interpretation. If it takes a value greater than unity, the country has a revealed comparative advantage in that product.

### **Analyses of Export Performance and Export Competitiveness**

**Table 1.** Export Performance of Indian Textile Industry

<b>Product Code</b>	<b>Product Description</b>	<b>Share of Exports in India's Total Exports (in 2013)</b>	<b>Relative Shares in World Exports (in 2013)</b>	<b>CAGR of Exports (2001-2013)</b>	<b>Exports Growth (in 2013)</b>
50	Silk	0.05	5.44	-3.76	0.47
51	Wool, animal hair, horsehair yarn and fabric	0.05	1.16	13.28	-12.97
52	Cotton	3.36	16.60	15.21	31.80
53	Vegetable textile fibres, paper yarn, woven fabric	0.10	7.99	9.88	0.38
54	Manmade filaments	0.80	5.64	14.64	18.57
55	Manmade staple fibres	0.65	5.57	14.16	9.46
56	Wadding, felt, nonwovens, yarns, twine, cordage, etc	0.10	1.49	21.03	13.61
57	Carpets and other textile floor coverings	0.51	11.02	8.27	27.03
58	Special woven or tufted fabric, lace, tapestry etc	0.12	3.17	7.51	53.93
59	Impregnated, coated or laminated textile fabric	0.07	0.96	14.10	32.25
60	Knitted or crocheted fabric	0.08	0.83	20.99	22.51

**Source:** author's own computations based on International Trade Centre data

Export performance of Indian textile industry has been shown in table 1. Compound annual growth rate for all the products level is significantly positive except Silk (in case of silk it is negative). Two products grew at more than 20 percent and five more than 10 per cent but less than 20 per cent out of total eleven products. It indicates a strong performance of Indian textile in terms of exports. All the products has grown in 2013 except Wool, animal hair, horsehair yarn and fabric(it has negative growth rate).

Two products have more than 10 per cent shares in their relative exports of world and four products have more than 5 but less than 10 per cent. Only two products have less than 1 per cent shares in world exports relative to their product group. Cotton is the highest contributor to Indians exports in textile industry.

**Table 2.** Export Competitiveness of Indian Textile Industry

<b>Product Code</b>	<b>Product Description</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
50	Silk	7.00	4.63	3.26	2.90
51	Wool, animal hair, horsehair yarn and fabric	0.76	0.80	0.81	0.62
52	Cotton	8.05	6.58	7.97	8.86
53	Vegetable textile fibresnes, paper yarn, woven fabric	6.22	5.22	5.26	4.26
54	Manmade filaments	3.63	3.24	3.04	3.01
55	Manmade staple fibres	3.27	3.22	3.20	2.97
56	Wadding, felt, nonwovens, yarns, twine, cordage, etc	0.81	0.77	0.86	0.79
57	Carpets and other textile floor coverings	6.47	4.95	5.68	5.89
58	Special woven or tufted fabric, lace, tapestry etc	1.40	1.13	1.28	1.69
59	Impregnated, coated or laminated textile fabric	0.44	0.37	0.46	0.51
60	Knitted or crocheted fabric	0.37	0.50	0.43	0.44

**Source:** author's own computations based on International Trade Centre data

As indicated in Table 2, Seven products out of total Eleven products of Indian Textile industry enjoys value of Revealed Comparative Advantage greater than one ( $RCA > 1$ ), it means they are more competitive in the world market as compared with the rest of the four commodities. The commodities which are enjoying more comparative advantage are: Silk; Cotton; Vegetable textile fibresnes, paper yarn, woven fabric; Manmade filament; Manmade staple fibers; Carpets and other textile floor coverings and Special woven or tufted fabric, lace, tapestry etc. For products whose value of Revealed Comparative Advantage less than one ( $RCA < 1$ ) are: Wool, animal hair, horsehair yarn and fabric; Wadding, felt, nonwovens, yarns, twine, cordage, etc; Impregnated, coated or laminated textile fabric and Knitted or crocheted fabric.

**CONCLUSION**

Compound annual growth rate for all the products level is significantly positive except Silk (in case of silk it is negative). Exports of all the products have grown well in 2013 except Wool, animal hair, horsehair yarn and fabric (it has negative growth rate). Two products have more than 10 per cent shares in their relative exports of world and four products have more than 5 but less than 10 per cent. Only two products have less than 1 per cent shares in world exports relative to their product group. Cotton is the highest contributor to Indians exports in textile industry.

Seven products out of total Eleven products of Indian Textile industry enjoys value of Revealed Comparative Advantage greater than one. The commodities which are enjoying more comparative advantage are: Silk; Cotton; Vegetable textile fibres, paper yarn, woven fabric; Manmade filament; Manmade staple fibers; Carpets and other textile floor coverings and Special woven or tufted fabric, lace, tapestry etc.

In conclusion it can be say that, Most of the products of Indian textile Industry have performed better in world markets as calculated by the Revealed Comparative Advantage. It clearly indicates that most of the textile industry products have comparative advantage in world market. And there is still a huge scope for Indian textile industry in world market as most of the products exports growth is positive.

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**PERCEPTION TOWARDS HEALTH INSURANCE POLICY BY  
LIC POLICY HOLDERS IN KERALA**

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**ABSTRACT**

*Insurance sector in India has grown at fast rate post liberalization in 1999. With the increasing cost of health services and medical bills which a common man cannot afford; health insurance segment has a growing market in India. It is estimated that a family spends an average of 10% of its monthly income on health related issues. In India where there is no Social Insurance for the public the individual has to take care of himself and his family. A prolonged illness or disability can spell havoc for the family budget and upset all the planning. While the importance of Health Insurance cannot be denied, it is unfortunate that so far in India the Health Insurance policy is being purchased by families and individuals who can afford to pay the medical bills. But the Govt. of India is putting all its efforts to encourage people to buy health insurance and specialized insurance companies are promoted which are exclusively dealing in health insurance. This study is related with the issues of health insurance policy holders of LIC of India which puts some suggestions and recommendations towards the improvement of Health Insurance programmes in India.*

**Keywords:** Health Insurance; Social Insurance; Health Service; Prolonged Illness

**INTRODUCTION**

Insurance is a contract (policy) that helps an individual to reduce the potential financial loss or hardship by getting a reimbursement against losses from an insurance company. According to Lloyds of London "Insurance is the main way for businesses and individuals to reduce the financial impact of a risk occurring" Insurance is social device which has become a driving pillar of a nation's risk management system. It is broadly categorized into life, health and non-life insurance. Life Insurance provides financial support to a family in case of death of a family member. While purchasing a LIC, a beneficiary's name called nominee is given who will be entitled to get the benefit specified upon death of the individual purchasing the policy. Health insurance is against the medical expenses incurred by individuals. General Insurance or non life insurance includes automobiles and homeowners policies.

**Health Insurance**

The term 'Health Insurance' relates to a type of insurance that essentially covers your medical expenses. A health insurance policy like other policies is a contract between an insurer and an individual / group in which the insurer agrees to provide specified health insurance cover at a particular "premium" subject to terms and conditions specified in the policy.

Health insurance in India is considered same as "hospitalization", where the policy covers the hospitalization expenses. The expenses for hospital bed, nursing, surgeon's fees, consultant doctor's fees, cost of blood, operation theatre charges are all covered. Certain diseases which are mentioned in the policy's terms and conditions shall be excluded from coverage or may be covered only after one or two years of the policy issue date.



Health insurance is the most emerging sector in India nowadays due to increasing rates of illness and diseases and high expenses incurred in hospitalization and treatments for these diseases. Various health insurance schemes are existing in the market which are providing benefits from an individual to an entire family also called family floater policies. Health Insurance sector also came up with critical illness covers which covers illness like blindness, deafness, alzheimer's disease, kidney transplant, organ transplant, paralysis etc.

As per the guidelines of INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (IRDA),

**What a Health Insurance policy would normally cover?**

A Health Insurance Policy would normally cover expenses reasonably and necessarily incurred under the following heads in respect of each insured person subject to overall ceiling of sum insured (for all claims during one policy period).

- a) Room, Boarding expenses
- b) Nursing expenses
- c) Fees of surgeon, anesthetist, physician, consultants, specialists
- d) Anesthesia, blood, oxygen, operation theatre charges, surgical appliances, medicines, drugs, diagnostic materials , X- ray, Dialysis , chemotherapy, Radio therapy, cost of pace maker, Artificial limbs, cost or organs and similar expenses.

**What does a Health Insurance policy not cover?**

Generally, pre-existing diseases (read the policy to understand what a pre-existing disease is defined as) are excluded under a Health Insurance policy. Further, the policy would generally exclude certain diseases from the first year of coverage and also impose a waiting period. There would also be certain standard exclusions such as cost of spectacles, contact lenses and hearing aids not being covered, dental treatment/surgery (unless requiring hospitalisation) not being covered, convalescence, general debility, congenital external defects, venereal disease, intentional self-injury, use of intoxicating drugs/alcohol, AIDS, expenses for diagnosis, x-ray or laboratory tests not consistent with the disease requiring hospitalization, treatment relating to pregnancy or child birth including cesarean section, Naturopathy treatment.

LIC started a new Health Insurance Division in 2007-08. Health Plus, Health Protection Plus and Jeevan Arogya are some of the products introduced by LIC during these years. Jeevan Arogya has won the Golden Peacock Innovative Product/Service award 2011 for its innovative features and benefits.

