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THE PARACHUTE MODEL OF MARKETING STRATEGIES FOR SUCCESSFUL ENTREPRENEURSHIP : A PERSPECTIVE

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ABSTRACT

Purpose- *Marketing is about all about fulfillingthe needs of customers. The product can be anything from a pin to a plane. By and large, the competition is tough. In order to survive and sustain- there is a need of continuous strategy adoption and implementation. That's the truth of marketing. The study explores the role of marketing in entrepreneurship and the relationship between the two. It investigates the importance and various aspects of the relationship between marketing and entrepreneurship, its relevance for the development of product and service in new firms, and the requisites for a good relationship between two.*

Design/methodology/approach-*This paper reviews the literature on the basis of secondary data collected from the sources such as articles and research papers from various journals, annual reports, sustainability reports and newspapers. This is a qualitative study based on content analysis and observations from the data collected from various sources. The study assumes that a better understanding of the marketing/entrepreneurship relationship should decrease the numbers of both product and firm failures.*

Research Implications- *The paper fillsthe existing gaps in literature by linking the three established concepts 'Parachute Model', 'Entrepreneurship', and 'Marketing Strategies' and establishes a relationship between these interdisciplinary concepts.*

Practical Implications- *The paper provides to practical solutions to entrepreneurs in terms marketing strategies through the parachute model to make their business successful in the corporate world.*

Originality-*The main contribution of this research is the Parachute Model which is a new term that is taking into aspect different marketing strategies that could be adopted by the entrepreneur for achieving sustainable business.*

Key Words : *Marketing, Sustainable Entrepreneurship, Parachute Model*

Paper Type : *Perspective*

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1) Prologue :

"You can have the best product or service in the world, but if people don't buy - it's worthless. So in reality it doesn't matter how wonderful your new product or service is. The real question is - will they buy it?"- Noel Peebles

Every day, new business enterprises are created. Some of these ventures succeed, but many fall by the wayside.Others take the business to a great start, given their ampleresources and capital, but weaken along the way. Some ventures seem to be weak at beginning, but with perseverance and careful planning they succeed to remain in the market at the end. The difference between the successful and failed venture lies in how efficiently the entrepreneur has adopted marketing strategies in various fronts of business.

Marketing is about all about fulfilling the needs of customers. The product can be anything from a pin to a plane. By and large, the competition is tough. In order to survive and sustain- there is a need of continuous strategy adoption and implementation. That's the truth of marketing. The study explores the role of marketing in entrepreneurship and the relationship between the two. It investigates the importance and various aspects of the relationship between marketing and entrepreneurship, its relevance for the development of product and service in new firms, and the requisites for a good relationship between two. It assumes that a better understanding of the marketing/ entrepreneurship relationship should decrease the numbers of both product and firm failures. The main contribution of this research is the Parachute Model that is framed taking into aspect different marketing strategies by entrepreneur for sustainable business.

The rest of the paper is organized as follows: Section 2defines the Entrepreneurship concept from the literature; Section 3shows the objectives of the study; Section 4focuses on research approach adopted for carrying out the study; Section 5shows discusses about the Parachute Model of Marketing Strategies; Section 6gives the concluding remarks along with the limitation and future scope of the study respectively.

2) Definition of Entrepreneurship : Recognizing ‘what’ and 'what not' of the concept

There is vast literature on entrepreneurship which haveexplained the Entrepreneurship concept and defined the term in various ways by different authors fromdifferent academic disciplines, namely economics, sociology andpsychology (Blundel & Smith, 2001 and Carter & Jones-Evans, 2000 cited from Taylor & Walley, 2003). Few of the definitions are discussed in this section. Entrepreneurship is the process ofsetting up one's own business as distinctfrom pursuing any other economicactivity, be it employment or practicing some profession. According to Peter F. Drucker, "Most of what you hear about entrepreneurship is all wrong. It's not magic; it's not mysterious; and it has nothing to do with genes. It's a discipline and, like any discipline, it can be learned."As per Joseph A. Schumpeter Entrepreneurship is a process where an Entrepreneur innovates, raisesmoney, and assembles inputs, chooses managers and sets the commercialorganization going with his ability to identify them and opportunities whichothers are not able to identify and is able to fulfill such economicopportunities"."Entrepreneurship is based on purposeful and systematic innovation. Itincluded not only the independent businessman but also companydirectors and managers who actually carry out innovative functions."According to National Knowledge Commission of India Reports of 2008,'Entrepreneurship is the professional application of knowledge, skills andcompetencies and/or of monetizing a new idea, by an individual or aset of people by launching an enterprise de novo or diversifying from anexisting one (distinct from seeking self employment as in a profession ortrade), thus to pursue growth while generating wealth, employment andsocial good'.

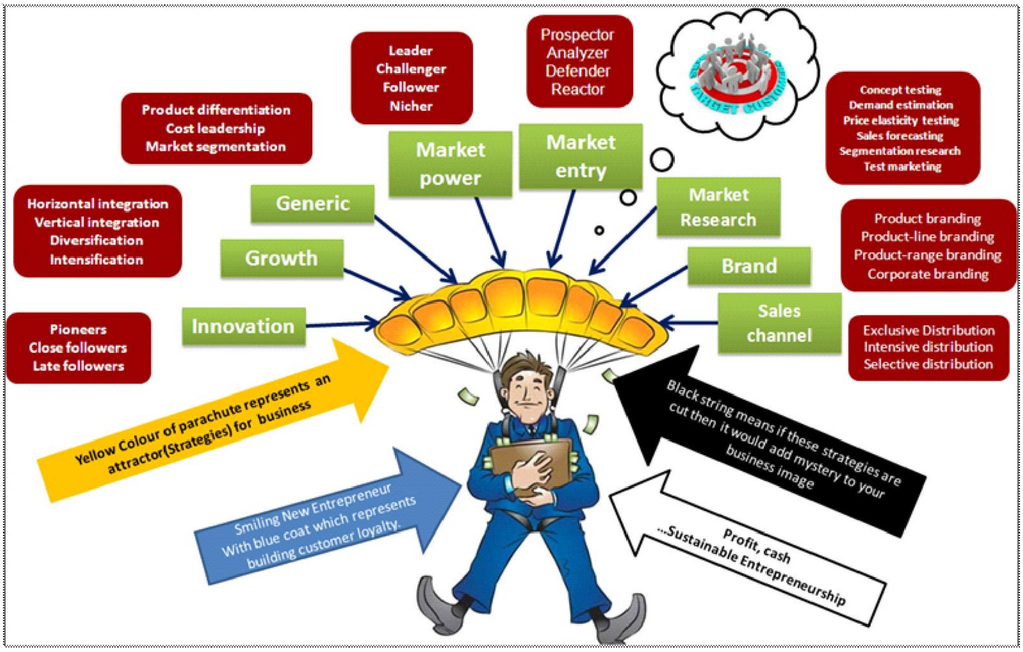
3) Objectives of Study :

The purpose of the study is to explore and present the marketing strategies for successful and sustainable entrepreneurship using parachute model.

4) Research Approach :

This paper reviews the literature on the basis of secondary data collected from the sources such as articles and research papers from various journals, annual reports, sustainability reports and newspapers. This is a qualitative study based on content analysis and observations from the data collected from various sources. The study assumes that a better understanding of the marketing/entrepreneurship relationship should decrease the numbers of both product and firm failures. It is based on the secondary sources of data for analysis and

Figure 1 Parachute Model



Source : Developed through existing concepts from literatures interpretation of relationship between the marketing strategies and success of entrepreneurship.

5) Parachute Modelof Marketing Strategies : A Viewpoint

The word "parachute" comes from the French prefix paracete, originally from the Greek, meaning to protect against, and chute, the French word for "fall", and it was originally coined, as a hybrid word which meant literally "that which protects against a fall", by the French aeronaut François Blanchard (1753-1809) in 1785 (Source: Wikipedia). This concept if applied to management, specific to entrepreneur can have a different perspective on strategies. The flowing figure depicts the parachute model that describes how a new company can succeed till end :

In the figure, the man represents the entrepreneur who is standing with his cash and with new enterprise. The entrepreneur adopts various strategies for long term business or sustainable entrepreneurship. The entrepreneur aims to go high in his business which is represented in the parachute. Target Customer has always in the mind of the entrepreneurship. This brings the note that customer should be first priority in any business. Hence, whole business rests with the customer. This parachute has eight important things in its string which is very significant for sustainable entrepreneurship. These eight marketing strategies are adopted with a view to achieveprofit in future that would help the entrepreneur to first survive among all other big business in the market place and then develop and grow and sustain in the market place.

a. **Innovation:** The most important marketing strategy is innovation in products. The entrepreneur should try to bring out with a differentiated product that would stand unique in the market. Then the job of the entrepreneur is to show case the benefits of products and services to the customers, highlighting the unique features that provide solutions to existing problemsthat old productof competitors have. The product should also be packed differently from the competitors that would attract the consumers. There are three categories in this innovation- (i) Pioneers (ii) Close followers (iii) Late followers. Either the entrepreneur can be pioneers by introducing a new product into market by his own and capture the market or it can be a late follower by bring the products that are already in market but with some modifications. Pioneer strategy will work only if the entrepreneur makes continuous effort to update the product and provide quality product to the customers.Pioneers with a distinctive presence in the marketplace need to be in a position to react, or even better, anticipate potential entrants and increase the barriers to their entry. A pioneer may be in a position to reduce its price and decrease the value of the business for a new entrant, or it can block entrance entirely by controlling key distribution channels.Whether a late entrant or a pioneer seeking to foil newcomers, it helps to have a thorough understanding of the entry and defensive strategies available, a good sense of timing and a game plan for decision-making.

b. **Growth :** The entrepreneurs should havegrowth skillslike skills of new product development, or negotiating and integrating acquisitions. Various strategies like joint ventures, acquisitions, acquire minority stakes, strategic alliances, marketing partnership, and organic investments. There are four categories in this growth (i) Horizontal Integration (ii) Vertical Integration (iii) Diversification (iv) Intensification (v) The acquisition of additional business activities that are at the same level of the value chain in similar or different industries is called horizontal integration. This can be achieved by internal or external expansion. Because the different firms are involved in the same stage of production, horizontal integration allows them to share resources at that level. When a company expands its business into areas that are at different points on the same production path, such as when a manufacturer owns its supplier and/or distributor. Vertical integration can help companies reduce costs and improve efficiency by decreasing transportation expenses and reducing turnaround time, among other advantages. However, sometimes it is more effective for a company to rely on the expertise and economies of scale of other vendors rather than be vertically integrated.A risk management technique that mixes a wide variety of investments within a portfolio. The rationale behind this technique contends that a portfolio of different kinds of investments will, on average, yield higher returns and pose a lower risk than any individual investment found within the portfolio. Diversification strives to smooth out unsystematic risk events in a portfolio so that the positive performance of some investments will neutralize the negative performance of others. Therefore, the benefits of diversification will hold only if the securities in the portfolio are not perfectly correlated.The intensification growth strategy penetrates the market to increase share, increase customer loyalty, and create promising incentives that target the current customer base.

c. **Generic :** Porter's generic strategies would help the entrepreneur to maintain the competitive advantage. Since the company is new, so if it focuses on the individual or combination of generic strategies -cost strategy, differentiated strategy, segmentation strategy- then, it can survive and sustain. By adopting cost strategy, the entrepreneur can gain market share by attracting cost and price-sensitive customers. This can be done by tagging prices for its products at lowest prices in the target market segment or at price compared to what customers receive. This strategy would help the entrepreneur to achieve profit and a high return on investment along with operating at a lower cost than its rivals. With the differentiated product the entrepreneur would be able to provide product or privileged assets that can be hardly replicated by competitors.Thus the three categories to focus on are: (i) Differentiated Product (ii) Cost Leadership (iii) Market Segmentation.

d. **Market Power :** Market power cannot be achieved overnight. The best strategy would be to select your best area and then work on this core area because new entrepreneur cannot compete with the big firms, so focusing on core area would enable to best utilize the limited resources so as to serve specific market efficiently. In this process, make market offering and stick to the best and be expert in that area that would help to stand in market. This way the entrepreneur's competitors would be less and can have market share in product. As suggested by Mc. Kinsey, success can be achieved by taking into consideration operational skills or core competencies. The four categories in this category are: (i) Leader (ii) Follower (iii) Challenger (iv) Nicher. Leader is typically is the industry leader (with largest share) in developing innovative new business models and new products.Challenger is with medium share, to challenge the leader. Market challenger is a firm in a strong, but not dominant position that is following an aggressive strategy of trying to gain market share.Follower has no offensive posture against the leader. A market follower is a firm in a strong, but not dominant position that is content to stay at that position.Nicher is one with small market size, segmentation other firms cannot think of. In this niche strategy, the firm concentrates on a select few target markets. It is also called a focus strategy.

e. **Market Entry :** While making market entry the entrepreneur should remember that first impression matters to remain in the mind of customers. The entrepreneur should therefore focus on a well-laid out store, courteous staff, and personable voice over the phone, etc. However, if you are a one-person business working in a home office, remember that you are the center of your business and marketing efforts. Everyone you come in touch with is potentially a client or a referral to another client because they are either impressed with you as a person, impressed with your skill at providing a certain service or product. Make sure that you are always presentable, professional in your ways and knowledgeable about your business. Even if the new entrepreneur is small compared to the competitors yet he should not lose heart since small business has some befits too. For example, small businesses have flexibility, ability to respond quickly, able to provide a more personalized service. The least risky growth strategy for any business is to simply sell more of its current product to its current customers-a strategy perfected by large consumer goods companies. The four categories in this section are: (i) Prospector (ii) Analyser (iii) Defender (iv) Reactor. Prospector strategy is the most aggressive of the four strategies. It typically involves active programs to expand into new markets and stimulate new opportunities. New product development is vigorously pursued and offensive marketing warfare strategies are a common way of obtaining additional market share. They respond quickly to any signs of market opportunity, and do so with little research or analysis. Defender strategy entails a decision not to aggressively pursue markets. As a result, they tend to do none of the things prospectors do. A defender strategy entails finding, and maintaining a secure and relatively stable market. Rather than being on the cutting edge of technological innovation, product development, and market dynamics; a defender tries to insulate themselves from changes wherever possible.The analyzer is in between the defender and prospector. They take less risk and make fewer mistakes than a prospector, but are less committed to stability than defenders. Most firms are analyzers. They are seldom a first mover in an industry, but are often second or third place entrants.A reactor has no proactive strategy, often reacting to events as they occur. They respond only when they are forced to by macro environmental pressures. This is the least effective of the four strategies. It is without direction or focus.