With the increasing cost of health services and medical bills which a common man can't afford, this class of insurance has a growing market. It is estimated that a family spends an average of 10% of its monthly income on health care. In India where there is no Social Insurance for the public the individual has to take care of himself and his family. A prolonged illness or disability can spell havoc for the family budget and upset all the planning. While the importance of Health Insurance cannot be denied, it is unfortunate that so far in India the Health Insurance policy is being purchased by families and individuals who can afford to pay the medical bills. But the Govt. of India is putting all its efforts to encourage people to buy health insurance and specialized insurance companies are promoted which are exclusively dealing in health insurance. There are also various problems faced by LIC Health Insurance Policy holders.

**OBJECTIVE**

The main objective of the study is to identify the socio- economic profile of the Health Insurance Policy holders and various problems faced by the policy holders of LIC regarding Health Insurance Policies in Kerala.

**METHODOLOGY**

Data are collected from both primary and secondary sources. Primary data's are collected through questionnaire and interview methods. A structured questionnaire was built in correlation with objective of research. A sample 200 Health Insurance Policy Holders from Malappuram and Calicut district were selected for the purpose of this study. About the secondary data, the concepts regarding Health Insurance were taken from the different reference books, article and journals. Percentage analysis has been used for analysing the data whereas problems of Health Insurance Policy holders were analysed using weighted average method.

**RESULT AND DISCUSSION**

The responses of the respondents were analyzed based on various demographic segments like their Gender, Age, Education, Area and Occupation to find their attitude and perception towards Health Insurance Policies offered by LIC of India.

**Table 1.** Demographic characteristics of Respondents

Details		No. of Respondents	Percentage (Rounded off)
Gender	Male	136	68
	Female	64	32
Total		200	100
Age	20-35	82	41
	36-50	94	47
	>50	24	12
Total		200	100
Education	Below SSLC	32	16
	Below Degree	96	48
	Degree and above	72	36
Total		200	100
Area	Rural	76	38
	Semi Urban	50	25
	Urban	74	37
Total		200	100
Occupation	Employee	96	48
	Business	32	16
	NRI	40	20
	Others (Student, Agriculture, Profession etc.)	32	16
Total		200	100

Table 1 shows that out of the total 200 respondents who were Health Insurance Policy holders, when considering the gender, 68 percent are men compared to 32 percent women. So it is very clear that the men populations are keener about Health Insurance Policy.

The age wise study reveals that 41 percent are comes under the 20-35 age categories, 47 percentages are aged 36-50 years and 12 percentages are above 50 years category. So this statistics shows that, the young and middle aged people are showing their interest in health insurance and the older people are to be educated about the health insurance.

The education wise study about the respondents reveals that 16 percent are below SSLC, 48 percent are below Degree qualified and 36 percent are having a Degree and above. So it shows that the educational qualification of the respondents have a significant influence on online shopping behavior. Those who have higher education are more interested in holding health insurance policies compared to the low educated people.

The area wise study about the sample respondents in Table 1 shows that out of 200 respondents 38 percentage are from rural areas, 25 percent are from semi- urban areas and 37 percent are from urban areas of Kerala.

Finally the Occupation wise study shows that out of total 200 respondents 48 percent are comes under the employee class, 16 percent are Business class, 20 percent are NRI's and 16 percent are comes under the class 'Others', which include student, profession, agriculture etc. From this it can be inferred that nearly half of the respondents were employee class which shows that regular earnings induce a person to invest in health insurance.

Table 2 shows the result of statistical analysis of the survey on the problems faced by Health Insurance Policy holders in Kerala. Rank is computed on the basis of weighted mean score of the variables.

**Table 2.** Problems in the order of preference of Health Insurance Policy holders

Sl. No.	Problems	R1	R2	R3	R4	R5	R6	R7	Total
1	Complex formality	30	40	55	30	18	13	14	200
2	Delay in claim settlement	45	48	30	20	29	17	11	200
3	Hidden charges	6	20	23	27	30	51	43	200
4	Low Surrender value	9	18	20	29	50	33	41	200
5	Misleading agents	68	45	38	21	12	9	7	200
6	Inefficient grievance redressal	40	22	24	51	26	19	18	200
7	Excessive penalty for delayed payment of premium	2	7	10	22	35	58	66	200
Total		200	200	200	200	200	200	200	200

In the questionnaire the respondents are asked to rank each variable in the order of preference from 1 to 7. Table 2 states the problems that are faced and rank allotted by policy holders regarding Health Insurance Policies of LIC in Kerala in the order of preference.

**Table 3.** Weighted Mean Score and Rank of Problems of Health Insurance Policy holders

Sl. No	Problems	Weighted Mean Score	Rank
1	Complex formality	33.54	3
2	Delay in claim settlement	34.46	2
3	Hidden charges	22.14	6
4	Low Surrender value	23	5
5	Misleading agents	38.61	1
6	Inefficient grievance redressal	31.07	4
7	Excessive penalty for delayed payment of premium	17.18	7

Table 3 states the result of statistical analysis by using Weighted Mean Score and Ranks are allotted respectively. It shows that Misleading information given by the agents at the time of taking insurance policy is their main problem, which rank first. The study also reveals that the problem of delay at the time of settling the claim of any policy is a main issue and which comes second rank. Complex formality related with the documents needed in taking a health insurance policy comes at the third rank. The health insurance policy holders consider the prevailing system of grievance redressal is not up to the expectation and they were not at all satisfied with it, which comes the fourth rank. It is necessary that LIC should monitor and evaluate the status of policy holders periodically and take actions to solve their issues at the earliest. The value of money refunded to the policy holders at the time of surrendering the policy is not satisfactory for them, which comes rank five. There are certain hidden charges associated with the policy which are really embarrassing to the policy holders, which comes rank sixth. The policy holders think that when there is any delay in paying the premium, the penalty imposed is not reasonable, which ranks seven.

**CONCLUSION**

Even though the LIC is very familiar among the general public of Kerala, the Health Insurance segment is comparatively a new segment in Insurance sector. So it is necessary to create awareness and educate the general public about the importance of Health Insurance. The LIC must take immediate steps to remove the hindrances of policy holders as shown in table 2 of this study. In accordance with the finding of this study which reveals the misleading agents are the main problem of the policy holders, LIC should give adequate training to all the agents to make them more honest towards policy holders rather than making more business. The LIC authorities should reduce the complex formalities in taking a Health Insurance policy and settling the claims of policy holders. They should feel an easy settlement procedure. All the information related the policy should pass to the customers in simple easily understandable manner. The charges related to the policy and calculation of surrender value should not be a complicated one. Later the policy holders should not feel that they were cheated. All the dealing should be transparent and clear.

LIC must also take necessary steps to introduce new health insurance policies exclusively for different categories of customers, like children, women, men, and senior citizens. The LIC must also take care of the competitors because a number of private players are now in the field.

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**AN OVERVIEW OF GREEN MARKETING FOR INDIAN  
MARKET**

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**ABSTRACT**

*In the modern era of globalisation, it has become a challenge to keep the customers as well as consumers in fold and even keep our natural environment safe and that is biggest need of the time. Consumers are also aware of the environmental issues like, global warming and the impact of the environmental pollution. Green marketing is a phenomenon which has developed particular important in the modern market and has emerged as an important concept in India. In this research paper, main emphasis has been made of concept, need and importance of green marketing. Data has to be collected from multiple sources of evidence, in addition to books, journals, websites and newspapers. It explores the main issues in adoption of green marketing practices. The paper describes the current scenario of Indian market and explores the challenges and opportunities businesses have with green marketing, why companies are adopting it and future of green marketing and concludes that green marketing is something that will continuously grow in both practice and demand.*

**Keywords:** Consumer; Green-Products; Environment

**INTRODUCTION**

According to the American marketing, green marketing is the marketing of products that are presumed to be environmentally safe .Thus, Green marketing incorporates a broad range of activities, including product, modification, changes to the production process, packaging changes as well as modifying advertising. Thus, "Green marketing" refers to holistic marketing concept wherein the production, marketing, consumption an disposal of products and services happen in a manner that is a less detrimental to the environment with growing awareness about the implications of global warming, harmful impact of pollutants etc., both marketers and consumers are becoming increasingly sensitive to the need for switch into green products and services.

Pride and Ferrell (1993). "Green marketing also alternatively known as environmental marketing and sustainable marketing, refers to an organizations effort at designing, promoting, pricing and distributing products that will not harm the environment".

Polonsky (1994),defines "Green marketing as all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants ,such that satisfaction of these needs and wants occurs ,with minimal detrimental impact on the natural environment.

**OBJECTIVE AND METHODLOGY**

One of the biggest problems with the green marketing area is that there has been little attempt to academically examine environment or green marketing. This paper attempts to throw light on the conceptual issues associated with green marketing. The presents study is exploratory in nature to provide a clear guidance for empirical research. It is also descriptive where the focus is on fact-finding

investigation with adequate interpretation. For this purpose secondary data were collected through newspapers, magazines, books, journals, conference proceedings, government reports and websites.

### REVIEW OF PREVIOUS STUDIES

Oyewole, P. (2001) In his paper presents a conceptual link among green marketing, environmental justice and industrial ecology. It argues for greater awareness of environmental justice in the practice for green marketing. A research agenda is finally suggested to determine consumer's awareness of environmental justice and their willingness to bear the costs associated with it.

Brahma, M & Dande, R (2008), The Economic Times, Mumbai had an article which stated that, Green ventures India is a subsidiary of New York based asset management firm Green Ventures International. The latter recently announced a \$300 million India focused fund aimed at renewable energy products and supporting trading in carbon credits.

### Concept

According to the American marketing Green Marketing is the marketing of products that are presumed to be environmentally safe. Thus, green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes as well as modifying advertising. Yet defining green-marketing is not a simple task. Thus, Green-Marketing refers to holistic marketing concept wherein the production, marketing, consumption and disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness offspring.

Green-marketing has three phases. First phase was termed as "ecological" green-marketing and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. Second phase was "Environmental" Green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was "sustainable" green marketing.

### Green Products & Its Characteristics

The products those are manufactured through green technology and that caused no environmental hazards are called green products. Promotion of green technology and green products is necessary for conservation of natural resources and sustainable development. We can define green products by following measures:-

- Products those are originally grown,
- Products those are recyclable, reusable and biodegradable.
- Products with natural ingredients.
- Products containing recycled contents, non-toxic chemical.
- Products contents under approved chemical.
- Products that do not harm or pollute the environment.
- Products that will not be tested on animals.
- Products that have eco-friendly packaging, i.e., reusable, refillable containers etc.

### Why Green Marketing

It is really scary to read these pieces of information as reported in the times recently. "Air pollution damage to people, crops and wildlife in us. Total tens of billion dollars Each year" more than 12 other studies in the US, Brazil, Europe, Mexico, South-Korea and Taiwan have established links between air pollutants and low birth weight, premature birth, still birth and infant death. "As resources are limited



and human wants unlimited, it is important for the marketers to utilize the resources efficiently without waste as well as to achieve the organization's objectives. So, Green marketing is inevitable. There is growing interest among the consumers all over the world regarding protection of environment. AS a result of this green-marketing has emerged which speaks for growing market for sustainable and socially responsible products & services. Thus, the growing awareness among the consumers all over the world regarding protection of the environment in which they live ,people do want to bequeath a clean Earth to their marketing by the business class is still in the selfish anthological perspective of long term sustainable business and to please the consumer and obtain the license by the governing body.

### The Green Consumers

The Green consumers are the driving forces behind the green marketing process. It is they who drive consumer demand, which in turn encourages improvements in the environmental performance of many products and companies. Thus, for a Marketer it is important to identify the types of green consumers. Many organizations have found that two out of every three Consumers are green in developed country like Bangladesh and out of its organizations have found that one out of every six consumer is green, but their environmental commitments vary because of their different standards, expectations from procedures, demand and buying power. It is thus not efficient to say that the green consumers are one who engages in green consumption, specially, Consumers in more sustainable socially responsible way A great deal of market research has been concerned with identifying the green Consumers. A clear picture has not yet been established and it differs a lot between markets. But some generalizations about the green consumers can be made on the basis of the research done so far. The Green Consumer:-

- Is Consistent
- Is Confused
- Is Generally a Woman
- Is sophisticated in wants and needs.

### Green Products

Green products stresses the straight and tangible benefits provided by greener designs, such as energy efficiency or recycled content, rather than stressing the environmental attributes them. For Example, CNG (Converted Natural Gas)use in the vehicles ,Super concentrated laundry detergents not only save energy and packaging they save end space ,money and effort. Therefore, Green products means any product, which is not hazardous for environment and customer as well, and it also work as a future remedy of negative impact of a product.

### Green Marketing Process



**Golden Rules of Green Marketing**

**Know You Are Customer-** Make sure that the consumer is aware of and concerned about the Issues that your product attempts to address.

**Educating Your Customer-** Is not just a matter of letting people know you are doing whatever You are doing to protect the environment, but also a matter of letting them know why it matters. Otherwise for a significant portion of your target, it's case of "so what"? And your green marketing Campaign goes nowhere.

**Reassure The Buyer-** Consumers must be made to believe that the product performs the job It's supposed to do they won't forego product quality in the name of the environment.

**Consider Your Pricing-** If you are charging a premium for your product and many environmentally preferable products cost due to economies of scale and use of higher-quality Ingredients-make sure those consumers can afford the premium and feel it's worth it.

**Giving Your Customers can Participate-** It means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take parting positive Environmental action.

**Importance of Green Marketing**

Green Marketing offers business bottom line incentives and top line growth possibilities. While modifying of business or production processes may involve start-up costs. It will save money in the long-term .When looking through the literature there are several suggested for firms increased use of Green-marketing. Possible reasons are as follows:-

1. Organization's perceives environmental marketing to be an opportunity that can be used to achieve its objectives.
2. Organization believes they have a moral obligation to be more socially responsible.
3. Governmental bodies forcing firms to become more responsible.
4. Competitor's environmental activities pressure firms to change their environmental marketing Activities.

**Challenges in Green Marketing**

**Need for standardization-** It is found that only 5% of the marketing messages from "Green" campaigns are entirely true and there is lack of standardization to authenticate these claims. A standard quality Control board needs to in place for such labeling and licensing.

**New Concept-** Indian literature and urban consumers is getting more aware about the merits of green products. But it is still a new concept for the masses. Indian consumers do appreciate the importance of using natural and herbal beauty products. Indian Consumers is exposed to healthy Living lifestyle such as yoga and natural food consumption.

**Avoiding Green Myopia-** The first rule of Green-Marketing is focusing on customer benefits, the primary reason why consumers buy certain products in that've first place. Do this right and motivate and motivate consumers to switch brands or even pay a premium for greener alternative. Also if the Green products are priced very high then again it will market acceptability.

**Some Cases**

Interesting Green-Marketing continues to be an issue of global interest. Infact google trend reports that on a relative basis, more searches for " Green Marketing" originated from INDIA than from any other country.

**Example1-**Best Green IT project: State Bank of India: Green IT@SBI

SBI is also entered into green service known as "Green channel counter" SBI is providing many services like paperless banking, no deposit slip, no withdrawals form, no check, no money transaction from all these transaction are done through SBI shopping & ATM cards. State Bank of India turns to wind energy to reduce emissions. The State Bank Of India became the first Indian bank to harness wind energy through a 15 megawatt wind farm developed by Suzlon energy.

### **Example 2-Indian oils Green Agenda- Green Initiatives**

- Indian oil has invested about Rs 7000 crore so far in green fuel projects at its refineries, ongoing projects account for a further Rs 5000 crore.
- The R&D center of Indian oil is engaged in the formulations of eco-friendly biodegradable Lube formulations.

**Example 3-India's first Green Stadium-** The Thyagaraja stadium stands tall in the quite residential colony behind the capital's famous INA market. It was jointly dedicated by union Sports minister MS Gill and chief minister Sheela Dixit on Friday.

**Example 4-Eco-friendly Rickshaws before CWG-** Chief minister Sheela Dixit launched on Tuesday a battery-operated rickshaw, "E-rick", sponsored by a cellular services provider, to Promote eco-friendly transportation in the city ahead of the commonwealth Games.

**Example 5-** Wipro can do for you in your quest for a sustainable tomorrow-reduce costs, reduce your carbon foot prints become more efficient all while saving the environment.

### **Some Problems with Going Green**

Although a large number of firms are using green-marketing, there are a number of potential problems which need to be addressed. One of the main problem is that firms using green-marketing must ensure that their activities are not misleading to the consumers or the industry do not breach of any of the regulations or law dealing with environmental marketing. In short green-marketing claims of a firm must:-

- Clearly state environmental benefits.
- Explain environmental characteristics.
- Explain how benefits are achieved.
- Ensure negative factors are taken into consideration.
- Only use meaningful terms pictures.

When firms attempt to become socially responsible, they face the risk that the environmentally responsible action of today will be found to be harmful in the future.

**Example 6-** The aerosol industry which has switched from CFCs (Chloro - fluoro - carbons) to HFCs (Hydro- fluoro- carbons) only to be told HFCs are also a greenhouse gas .while government regulation is designed to give consumers the opportunity to make better decisions or to motivate them to be more environmentally responsible, there is difficulty in establishing policies that will address all environmental issues.

### **CONCLUSION**

Now this is the right time to select "Green-Marketing" globally. It will come with drastic change in the world of business if all nations will make strict roles because green-marketing is essential to save world from pollution. From the business point of view because a clever marketer is one who not only convinces the consumer, but also involves the consumer in marketing his product. In green marketing, consumers are willing to pay more to maintain a cleaner and greener environment. Finally, consumers, Industrial buyers and Suppliers need to pressurize to minimize the negative" effects on the

environment friendly. Green-Marketing assumes even more importance and relevance in developing countries like India.

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**ACCOUNTING AND TAXATION ASPECT OF MERGER AND  
ACQUISITION**

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**ABSTRACT**

*Merger and Acquisition is considered as a alliance in present era of enhanced competition, breaking of trade barriers, free flow of capital across globe. As a number of economies are deregulated and integrated with other economies, merger and acquisition is an economic way to maximize the growth of company by enhancing production capacity and marketing operation. A major challenge in merger and acquisition is the different culture and decision making authorities to negotiate. The negotiation is a test to evaluate whether the culture of two distinct entities can overcome their difference in order to reach an amicable agreement.*

**Keywords:** Merger; Acquisition; Negotiation; Integrated

**INTRODUCTION**

**Accounting and Taxation aspect of merger and acquisition**

Business reforms in India laid the foundation for the merger and acquisition of companies. Many Indian companies have acquired the foreign companies and many foreign companies took over Indian companies after liberalization. Merger and acquisition is one of the many ways of restructuring the organization.

The term Merger is generally referred to as the consolidation of two or more companies whereas the term acquisition refers to the purchase of one company by another.