f. **Market Research :** Market research prior to starting to business should be basically focused on four things- company, competitors, collaborators, customer. The entrepreneur must be clear regarding what type of company it want to start, what would be vision and mission of company, personality of company, and values for customers. Then it has to look into different types of customers, influencers, purchaser and end users. Market Research involves- (i) Concept testing (ii) Demand Estimation(iii) Price Elasticity testing (iv) Sales forecasting (v) Segmentation research (vi) Test marketing. Concept testing is used for early identification of potentially successful products. It takes into account customer reaction to a basic idea of the product, helping make decisions such as pass / fail or go / no go. Concept testing occurs before a product is marketed. Hence, while promising a high probability of consumer acceptance, the attempt minimizes research and development costs and marketing costs. Concept testing has several purposes. It helps finalize the optimum market to introduce the product. While selecting among alternative concepts, it confirms that the selected concept is most favorable. Concept testing also lays the foundation upon which benchmarking can be carried out in the future. The effort helps introduce new ideas into the concept. It forecasts the demand and analyzes whether the product is actually ready to be launched. The process of concept testing should be considered as a mechanism to refine, develop and nurture new ideas, thus increasing their chance to penetrate the market successfully. Concept testing results can be used to: (i) Estimate price sensitivity and purchase likelihood (ii) Identify features and benefits that drive purchase likelihood (iii) Identify target consumer segments (iv) Assess how target consumers want to design and purchase the product. Demand estimation is a process that involves coming up with an estimate of the amount of demand for a product or service. The estimate of demand is typically confined to a particular period of time, such as a month, quarter or year. When running a small business, it is important to have an idea of what you should expect in the way of sales. To estimate how many sales a company will make, demand estimation is a process that is commonly used. With demand estimation, a company can gauge how much to produce and make other important decisions.Price elasticity of demand (PED or Ed) is a measure used in economics to show the responsiveness, or elasticity, of the quantity demanded of a good or service to a change in its price. More precisely, it gives the percentage change in quantity demanded in response to a one percent change in price (holding constant all the other determinants of demand, such as income).Sales forecasts are common and essential tools used for business planning, marketing, and general management decision making. A sales forecast is a projection of the expected customer demand for products or services at a specific company, for a specific time horizon, and with certain underlying assumptions.Sales forecasting is a difficult area of management. Most managers believe they are good at forecasting. However, forecasts made usually turn out to be wrong! Marketers argue about whether sales forecasting is a science or an art. The short answer is that it is a bit of both.Businesses are forced to look well ahead in order to plan their investments, launch new products, and decide when to close or withdraw products and so on. The sales forecasting process is a critical one for most businesses. Key decisions that are derived from a sales forecast include: (i) Employment levels required (ii) Promotional mix (iii) Investment in production capacity.

g. **Brand :** The image of your company should be imprinted in the mind of customers. There should be good reputation of your company in market place that would determine the sustainability of your business in long run. This can be done by the entrepreneur by bringing in good quality of products and support services. The brand includes (i) Product branding (ii) Product line branding (iii) Product range branding (iv) Corporate branding. If you have a product or a service, you must have the required strategy to face the existing intense market competition, and new entrants as well. Branding your product is quite significant for the growth of your business, and it's a lengthy procedure. It's not just a slogan or a logo. It's an emotion that arises in customers' mind when they hear about your company, or look at your logo. The key to derive an effective product branding is to generate desired emotion. Product lining is the marketing strategy of offering several related products for sale as individual units. Product line facilitates marketers to devise strategy with regards to future treatment for a given brand. This strategy focuses on decision, as to whether product line can be extended or new variants of existing product should be introduced. When taking brand extension decision companies needs to carry SWOT (Strength, Weakness, Opportunity, Threat) analysis to fully understand market conditions, current category structure and environmental(economic, social, political, regulatory) dynamics. This analysis will give companies product line and categories to follow active branding strategy.Active branding strategy with respect to product line involves creating multiple brands; this provides depth to the branding process.Corporate branding refers to a company applying its name to a product. The product and the company name become the brand name. The company can advertise several of its products under a single brand name in a practice referred to as family branding or umbrella branding.

h. **Sales Channel :** The entrepreneur should have alternative sales channel and pursuing customers in a different way like selling products online as well as in stores. The sales channel involves- (i) Exclusive Distribution (ii) Intensive Distribution (iii) Selective Distribution. When a single outlet is given an exclusive franchise to sell the product in a geographic area, the arrangement is referred to as exclusive distribution. In intensive distribution, the product is sold to as many appropriate retailers or wholesalers as possible.In selective distribution, the number of outlets that may carry a product is limited, but not to the extent of exclusive dealing. By carefully selecting wholesalers or retailers, the manufacturer can concentrate on potentially profitable accounts and develop solid working relationships to ensure that the product is properly merchandised. The producer also may restrict the number of retail outlets if the product requires specialized servicing or sales support.

6) Epilogue :

Entrepreneurship is not an easy task. Turning the start- up business to a small enterprise, then surviving and turning it to a big company is too risky. But taking up accurate marketing strategies will sustain your business. Just like the parachute, these marketing strategies in the model would help the entrepreneur to protect against the fall in the market place and rise them to survive. "You can have brilliant ideas, but if you cannot get them across, your ideas will not get you anywhere" -Lee Iacocca

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MICROCREDIT AND ECONOMIC DECISION OF BORROWERS - AN ANALYSIS

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ABSTRACT

Microfinance is still a far cry from meeting potentials as instrument of genuine economic development through the empowerment of the economic active poor. Here it has been attempted to examine the impact of microcredit and to ascertain how it contributed to the financial process of household benefits in Odisha. After two decades of impressive growth, there is slackening of growth in SHG-BLP. It has reached saturation point in the southern states, the growth is muted in other states. The loan impairment rates are on the rise. Considering the matter paper has attempted to measure RRBs Microcredit impact on economic decisions of the borrowers using data obtained from primary source. For the purpose of the study the researcher has considered the members of the Women Self Help Groups (WSHGs) as microcredit borrower. To know the microcredit impact on economic decisions three parameters have been considered i.e control over savings, loans, and income. Descriptive as well as inferential statistical tools have been used to get conclusion. The hypotheses for the study are tested with 95% of significance level. This study found that microcredit has no impact on the household's economic decisions.

Key Words : *WSHGs, Microcredit, loan disbursed, savings and income*

1. INTRODUCTION

In 1992 under the SHGs bank linkage programme (SBLP) by NABARD, the banks came into the picture and lent funds to SHGs (Microclients). Microcredit has a greater role to play in India where approximately 40% of people live in extreme poverty. In the ensuing years, RRBs have to face tight competition with the commercial banks for their growth and survival irrespective of the fact that their very role in the society required a special status and a different set of policies.

In this article, a basic and middle-range approach to impact analysis has been applied as 'impact assessment'. The researcher has received 600 questionnaires from 120 WSHGs and in each SHG 5 members are selected randomly of 4 blocks of two districts that participated in the survey but out of them 158 have one or more missing responses which are discarded and not subjected to further analysis. The final sample size is 442. For the purpose of study, the survey has been conducted in two districts of Odisha i.e Angul and Dhenknal. These respondents are selected randomly represented various background across caste, rural, semi urban and urban, union member of the SHG and educational status etc. The draft questionnaire and analysis of the data for both rounds of the survey followed the core AIMS data analysis plan.

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This has called for a set of descriptive tables for data from Rounds 1 and 2, plus statistical analysis of percentage and Z proportion test. The quantitative analysis tested two core hypotheses about impact at individual and the household levels. Micro credit is considered a fungible as it is interchangeable with other monetary units and difficult to trace in addition to other household resources that can be allocated to the activity (or activities) considered most important by the individuals within the household.

This article attempts to test the hypothesis that Microcredit programs (MCP) inputs like credit, works, training and other technical assistance contribute in improving economical decisions of borrowers. The main focus has been on issues such as control over resources savings, loans and incomes. The Round 1 and Round 2 analytical approach has been applied to measure the impact on economic decisions.

2. LIERATURE REVIEW

In this section, it has been intended to review some of the few earlier important studies undertaken by different authors of national and international those are directly as well as indirectly related to the researcher area have been reviewed. Few of these are as:

Mosley and Hulme (1998) explained that many studies avoid calculations of poverty impact and often treat the fact that small loans are being made as the proof that the poor are being reached and the fact that loans are being repaid as proof that incomes have increased.

Kernan (2002) uses primary data on household participants and nonparticipants in Grameen Bank and two similar microcredit programs to measure the total and noncredit effects (noncredit services and incentives) of microcredit program participation on productivity. The total effect is measured by him estimating a profit equation and the noncredit effect by estimating the profit equation conditional on productive capital. Productive capital and program participation are treated as endogenous variables in the analysis. He found large positive effects of participation and the noncredit aspects of participation on self-employment profits.

Puhazhendi (2002) in his study on economic impact of the program by NABARD, covering 115 members from 60 SHGs in three backward eastern states, viz., Chattisgarh, Orissa ,and Jharkhand revealed that there was significant increase in assets (up by 30%) and income level (up by 23%) of the members , with more than 80 per cent members coming from SC / ST and backward classes.

Borchgrevink et. al (2005) studied marginalized groups, credit and empowerment for the case of Dedebit Credit and Saving Institution (DECSI) of Tigray. The study finds that female household heads are extremely marginalized groups and also young households' rural landless households and urban house-renting households are the other marginalized groups. Trough two-phase assessment, the study found that the DECSI's programme has had a positive impact on the livelihood of and as well enhanced the social and political position of many clients.

Brett (2006) in his study revealed that having borrowed money from a microfinance organization to start a small business, many women in El Alto, Bolivia are unable to generate sufficient income to repay their loans and so must draw upon household resources. His article explores the range of factors (the social and structural context) that condition and constrain their success as entrepreneurs. The paper argues for a shift from evaluation on outcomes at the institutional level to outcomes at the household level to identify the forces and factors that condition women's success as micro-entrepreneurs.

Nirantar (2007) examined the impact on women members joining SHGs. Very limited efforts were made on the part of sponsoring agencies to provide literacy training to SHG members. Forty-seven per cent of groups formed under government programmes had not received any kind of capacity building input during the past two years and only 19% had received inputs on income generation and livelihoods. Less than 50% of groups studied had made any kind of linkages with the panchayat and only 36% of groups had taken up any social issue in the past two years. Only 11% of groups formed under government programmes had taken up issues such as domestic violence. Fifty-eight per cent of the groups had not received any loans even though more than 90% of the groups were depositing their savings. Most of the larger loans were given to leaders of the groups.

Pokhriyal and Ghildiyal (2011) have viewed services of the banks should not be restricted only to the linking the SHGs and providing the loans, it should be expanded to suggesting various income generating activities to the SHGs and the NGOs promoting SHGs. Average amount of the loan to the SHGs is too less to start any fruitful activity and therefore it is suggested to enhance this income so that it could be used in income generating activities.

Chliova et. al (2014) in their primary empirical meta-analysis, they empirically synthesize a total of 545 quantitative empirical findings from 90 studies conducted to the date. Their findings reveal a positive impact of microcredit on key development outcomes at the level of the client entrepreneurs. Additionally, they scrutinize how the development context influences the effectiveness of microcredit and find that microcredit generally has a greater impact in more challenging contexts.

Crépon et. al (2015) in their report results from a randomized evaluation of a microcredit program introduced in rural areas of Morocco in 2006. Thirteen percent of the households in treatment villages took a loan, and none in control villages did. Among households identified as more likely to borrow, microcredit access led to a significant rise in investment in assets used for self-employment activities, and an increase in profit, but also to a reduction in income from casual labor. Overall there was no gain in income or consumption. They find suggestive evidence that these results are mainly driven by effects on borrowers, rather than by externalities.

Islam (2015) in his paper evaluates the effects of microcredit on household consumption using a large dataset from Bangladesh. Village fixed effects and instrumental variable strategies are used to estimate the causal effects of microcredit program participation. Overall, the results indicate that the effects of microcredit on consumption vary across different groups of poor household borrowers. The groups that benefit the most include the poorest of the poor participants. The benefits are low for households that are marginal to the participation decision. The effects of participation are generally stronger for female borrowers than for male borrowers.

3. RESEARCH GAP AND STETEMENT OF THE PROBLEM

The above review shows that there is more or less positive impact which depends upon various factors size, percentage of women borrowers, degree of commercialization, type of institutions, type of poor etc. However, the data analyzed does not provide conclusive evidence about the mere participation in the programme or taking the economic decisions or control over access by themselves. Only disbursing loan in the name of a woman is not sufficient to accept her involvement in the financial decision making process. Financial decision in family is related how to use the savings, loans and incomes. Till date no study has been made in this direction in Odisha, so in this context the researcher has proceeded to study the RRB's microcredit impact on WSHGs. At this juncture the researcher collected data related to financial decision taking ability of women.

4. OBJECTIVES AND METHODOLOGY

4.1 Objectives

- To find out impact of microcredit of RRB on the household's economic decisions i.e control over savings and loans of the borrower in the respective study area.
- To find out impact of microcredit of RRB on the household's economic decisions regarding the use of savings, loans and income of the borrower in the respective study area

4.2 Methodology

The current study is analytical in nature. The author has used primary data. Critical evaluations of the available data are made to draw any conclusion on this research area. WSHGs are considered as microcredit borrowers for purpose of the study.

4.3. Sampling

For the purpose of the study, RRB considered as its universe. In Odisha the DGB which is transformed to NGB in 2008 and thereafter it has been changed to OGB in 2013 is considered for the study.

4.4. Sample Size

In Odisha after amalgamation there are two RRBs, one of them is considered for the present study which caters to 13 districts of Odisha.

4.5. Period of the Study

For this survey the respondents are the active members of WSHGs linked with RRB and within 2 years of their formation operating in the Dhenkanal and Angul District. The survey has been conducted in two rounds, i.e Round 1 and Round 2 and the gap between both the rounds is one year.

4.6. Data

120 WSHGs covered from 4 blocks and 30 WSHGs from each block. Five members from each WSHGs i.e 600 microcredit borrowers are administrated with the close-ended

questionnaire to collect the data on their views of economic decisions.

4.7. Techniques Used

Descriptive as well as inferential statistical tools are used to arrive at any conclusion. The hypotheses for the study are to be tested with 95% of significance level.

4.8. Hypotheses

In order to conduct the study and examine the objectives, the researcher has formed a hypothesis for testing.

$H_0$1: Participation in MCPs of RRB has no impact on the household's economic decisions i.e control over savings, loans, and income.

5. ANALYSIS & INTERPRETATIONS

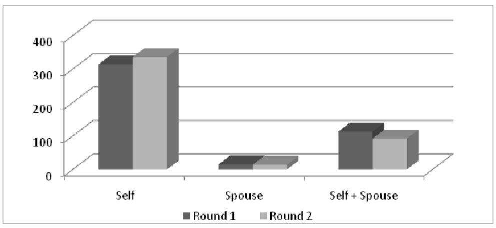
5.1. Analysis of Opinion of Respondents on Economic Decision

TABLE-1: SUMMARY OF DECISION TAKER TO AVAIL LOAN IN A HOUSEHOLD

Decisions	Round 1		Round 2		Change
	No. of Respondents	%age	No. of Respondents	%age	
Self	314	71.04	336	76.02	7.006369
Spouse	15	3.39	14	3.17	-6.66667
Self + Spouse	113	25.57	92	20.81	-18.5841
Total	442		442	100	

Source: Primary data

FIGURE-1: DECISION TAKER TO AVAIL THE LOAN IN A HOUSEHOLD



Source : Plotted from Table -1

All of the SHGs are managed and maintained by women. In micro credit, the loan is given to the members of SHG. And the loan disbursed in the name of a woman is not sufficient to accept her involvement in the financial decision making process. At this juncture the researcher collected data related to financial decision taking ability of women.

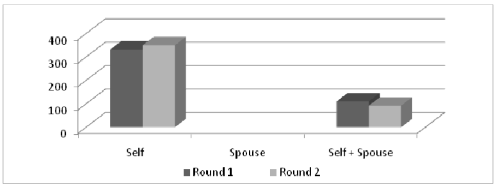
Data related to decisions on availing loan is summarized in Table-1. Financial decision may be taken by self (member), spouse or by both. When decision is taken by self + spouse, it may considered as participative process of decision making. When it is taken by spouse only it may considered as not giving financial decision making right to the member. In round one, it is indentified that 71% of respondents are taking loan on their own decision, 3% of respondents take loan on the decision of spouse. 26% of respondents avail loan deciding together (self +spouse). In 2nd round an increase is recorded in self group and decrease is traced in rest two groups. The number of respondents in self group increased to 336 in 2nd round from 314in 1st round whereas self and spouse group is decreased to 92 in 2nd round from 113 in 1st round. This may be due to the effect of training programme in leadership.

TABLE-2: DECISION TAKER TO MAKE SAVINGS IN A HOUSEHOLD

Decisions	Round 1		Round 2		Change
	No. of Respondents	%age	No. of Respondents	%age	
Self	332	75.11	350	79.19	5.421687
Spouse		0		0.00	
Self + Spouse	110	24.89	92	20.81	-16.3636
Total	442		442		

Source: Primary data

FIGURE-2: DECISION TAKER TO MAKE SAVINGS IN A HOUSEHOLD



Source: Plotted from Table 2

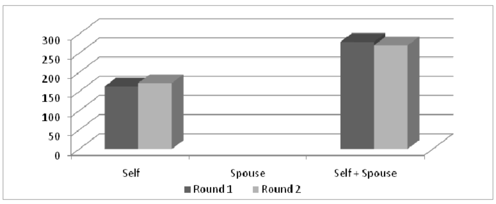
The opinion on saving decision is presented in Table-2. Out of 442 respondents 332 respondents, individually take decision on savings whereas rest 110 respondents jointly (Self + Spouse) take decision on the savings. In 2nd round, it is found that 350 respondents individually take decision on savings whereas rest 92 respondents jointly (Self + Spouse) take decision on the savings. Further, it is observed from the data that the decision making power of individuals (self) on savings has been increased over period of study. In the 1st round 332 respondents take themselves decision on savings which is increased by at 5.42% during period of study.

TABLE-3: DECISION TAKER TO USE THE AMOUNT OF LOAN/SAVINGS/INCOME IN A HOUSEHOLD

Decisions	Round 1		Round 2		Changes
	No. of Respondents	%age	No. of Respondents	%age	
Self	163	36.88	172	38.91403	5.521472
Spouse		0		0	
Self + Spouse	279	63.12	270	61.08597	-3.22581
Total	442		442	100	

Source:Primary data

FIGURE 3: DECISION TAKER HOW TO USE THE AMOUNT OF INCOME/LOAN/ SAVINGS IN A HOUSEHOLD



Source: Plotted from Table 3

The investigation result on who takes the decision how to utilize (spend) the amount of income / loan / savings is summarized in Table-3. It is clear from the table and corresponding figure that the respondents do not allow the spouse individually take decision on the utilization of the amount of income / loan / savings. Further, it is noticed that the minimum 61% spouse indirectly control the spending decision of their wife. In the 1st round, out of 442 respondent only 163 respondents are individually able to take decision on how to spend the amount of income / loan / savings whereas in 2nd round out of 442 respondent only 172 respondents are individually able to take decision on how to spend the amount of income / loan / savings. The difference in 2nd and 1st round is 9 i.e. an increase of 5.5% over 1st round is identified. The increase in number indicates women empowerment due to microcredit.

5.2. Hypothesis Testing

$H_0$1: Participation in MCPs of RRB has no impact on the household's economic decisions i.e control over savings, loans, and income.

To identify the impact of micro credit on the household's economic decision a survey has been made on the aspects namely: control over savings, loans, and income. The objective behind this portion of research is to identify the impact of micro credit on women economic empowerment. From table-1, 2 and 3 which reveals different types of decision, the self decision which matters economic empowerment the change over the study period shows a change of 7.01% for loan whereas 5.42% change is identified in control over savings. In control over income

5.52% change is recorded. The changes are not so high. At this juncture, an attempt has been made to know whether the changes are significant or not. 'Z' proportion test is applied to test the significance. The summary of the test is presented in Table 4.

TABLE 4: 'Z' PROPORTION TEST SUMMARY OF DIFFERENT TYPES OF ECONOMIC DECISIONS IN A FAMILY

CONTROL OVER LOANS			
Details	**Round 1**	**Round2**	**Difference**
Sample proportion	0.7104	0.7602	0.0498
95% CI (asymptotic)	0.6681 - 0.7527	0.7204 - 0.8	-0.1164
z-value	1.7		
P-value	0.0933		
CONTROL OVER SAVINGS			
Details	**Round 1**	**Round2**	**Difference**
Sample proportion	0.7511	0.7919	0.0408
95% CI (asymptotic)	0.7108 - 0.7914	0.7541 - 0.8297	-0.1108
z-value	1.4		
P-value	0.1486		
CONTROL OVER INCOME			
Details	**Round 1**	**Round2**	**Difference**
Sample proportion	0.3688	0.3891	0.0203
95% CI (asymptotic)	0.3238 - 0.4138	0.3436 - 0.4346	-0.128
z-value	0.6		
P-value	0.5339		

Source : Computed from Primary data

The Table-4 has 3 parts. The 1st, 2nd and 3rd part respectively reveal 'Z' test result for control over savings, loans, and income. The test is conducted at 95% of confidence interval. The z-value for control over savings, loans, and income is 1.7, 1.4 and 0.6 respectively. For each variable namely control over savings, loans, and income, 'P-value' is 0.0933, 0.1486 and 0.5339 respectively. For each variable the P-value is greater than 0.05, which is interpreted as the difference observed over study period is not significant. So the null hypothesis 'Participation in MCPs of RRB has no impact on the household's economic decisions i.e control over savings, loans, and income' is accepted at 95% of confidence level.

6. FINDINGS AND CONCLUSION

The key objective behind the research work is to measure the microcredit impact on economic decisions of the borrower. The researcher has arrived at following points viz

- Under different types of decision, the self decision which matters economic empowerment the change over the study period shows a change of 7.01% for loan making.
- Whereas 5.42% change is identified in control over savings and in control over income 5.52% change is recorded.
- For each variable namely control over savings, loans, and income, 'P-value' is 0.0933, 0.1486 and 0.5339 respectively. For each variable the P-value is greater than 0.05, which is interpreted as the difference observed over study period is not significant.

In analyzing the impact of micro credit on economic decisions of marginally poor Women of Angul and Dhenkanal District, it is observed that the impact of credit on economic decisions of the borrower over period of study has increased whereas the increase is not so significant. Micro credits still its infancy to be nurtured so policy measures should be taken to improve it.

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WORK-LIFE BALANCE - A HOLISTIC APPROACH

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> It's all about quality of life and finding a happy balance between work and friends and family.
>
> ***- Philip Green***

ABSTRACT

In the pursuit of improving performance, increasing productivity, reducing costs and enhancing profitability in the workplace, organizations are evolving new ways and means to build psychological relationships with employees. Work-life balance (WLB) is a common challenge throughout the industrialized world. Employees all over the world are facing challenges how to balance work and their family lives. This article throws a light on how Work-Life Balance can be made part of the comprehensive HR strategy aimed at both employee satisfactions as well as achieving organizational results, how WLB as a win-win strategy benefits employees, employers and shareholders and also how the concept of Work-Life Balance builds overall personality of an Individual.

Key Words : *Work, Balance, Individual, Personality, Achieving, Strategy, Results*

INTRODUCTION

What is balance ?

According to the dictionary terminology balance means "noun: an equal distribution of weight… a condition of steadiness…" or as a verb "to bring into or keep in a steady condition".

What is Work-life balance?

Work-Life balance is to strike a balance between work activities and spending quality time with the family amidst all circumstances in a given moment. Work-Life balance is personal, intangible and dynamic. Work-life balance is about improving people's quality of life and widening access to paid employment and career opportunities. Work-life balance is about the fundamental aspects of 'Decent Work', which is enshrined in the Director-General's report to the International Labour Conference in 1999.

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Decent work

Figure 1 : Depicts the factors of Decent Work of International Labour Organisation.

Why does Work-life balance matter to employees and employers ?

Adoption of work-life balance policies and practices can improve an organization's ability to respond to customers' demands for increased access to services and deal with changes in a way that can be satisfactory to both employers and employees. Employers who implement work-life strategies for the benefit of its employees are always in the driving seat and they reap benefits in terms of productivity and high performance in the work as well as balancing their family lives.

Achieving a healthy work-life balance is the most important consideration for educated youth when it comes to choosing an employer and hence work-life balance policies and practices are an important and perhaps essential recruitment tool.

Statistics

Statistics show that average work weeks vary; employees in Japan work approximately 35 hours a week; in the United Kingdom, 37 hours; and the United States, 47 hours. The truth is that most employees in India work around 55-60 hours a week - well over the 48 hours one is normally expected to put in. 'Work/life balance' is now a live theme in social policy, generating considerable public debate, research and policy innovation.

Advantages of Work-life balance

Balancing work and life is vital for both employers and employees alike because it creates an edge for building strong relationships, which creates a positive impact on the organization.

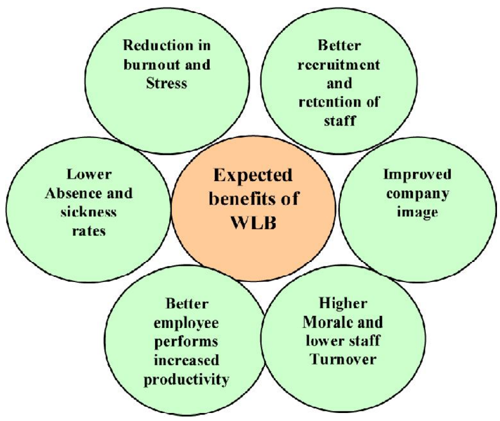

Figure 2 : Depicts the expected benefits of Work Life Balance

It is very interesting to notice that, Work Life Balance will enable every Employee / Individual to achieve some of the following common benefits (See Figure: 2)

1. Better performance of an employee
2. Increase in productivity
3. Higher morale and lower staff turnover

4. Lower absence and sickness rates
5. Reduction in burnout
6. Better management of Stress
7. Better recruitment and retention of staff
8. Improved company image.

Result of work life-imbalance

As the most critical and crucial asset of the organization are being employees, Moreover as they have to be retained with the organization for a longer period, to achieve sustainable growth in this world of great competition.

Hence, it is suggested that, a proper balance must be maintained between work and family life of an individual. There may be a negative impact on the organization if a proper balance is not stroked between the work, and life outside the work which may result into serious repercussions and ultimately damages the image of the organization. In a case where, work and life is not properly balanced might result in occurrence of some of the following negative consequences such as High stress levels, Increase rate of absenteeism and presenteeism, Broken relationships, Addicting to bad habits, Lower performance levels, Increased mental tension (See Figure : 3)

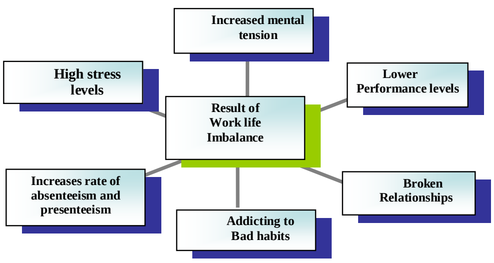

Figure 3 : Outlines negative consequences of imbalanced work-life

Objectives :

This study seeks

- How work-life balance strategies impact organizational performance
- How a person can develop his personality through work-life balance strategies.

People are the most important resource in any business activity. If we take care of our people then they will take care of our organizations. Nations like India, China are developing because of quality human resources. Since the world is working by 24x7 system, it is the responsibility of the employers to provide good welfare measures to its employees for quality performance in the organizations.

Work-life balance in Indian Scenario

The need for balanced work-life was realized when world is adopting 24x7 work culture and after the advent of LPG (Liberalisation, Privatisation and Globalisation) most of the females are working in Indian concerns than ever before. Previously men used to work and women are confined to household activities. Due to large number of working females the need for work-life balance arose. It is the time; organizations are realizing the need for implementation of work-life strategies in organizations to retain its talented work force by helping them in balancing their work and life outside work. In a nation like India, we should be very careful in implementing work life policies and it should be under the supervision of respective HR departments so that employees might not take undue advantage of the family-friendly policies. If there is feedback and control in implementing these policies there is every chance for India to stand besides world leading nations. India should always remember, "Healthy People will create Healthy Organisations".

Work-life balance practices in Indian Corporates that contributes to an HR edge

Infosys

The work life at Infosys is tailored around the personal lives of the employees, not the other way round. All possible facilities are available on-site to all employees. The company, an extension of the family, takes care of every individual's need, from seeing an employee through a close relative's illness to celebrating special occasions together.

ICICI

ICICI believes that the quality of work life enhances employee productivity. The family-

Friendly package of ICICI include facilities for children of employees to get admitted in best schools, providing holiday homes for leisure there by enabling managers to concentrate on work.

Procter & Gamble

P&G prides itself on looking after the health of employees and their families. Some of the related benefits provided include unlimited medical coverage, an onsite doctor, education on health management, and first-aid workshops. Newsletters on health, stress-reduction programmes, subsidised health club facilities, and nutrition counselling are other welfare measures.

Apart from these there are lot many organizations following Work-Life Strategies.

- Sense of belongingness- **NTPC Sparsh**
- Involvement & empowerment- **Samtel electronics**
- Promoting smart work- **Alternate work place of IBM, GE, GSK**
- Opportunity to fulfil personal ambition- **WIPRO (Wings within)/ Sasken**
- Recognition of other interest-**PWC/ ADOBE/IBM**
- Culture of openness - **Accenture mentoring system**

WLB as part of HR Policy

WLB practices in Indian organizations should be made part of the comprehensive HR strategy aimed at both employee satisfactions as well as achieving organizational results.

In this global industry, the demands on people's time are more intense than ever. We realize that great people have choices, and it's our duty to create an environment that works with people's needs and at the same time promotes and drives business success."

— Sharon Daley
GE Energy's Vice President of Human Resources.

A WLB Model

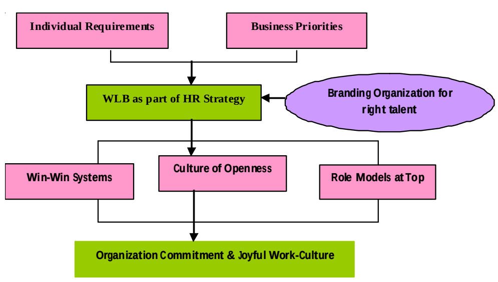

Figure 4: Work-life Balance from an Employers and Employees Perspective

Employers see only the "cost side" of the Work/Life equation. One of the greatest challenges facing employers is in the implementation and management of Work-life balance policies. If implemented properly they can reap enormous benefits.

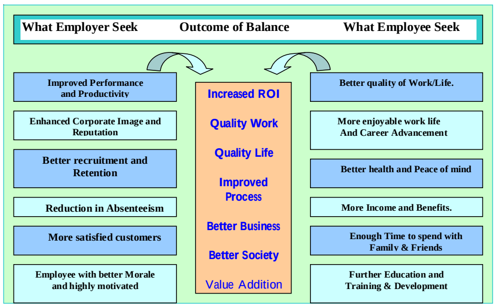

Figure 5 : Benefits expected by an employer & employees as well as expected overall outcome

Where as Employees is an indispensable asset to the organization. Employers should ensure WLB practices to be effectively carried out for showing high performance on the jobs. All individuals have different needs and wants; the employers should implement WLB strategies at different levels in their lives depending upon their requirements.