The basic objective of the merger and acquisition is to enable companies to face new challenges and avail the worldwide opportunities. If plan is charted out efficiently, it can enrich the value of organization by penetrating into new markets, rising revenue and profitability.

In India the period 2004-11 has been tremendous activity on merger and acquisition front. The liberalization of foreign investment/Foreign exchange policies coupled with rapid economic growth have driven Foreign/Indian companies to acquire softer target in India/Abroad.

**Accounting Aspects**

There are many accounting issues involved in the merger and acquisition. The main issues like accounting by Acquirer, valuation of goodwill and reserve of the Target company and accounting method. The Institute of Chartered Accountants of India has formulated Accounting standards (AS-14) for accounting and disclosure requirements of merger and acquisition. The International Accounting standards (IAS-22) deal in the same matters. The merger and acquisition deal has a complex implication with multi facts according to Accounting standard 14(AS-14) issued by Institute of Chartered Accountants of India, merger and acquisition can be in the nature of :

**Purchase Method:** Book entry is by cost of acquisition and Fair value of acquired net assets. The difference occurring between the two is recognized as goodwill or capital reserve. Also if the acquisition was paid for in cash, then the cost of acquisition is the purchase price paid, if it is paid with issued securities, then the cost of acquisition is the fair value of the issued securities.

The above goodwill must be amortized in accordance with regulations and must undergo regular testing for asset impairment. If impairment occurs, it must be recognized as a loss which may not be reserved.

**Pooling of Interest Method:** The Advantage point of the posting of Interest method is from the start of the merger, so the surviving company enter the book value of the dissolved company in its account. Under this method the dissolved company may adopt different accounting principles to account for assets or liabilities generally similar to those of the surviving company.

If the different accounting principles are better suited to be dissolved company, then it is appropriate to adjust account entries so that they are in keeping with generally similar accounting principles after the merger.

### OBJECTIVES

1. To Study the Major Challenges in Merger & Acquisition.
2. To study the M & A is in the interest of nation, shareholder and financier.
3. To study M & A acts as a device for capture national & international market.
4. To study the national & international law involved in M &A.

### International Accounting Standard Rules - IAS

Originally one the rule of IAS 22 methods for the accounting treatment of mergers and acquisitions included the purchase method and the pooling of interest method.

This meant that the comparability of financial statement could be compromised when different accounting treatment were applied to similar transactions and resulted in incentives to arrange transactions solely to take advantage of the difference. For this reasons International Financial Reporting Standards (IFRS No. 3) came to replace IAS 22 and it requires the purchase method be applied in the accounting treatment of enterprise merger and acquisitions.

**Taxation Aspect:** Tax laws for corporations form an intricate network of business and finance regulations. These laws govern how corporations must operate given considerations like capital structure, ownership and size. Amongst these laws exist those governing mergers and acquisitions. The question of defining taxable mergers comes down to understanding mergers and acquisitions, and the various tax laws affecting these transactions. Both tax-free and taxable mergers exist, with various fine points distinguishing guidelines for the two.

**Taxable Mergers/Acquisitions:** Taxable mergers constitute those mergers on which one or both parties involved pay taxes. When companies merge, they pay taxes on the value of the capital, stock or assets acquired during the process of a merger, not on the merger itself. Generally speaking, taxable mergers assume one of two forms. A standard merger occurs when one company absorbs into another and the surviving company continues offering the services of both. A triangle merger occurs when a standard merger happens at the subsidy level and the parent company takes financial responsibility. This occurs when a small company, the subsidy, owned by a large company, the parent, merges with another small company. In such a case, the parent company, as the true owner, bears responsibility for taxes involved.

**(a) Types of Taxable Mergers/ Acquisitions:** Two types of taxable mergers exist: those involving the acquisition or purchase of stock and those involving the purchase of assets. Assets constitute anything of value, from physical property like buildings and equipment, to intangibles like patents and franchise



rights. For instance, if Company A merges with Company B, Company A will pay taxes on assets and taxes acquired while Company B pays no taxes, assuming the immediate liquidation of B. If B survives, it must declare income earned through the sale of stock or assets and pay taxes on this capital if the amount exceeds all losses.

**(b) Tax Free Mergers/Acquisitions:** Tax-free mergers provide a counterpoint to taxable mergers. Setting up a tax-free merger or acquisition proves somewhat difficult, as the IRS maintains very strict regulations regarding such transactions. Simply put, tax-free mergers and acquisitions must qualify as reorganizations. Under this model, companies must swap, rather than outright sell, assets and equity such that the two companies end up becoming one new company with an agglomerated store of assets and equity.

### **Conclusion**

Merger and Acquisition is complex, long legal, Accounting and tax procedure. From point of view of Nation merger and acquisition is a reallocation of resources within economy. Reallocation can be within the industries and across the industries. From firm's point of view merger and acquisition represent quite extraordinary events and massive changes in entire organization. There are two central objectives in merger and acquisition - research that measuring value creation resulting from acquisition and determining how this incremental value is distributed among merger and acquisition participants. It is very difficult to quantify the value creation and its distribution generally it is win-win position among participants.

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**INFLUENCE OF CELEBRITY ENDORSEMENT OF  
ADVERTISEMENT AND ITS IMPACT ON SALES**

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**ABSTRACT**

*Celebrity endorsement is one of the advertising techniques companies use to create awareness and gain favourable responses about their products and services. This expectation is often not realised as negative image about a celebrity endorser, incongruity of a celebrity endorser with the product being endorsed are all capable of inducing bad responses towards the product rather than the other way round.*

*The practice of celebrities being used for rendering services other than performing their actual job as either an actor or an athlete, such as endorsements has proliferated over time. Despite the cost and the risks involved with this technique of advertising, it is been used quite extensively in the present era. The instrument of celebrity endorsement has nowadays become a pervasive element in advertising and communication management. India as a country is known for loving its stars. The Indians idolize their bollywood actors and cricketers. The advertisers see this as an opportunity to grab and work on so as to expand their operations and promote their product. This dissertation focuses on examining the perception of these Indian Consumers about the celebrity endorsement process and the subsequent impact on their purchase decisions.*

**JEL Classification:** M30

**Keywords:** Celebrity; Endorsement; Advertisement

**INTRODUCTION**

Advertising is a very strong component of business in any society. It possesses pervasive and persuasive power. Though primarily designed by firms in order to create awareness about goods and services, it also "...encourages the development of new and better products, thereby giving consumers wider varieties of choices". According to Vivian advertising generates most of the operating revenue for newspapers, magazines, television and radio." Initially advertising was used primarily to create awareness about goods or services, but as the line between product differentiation in terms of quality and reliability grows thinner and becomes almost completely blurred as a result of availability of cut edge technology, it also becomes obvious that advertisers employ strategies that will confer credibility and increase the popularity of such a product over the others. The endorsement of products and services in advertising has become an important and integral aspect of modern day advertising, as it has been found to have the potential of improving the financial returns of companies that use it in their advertisements.

According to Erdogan et al. "the effect and relevance of celebrity endorsement as a strategy in marketing communication has gained the attention of serious research in academic circles." Companies spend huge resources on celebrities to endorse their products or sponsored messages on television, radio, newspapers, magazines, billboards, the internet and mobile phones, in the hope that

such an endorsement will induce favourable attitudes towards the brand and ultimately affect sales and profits by increasing consumers' preference for the brand. In addition, government and non-governmental organizations use celebrities in public messages targeted towards influencing attitudes

### Who is a Celebrity?

Celebrities are people who enjoy public recognition by a large share of a certain group of people whereas attributes like attractiveness, extraordinary lifestyle are just examples and specific common characteristics cannot be observed though it can be said that within a corresponding social group celebrities generally differ from the social norm and enjoy a high degree of public awareness (Schlecht, 2003). (Anonymous, Business Standard, Dec, 2003) This is true for classic forms of celebrities like actors (e.g. Shahrukh Khan, Amitabh Bachhan), models (John Abraham, Malaika Arora, Diya Mirza) Sports athletes (e.g. Sachin Tendulkar, Sania Mirza) entertainers (Barkha Dutt, Shekhar Suman) And Pop Stars (Mika, Daler Mehndi) but also for less obvious groups like businessmen (e.g. Dirubhai Ambani) or politicians (Laloo Prasad Yadav) Besides these there are fictional celebrities like Ronald McDonald, Fido dido, gattu, Amul Girl, Pillsbury doughboy and the like. Celebrities appear in public in different ways. First, they appear in public when fulfilling their profession ex Sachin Tendulkar is loved by millions for his wonderful performance in the cricket fields. Further more, celebrities appear in public by attending special celebrity events ex. filmfare star awards, Videocon screen awards etc. In addition they are present in News, Fashion magazines and tabloids, which provide second source of information on events and private life of celebrities through mass media channels. Last but not the least celebrities act as spokes people in advertising to promote products and services. (Kambitsis et al, 2002, Tom et.al., 1992)

### Top 10 Celebrities in India

The big Endorsers	The Brand
Sachin Tendulkar	Pepsi, Adidas, TVS, MRF, ESPN, Britannia
Shahrukh Khan	Pepsi, Santro, Videocon, LML
Amitabh Bachan	Pepsi, Cadbury, Dabur, Nerolac, Reid & Taylor
Amir Khan	Coke, Titan
Saurav Ganguly	Emami, Hero Honda, Britannia, LG
Saif Ali Khan	Asian Paints, Yamaha, Frito Lays, Royal Stag
Virendra Sehwag	Boost, Badur, Coke, Samsung, Britannia, Adidas, Mayur
Rahul Dravid	Castrol, Samsung, Pepsi, Hutch, Britannia, Reebok
Aishwarya Rai	Nakshatra, Lu, Loreal, Longiones Watches
Preety Zinta	Cadbury, Godrej, TVS Scooty, Maggi, Head & Shoulders

**Source:** Top 10 Celebrities in India, riding the wave, PrachiRaturi(2005), Brunch Hindustan Times Magazine.

### Selecting the Best Endorser

Brand Endorsement is a way to get the brand noticed amidst the clutter that is there in the market place. Synergy is therefore required between brand and celebrity. The celebrity actually helps in accelerating the brand image formulation process. At the same time advertisement argue that celebrities come with loads of liabilities that are hard to ignore. The decision of selecting the best endorser is thus a pertinent issue fixed by marketers & adventures for their brand promotion. Advertisers point out to the 3Cs that enjoy mass adulation in Indian sub continental, Cricket, Cinema and Curry. In fact Mr. Jaydeep Dasgupta, Associate branch Director-Mumbai, Mudra feels that branding plays a key role in creating a celebrity aura. Today Cricketer and Film stars are groomed to be brand themselves and hence are marketed well. In other words, the celebrity himself/herself should be a strong brand and the attributes of the celebrity brand should match the attribute of the product brand being highlighted. To help select a celebrity endorser, many companies and their advertising agencies rely on Q ratings that are commercially available from a New York based firm known as

marketing, evaluates Inc.(Belch & Belch). This firm annually determines a familiarity and likeability rating of top male & female personalities (and cartoon characters) based on a mail questioners survey of the television viewer. The basic rating called a Q rating, is obtained by dividing the number who rated as “one of my favorites” by those who indicated that they were “totally familiar” with the personality. The survey is widely used by marketers and agencies to select celebrity endorsers and is used by T.V. Network and Hollywood producers to cast their shows & movies. All efforts to select an ideal celebrity as brand endorser who is able to infuse and bring about a change in the fortunes of a brand. Besides this it is important to judge the compatibility of the endorser with the product and acceptance of the individual buy the target audience before selecting the stage endorsers.

### Impact of Celebrity Endorsement

1) Celebrity-Target Audience Match: Smriti Irani endorsing the WHO recommended ORS Campaign in India. Indian mothers can associate with Smriti Irani through the facets she projects on screen or in regular life which helps develop a connect with the target audience since mothers medicate their children with ORS.

2) Celebrity Values: Tabu endorsing Tetra Packed Milk, Shabana Azmi campaigning for AIDS Awareness, Amitabh Bachchan & Shahrukh Khan campaigning for Pulse Polio or Aishwarya Rai appearing in the Donate Eyes campaign is few examples, which reflect the transfer of Celebrity values to the brand, creating an impact that generates recall.

3) Costs of Acquiring the Celebrity: Recently, a newspaper report showed how cola firms had gone beyond their advertising budgets to get the best celebrities. Small Firms use celebrities services run greater risks if they invest large amounts. Although nobody is willing to say exactly how much celebrities get paid, industry sources say Sachin Tendulkar’s price is believed to be between Rs. 2.0-2.5crores per endorsement, and musician A. R. Rehman, who had signed up with Air Tel, is believed to have picked up Rs. 1.75crores.

4) Celebrity Regional Appeal Factors: R. Madhavan endorsing Pepsi in southern India or Sachin Tendulkar endorsing in India are few examples of how celebrities are chosen to reach out to target audiences for brands in regional markets.

5) Celebrity-Product Match: Cyrus Broacha is the brand ambassador for MTV since both the celebrity and the brand are considered as friendly, young, mood boosting, humorous and outspoken. MTV’s brand personality overlaps Cyrus Broacha’s image as a brand. Some more examples of compatible celebrity product match in which celebrity brand attributes get transferred to the brand and increases the brand equity is of Govinda & Navratan Tel, Aishwarya Rai & Nakshatra, etc.

6) Celebrity Controversy Risk: The perfect example here is of Salman Khan and the controversy in which he crushed a man to death with his Pajero when he was driving under the influence of alcohol. Also, any act on the part of the endorser that gives him a negative image among the audience and goes on to affect the brands endorsed. The brand, in most instances, takes a bashing.

7) Celebrity Popularity: Celebrity Brand association like Garnier endorsed Tara Sharma & Simone Singh, Agni Diamonds & Riama Sen don’t get much brand recall, and even if they do, it is difficult to attribute it to the celebrities’ endorsing the brand. On the other hand, HPCL has had increased popularity and share of voice due to the endorsement of the brand through Sania Mirza.

8) Celebrity Availability: In case of various brands, there are situations in which they prefer to go without a brand face, since there is no brand-fit between the celebrities available and the brand. Also, due to multiple endorsements by certain celebrities, brands refuse to adopt celebrity endorsement since they fear dilution of the brand image.

9) Celebrity Physical Attractiveness: John Abraham endorsing Wrangler and Timex Sunglasses are some examples which portray the celebrities’ physical attractiveness that helps create an impact.

10) **Celebrity Credibility:** The most important aspect and reason for celebrity endorsement is credibility. In a research carried out among 43 ad agencies and companies, most experts believed that the most important dimensions of credibility are trustworthiness and prowess or expertise with regard to the recommended product or service.

#### **STATEMENT OF RESEARCH PROBLEM**

The aim behind any message is to achieve the purpose for which it was conceived. Companies, civil society organizations and government agencies spend billions of naira annually placing one form of advertisement or the other in the media. Also, companies, in their bid to outsmart one another for consumers' attention, normally deploy various advertisement strategies. Some pay huge amounts of money to celebrities so as to identify themselves with their products. They do this in the hope that such an appearance will instantly produce a trickledown effect of making the product become popular and ultimately influence audience to wish to purchase the product/service. The reality however is that several products in spite of celebrity endorsement and expensive advert have failed to attract customers' attention towards many products. For example, when a celebrity is not accepted, his/her unacceptability may affect the product that he/she identifies with negatively. Miciak and Shanklin suggest that celebrity endorsement may alienate consumers much more than attract them. Also, Till and Shimp assert that companies have no control over celebrities' future behaviour. A good example that will suffice here is the Nigerian Television Authority's news report of 30 December, 2009 of the loss of over \$12 billion by the shareholders of companies whose advertisements Tiger Woods had endorsed, due to scandals involving him. Lee et al. in their research findings discovered that celebrity endorsement can have a negative effect on purchase intentions, the product and even the celebrity, especially through shadow effects or multiple products endorsement. Also, there lies uncertainty with respect to returns that companies might be able to garner for a brand as Till and Shimp suggest that negative information about a celebrity is capable of lowering consumers' brand evaluation. Likewise, Liu asserts that advertisers do experience dilemmas over the use of local celebrities for a global brand, as the congruence between the brand and the local endorser sometimes is difficult to establish.

#### **LITERATURE REVIEW**

The increasing competition between firms in order to attract more consumers towards their products has encouraged marketers to use celebrities to endorse their products. Moreover, recent technological advances in the media such as DTH, video control systems, cable and satellite television has increased consumer power over programmed advertisement and made advertising more challenging (Croft et al. 1999). It is also perceived that the featuring a renowned celebrity helps in solving the problem of over communication that is becoming more and more prevalent these days (Kulkarni &Gaulakar, 2005).

Celebrities are people who enjoy public recognition by a large share of a certain group of people whereas attributes like attractiveness, extra ordinary lifestyle are just examples and specific common characteristics cannot be observed though it can be said that within a corresponding social group celebrities generally differ from the social norm and enjoy a high degree of public awareness (Schlecht,2003).(Anonymous, Business Standard, Dec,2003

Marketers to ease this threat and attract more consumer attention towards their products and advertisements use celebrity endorsement strategy. Due their well knowness, celebrities help advertisements to stand out from the surrounding clutter by appearing in them, increasing the communicative ability by cutting through excess noise in a communication process (Sherman 1985). Hiring a famous celebrity as their brand endorser may also help improving the image for a tarnished company. Celebrity Endorsement may also help in restoring or polishing a company's image (Erdogan, 1999).

In a report, World Bank has projected that in 2010 the Indian economy will grow at 8%, making it the world's fastest-growing economy by surpassing China (BBC 2009). In today's dynamic and competitive environment, increasing consumer's expectations and demands force marketers to adopt



more creative advertising practices such as celebrity endorsements to influence consumer buying behaviour (Alsmadi 2006). Hence, there was the potential for Advertising industry using celebrity brand endorsement to become a multi-million dollar industry in India (Malhotra 2005).

For most of the multi-national companies while expanding to different countries may face some issues like cultural 'roadblocks' such as time, space, language, relationships, power, risk masculinity, femininity and many others (Mooij 1994; Hofstede 1984).

It is been experienced that the products endorsed by celebrities help them to stand out and take more notice while shopping due to their improved level of product recall (Bowman 2002).

Advertisements featuring a celebrity make a strong impact on the learning style and memory of a consumer which is an important aspect of marketing communication success. Celebrities often make the ad more memorable in the mind of the consumer even if there is no immediate need of the advertised product. Marketers use this advantage of information storage in the minds of the consumers which can be readily retrieved at the time of shopping or when the need arises (Schultz & Barnes, 1995).

All these arguments lead to the conclusion that celebrity endorsements likely to have a positive effect on consumer buying behaviour (Goldsmith, Lafferty and Newell 2000; Mathur, Mathur & Rangan 1997)

### **OBJECTIVES**

Explore and examine the consumer's perception about celebrity endorsements and impact of celebrity endorsement on sales and to identify the key factors which may influence consumer's buying behaviour through celebrity endorsements.