Employees who feel their managers support their family responsibility situation and are not distracted by conflicts between work and family are more productive and more likely to stay with an employer. (See Figure: 5)

Personality Development can be achieved through Work-Life Balance

For many of them an ideal employee is one who sacrifices personal life for the sake of work priorities. If a person has to develop he has to concentrate on four aspects of his life to achieve a proper balance whether it might be in work or non-work related activities.

(1) Social Aspect : Man is a social being. He is a part of a family. He is a part of society. He cannot work alone and he has to work in teams or groups.

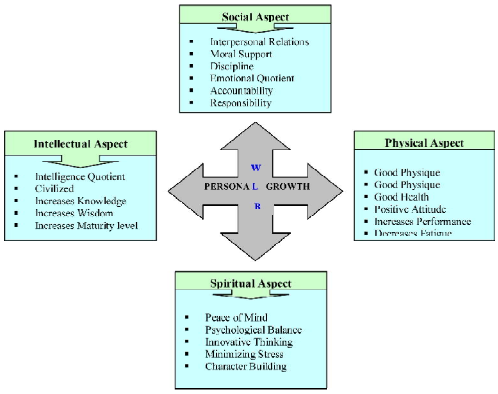

Figure 6 : WLB contributing towards the personality development of an individual

A person who has good interpersonal relationships, be it in the family or the society; derives and gives moral support to his fellow human beings who are working along with him can strike a proper balance with his work as well as life.

A person who was brought up with good discipline will lead a disciplined life and controls his emotions, if he is accountable and responsible for the work he was bestowed upon and if he is clear about his role he can lead a balanced life.

(2) Physical Aspect : A person who constantly takes care of his health will maintain good physique. A person who is mentally fit and has positive attitude will perform better and will lead a balanced work-life.

(3) Spiritual Aspect : A person who is spiritually strong by practicing his or her own religion will have a strong psychological balance, mental peace, reduced stress levels and will have good characters, such persons can think innovatively and can contribute to the good cause of the society.

(4) Intellectual Aspect : A person who is intellectually strong will have sound wisdom and knowledge on all spheres of life and he will behave in a matured and civilized manner.

If a person with the above aspects enters an organization or an industry he will easily get habituated to the work culture. Employers or employees with the blend of above qualities will somehow try to balance their work as well as life. We see now-a-days there is lot of mental stress and tension for both employers and employees resulting into broken relationships, habituating to bad habits, reduced performance levels in the work and lower productivity. To arrest this imbalance every individual has to do SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis in the light of the above four important and crucial aspects.

Every person he or her should analyse in different roles, as a manager, as a father, as a mother, as an elderly person and should think twice whether he is happy in all these roles, Is he contributing quality time apart from his routine work to his family?. He also should analyse whether he is unhappy in any of the mentioned roles and how best he can do to make himself happy in each role.

A person who is happy and who leads a balanced life will contribute to the "Quality of work-life".

The Two Sides of the INDIVIDUAL'S Work-Life Balance Coin

Figure: 7

All good organizations implement strong HR policies like Family-Friendly policies to its employees. Every individual expects something from the organization in return for their services rendered to the organization. The strong HR policy now a days extensively used is "If we take care of our employees, our employees will take care of our organization".

In the above Fig. 5, HR departments should recognize that employees are their key assets and they should motivate its employees by providing family-friendly packages so as to retain its quality work force. An individual can deliver only when his needs are met, organizations should use the quality time of its employees towards higher performance and greater productivity.

Providing quality work-life or balanced work-life is the prerequisite of every organization so as to smoothly run for years together by retaining its human assets. The need of the hour is "Healthy people will build Healthy Organizations". People will be healthy when they lead a balanced life and finding a happy balance between work, friends and family.

Implementing Work-Life Strategies

The work-life strategy should contain some of the tried and tested components. An organization needs to adopt the pattern and mix that best matches the make-up of their workforce. A flexible work strategy without a work-life balance strategy is only half a strategy.

Work-life balance policies are important to any country and smart organizations are recognizing this. Implementing work-life strategies will lead to more productive and motivated work force.

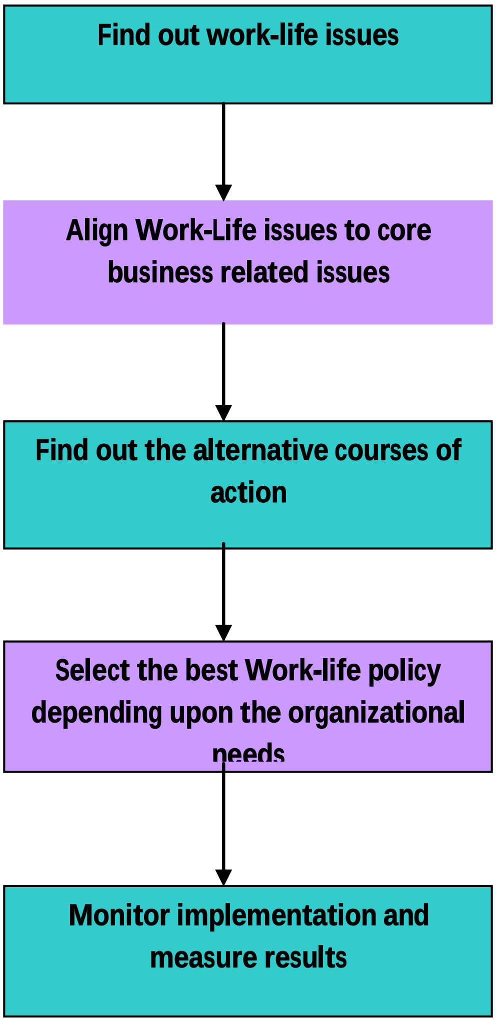

Figure 8 : Work-Life Strategy Implementation

Emerging Concepts of Work-Life Balance

As there is 360-degree feedback, which is a tool that provides each employee the opportunity to receive performance feedback from his or her supervisor and four to eight peers, reporting staff members, co-workers and customers. Similarly there is a new concept called Family 360

Family 360 : In this concept a spouse (wife or husband) is evaluated by children and family members how she / he is performing as a mother or a husband at any given point of time. This will give a performance report or feedback about the family members.

The important benefits of Family 360 Survey are

- Communication and Listening
- Problem Solving
- Equal Partnership and respect
- Demonstrating Love
- Integrity
- Sense of purpose
- Compliments, builds and encourages

MAD (Make a Difference) Concept : In this concept, a person who is buzzing with energy and who motivates himself, maintains high energy levels most of the time either in work or life will automatically influence his co-employees or family members to be like him and perform better in day to day activities. Such people will create an impact both at organizational as well as Individual level and will prove to be an asset to the organization and also to the family. The various factors through which MAD can be implemented are

MAD (Make a Difference Concept) includes

- Values established by Staff
- Actions established by management
- MAD Events & Anchors
- MAD in Performance Appraisals
- MAD Notice
- MAD Cards & Letters

Future of Work-life balance in India

Employers are however extremely positive about the future of Work-Life Balance policies in India. They recognize that it will become a distinct part of an organization's HR policy and corporate strategy and will have a positive impact on business. Government-led legislation will need to act as a catalyst of change for the industry in introducing Work-Life Balance policies

There are some areas however are not supported by too much research like the impact of Work-Life Balance policies on senior managers which would be an interesting area for further exploration. It would be interesting to trace how policies evolve over the next few years to include larger cross section of employees.

CONCLUSION

Work-Life strategies, if implemented well, offers practical solutions to real business as well as personal problems. Business can expect improved employee loyalty and commitment, increased productivity, reduced turnover and absenteeism, and an overall lower cost of doing business. Employees can expect greater control over their lives and an improved capacity to balance commitments at work and at home. Society, as a whole, can expect stronger businesses and healthier families.

Work/life balance is becoming more important with each passing year. If you take care of your people, they will take care of you and your organization," It is the balance, which one strikes among these competing interests that truly dictates one's "quality of life."

Corporate success in the next millennium depends on effective use of human resources,

Firms must aggressively embrace work/life balance programs and recognize that employees have major responsibilities outside their jobs. Failure to do so will pose a threat to corporate survival.

Work-life balance is different to different people, individual choices differ, and balance for one individual may not be the balance for another individual. In this back drop it is better to assess what are the areas where individuals feel balanced and what are the areas where they can better their imbalances in life and work related activities through various frameworks like personality development through work-life balance, individual work-life balance coin etc.

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ENTREPRENEURSHIP EDUCATION- THE MISSING BOULEVARD TO INDIA'S SHINING FUTURE- AN EMPIRICAL ANALYSIS

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ABSTRACT

In this era of globalization and technological innovations, there are many individuals who think outside the box and like to distinguish themselves from others. Such individuals have a vision which they want to bring to market or desire to start their own business. In order to bring the potential entrepreneurs to the forefront, it is important to impart necessary knowledge and skills which is possible through entrepreneurship education. Although entrepreneurship education is crucial, its awareness is still sluggish.

This paper tries to explain that support for entrepreneurship has never been more important. The shining future of India depends on the pace at which entrepreneurship develops which is possible only by proper education and training.

Key Words : *Attitude, economic growth, Entrepreneurship education, entrepreneurs, skills, support.*

1. BACKGROUND OF THE STUDY

Entrepreneurship plays a key role in any nation's economy and is a crucial driver for employment and economic growth. It touches human lives through various aspects like introduction of new technologies, products and services. Through their creative vision, entrepreneurs improve the world by innovation and help in building a richer, comfortable and a better society. Entrepreneurship is the stepping stone towards economic development of India. Thus, efforts should be made to develop an entrepreneurial bent of mind among individuals.

It is believed that factors like institutional environment, primary education, higher education and training and innovation are the key drivers of budding entrepreneurship. Therefore, it is important to analyze the role of entrepreneurial education in fostering entrepreneurship. Late Dr. A.P.J. Abdul Kalam, rightly said, while addressing the students of IIT Bombay that an education system which highlights the importance of entrepreneurship needs to be created. Systematic entrepreneurship education will impart the necessary skill of creativity, freedom and ability to generate wealth and prepare them to get oriented towards setting up enterprises. A faster rate of growth can be expected if the youth of our country are encouraged to become entrepreneurs and help along with support is provided to them in transforming their vision into an enterprise that serves not just the domestic market but the global market as well.

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2. SIGNIFICANCE OF THE STUDY

The word 'development' is used in different ways; however, economic development essentially means a process that increases the per capita income of the country. An important aspect of economic development is emergence of new entrepreneurs. Entrepreneurship and innovation are critical for the growth of a developing country like India. Development of entrepreneurship should be such that it generates impetus for further innovation. Apart from creating wealth and boosting economy, it creates employment opportunities for millions of people, a culture of independence, risk-taking and confidence. In order to create such an environment, entrepreneurship education is paramount for today's individuals. The significance of Entrepreneurship can be summarized under the following points;

- Promotes capital formation
- Provides Large scale employment
- Reduces the concentration of economic power
- Promotes balanced regional development
- Acts as a catalyst of economic development

3. REVIEW OF LITERATURE

1. Sang M. Lee, Daesung Chang, Seong Bae Lim (2005) studied that entrepreneurship has emerged as a mainstream business discipline. However its education by country differs according to cultural context. The paper presents the results of a study on the impact of Entrepreneurship education in USA and Korea.
2. Daniel Yar Hamidi, Karl Wennberg, Henrik Berglund (2006) investigated the importance of creativity in entrepreneurship education and theoretical models of entrepreneurial intentions. The ?ndings indicate that exercises in creativity can be used to raise the entrepreneurial intentions of students in entrepreneurship education. Heterogeneity in creative styles among students also points to the problems of a "one-size-?ts-all" approach to entrepreneurship education.
3. Eslyn Isaacs, Kobus Visser, Christian Friedrich and Pradeep Brijlal (2007), assessed the levels of entrepreneurship education and training at the Further Education and Training (FET) level in a South African context. Research clearly showed that various problems in schools hinder the effective implementation of entrepreneurship education, some of which are poorly trained educators and lack of adequate resources. Better entrepreneurship education could make a significant contribution to job creation and ultimately to poverty alleviation.
4. Anis ur Rehman, Dr. Yasir Arafat Elahi (2012) analysed the role of B-schools in shaping and nurturing of future entrepreneurs in India. It also discusses whether the current curriculum taught in B-schools meets the requirements of budding entrepreneurs. Moreover, this paper discusses the steps that should be taken by B-schools towards promotion of entrepreneurship education.

5. C. S. Ramanigopal, G. Palaniappan, N Hemalatha (2012) studied that Entrepreneurship education means many different things to educators - from primary schools to university, from vocational education to a university MBA. At each level of education, it is reasonable to expect different outcomes as students mature and build on previous knowledge. But the overall purpose remains to develop expertise as an entrepreneur. The action of government in creating and limiting the environment for entrepreneurship should be included in courses of high school government.

6. R. Arun, M. Sureka (2014) highlights the importance of the business education , frame work for the development of business education, the competencies that are require building strong entrepreneurs, the role business schools and their initiatives taken by them in imparting management education to build entrepreneurial competencies in an efficient effective excellent manner to encounter the challenges of business.

7. Kalpana Singh (2014) analysed that business schools play a significant role in the development of Entrepreneurial education. The business schools help in the development of knowledge base through the identification of opportunities and making the ways to overcome the obstacle that are imposed in the path of an entrepreneur by the circumstances.

8. Dr. Aneitie E. Efi (2014) examined the role of higher institutions in promoting entrepreneurship and small business in Nigeria. A critical review of entrepreneurship education in Nigeria reveals that the programme has helped in instilling and reviving entrepreneurial spirits in the minds of Nigerians, thereby encouraging and providing individuals with career options, self-sustenance, and self-reliance. This paper has also highlighted the challenges and concerns that threaten the effectiveness of entrepreneurship education in Nigeria. The paper recommends that entrepreneurship education should be introduced at the primary and secondary levels of the Nigerian educational sector as this will further boost the urge and drive for entrepreneurial practice and career option.

9. Ekundayo B. Babatunde & E. Durowaiye (2014) studied that exposure to entrepreneurship education influences students' intentions of becoming self employed. The study concludes that despite knowledge of entrepreneurship education as a contributing factor in the reduction of unemployment, Nigerian youth requires additional supports to overcome the foreseen challenges.

10. Pramod Rajput, RK Shrivastava and Usha Dhulia (2015) analysed that aspirants seeking jobs are increasing rapidly. However, the jobs are reducing day by day. Therefore it is important to attract the under graduate students towards Entrepreneurship.

4. Research Gap

After analyzing different research studies, the following research gaps are revealed;

- The importance of Entrepreneurship education as a part of syllabi in India, especially in Odisha, at school level is yet to be researched.
- There has not been any extensive study on the impact of entrepreneurial knowledge in choosing entrepreneurship as a career.
- The above review is silent on the issues and challenges that prevent individuals to become successful entrepreneurs.

5. Problem Statement

The count of people without a job or a business is on the rise. India ranks 130 out of 189 countries in terms of ease of doing business by the World Bank thus clearly indicating the scope for entrepreneurship in India. The truth of soaring rate of unemployment is being hidden under the shadow of shining and rising growth rate of Indian Economy. Going by the survey report by Labour Bureau, India's unemployment rate has risen from 4.7% to 4.9% in FY-14 which was last updated on 7th January, 2015. The growth rate of youth population in India is evident from the last election that the country has added 9.7 crore voters since the 2009 Lok Sabha polls. The working-age population is rising by about 12 million people a year. However, the employability and entrepreneurship opportunity is not growing at the same pace. If the same scenario continues, by 2020, India will become the youngest country in the world with 64% of the population in the working age group accompanied by the highest rate of unemployment. In the existing scenario, it is more important to educate people to be self employed.