### **SAMPLING DESIGN**

The sample size is one hundred and fifty respondents. The sample selection was done by using Convenient Sampling method. An attempt was made to make the sample as representative as possible.

### **STUDY PERIOD**

The study was conducted for a period of three months. (April 2013 to June 2013)

### **DATA COLLECTION METHODS**

In this research two methods are adopted for collecting the data. They are primary and secondary data.

#### **Primary Data**

Primary data was collected with an aid of a Questionnaire. The Questionnaire contains a series of questions arranged in a proper order. The data collection was done using a questionnaire of 18 questions, which consisted of closed and open ended questions. The questionnaire was designed to collect data about the influence of celebrity endorsement and its impact on sales.

#### **Secondary Data**

Secondary data was collected from the internet, articles from scholarly journals and books.

#### **Research Questions**

1. How far celebrity advertising is more attractive than non-celebrity advertising?
2. Is Celebrity's attractiveness going to have a direct impact on the Sales?
3. How far celebrity endorsements have an impact on the purchase decision?



### Use of Simulation Software Analysis Tool

Data analysis was done through the statistical package for social science software. The package used was SPSS 17 for the analysis of data.

### HYPOTHESES

**H1:** Celebrity endorsed advertisement does not significantly impact on buyers purchase intent.

**H2:** Celebrity endorsement does not significantly increase the popularity and credibility of a product.

**H3:** Celebrity endorsers do not produce greater purchase intentions to buy a product than a non-celebrity endorser.

### Hypothesis 1

Celebrity endorsed advertisement do not significantly impact on buyers purchase intent.

**Findings:** The result of the study did not support the hypothesis and suggested that celebrity endorsed advertisement does significantly impact on buyers' purchase intent It is not however the only reason for influencing consumers' purchase intention as the study demonstrated that other factors like music and graphics in consumers' intention. This finding also showed that consumers are also influenced by simple cues such as attractive slogans, music or imagery in a commercial instead of close scrutiny of the message.

### Hypothesis 2

Celebrity endorsement does not significantly increase the popularity and credibility of a product.

**Findings:** The results of the study did not support this hypothesis and suggested that an endorsed advert by a celebrity does significantly increase the popularity and credibility of the product than when the product advert is not endorsed. The research findings indicated that a well-known and well-liked personality within the society evokes likeness and good image towards a product or services."The finding also buttressed the source credibility model which explains that the acceptance and favourable response to an advertisement message depends on the perception the audience have about the expertise, trustworthiness and knowledge of the source. From the study, it was revealed that the credibility the brand has in the minds of the consumers has to do with the fact that the celebrity is a popular person. Also, the findings revealed that the celebrity is not a controversial person and therefore, they will buy the brand. The findings also show that expertise and the popularity of an endorser are capable of increasing information processing among consumers.

### Hypothesis 3

Celebrity endorser does not produce greater purchase intentions to buy a product than a non-celebrity endorser

**Findings:** The results of the study did not support this hypothesis and suggested that Celebrity endorser does produce greater purchase intentions to buy a product than a non-celebrity endorser. The overall results for purchase intention shows that celebrities can influence the purchase decision of the people by appearing with a product in an advertisement. The results show that most of the consumers are likely to buy or buy the products endorsed by celebrities. Moreover many of the customers are happy or satisfied with the purchases they have done under the influence of celebrity that is a positive sign. The level of after purchase satisfaction builds the trust on the part of the celebrity and the product and influences future purchase decisions. The results also show that there are low numbers of people who are actually not influenced or satisfied with their purchase decisions under celebrity influence.

### Current State of Consumer Perception about Celebrity Endorsements

Based on the research findings the author accepts that —Celebrity endorsements are a ubiquitous feature of modern marketing (McCracken 1989). The findings from the research extensively support

the statement. People come across celebrity endorsed advertisement in everyday life. Majority of the respondents (68.5%) stated that they come across celebrity endorsed advertisements very often (Appendix 4). Additionally, the respondents feel that TV advertisements (81.1%) is the more likely to carry celebrity endorsed advertisements followed by magazines (31.1%), Internet (22.3%) and newspapers (19%) (Appendix 5). This proves that, recent technological advances in the media and satellite television has increased the power of advertisement and made advertising more challenging (Croft, Dean and Kitchen 1999).

The fierce competition between brands has encouraged marketers to use celebrities as endorsers in order to attract more consumer attention (Croft, Dean and Kitchen 1999). Undoubtedly the findings prove that celebrities are very successful at attracting more consumer attention towards the product they are endorsing. When asked 83.6% of respondents agreed that celebrity endorsed advertisement are more effective at attracting their attention as compared to non-celebrity advertisements (Figure). Additionally, the respondents state that they find bollywood actors and actresses (74%) more influential as celebrity endorsers followed by sport stars including cricketers (39.4%).

As Patzer (1985) stated that —attractiveness is an informational cue involves effects that are subtle, pervasive, and inescapable. The results state that celebrity endorsements are more attractive that means celebrities attracts the attention of consumers towards the product by appearing with them or endorsing them in an advertisement. Attracting the consumer attention is the first step to influence him to buy the product. Moreover, Celebrity endorsed advertisement deliver higher degree of appeal, attention and recall rate as compared to the non-celebrity advertisements (Cooper, 1984; Dean and Biswas, 2001) The research findings proves this by stating that 87.5% of the respondents either agree or slightly agree that celebrity endorsed advertisements enables them to recall and recognise the products more promptly.

Celebrity endorsed advertisement have the potential to influence the cognitive processes of consumers (Wilkes and Valencia 1989). Interestingly the findings state that 72.1% of respondents said that they find celebrity endorsed advertisements more influential as compared to non-celebrity advertisements. Thus it can be said that employing a celebrity in an advertisement can influence the customers to buy the product or service endorsed by him. The findings support the fact that —the power of the celebrities lies in their ability to influence the consumers, even if they are physically and socially far from a common consumer (Choi & Rifon, 2007).

### FINDINGS

- Majority of the respondent 40% agree that celebrity endorsed products are of good quality. 16% of the respondent strongly agree that celebrity endorsed products are of good quality. 20% of the respondent disagree and strongly disagree that celebrity endorsed products are of good quality. 4% of the respondent are neutral that celebrity endorsed products are of good quality.
- Majority of the respondent 42% says that celebrity influence their buying decision. 20% says that brand name influence their buying decision. 18% says that luxury influence their buying decision. 10% says that self esteem and instant need influence their buying decision.
- Majority of the respondent 48% strongly agree that Total revenue increases when brands are endorsed by celebrities. 24% of the respondents agree that Total revenue increases when brands are endorsed by celebrities. 15% of the respondents disagree that Total revenue increases when brands are endorsed by celebrities. 11% of the respondents strongly disagree that Total revenue increases when brands are endorsed by celebrities. 2% of the respondents are neutral that Total revenue increases when brands are endorsed by celebrities.
- Majority of the respondent 48% strongly agree that they are motivated by celebrity endorsement. 24% of the respondents agree that they are motivated by celebrity endorsement. 15% of the respondents disagree that they are motivated by celebrity

endorsement. 11% of the respondents strongly disagree that they are motivated by celebrity endorsement. 2% of the respondents are neutral that they are motivated by celebrity endorsement.

- Majority of the respondent 48% strongly agree that Celebrity endorsement helps in brand promotion. 24% of the respondents agree that Celebrity endorsement helps in brand promotion. 15% of the respondents disagree that Celebrity endorsement helps in brand promotion. 11% of the respondents strongly disagree that Celebrity endorsement helps in brand promotion. 2% of the respondents are neutral that Celebrity endorsement helps in brand promotion.
- Majority of the respondent 48% strongly agree that Celebrities bring brand equity to the product. 24% of the respondents agree that Celebrities bring brand equity to the product. 15% of the respondents disagree that Celebrities bring brand equity to the product. 11% of the respondents strongly disagree that Celebrities bring brand equity to the product. 2% of the respondents are neutral that Celebrities bring brand equity to the product

### **CONCLUSION**

The study suggests that the mean of the findings is somewhere between 3 to 4 i.e 3.022. Our study results in the conclusion that Celebrity Endorsement is high. This implies that Celebrity Endorsement has an impact on sales to a high extent and that Celebrities should always be used to endorse Brands of various products. Although, our study has a positive inclination towards the belief that people are motivated to buy products as a result of celebrity endorsement. Moreover the respondents also strongly agree that celebrities bring brand equity

The research also indicates that celebrity endorsement helps in brand promotion. Finally we conclude that there's no harm in using celebrities for the endorsements, nonetheless everything has its own pros and cons.

### **RECOMMENDATION**

The study has shown that celebrity endorsement is an area in advertising that is worth thorough investigation as huge resources are expended by companies on advertisement annually. It appears from the research findings that celebrity endorsement of advertisement does have significant influence on students' consumers over an advertisement that is not endorsed. It can be inferred from the findings of the research that the acceptability of a product as a result of its commercial is due to celebrity's endorsement of the product with various intermingling factors such as music and graphics playing complementary roles. Since the findings of the research suggested that celebrity endorsed advert has significant influence on students' consumers purchase intention and also that other variables like music and graphics do play complementary roles in such influence; the researcher therefore recommends that:

1. Care must be taken to scrutinize a celebrity's lifestyle and his present social acceptance before endorsement so as to avoid any negative image or scandals that could have negative effect on the product.
2. It is also recommended that advertisers while producing an advert should consider apart from the messages, simple cues like interesting slogans, good graphics and music that consumers can easily identify and empathized with in order for them to comprehend the advert better and have favourable response towards it.
3. Cultural, social and psychological factors such as age, lifestyle, personality, credibility, prowess, etc. should be carefully looked at about an endorser and in turn weave it round a commercial in such a way that consumers can identify with it.

4. Advertisers should also ensure before using a celebrity to endorse their product that there is a level of congruence between an endorser and the product to be endorsed. This is to avoid a situation where the public image and acceptance of an endorser overshadows the product endorsed or what is termed vampire effect.

### LIMITATIONS OF THE STUDY

Every research has certain limitations therefore it is necessary to acknowledge them before moving on to generalisations of findings. The following are the few constraints faced by the author while conducting this study.

Firstly, the sample size is relatively small .Hence the results of this study are not sufficient enough to make concrete recommendations.

Another limitation to the research is that majority of the respondents were young consumers under the age of 18-30. The author didn't get any samples from the people above the age of 60 (senior citizens) who may have a different opinion regarding celebrity endorsements.

Secondly, the author feels that limited time and resources may affect the methodology of the research. The author considered and examined the factors/attributes from the earlier literature on celebrity endorsements.

### SCOPE OF FURTHER RESEARCH

The author has come across many interesting topics while conducting this research. In fact, some of the results from the current research generated important questions to be explored. Consumers tend to think and act differently because when asked to rate the attributes independently the consumers came up with different answers. That is why the author has not claimed the results to be accurate. Research on the psychological and practical aspects of consumer buying behaviour can provide marketers with deeper understanding of the topic. Another important aspect to be explored can be how negative publicity can affect the purchase intention of consumer with reference to low and high involvement product and services. Negative publicity of the celebrity associated with the product can destroy the brand and it may take lot of time to recover the same image.

From the marketer point of view it is important to understand that consumers are governed by their culture and values. Moreover, the limitations highlighted in the earlier section provide a broad platform for future research.

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**A STUDY ON E-CUSTOMER RELATIONSHIP  
MANAGEMENT**

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**ABSTRACT**

*In this paper we explain about E-CRM and its how it useful in Morden business era. Now business has been globalized. We can easily see the impact of computer technologies on business. As we know that now business practices are changing from old economy to new economy due to globalization and easy participation in market. Now many new companies have entered in market from different countries. So now it's a big challenge for pre-established company to retain their customers as well as acquisition of new customers. Now it's very essential for any organization to retain their customers.*

*E-CRM is all about how to retain customers by making him satisfy by which they can be not only profitable for organization but also ambassador of that Organization.*

*In this paper it is attempted to review developments in E-CRM that facilitates online service to customers. Apart from review of technology related developments, the study focuses on identification of thrust areas resulting benefits and implementation strategies.*

*In this Paper we explain about E-CRM and how best way we use E-CRM by which organization could achieve profit and customer could satisfaction. Both should be benefited customer as well organization. It's main aim of the study.*

**Keywords:** Electronic Customer Relationship Management; Electronic Commerce; Relationship Marketing; IT in Business

**INTRODUCTION**

As we know that relationship are as old as mankind. We all are part of one relationship or the other. We do develop relationship at every stage of our life right from our birth with our family till we take last breath. Now E- CRM is a latest buzzword in the corporate sector. E-CRM provides a means to conduct interactive personalised and relevant communication with customer across electronic channels. It utilises a complete view of customer to make decision about massaging, offers and channels delivery.

The E-CRM or electronic customer relationship management encompasses all the CRM functions with the use of the net environment i.e., intranet, extranet and internet. Electronic CRM concerns all forms of managing relationships with customers making use of information technology (IT). E-CRM is enterprises using IT to integrate internal organization resources and external "marketing" strategies to understand and fulfil their customers' needs and guide to the way to full fill the need.

The concept of relationship marketing was first founded by Leonard Berry in 1983. He considered it to consist of attracting and maintaining customer relationships within organizations. In the years that followed, companies were engaging more and more in a meaningful dialogue with individual customers. In doing so, new organizational forms as well as technologies were used, eventually



resulting in what we know as customer relationship management. We can say that in Modern business era. As the Internet is becoming more and more important in business life, many companies consider it as an opportunity to reduce customer-service costs, tighten customer relationships and most important, further personalize marketing messages and enable mass customization. ECRM is being adopted by companies because it increases customer loyalty and customer retention by improving customer satisfaction, one of the objectives of E-CRM. E-loyalty results in long-term profits for online retailers because they incur less costs of recruiting new customers, plus they have an increase in customer retention.

Together with the creation of sales force automation where electronic methods were used to gather data and analyze customer information, the trend of the upcoming Internet can be seen as the foundation of what we know as E-CRM today.

There has been an increasing impact of technology on CRM for the following reasons:

- Customers are more demanding and desire for product and services round the clock.
- They also wish to have these services with lots of dignity and special treatment.
- With increased competitions at the market place, customer loyalty is fickle; hence it requires a bundle of services to satisfy.
- Faster response and understanding every customer have become a key issues.

#### **OBJECTIVE OF STUDY**

1. To explain CRM and E-CRM and its importance in Business.
2. To explain impact of CRM & E-CRM on organization for business perspective.
3. To explain Differences between Transactional marketing and Relational Marketing.
4. To explain Different type application of IT in CRM and Business and how it's useful for Organization.

#### **REVIEW QUESTIONS**

- How CRM different from E-CRM?
- What is the role of IT in achieving the objectives of successful CRM?
- What should be the essential of an effective customer care function?
- Customer profitability is a key factor that needs to be identified before designing exclusive CRM Programme. Explain.

#### **REVIEW OF LITERATURE**

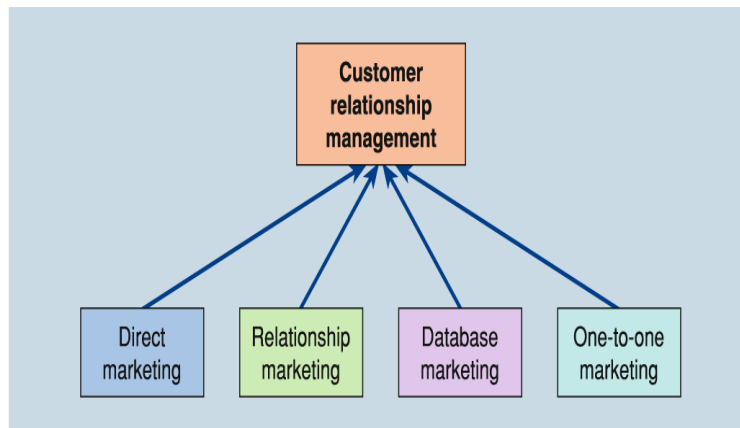
E-CRM can be defined as activities to manage customer relationships by using the Internet, web browsers or other electronic touch points. The challenge hereby is to offer communication and information on the right topic, in the right amount, and at the right time that fits the customer's specific needs.

#### **How does CRM translate into Electronic CRM?**

To know the answer of this question we need to understand CRM and ECRM and its relation and Differences.

**CRM:** CRM (Customer Relationship Management) refers to all marketing activities aimed at establishing, developing and maintaining successful customer relationships.

**Elements of CRM:** Elements describe in figure.....



### Differences between CRM and E-CRM

Differences basis on following areas:

#### Base on Customer contacts

- CRM – Contact with customer made through the retail store, phone, and fax.
- E-CRM – All of the traditional methods are used in addition to Internet, email, wireless, and PDA technologies.

#### Base on System interface

- CRM – Implements the use of ERP systems, emphasis is on the back-end.
- E-CRM – Geared more toward front end, which interacts with the back-end through use of ERP systems, data warehouses, and data marts.

#### Base on System overhead (client computers)

- CRM – The client must download various applications to view the web-enabled applications. They would have to be rewritten for different platform.
- E-CRM – Does not have these requirements because the client uses the browser.

#### Base on Customization and personalization of information

- CRM – Views differ based on the audience, and personalized views are not available. Individual personalization requires program changes.
- E-CRM – Personalized individual views based on purchase history and preferences. Individual has ability to customize view.

#### Base on System focus

- CRM – System (created for internal use) designed based on job function and products. Web applications designed for a single department or business unit.
- E-CRM – System (created for external use) designed based on customer needs. Web application designed for enterprise-wide use.

#### Base on System maintenance and modification

- CRM – More time involved in implementation and maintenance is more expensive because the system exists at different locations and on various servers.
- E-CRM – Reduction in time and cost. Implementation and maintenance can take place at one location and on one server.

**E-CRM:** E- CRM is the process of maximising sales to the existing customer, encouraging continuous relationships through the use of digital communications technologies such as operational databases, personalized web messages, Customer Service, Email and Social Media Marketing.