It is true that a major population of India is poor but, not because of lack of entrepreneurial skill or ambition but due to lack of relevant education, support and cumbersome legal processes to start a business. Today, India's biggest worry is the waste of huge potentiality in terms of entrepreneurship which can be understood from a recent event in Bangalore where a recruitment drive was held for 1200 Engineer trainee posts at a reputed IT Company. However the number candidates were more than 8000 leading to a chaotic scenario. This shows that the population of unemployed in India is much higher than the total population of Canada, Australia, New Zealand and Switzerland.

One of the biggest challenges for the growth entrepreneurship in India is lack of proper efforts towards its education and development. People should be encouraged to become entrepreneurs not because they can't find a job but they see an opportunity. The city streets all over India are crowded with clever and hard-working street vendors. In spite of having great potential to become an entrepreneur they are forced into such businesses because of lack of education and support. Four of the 10 best countries for entrepreneurship have the smallest economies in the developed world. We need to accept the fact that the best countries for entrepreneurs do not necessarily have the biggest economies, but the countries with basic amenities for entrepreneurs.

6. Objectives of the Study

The broad objective of the study is to find the reasons behind the slow progress of entrepreneurs and suggest how entrepreneurship education can play an instrumental role in fostering entrepreneurship. The specific objectives are listed below;

- To evaluate the attitude of school and college students towards Entrepreneurship.
- To find out the reasons behind lack of interest towards Entrepreneurship.

7. Hypothesis

- **Null Hypothesis (H_0)-** Choosing Entrepreneurship as a career is independent of having or not having Entrepreneurial knowledge. [Exhibit-IV]
- **Alternate Hypothesis (H_1)-** Choosing Entrepreneurship as a career is dependent on having Entrepreneurial knowledge.

8. Research Methodology

The sources of data used are primary as well as secondary in nature. A survey was conducted among 100 individuals, chosen randomly, aged between 14-25 years. A questionnaire was prepared which included close ended questions like;

- Do you have any knowledge about Entrepreneurship or start-ups? (Exhibit: I)
- Would you like to become an entrepreneur? (Exhibit: II)
- If 'no', give reasons. (Exhibit: III)

9. Findings & Analysis

Exhibit-I

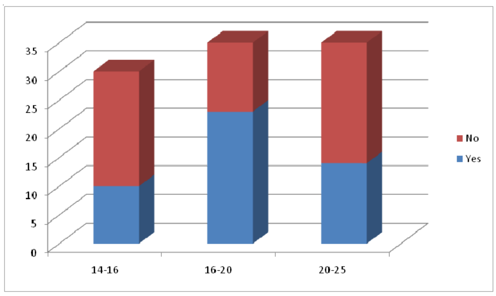
The findings of the study are shown below;

Responses on Entrepreneurship Knowledge

Age Group	Total no. of Individuals Interviewed	Entrepreneurial Knowledge	
		Yes	No
14-16	30	10	20
16-20	35	23	12
20-25	35	14	21
	Total	**47**	**53**

Source: Primary Survey

Prepared on the basis of above table;



Source: Primary Data

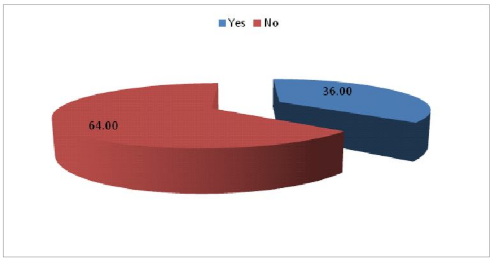
Exhibit- II

Choosing Entrepreneurship as a Career

Total	Yes	No
100	36	64

Source: Primary Data

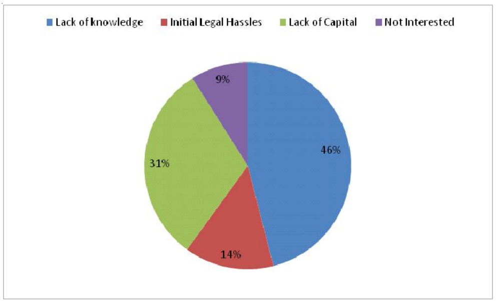
Prepared on the basis of above table;



Source: Primary Data

Exhibit: III

Reasons behind not choosing Entrepreneurship as a career



Source: Primary Data

(Exhibit-IV)

Association between Entrepreneurship Knowledge and Entrepreneurial Career Option

			Career Option YES	Career Option NO	Total
Entrepreneurial Knowledge	HAVE	Count	30	17	47
		Expected Count	16.9	30.1	47.0
	HAVE NOT	Count	6	47	53
		Expected Count	19.1	33.9	53.0
Total		Count	36	64	100
		Expected Count	36.0	64.0	100.0

Result of Chi-Square Test

	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi- Square	29.810[a]	1	.000[b]
N of Valid Cases	100		

a. 0 cells (0.0%) have expected count less than 5.

b. The minimum expected count is 16.92.

10. Interpretation

Thirty number of individuals interviewed between the ages of 14-16 who were school students either in ninth or tenth grade. It is disturbing to know that a majority of the students didn't have any knowledge about entrepreneurship. When interviewed to individuals aged between 16-20 years, more than 50 percent of them had information what entrepreneurship is all about. However, the positive responses came down when interviewed to individuals aged between 20-25. On further enquiry, it was revealed that it was not only lack of information but also insufficient capital and legal formalities involved in a start-up business that contributed to lack of interest in Entrepreneurship.

A chi-square test was conducted to check independence of attributes between having or not having entrepreneurial knowledge with choosing or not choosing Entrepreneurship as a career option. The data set met all the conditions for the validity of chi-square test i.e.

- Data reasonably large (N=100).
- Independent sample observations.
- Linear constraint on cell frequencies i.e. $\Sigma O = \Sigma E = N$, where

  O = Observed frequency

  E = Expected frequency

  N = Total frequency
- Data is in original units.
- Theoretical frequency in any scale is not less than 5.

The cross tabulation table observed frequencies and reflect the fact that out of 47 individuals who have entrepreneurial knowledge, 30 individuals choose to become entrepreneurs. On the other side, out of 53 individuals who do not have entrepreneurial knowledge, 6 are willing to become entrepreneurs. Expected frequency for each category in the cross tabulation is around ±13.1. The chi-square test value is 29.810 which have 0.000 asymptotic significance (2-tailed test) or p-value. Since the p-value is less than 0.05; we reject the H0 and accept H1 to conclude that choosing entrepreneurship as a career is dependent on having entrepreneurial knowledge.

11. Suggestions

Even today, there are only a handful of schools and colleges that offer entrepreneurship as a discipline at secondary level. Entrepreneurship education helps in cultivating entrepreneurial bent of mind amongst individuals. Therefore, it is important that Entrepreneurship is made mandatory for students choosing the stream of Commerce. It is also important to ensure that the curriculum of Entrepreneurship as a subject is not limited only to learn how to start and run a business. The quality of education should be such that it is able to meet the requirements of today's world. The curriculum of Entrepreneurship should touch different aspects like

- skill and behavioural training
- resource building
- business opportunity identification
- business management
- interaction with successful entrepreneurs and experts in entrepreneurship development for practical insights
- visit to different enterprises etc.

Entrepreneurship as a subject should also be introduced to students at school level in the form of success stories of entrepreneurs in order to motivate and encourage students to become entrepreneurs. This will contribute to creating successful entrepreneurs which will, in turn, have a huge positive impact on the economy of our country.

It is also important to ensure that every individual across India is aware of the different short term and long term educational programmes as well as training programmes conducted in order to brush up their skills and knowledge on different aspects of Entrepreneurship. It is also important on the part of the Government to come up with more training programmes with latest methodology in order to equip the individuals to become successful entrepreneurs. One crucial step towards boosting entrepreneurship is to liberalize the existing set of policies for starting up a new venture. A public-friendly policy can play a significant role in removing the obstacles that come in the way of growth of potential entrepreneurs. Lesser legal hassles shall definitely lead proliferation of entrepreneurship.

12. CONCLUSION

In the last few years, entrepreneurship education has grown significantly and is reflected with a sharp rise in student enrollment, growth of formal entrepreneurship centers and new entrepreneurship curricula and programs. Approaches to entrepreneurship education have been revamped across colleges and universities from single course offerings to integrated curricula that include areas like marketing, finance, competitive analysis, new product development and technology. Many institutions have already implemented entrepreneurship as a specialized subject and are also coming up with different programmes especially for the non-business majors.

Support for entrepreneurship has never been more important. The government needs to act now. The challenge for policy makers in India is to create the right framework conditions to fuel the growth of entrepreneurs. There are many avenues open to policy makers to address the issue, but the challenge would be in prioritization- picking the right set of issues and sequencing them to achieve significant results.

Emphasis on Entrepreneurship education will definitely boost the Prime Minister Narendra Modi's mission of 'Make in India' and if it is achieved, the day is not far when India will be ranked amongst the developed countries in the world.

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DEVELOPMENT AND IMPACT OF TOURISM INDUSTRY IN INDIA

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ABSTRACT

The economic development of any nation depends on the contribution of all the sectors of the economy. But the contribution of all the sectors is not of equal significance to the economic development. Keeping in mind the importance of various sectors in propelling the engine of economic growth, government of India has declared the "Make in India" program and included many sectors of economic importance within its purview. Tourism industry which accounts for 6.8 % of GDP is one of such crucial sectors of "Make in Indian" program. This paper aims at highlighting the contribution of Indian tourism industry to economy and Employment of India. This study is descriptive in nature. For analyzing the economic contribution of tourism industry variables like Direct contribution to GDP, Total contribution to GDP, Direct contribution to Employment, Total contribution to Employment, Visitors Exports, Capital Investments, number of Foreign Tourist Arrival, Foreign Exchange Earnings are taken into consideration. This paper concluded that the contribution of tourism industry to economy and employment is highly significant and also it has greater potential to contribute more in the periods to come. There exists enormous opportunities which need to be capitalized. So it is the call of the time to leverage this sector to the greater interest of the nation. For all these a collaborative effort of government, private players, NGOs, local community and public at large is sought.

Key Words : *Tourism industry, Contribution to GDP, Contribution to Employment, Visitor Exports, International Tourist Arrivals, International Tourism Receipts.*

INTRODUCTION

The impact of Tourism on the economic and social development of a country can be multifarious like contribution to national development, opening it up for business, trade and capital investment, bringing psychological peace and tranquil among the people, removing regional disparity, establishing harmonious relationship, unity and understanding among people around the globe and removing xenophobia, creating jobs and entrepreneurialism for the workforce and protecting heritage and cultural values. Development of travel and tourism is not new in Indian rather it is as old as human civilization. There was a time when people were travelling for the purpose of religious requirements, trade and commerce, exploring knowledge and exploring new lands. But now-a-days with the introduction of modern mode of transportation like

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railways, ship, motor cars and air transportation some new purposes of travelling has been added to existing purposes and amongst them travelling for the purpose of tourism is considered to be of high volume. This has given a boost to the development of tourism industry in the country. With the slogan "Atithi Devo Bhava", India has continued to provide lavish treatment to visitors irrespective of place where they come from. India is well known for entertaining visitors with variety of attractions which includes wild life, mountain peaks, forest, landscapes, river, snow, beautiful sea beaches, science museums, historical museums, technological parks, monuments, centre of pilgrimages, cultural heritages, ports, dams, yoga, ayurveda natural health resort, religious places and hotels. The handicrafts of India especially leather goods, wooden articles, woven articles, brass work, ivory, jewelry and carpets have also successfully attracted the interest of foreign tourist to a great extent. As development of tourism brings much economic and social development to a nation, it is the call of the time to leverage this industry to propel the engine of economic growth. Keeping in view the economic contribution of tourism industry, this has been considered as a sector of economic importance and included as a crucial sector in make in India programme. In this study sincere efforts have been made to explore the development and contribution of tourism industry to Indian economy.

Literature review

Though there are very less number of literature available in the field of tourism sectors, sincere effort has been made to include those research works which are relevant for this research. This section deals with some of the prior works in this area to have a concrete idea about the phenomenon which are going to be addressed in this research paper.

Gupta (2015) conducted a study to illustrate the status and contribution of Foreign Direct Investment (FDI) in facilitating tourism in India, to pinpoint the challenges of tourism in India and to highlight the issues that deserve attention of policy makers for achieving inclusive growth through tourism sector. The paper concluded that capitalization of the massive opportunities in tourism sector for facilitating inclusive and sustainable growth in India can be achieved through FDI. But there are many factors like Service tax on travel intermediaries, multiple tax structure, lack of coherence in varied policies, lack of skilled manpower, diffusion of technology in tourism etc which make the Indian tourism unattractive to foreign investors. So appropriate policy measures, to remove those challenges can bring a sizable growth in Indian tourism industry.

Sharma, Sharma and Kukreja (2012) conducted a exploratory research on Indian tourism industry to highlight the role of tourism industry in socio-economic development of the country, to analyze the role of Hotel and Aviation Industry in increasing the foreign exchange in India ,to know the areas which offers tourism related employment ,to measure the effectiveness of different schemes and programmes initiated by Government to promote such industry and finally to trace out the problems faced by the industry. The study concluded that tourism industry is expanding day by day and contributing a lot towards the economic development of society by providing employment opportunities and huge increase in foreign exchange earnings. Though it has some negative sides too but this problem can be eliminated by the joint efforts of government, tourism organizations, media, and of course local communities.

Tiwari (2012) proceeded to conduct research to examine the different types and benefits of tourism co-exist for the optimum utilization of resources, to determine the key strategies are required for the growth of Indian tourism and finally to explore the challenges and prospects in Indian tourism sector. The study came up with the conclusion that there exists a large number of benefits in tourism industries but that benefits are being hindered by the problems that exist in the sector. So a collaborative effort on the part of public, government authorities, NGOs and local community can effectively remove those challenges.

Patel (2012) undertook a research to trace the progress made by India's tourism industry in the planning era, and the emerging issues under globalization and to examine the problems and challenges of the country as well as the pitfalls in tourism planning in India. The paper concluded that though Indian tourism industry had made considerable progress it needs to be developed further to rip the benefits of such industry in national interest. The industry is also subject to many issues and challenges which need to be addressed properly to ensure development of the industry and which in return will contribute towards socio-economic development of the country.

Kakkar and Sapna (2012) conducted a research to examine the contribution of Indian tourism sector to economic growth of the country. The study concluded that Indian tourism is not only a major contributor to growth of economy but also a major generator of employment opportunities. With the forward and backward linkage of this sector with other sectors like transportation, healthcare, education, hospitality, banking etc. India is well equipped to reap full potential of this vibrant sector.

Relevance

Tourism industry has various economic, social, psychological and environmental impacts on the society. When we consider economic impact of the industry it is multi-dimensional in terms of its contribution both directly and indirectly to GDP, Employment, foreign exchange reserve of the nation which are the key drivers of economic growth and development. So development of the nation can be achieved by developing tourism industry. Keeping in view the role played by the tourism industry in economic development of our nation, this sector has been included as crucial sector in Make in India program. Government of India has taken many policy measures for the promotion of this sector but still there persists some problems which hinder its growth. At the same time many opportunities are also available for the industry which needs to be capitalized.