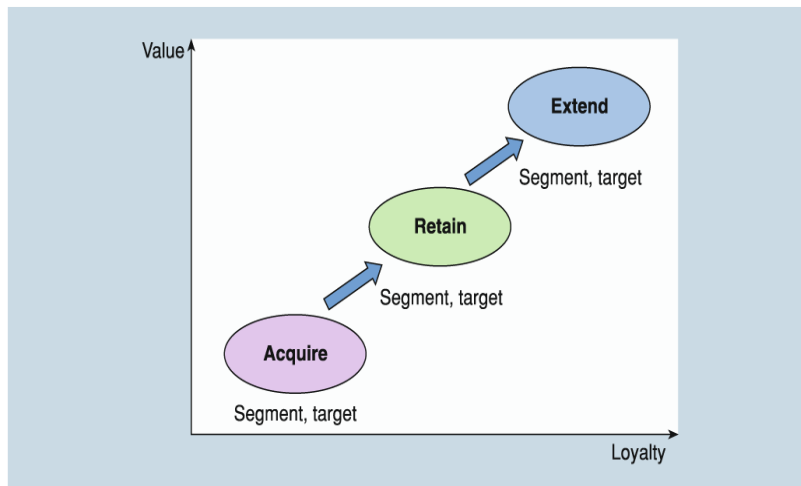
Benefits of e CRM

- Reducing costs in customer targeting (customising emails on large scale therefore reducing costs for direct mail).
- Increasing the meaning of information.
- Better and relevant understanding of customers and relationship dynamics.
- Encouraging customer relationship/customer development and retention through loyalty programmes

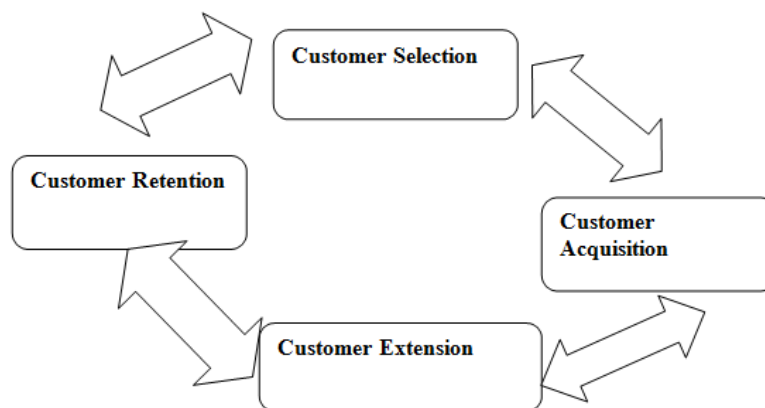
**Implement of E-CRM Process:** As we implement E-CRM process, there are three steps life cycle.

- Data collection: About customers preference information for actively (answer knowledge) and passively (surfing record) ways via website, email, questionnaire.
- Data aggregation: Filter and analysis for firm’s specific needs to fulfil their customers.
- Customer interaction: According to customer’s need, company provide the proper feedback to them.

**E- CRM aims and Focus**



**What is E- CRM about?**



**Customer Selection**

- Who do you target?
- What value do they bring to your objectives?
- What is their lifecycle?
- Where do we find these customers?

**Customer Acquisition**

- Focus on the right segments and target them
- Minimise acquisition costs
- Make customer relationship and service quality a priority
- Approach the appropriate platforms

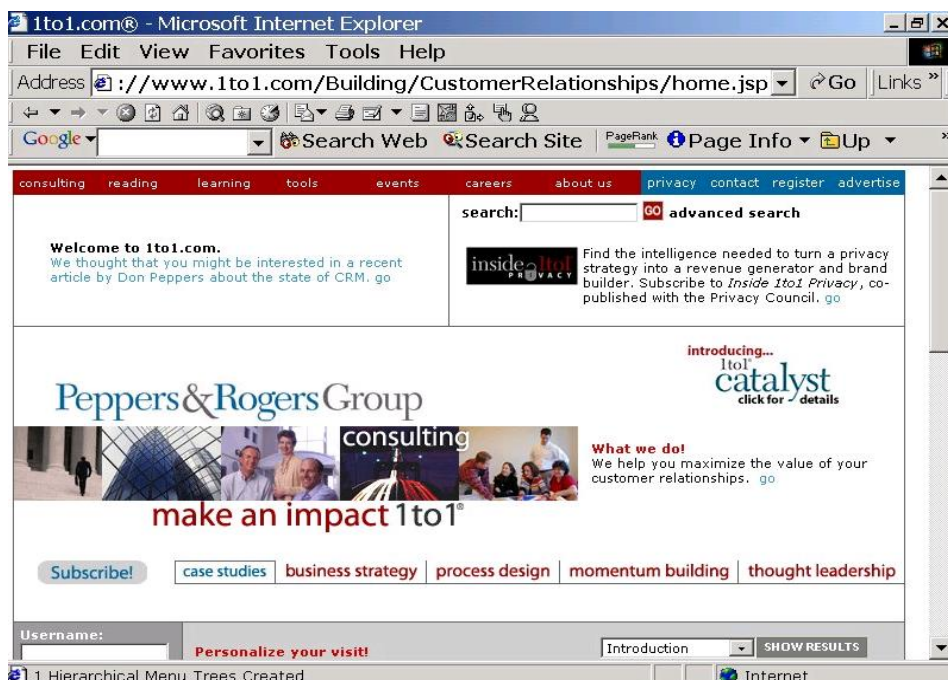
**Customer Retention**

- Know customers' needs individually in order to develop a good e CRM strategy
- Offer value continuously in order to retain online interest and improve customer relationship
- Focus on delivering service quality to the utmost standard
- Choose the right channels for your strategy

**Customer Extension**

- Recognize the customer's relationship interest and respond
- "Cross Sell" and "Up Sell"
- Service Quality
- Use appropriate platforms/channels.

**E.CRM Resources**



**Implementing and integrating E-CRM work:**

**For Non-electronic solution:** Several CRM software packages exist that can help companies in deploying CRM activities. Besides choosing one of these packages, companies can also choose to design and build their own solutions. In order to implement CRM in an effective way, one needs to consider the following factors:

- Create a customer-focused culture in the organization.
- Adopt customer-based managers to assess satisfaction.
- Develop an end-to-end process to serve customers.
- Recommend questions to be asked to help a customer solve a problem.
- Track all aspects of selling to customers, as well as prospects.

Furthermore, CRM solutions are more effective once they are being implemented in other information systems used by the company. Examples are transaction processing system (TPS) to process data real-time, which can then be sent to the sales and finance departments in order to recalculate inventory and financial position quick and accurately. Once this information is transferred back to the CRM software and services it could prevent customers from placing an order in the belief that an item is in stock while it is not.

**For Cloud solution**

Today, more and more enterprise CRM systems move to cloud computing solution, companies can cost efficiently as pay-per-use on manage, maintain, and upgrade etc. system and connect with their customers streamlined in the cloud. In cloud based CRM system, transaction can be recorded via CRM database immediately.

Some enterprises CRM in cloud systems are web-based customers don't need to install an additional interface and the activities with businesses can be updated real-time. People may communicate on mobile devices to get the efficient services. Furthermore, customer/case experience and the interaction feedbacks are another way of CRM collaboration and integration information in corporate organization to improve businesses' services.

There are multifarious cloud CRM services for enterprise to use and here are some hints to the your right CRM system:

1. Assess your company's needs: some of enterprise CRM systems are featured
2. Take advantage of free trials: comparison and familiarization each of the optional.
3. Do the math: estimate the customer strategy for company budget.
4. Consider mobile options: some system like Salesforce.com can be combined with other mobile device application.
5. Ask about security: consider whether the cloud CRM solution provides as much protection as your own system.
6. Make sure the sales team is on board: as the frontline of enterprise, the launched CRM system should be the help for sales.
7. Know your exit strategy: understand the exit mechanism to keep flexibility

**For V-CRM**

Channels, through which companies can communicate with its customers, are growing by the day, and as a result, their time and attention has turned into a major challenge. One of the reasons E-CRM is so popular nowadays is that digital channels can create unique and positive experiences – not just

transactions – for customers. An extreme, but ever growing in popularity, example of the creation of experiences in order to establish customer service is the use of Virtual Worlds, such as Second Life. Through this so-called V-CRM, companies are able to create synergies between virtual and physical channels and reaching a very wide consumer base. However, given the newness of the technology, most companies are still struggling to identify effective entries in Virtual Worlds

### **Steps to E-CRM Success**

Many factors play a part in ensuring that the implementation any level of E-CRM is successful. One obvious way it could be measured is by the ability for the system to add value to the existing business. There are four suggested implementation steps that affect the viability of a project like this:

- Developing customer-centric strategies
- Redesigning workflow management systems
- Re-engineering work processes
- Supporting with the right technologies

### **CONCLUSION**

In this paper we have discussed various changes that have taken place in the history of Marketing. We have also dealt with various forms of relationship and emergence of relationship as a potent marketing tool.

It is important for companies to realise the importance of customer relationship management in their sustain success. E-CRM is a very essential for organization and its successfully implementation is necessary. It is a software with unique key which guide to company that how to deal with customers'- CRM software provide all information about customers easily. For success any organization its very important success of CRM plans. As we know that now concept changes to manual process to automation so ECRM has a crucial role in organization.

The unique contribution of this paper is its focus on e-CRM research from an IT perspective. The study framework provides a foundation for important questions to

Study, and points to key constructs whose operation will add value to this re-study area. As observed, an enterprise is confronted with different and vast spectrum of customers. So customer-share must be retained with all of the powers. Business concerns websites should keep high level of service quality for their profit-customers. For example, banks should increase amount of ATM, POS, bank's cards, E-branches and then they can keep and increase level of service quality.

In this paper we discuss all about CRM, ECRM and its impact and the use of it in organizations. Maximization of Profit and Customer Satisfaction are main goal of any Organization. In the world of intense competitions where the customers are more demanding and the competitors are just a click away, better CRM is the only source of competitive advantage.

Last but not least. Conceptual Clarity, Emotional Maturity, Mental Stability are the key to Relational longevity.

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