In the above backdrop this study aims at exploring the development and contribution of tourism industry to economy and employment of India and finally to make a comparative analysis of Indian tourism industries with world and Asia Pacific region.

Objectives

- To analyze the economic contribution of Indian tourism industry towards development of the country
- To make an international comparison of development and contribution of the Indian tourism industry
- To highlight the status of Indian tourism in world tourism

Research Methodology

Source of Data

The research paper is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles, government portals, reports of World Travel and Tourism Council and media reports.

Period of Study

This study covers the data set for a period of 8 years. The 8 years data consists of 6 year actual data from 2009 to 2014, 1 year estimated data for the year 2015 and 1 year forecasted data for the year 2025. All the estimations and forecasts are made by World Travel and Tourism Council.

Variables under Study

For analyzing the development and economic contribution of tourism industry variables like Direct contribution to GDP, Total contribution to GDP, Direct contribution to Employment, Total contribution to Employment, Visitors Exports, Capital Investments, number of Foreign Tourist Arrival, Foreign Exchange Earnings are taken into consideration.

Research Design

Looking into requirements of the objectives of the study, the research design employed is of descriptive type. Trend analysis technique has been applied for analyzing the data. This research design is adopted to have greater accuracy and in depth analysis of the research study.

Economic Contribution of Indian Tourism Industry

Tourism and hospitality industries have now been taken a front seat in the economic development of our country and it has growing potential to generate more wealth for the nation. It contributes 6.8% of the GDP and it has been ranked 3rd as far as its contribution to foreign exchange earnings is concerned. This paper aims at examining the economic contribution of Indian Tourism industry in terms of its direct contribution to GDP, total contribution to GDP, direct contribution to employment, total contribution to employment, number of foreign tourist arrivals and contribution to foreign exchange reserve. The summary of estimates and forecasts are highlighted in table-1 to get an overview of the economic contribution of the industry.

Table-1

Summary of Actual, Estimates & Forecasts of Economic Contribution of Tourism in India

India	2014 INR bn (Actual)	2014 % of total GDP	2015 Growth (Estimates)	2025 (Forecasts)		
				INR bn	% of total	Growth
Direct contribution to GDP	2478.21	2.18	7.63	5339.15	2.45	6.95
Total contribution to GDP	7642.47	6.74	7.52	16,587.2	7.61	6.85
Direct contribution to Employment	23,024.1	5.48	1.9	29,019.7	5.71	2.2
Total contribution to Employment	36,695.4	6.74	1.8	45,566.00	9.0	2.0
Visitor export	1,224.4	4.11	5.16	2377.17	4.15	6.46
Capital investment	2,107.18	6.22	9.26	4337.75	6.9	6.14

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India, 2015

Direct Contribution to GDP

Direct contribution to GDP means GDP generated by industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transport services, as well as the activities of restaurant and leisure industries that deal directly with tourists. So the direct contribution of Travel & Tourism to GDP reflects the internal spending on Travel & Tourism (total spending within a particular country on T&T by residents and non-residents for business and leisure purposes) as well as government 'individual' spending (spending by government on Travel & Tourism directly linked to visitors, such as cultural or recreational).

The direct contribution of Travel & Tourism to GDP is calculated as the difference between total internal Travel & Tourism spending within a country and the purchases made by those industries (including imports).

Table-2

Direct Contribution Tourism to GDP

Direct Contribution to GDP	2009	2010	2011	2012	2013	2014	2015 (E)	2025 (F)
INR bn	1777.79	1898.62	2040.54	2188.66	2307.4	2478.21	2667.45	5339.15
% of GDP	2.11861	2.07382	2.06925	2.11436	2.14016	2.18637	2.20657	2.45089
% Growth	1.83273	6.79686	7.47454	7.25911	5.42537	7.40263	7.63615	6.95113

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India, 2015

The direct contribution of Travel & Tourism to GDP was INR 1777.79 bn in 20009 and it reached INR 2307.4 bn in 2013 registering a growth of 5.42 % over last year. In 2014 it increased to INR2, 478.21bn (2.2% of GDP). The data indicates an increasing trend in the contribution to the GDP of country. This is forecasted to rise by 7.6% to INR 2,667.45 bn in 2015.This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported. The direct contribution of Travel & Tourism to GDP is expected to grow by 7.2% pa to INR 5,339.2 bn (2.5% of GDP) by 2025.

The Total Contribution to GDP

The total contribution of Travel & Tourism includes its wider impacts on the economy. The indirect contribution includes the GDP and jobs supported by Travel & Tourism investment spending (such as purchase of new aircraft and construction of new hotels), Government collective spending (such as tourism marketing & promotion, aviation, administration, security services etc.) and Domestic purchases of goods and services by the sectors dealing directly with tourists (including purchases of food and cleaning services by hotels, of fuel and catering services by airlines and IT services by travel agents). The total contribution to GDP has been highlighted in table-3.

Table-3

Total Contribution of Tourism to GDP

Total Contribution to GDP	2009	2010	2011	2012	2013	2014	2015 (E)	2025 (F)
INR bn	5860.06	6125.73	6361.66	6776.31	7124.63	7642.47	8217.95	16587.2
Percentage of GDP	6.98349	6.69099	6.45118	6.54626	6.60824	6.74247	6.79804	7.61423
Percentage Growth	-1.98499	4.53362	3.85146	6.51788	5.14032	7.26835	7.52991	6.85692

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India, 2015

The total contribution of Travel & Tourism to GDP (including wider effects from investment, the supply chain and induced income impacts) was INR 5860.06 bn in 2009 and it increased to INR7,642.5bn in 2014 (6.7% of GDP) and is expected to grow by 7.5% to INR8,218.0bn (6.8% of GDP) in 2015. It is forecasted to rise by 7.3% pa to INR16, 587.2bn by 2025 (7.6% of GDP). Though in 2009 there was a negative growth but again it started increasing and touched a maximum growth of 7.2% in the year 2014.

Direct Contribution to Employment

Direct contribution to employment refers to the number of direct jobs created within Travel & Tourism sector.

Table-4

Direct Contribution of Tourism to Employment

Direct contribution to Employment	2009	2010	2011	2012	2013	2014	2015 (E)	2025 (F)
Thousands of job	22495.9	21717.9	22045.7	22202.6	22471.2	23024.1	23455.3	29019.7
Percentage of Employment	5.5898	5.54849	5.52587	5.46663	5.44311	5.48262	5.48722	5.71586

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India, 2015

The above table shows that Travel & Tourism generated 23,024.1 jobs directly in 2014 (5.5% of total employment) and this is forecasted to grow by 1.9% in 2015 to 23,455,500 (5.5% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. By 2025, Travel & Tourism will account for 29,019.7 jobs directly, an increase of 2.2% pa over the next ten years.

Total Contribution to Employment

It consists of the number of jobs generated directly in the Travel & Tourism sector plus the indirect and induced contributions. Induced contribution includes no of persons indirectly employed in accommodation, passenger transport, restaurants, providing leisure facilities for specific tourism use etc.

Table-5

Total Contribution of Tourism to Employment

Total contribution to Employment	2009	2010	2011	2012	2013	2014	2015 (E)	2025 (F)
Thousands of jobs	34666.9	33930.6	34853.5	35254.9	35736.4	36695.4	37365.0	45566.0
Percentage of Employment	6.98349	6.69099	6.45118	6.54626	6.60824	6.74247	6.79804	7.61423

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India, 2015

Table-5 shows that the total contribution of Travel & Tourism to employment (including wider effects from investment, the supply chain and induced income impacts) was 36,695,500 jobs in 2014 (8.7% of total employment). This is forecasted to increase by 1.8% in 2015 to 37,365,000 jobs (8.7% of total employment). By 2025, Travel & Tourism forecasted to support 45,566,000 jobs (9.0% of total employment), an increase of 2.0% pa over the period.

Visitor Exports

Visitor exports means spending within the country by international tourists for both business and leisure trips, including spending on transport, but excluding international spending on education. Money spent by foreign visitors to a country (or visitor exports) is a key component of the direct contribution of Travel & Tourism.

Table-6

Visitors Export

Visitor Exports	2009	2010	2011	2012	2013	2014	2015(E)	2025(F)
INR bn	817.083	907.579	1024.68	1092.44	1149.79	1224.4	1287.69	2377.17
Percentage of Export	4.51356	4.37977	4.12203	4.0409	4.02364	4.11153	4.07108	4.15723
Percentage of Growth	-0.4717	11.0761	12.9021	6.6128	5.2504	6.48893	5.16879	6.46956

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India, 2015

In 2014, India generated INR1,224.4 bn from visitor exports. In 2015, this is expected to grow by 5.2%, and the country is expected to attract 7,757,000 international tourist arrivals. By 2025, international tourist arrivals are forecasted to total 15,291,000, generating expenditure of INR2,377.2 bn, an increase of 6.4% pa.

Capital Investment

Capital investment includes capital investment spending by all industries directly involved in Travel & Tourism. This also constitutes investment spending by other industries on specific tourism assets such as new visitor accommodation and passenger transport equipment, as well as restaurants and leisure facilities for specific tourism use.

Table-7

Capital Investment

Capital Investment	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015(E)**	**2025(F)**
INR bn	1637.83	1742.47	1875.62	1984.61	2034.58	2107.18	2302.38	4337.75
Percentage of Export	5.89306	5.66847	5.60786	5.85438	6.03764	6.22119	6.61089	6.90543
Percentage of Growth	-30.4891	6.38882	7.64142	5.81096	2.51803	3.56851	9.26317	6.14862

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India, 2015

Travel & Tourism have attracted capital investment of INR2,107.2 bn in 2014. This is expected to rise by 9.3% in 2015, and rise by 6.5% pa over the next ten years to INR4,337.8bn in 2025. Travel & Tourism's share of total national investment will rise from 6.6% in 2015 to 6.9% in 2025.

Foreign Tourist Arrivals and Foreign Exchange Earnings

Table-8

Foreign Tourist Arrival

Foreign Tourist Arrivals (FTAs) and Foreign Exchange Earnings (FEE) from Tourism in India during 2014 and comparative figures of 2013 and 2012.					
	Year			**Percentage of Change**	
	2012	**2013**	**2014**	**2013/12**	**2014/13**
Foreign Tourist Arrivals (Nos.)	65,77,745	69,67,601	76,79,099	5.9	10.2
Foreign Exchange Earnings (in Rs. Crore)	94,487	1,07,671	1,23,320	14.0	14.5
Foreign Exchange Earnings (in US$ mn)	17.737	18.445	20.236	4.0	9.7

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India, 2015

The above table shows that India has received 65,77,745 no of foreign tourist in 2012 and it has been increased to 69,67,601 in 2013 registering a growth of 5.9% over 2012. In 2014 the no is 76,79,099 which resulted in 10.2 % growth over 2013. It means the FTA is increasing over periods. When we look into the monthly figures we can say that November, December and January are very conducive for the Indian tourism industry because in those periods the foreign tourist arrivals are at the peak. But in the month of April, May and June FTA are at low. So it is evident that winter season in India has attracted the attention of foreign tourist.

Similarly when looking at the foreign exchange earnings from tourism it is found that India has received Rs 94,487 crore of foreign exchange in 2012 and it has been increased to Rs 1, 07,671 crore in 2013 registering a growth of 14.0% over last year. It has been increased at the rate of 14.5% to Rs 1, 23,320 cores in 2015.

Development and Contribution of Indian Tourism Industry: An International Comparison

This section deals with comparative analysis of contribution of Indian tourism industry with that of world and Asia Pacific region.

Table-9

Comparison of Contribution of Indian Tourism Industry with World and Asia Pacific Region

	India			Asia Pacific			Worldwide		
	2014 US$mn[1]	2014 % of total	2015 Growth[2]	2014 US$bn[1]	2014 % of total	2015 Growth[2]	2014 US$bn[1]	2014 % of total	2015 Growth[2]
Direct contribution to GDP	40,602.0	2.2	7.6	694.1	3.0	5.1	2,364.8	3.1	3.7
Total contribution to GDP	1,25,211.0	6.7	7.5	2,153.9	9.2	5.5	7,580.9	9.8	3.7
Direct contribution to Employment	23,024.1	5.5	1.9	64,001.0	3.7	1.8	1,05,408	3.6	2.0
Total contribution to Employment	36,695.4	8.7	1.8	1,49,566.0	8.5	2.8	2,76,845	9.4	2.6
Visitor export	20,060.1	4.2	5.2	397.8	5.2	3.0	1,383.8	5.7	2.8
Capital investment	34,523.2	6.2	9.3	303.5	3.7	6.3	814.4	4.3	4.8

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India, 2015

1=2014 constant prices & exchange rates; 2=2015 real growth adjusted for inflation (%); 3= '000 jobs

The data presented in table-9 depicts the performance of Indian tourism sector in comparison to performance of Asia Pacific average and World average. In 2014 Indian tourism has contributed 2.2 % of the GDP where as the average contribution of Asia Pacific and World is 3.0% and 3.1% respectively. Similarly the total contribution of Indian tourism in 2014 is 6.7% of GDP which is much less than the Asia Pacific Average (9.2%) and World average (9.8%) and it is expected to grow at higher rate (7.5%) than the Asia Pacific average (5.5%) and world average (3.7%) in 2015. As far as the direct contribution to employment is concerned in 2014, India with 5.5% contribution to the total employment of the economy has outperformed the Asia Pacific (3.7%) and world average (3.6%) and raked at 3rd position after Cambodia (11.7%) and Thailand (5.8%) in Asia pacific region. In case of total contribution to employment, in 2014 Indian tourism has generated a total of 36695.4 thousands of jobs which is 8.7% of total employment generated in India , though India (8.7%) in 2014 has contributed at higher rate than the Asia Pacific average (8.5%) but lagged behind the world average (9.4%). In 2014 India could not perform well in attracting foreign visitors and it has received foreign visitors spending of 20,060.1 US$mn comprising 4.2% of the GDP where as the Asia Pacific and world average stood at 5.2% and 5.7% respectively. The investment in tourism in 2014 is 34,523.2 US$mn comprising 6.2% of the total capital investment of the country.

Table-10

Comparison of International Tourist Arrivals in India, World and Asia & the-Pacific Region

Share of India in International Tourist Arrivals (ITAs) in World and Asia & the-Pacific Region,1998-2014							
Year	International Tourist Arrivals (in millions)		FTAs in India (in millions)	Percentage (%) share and rank of India in World		Percentage (%) share and rank of India in Asia and the Pacific	
	World	Asia and the Pacific		% Share	Rank	% Share	Rank
1998	611.0	88.3	2.36	0.39	47th	2.67	---
1999	633.8	97.6	2.48	0.39	46th	2.54	---
2000	683.3	109.3	2.65	0.39	50th	2.42	11th
2001	683.4	114.5	2.54	0.37	51th	2.22	12th
2002	703.2	123.4	2.38	0.34	54th	1.93	12th
2003	691.0	111.9	2.73	0.39	51th	2.44	11th
2004	762.0	143.4	3.46	0.45	44th	2.41	11th
2005	803.4	154.6	3.92	0.49	43th	2.53	11th
2006	846.0	166.0	4.45	0.53	44th	2.68	11th
2007	894.0	182.0	5.08	0.57	41th	2.79	11th
2008	917.0	184.1	5.28	0.58	41th	2.87	11th
2009	883.0	181.1	5.17	0.59	41th	2.85	11th
2010	948.0	204.9	5.78	0.61	42th	2.82	11th
2011	995.0	218.5	6.31	0.63	38th	2.89	9th
2012	1035.0	233.5	6.58	0.64	41th	2.82	11th
2013	1087.0	249.8	6.97	0.64	42th	2.79	11th
2014	1135.0 (P)	263.4 (P)	7.68	0.68	41th	2.92	12th

P: Provisional
Source: (i) UNWTO Tourism Market Trends 2007 Edition, for the years upto 2005
(ii) UNWTO Barometer June 2009 for 2006 & 2007
(iii) UNWTO Tourism Highlights 2011 Edition for 2008 and 2012 Edition for 2009
(iv) UNWTO Barometer April 2014 for 2011 , 2012 & 2013

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India, 2015

In the year 1998 India with 2.36 millions of FTA had secured 47th rank in world. In 2002 its rank came down to 54th and with 12th rank in Asia and the Pacific region. But in 2011 Indian tourism had witnessed remarkable growth and upgraded its position to 38th in world and 9th in Asia and the Pacific region representing 6.31 millions of FTA as against 995.0 millions in the world and 218.5 millions in the Asia Pacific region. Though in 2012 and 2013 the status of Indian tourism has gone down in world as well as at Asia Pacific region forum we hope its revival in 2014.

Table-11

Comparison of International Tourist Receipts in India, World and Asia & the-Pacific Region

Share of India in International Tourism Receipts in World and Asia & the Pacific Region, 1998-2014							
Year	**International Tourism Receipt (in US $ billions)**		**FEE in India (in US $ million)**	**Percentage (%) of share and rank of India in world**		**Percentage (%) of share and rank of India in Asia & Pacific**	
	World	**Asia & the Pacific**		**% Share**	**Rank**	**% Share**	**Rank**
1998	444.8	72.3	2948	0.66	34	4.08	----
1999	458.2	79.1	3009	0.66	35	3.80	----
2000	475.3	85.3	3460	0.73	36	4.06	10th
2001	463.8	88.1	3198	0.69	36	3.63	12th
2002	481.9	96.5	3103	0.64	37	3.22	13th
2003	529.3	93.7	4463	0.84	37	4.76	9th
2004	633.2	124.1	6170	0.97	26	4.97	8th
2005	679.6	135.0	7493	1.10	22	5.55	7th
2006	744.0	156.9	8634	1.16	22	5.50	7th
2007	857.0	187.0	10729	1.25	22	5.74	6th
2008	939.0	208.6	11832	1.26	22	5.67	6th
2009	853.0	204.2	11136	1.31	20	5.45	7th
2010	931.0	255.3	14193	1.52	17	5.56	7th
2011	1042.0	289.4	16564	1.59	17	5.72	8th
2012	1078.0	329.1	17737	1.65	16	5.39	7th
2013	1197.0	370.6	18445	1.54	16	5.11	8th
2014	1245.0 (P)	376.9 (P)	20236	1.58	15	5.22	7th

P: Provisional
Source: (i) UNWTO Tourism Market Trends 2007 Edition, for the years upto 2005
(ii) UNWTO Barometer June 2009 for 2006 & 2007
(iii) UNWTO Tourism Highlights 2011 Edition for 2008 and 2012 Edition for 2009
(iv) UNWTO Barometer April 2014 for 2011 , 2012 & 2013

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India, 2015

From the analysis of the data presented in table-11 relating to International Tourism Receipts measured in terms of foreign exchange earnings, it is found that though the rank of Indian tourism is fluctuating over the period of time its rank in relation to both world and Asia Pacific region has witnessed tremendous uplift during the period of study. It has reached rank 15th in 2014 from 34th in 1998 in relation to world tourism receipts and reached rank 7th in 2014 from 10th in 2000 in relation to tourism receipts in Asia Pacific.

Table-12

Comparison of International Tourist Arrivals in India and Top 10 Countries of the World

Share of Top 10 Countries of the World and India in International Tourist Arrivals in 2014			
Rank	**Country**	**International Tourist Arrival (P) (in millions)**	**Percentage (%) of share**
1	France	83.7	7.37
2	USA	74.7	6.58
3	Spain	65.0	5.73
4	China	55.6	4.90
5	Italy	48.6	4.28
6	Turkey	39.8	3.51
7	Germany	33.0	2.91
8	United Kingdom @	-----	------
9	Russian Federation	29.8	2.63
10	Mexico	29.1	2.56
Total of Top 10 countries		459.3	40.47
India #		7.68	0.68
Others		668.0	58.85
Total		1135.0	100.00
P): Provisional. @. Figure not available, Rank estimated on the basis of 2014 figures. # Excludes nationals of the country residing abroad. Source: UNWTO Barometer April 2014 and Bureau of Immigration (BOI)			

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India, 2015

The data relating to tourists arrival in 2014 shows that India received 7.68 millions of international tourists as against the world total of 1135.0 million and against 459.3 millions of the total of top 10 countries of the world. But the position of Indian tourism is not satisfactory when it is analyzed in global scale.

Table-13

Comparison of International Tourist Receipts in India and Top 10 Countries of the World

Share of Top 10 Countries of the World and India in International Tourist Receipts in 2014			
Rank	**Country**	**International Tourist Receipts (P) (in billions)**	**Percentage (%) Share**
1	USA	177.0	14.22
2	Spain	65.2	5.24
3	China	56.9	4.57
4	France	55.4	4.45
5	Macao (China)	50.8	4.08
6	Italy	45.5	3.65
7	United Kingdom	45.3	3.64
8	Germany	43.3	3.48
9	Thailand	38.4	3.08
10	Honk Kong (China)	38.4	3.08
Total of Top 10 countries		616.2	49.49
India (PR)		20.2	1.62
Others		608.6	48.89
Total		1245.0	100.00
PR: Provisionally revised, P: Provisional Source: UNWTO Barometer April 2014 for countries other than India			

Source-Report of World Travel and Tourism Council on Economic Impact of Tourism in India, 2015

Table-13 shows the international tourist receipts of India, world and top 10 countries of the world. The total of world international tourist receipts was 1245.0 billion out of which 20.2 billion received by the Indian tourism industry and 616.2 billion received by top 10 countries of the world. It is observed that though Indian tourism has developed a lot as far as its contribution to our economy is concerned, its position at international level is not up to mark. So our tourism sectors needs to be given more emphasis so that it can occupy a remarkable place in world tourism.

Suggestions

After in-depth analysis of the contribution of the Indian tourism industry we came to know that role of Indian tourism industry in the economic growth is very much crucial. Its contribution have been felt in terms of Direct contribution to GDP, Total contribution to GDP, Direct contribution to Employment, Total contribution to Employment, Visitors Exports, Capital Investments, number of Foreign Tourist Arrival, Foreign Exchange Earnings. So developing tourism industries is highly necessary for ensuring economic development of our country. For this purpose different promotional measures needs to be undertaken. This paper suggest the following measures which can be taken by government authorities in collaboration with public, local community, NGOs and private players to ensure growth and expansion of the industry and for Creating awareness among the tourist and local community to ensure cleanliness, sanitation and minimization of environmental pollutions at the tourist place which will lead to growth of tourism.

- Upgrading, developing, and maintaining a multi-modal transport system of surface (road and rail), marine, and air transport that is friendly to the environment.
- Educating and sensitizing individuals, public & private institutions to identify, understand value, protect, and develop the national cultural heritage.
- Encouraging local community involvement through awareness programes in development, preservation, protection and maintenance of tourist destinations.
- Developing human resource through training to meet the industry demand and to ensure quality of services.
- Promoting tourism through extensive advertisement & publicity in print, electronic and social Medias.
- Hosting international events in the country to attract more tourists from abroad.
- Ensuring infrastructural development through public private partnership.
- Making provision to ensure security at the tourist destinations.
- Promoting hospitality facilities at the tourist place.
- Establish a favorable fiscal, legal, and regulatory framework in order to attract finance. Like providing fiscal incentives like tax exemptions, subsidies, interest free loans to private players to motivate them to invest capital in this sector.
- Development of local transportations.
- Identifying and setting aside specific areas for tourism development and investment in collaboration with the relevant land authorities.
- Developing environmental impact assessment (EIA) guidelines and ensure that EIA is carried out and strictly adhered to in all tourism development projects.
- For bringing transparency and credibility in the tourism scenario and ensuring speedy delivery of information as well as services to foreign tourists, digital technology must be implemented in the sector.

CONCLUSION

Form the above discussion it is revealed that tourism in India has made remarkable growth in last two decades and now it has became one of the key drivers of economic development among the service sectors. It has contributed immensely to generation of employment, earning of foreign exchange and socio-economic development of the local and host communities. Growth of tourism has also contributed to growth of many sectors like transport, hospitality, banking, education, health etc. So for fostering economic growth, capitalizing the potential of tourism industries is highly necessary now-a-days. But this industry is subjects to many problems which hinder its growth. These bottlenecks need to be weed out with collaborative efforts of government and private players in the industry to reap full benefits of the sectors.

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SUSTAINABILITY REPORTING PRACTICES : A COMPARATIVE INDO- USA ANALYSIS

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ABSTRACT

This study analyses the level of corporate sustainability reporting practices of 100 largest companies comprising 50 each from India and USA in 10 selected sectors for three years (2012 to 2014).Based on content analysis method, the study examined the sustainability reports of sample companies using UNEP benchmarking tool. In the study a comparative analysis of corporate sustainable reporting scores (CSRS) between two countries has been made. The study also investigates the level of corporate sustainability reporting practices among manufacturing and services sectors in India and USA. Both parametric and non-parametric significant tests are used to ascertain the degree of comprehensiveness of sustainability reporting practices and if there is significant difference between the two countries. Results from the analysis show that there exists a significant difference in the level of corporate sustainability reporting practices between the two countries. The paper concludes that sustainable disclosure practices in India is found to have of lower level as compared to USA during the period of the study.

Key Words : *Sustainability Reporting, Triple Bottom Line, Content Analysis*

INTRODUCTION

Sustainability Reporting involves the measurement, management and reporting of economic, environmental and social performance indicators in a single report which creates long term shareholder value. Over the past few years, an increased number of companies have prepared such reports. Although sustainability reporting is still a voluntary activity in most of the countries, for some countries it is mandatory. For example, France became the first country to require publicly traded companies to report their social and environmental issues in May 2001. The United Kingdom and Denmark require mandatory sustainability reporting for some companies and Canada and the United States require publicly traded companies to report on environmental liabilities and other social and environmental issues that are considered "material" to their shareholders.

LITERATURE REVIEW

A number of empirical studies have been undertaken to investigate the extent and nature of corporate sustainable disclosure (CSD) practices in different countries.

Hughes (2001) examined environmental disclosures made by 51 US manufacturing firms for1992 and 1993. Again, the authors used a slightly modified Wiseman index to measure environmental disclosures made within the President's letter, MD&A, and

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note section, and then assessed whether environmental disclosures are consistent with environmental performance ratings (good, mixed, and poor) by the CEP. Although the study found no difference in environmental disclosures between good and mixed groups, firms rated as poor environmental performers by the CEP tend to make substantially more environmental disclosures under the Wiseman disclosure index.

Kolk (2001) investigated the national and sector influences on the volume of sustainability reporting. Expectations in his results state that besides regulation, social context is expected to play a role. He saw the need for future research into the effect of social context on sustainability reporting.

Sujit (2007) conducted a study and examined the environmental disclosure practices of top 50 Indian private sector companies spread over 14 industry segments. The performances of these companies have been evaluated against the 20 core environmental indicators recommended by UNEP/Sustainability. The major findings of the paper are that there are fewer examples of corporate sustainability reporting or triple bottom line reporting in India. Not only are those, a vast majority of the Indian companies failing to demonstrate their social and environmental accountabilities in a real, meaningful reporting.

Chen and Bouvain, (2009) found that sustainability reporting practices are significantly different among companies in the U.S., U.K., Australia and Germany, suggesting that the country of origin matters in sustainability reporting.

Dutta Sumanta., (2012) has worked on "Triple Bottom Line Reporting: An Indian Perspective" The main objective of the study has been made an attempt to highlight how the TBLR implementation is taking place in with special reference GRI initiative. Corporate Sustainability is of utmost important for the survival of organizations and their future generations' stakeholders. Hence, Triple Bottom Line Reporting (TBLR) is considered to be a sine qua non for corporate growth on a sustained basis. Triple Bottom Line Reporting (TBLR) goes beyond the traditional way of reporting mechanism and encourages businesses to give closer attention to the whole impact of their commercial activities, over & above their financial performance.

From the literature review it is found that few studies have taken an explicit cross-industry approach in sustainability reporting. Again a comparative analysis of Indian companies' sustainability reporting practices visa vies USA companies is not made.

OBJECTIVES OF THE STUDY

The objective of the paper is :

- To understand the theoretical concepts, purpose and driving forces for sustainability reporting, and
- To compare sustainability reporting practices between India and the USA.

HYPOTHESIS

In order to achieve the objectives of this study, the following hypotheses are stated in the null form:

Ho1.01: There is no significant difference in the average corporate sustainable reporting scores for companies in India and the USA.

Ho1.02: There is no significant difference in the average corporate sustainable reporting scores for manufacturing sector in India and the USA.

Ho1.03: There is no significant difference in the average corporate sustainable reporting scores for service sector in India and the USA.

RESEARCH METHODOLOGY

The present study adopts the following methodology:

Sources of Data

The study is based on the secondary data obtained from the company websites and sustainability reports for the period 2012 to 2014.

Sample Design

As discussed earlier, data are collected for two countries namely: USA and India. Ten sectors have been selected from each country. The selected business sectors are grouped into two broad categories i.e. manufacturing sector and services sector. Out of 10 selected business sectors, seven falls in manufacturing category namely, automobiles & parts, chemicals, construction & building materials, mining, oil & gas, pharmaceuticals & bio-technology and steel & other metals. The three services sectors are banking, software & computer services and telecommunication.

For the present study, from each business sector 5 top listed companies' sustainability reports have been selected (Based on FT-500 USA Companies list & ET-500 Indian Companies list) Hence; the sample consists exclusively of 100 large corporations.

Sampling Unit

Sampling unit for this study is one company. All companies are public companies listed in their home country.

Period of the Study

For the present study, the samples are collected for the period of 2012, 2013 and 2014.

Research Tool

To analyze the content of the TBL reports, benchmark tool developed by UNEP / SustainAbility have been used. The benchmark tool comprises 50 reporting items, grouped under the five sections of (1) Management Policies and Systems, (2) An Input / output Inventory, (3) Finance, (4) Stakeholder Relations and Partnerships, and (5) Sustainability Development. (Figure 1)

Figure 1: UNEP/Sustainability "Engaging Stakeholders Survey Instrument 2006 Revised Version"

1. Management Policy and Systems	
1. Top Management Statement	2. Environmental Policy
3. Environmental Management System	4. Responsibility & Accountability
5. Environmental Audit	6. Goals & Target
7. Legal Compliance	8. Research& Development
9. Awards	10. Verification
11. Reporting Policy	12. Corporate Context
2. Inputs / Outputs Inventory	
Inputs:	
13. Material Use	14. Energy Consumption
15. Water Consumption	16. Clean Technology
17. Health & Safety	18. Accidents & Emergency Response
19. Risk Management & EIS	20. Land contamination &Remediation
21. Stewardship of Ecosystem	
Outputs:	
22.Waste Minimization	23. Air Emission
24.Water Effluents	25. Noise &Odours
26.Transportation	
Products:	
27. Life Cycle Design & Assessment	28. Environmental Impacts
29. Product Stewardship	30. Packaging
3. Finance	
31. Environmental Spending	32. Environmental Liabilities
33. Market Solutions & Instruments	34. Environmental Cost Accounting
35. Charitable Contributions	
4. Stakeholders Relation & Partnership	
36. Employees	37. Legislators & Regulators
38. Local Communities	39. Investors
40. Suppliers & Contractors	41. Customers & Consumers
42. Industry Associations	43. Environment Groups
44. Science & Education	45. Media
5.Sustainable Development	
46. Global Developmental Issues	47. Technology cooperation
48. Global Environment	49. Global Operating standards
50. Visions, Scenarios, Future Trends	

Source: UNEP/Sustainability (2006) Engaging Stakeholders

The above 50 reporting items are scored on a scale of 0-4. This rating scale (shown in Table 1 below) is based on the principle that the more complete and comprehensive the information relating to a given reporting item, the higher the score that it is given. Thus a score of 0 indicates that the element is not reported while a score of 4 indicates comprehensive coverage.

Table 1: UNEP/Sustainability Report Scoring Criteria

0	1	2	3	4
No coverage	Minimum coverage, little detail	Detailed and honest, including company shortcomings and commitments	Commitment to and progress towards sustainable development in core business	Commitment to and progress towards 'triple bottom line' of sustainable development in core business plus benchmarking against competition and / or best practice in other sectors

Source: UNEP / Sustainability (2006) Engaging Stakeholders

Scoring Procedure

On the basis of the above four point scale an overall assessment of the corporate sustainability reporting practices of selected companies have been done by developing a sustainability reporting score (CSRS). For this purpose all the key area wise scores have been summed up and the total scores represented the company's sustainability reporting scores (CSRS). It is considered that all the key area information in the index is equally important to the average users. The sustainability reporting score can be found out with the help of following procedure:

Corporate Sustainability Reporting Score (CSRS) = SMPS + SIOI + SF + SSRP + SSD

Where,

SMPS = Total Scores for Management Policy and Systems Variables

SIOI = Total Scores for Inputs / Outputs Inventory Variables

SF = Total Scores for Finance Variables

SSRP = Total Scores Stakeholders Relation & Partnership Variables

SSD = Total Scores Sustainable Development Variables

Data Analysis Technique

The independent samples T- Test would be conducted using the SPSS-Grad Pack 17.0 to determine if there is a significant difference in the mean scores of the two case industries. For robustness sake, the hypothesis of no significant difference would be further ascertained using the Mann-Whitney U Test. The Mann-Whitney test is the non-parametric alternative to the independent T-test. It is used for assessing whether one of two samples of independent observations tends to have larger values than the other. It is one of the most well known non-parametric significance tests known for its robustness and its lower likelihood (than the T test) to spuriously indicate significance because of the presence of outliers (Conover, 1981).

REFLECTION ON SAMPLE (DATA DESCRIPTIVE)

The descriptive statistics of CSRS from 2012 to 2014 for total sample is presented below.

Table 2: Descriptive Statistics of CSRS from 2012 to 2014 for USA & India

Country	Year	Count	Minimum	Maximum	Mean	Median	Std. Deviation
USA	2012	50	56.00	115.00	84.68	83.50	14.16
	2013	50	60.00	120.00	89.04	90.00	13.80
	2014	50	63.00	125.00	93.96	95.00	13.81
INDIA	2012	50	40.00	95.00	60.94	60.00	15.47
	2013	50	42.00	103.00	67.78	63.50	15.37
	2014	50	47.00	108.00	72.88	71.00	15.51

Source: Author's own Computations

Table 2 reflects the values of mean, median, standard deviation, maximum and minimum CSRS from 2012 to 2014 for USA and India. Results show that there is a difference between mean and standard deviation of CSRS across the years. The values of maximum, minimum and mean CSRS have increased steadily from the year 2012 to 2014 for both India and USA.

FINDINGS OF THE STUDY

Considering the influence of country and industry specific factors, the following three hypotheses have been tested.

Ho1.01: There is no significant difference in the average corporate sustainable reporting scores for companies in India and USA.

Ha1.01: Significant difference exists in the average corporate sustainable reporting scores for companies in India and USA.

Table 3: Comparative CSRS-India and USA (T-Test and Mann Whitney Test)

Country	Count	Mean	S.D	t value	Sig. (2-tailed)	U	Sig. (2-tailed)
India	50	67.20	15.21	-7.580	.000	366.500	.000
USA	50	89.23	13.81				

Source: SPSS Output (Author's own Computations) Independent sample t-test (equal variances assumed)

The result as indicated in Table 3 shows that that at $\alpha = 0.05$, 'p' i.e. level of significance = 0.000 when 't' test is run and 0.000 when Mann Whitney test is run. Since $p < \alpha$, null hypothesis of equality of means is rejected. Thus the null hypothesis of no difference in average corporate sustainable reporting scores for companies in India and USA is rejected. The alternate hypothesis that there is a significant difference in the average corporate sustainable reporting scores for companies in India and USA is accepted.

Ho1.02: There is no significant difference in the average corporate sustainable reporting scores for manufacturing sector in India and USA.

Ha1.02: Significant difference exists in the average corporate sustainable reporting scores for manufacturing sector in India and USA.

Table 4 : Comparative CSRS-Manufacturing Sector in India and USA (T-Test and Mann Whitney Test)

Country	Sector	Count	Mean	S.D	t value	Sig. (2-tailed)	U	Sig. (2-tailed)
India	Manu	35	66.04	13.45	-6.704	.000	164.500	.000
USA	Manu	35	87.34	13.13				

Source: SPSS Output Author's own Computations Independent sample t-test (equal variances assumed)

Table 4 shows that at $\alpha = 0.05$, 'p' i.e. level of significance = 0.001 when't' test is run and 0.000 when Mann Whitney test is run. Since $p < \alpha$, null hypothesis of equality of means is rejected. Thus the null hypothesis of no difference in the average corporate sustainable reporting scores for manufacturing sector in India and USA is rejected. The alternate hypothesis that there is a significant difference in the average corporate sustainable reporting scores for manufacturing sector in India and USA is accepted.

Ho1.03: There is no significant difference in the average corporate sustainable reporting scores for service sector in India and USA.

Ha1.03: Significant difference exists in the average corporate sustainable reporting scores for service sector in India and USA.

Table 5: Comparative CSRS-Service Sector in India and USA (T-Test and Mann Whitney Test)

Country	Sector	Count	Mean	S.D	t value	Sig. (2-tailed)	U	Sig. (2-tailed)
India	Service	15	69.91	18.95	-3.818	.001	35.000	.001
USA	Service	15	93.62	14.82				

Source:SPSS Output (Author's own Computations) Independent sample t-test (equal variances assumed)

Table 5 shows that at ? = 0.05, 'p' i.e. level of significance = 0.001 when't' test is run and 0.001 when Mann Whitney test is run. Since p < ?, null hypothesis of equality of means is rejected. Thus the null hypothesis of no difference in the average corporate sustainable reporting scores for service sector in India and USA is rejected. The alternate hypothesis that there is a significant difference in the average corporate sustainable reporting scores for service sector in India and USA is accepted.

LIMITATION OF THE STUDY

The study has two specific limitations: first, the assessment is limited to the top 100 companies from selected countries i.e. USA and India. The findings may not necessarily be representative of sustainability reporting practices of small and medium sized companies; and second, content analysis may have specific limitations.

CONCLUSION

Sustainability Reporting is a form of internal monitoring, management and external communication which enables organizations of all sizes to meet the growing information needs of their various stakeholders, both internal and external. The paper found that there are no mandatory requirements for companies to undergo sustainability report and their assurance. In India, typically, reporting beyond mandatory requirements is low. This study revealed that India is found to have lower level of sustainable disclosure practices as compared to USA. Both Indian manufacturing sector and services sector is found to have lower level of sustainable disclosure practices as compared to USA manufacturing and services sector. Hence it concludes that USA is found to have higher level of sustainability reporting practices in comparison to India. Conclusively, this study recommends that the Financial Reporting Council and other relevant bodies in the standard setting process should draft a comprehensive framework for sustainability reporting. Further, pro-activeness of all the stakeholders will make sustainability reporting more meaningful and useful.

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Annexure-1
Overall Company-Wise CSRS from 2012 to 2014 for India

CSRS 2014	CSRS 2013	CSRS 2012	Company Name	Sector	Average CSRS
69.00	64.00	62.00	Tata Motors Limited	Automobiles & Parts	65.00
89.00	82.00	75.00	Mahindra & Mahindra Limited	Automobiles & Parts	82.00
61.00	56.00	51.00	Bajaj Auto Limited	Automobiles & Parts	56.00
55.00	58.00	52.00	Hero Motor Corporation Limited	Automobiles & Parts	55.00
54.00	51.00	45.00	Maruti Suzuki India Limited	Automobiles & Parts	50.00
78.00	72.00	63.00	Tata Chemicals Limited	Chemicals	71.00
68.00	67.00	66.00	United Phosphorus Limited	Chemicals	67.00
63.00	61.00	59.00	BASF India Limited	Chemicals	61.00
69.00	62.00	55.00	Pidilite Industries Limited	Chemicals	62.00
61.00	58.00	52.00	Gujarat Fluorochemicals Limited	Chemicals	57.00
99.00	96.00	90.00	Larsen & Toubro Limited	Construction & Building materials	95.00
75.00	65.00	50.00	Jaiprakash Associates Limited	Construction & Building materials	63.33
61.00	55.00	40.00	Punj Lloyd Limited	Construction & Building materials	52.00
54.00	54.00	45.00	DLF Limited	Construction & Building materials	51.00
62.00	58.00	47.00	Gammon India Limited	Construction & Building materials	55.67
83.00	77.00	65.00	HDFC Bank Limited	Financial	75.00
52.00	48.00	44.00	Canara Bank	Financial	48.00
60.00	51.00	48.00	State Bank of India	Financial	53.00
82.00	70.00	61.00	ICICI Bank Limited	Financial	71.00
60.00	56.00	49.00	Punjab National Bank Limited	Financial	55.00
72.00	63.00	60.00	Coal India Limited	Mining	65.00
73.00	62.00	54.00	NMDC Limited	Mining	63.00
66.00	61.00	60.00	SesaSterlite Limited	Mining	62.33
49.00	47.00	45.00	Shirpur Gold Refinery Limited	Mining	47.00
59.00	48.00	40.00	Gujarat Mineral Development Corporation Limited	Mining	49.00
100.00	95.00	90.00	Reliance Industries Limited	Oil & Gas	95.00

CSRS 2014	CSRS 2013	CSRS 2012	Company Name	Sector	Average CSRS
99.00	94.00	82.00	Oil & Natural Gas Corporation Limited	Oil & Gas	91.67
90.00	86.00	85.00	Indian Oil Corporation Limited	Oil & Gas	87.00
86.00	82.00	78.00	Bharat Petroleum Corporation Limited	Oil & Gas	82.00
86.00	81.00	76.00	Hindustan Petroleum Corporation Limited	Oil & Gas	81.00
62.00	55.00	48.00	Sun Pharma Industries Limited	Pharmaceuticals & Biotechnology	55.00
68.00	56.00	47.00	Cadila Healthcare Ltd	Pharmaceuticals & Biotechnology	57.00
75.00	60.00	42.00	Dr. Reddy's Laboratories Limited	Pharmaceuticals & Biotechnology	59.00
62.00	59.00	53.00	Cipla Limited	Pharmaceuticals & Biotechnology	58.00
56.00	52.00	46.00	Lupin Limited	Pharmaceuticals & Biotechnology	51.33
103.00	99.00	95.00	Tata Consultancy Services Limited	Software & Computer services	99.00
106.00	102.00	95.00	Infosys Limited	Software & Computer services	101.00
108.00	103.00	94.00	Wipro Limited	Software &Computer services	101.67
86.00	74.00	65.00	HCL Technologies Limited	Software & Computer services	75.00
79.00	75.00	62.00	Tech Mahindra Limited	Software & Computer services	72.00
80.00	75.00	70.00	Tata Steel Limited	Steel & Other metals	75.00
77.00	74.00	68.00	Steel Authority of India Limited	Steel & Other metals	73.00
75.00	70.00	65.00	Jindal Steel and Power Limited	Steel & Other metals	70.00
78.00	75.00	60.00	Hindalco Industries Limited	Steel & Other metals	71.00
81.00	78.00	69.00	JSW Steel Limited	Steel & Other metals	76.00
78.00	77.00	70.00	BhartiAirtel Limited	Telecommunication	75.00
70.00	69.00	65.00	Reliance Communications Limited	Telecommunication	68.00
47.00	42.00	40.00	Idea Cellular Limited	Telecommunication	43.00
56.00	53.00	50.00	Tata Communications Limited	Telecommunication	53.00
62.00	61.00	54.00	Mahanagar Telephone Nigam Limited	Telecommunication	59.00
3644.00	**3389.00**	**3047.00**	**Total Score**		**3360.00**
72.88	**67.78**	**60.94**	**Average Score**		**67.20**

Source : Author's own Computations

Overall Company-Wise CSRS from 2012 to 2014 for USA

CSRS 2014	CSRS 2013	CSRS 2012	Company Name	Sector	Average CSRS
118.00	110.00	105.00	Ford Motor Company	Automobiles & Parts	111.00
105.00	103.00	101.00	General Motors Corporation	Automobiles & Parts	103.00
96.00	90.00	85.00	Johnson Controls	Automobiles & Parts	90.33
91.00	84.00	80.00	Goodyear Tire & Rubber Company	Automobiles & Parts	85.00
87.00	77.00	72.00	Lear Corporation	Automobiles & Parts	78.67
125.00	120.00	115.00	Dow Chemical	Chemicals	120.00
95.00	91.00	90.00	PPG Industries	Chemicals	92.00
93.00	87.00	84.00	Celanese Corporation	Chemicals	88.00
86.00	78.00	70.00	Huntsman Corporation	Chemicals	78.00
82.00	75.00	68.00	Westlake Chemical Corporation	Chemicals	75.00
77.00	73.00	70.00	Fluor Corporation	Construction & Building materials	73.33
77.00	70.00	68.00	Lennar Corporation	Construction & Building materials	71.67
93.00	90.00	87.00	Jacobs Engineering Company	Construction & Building materials	90.00
70.00	60.00	56.00	DR Horton	Construction & Building materials	62.00
75.00	73.00	65.00	URS Corporation	Construction & Building materials	71.00
105.00	101.00	100.00	JPMorgan Chase & Company	Financial	102.00
106.00	100.00	95.00	Wells Fargo & Company	Financial	100.33
100.00	95.00	90.00	Citigroup Companies	Financial	95.00
98.00	93.00	85.00	Bank of America	Financial	92.00
95.00	93.00	85.00	US Bank Corporation	Financial	91.00
95.00	90.00	87.00	Freeport McMoRan Copper Company	Mining	90.67
95.00	90.00	85.00	Newmont Mining Corporation	Mining	90.00
98.00	92.00	86.00	Consol Energy	Mining	92.00
87.00	85.00	80.00	Peabody Energy	Mining	84.00
92.00	83.00	81.00	Alpha Natural Resources	Mining	85.33
112.00	102.00	100.00	Exxon Mobil	Oil & Gas	104.67
116.00	108.00	106.00	Chevron	Oil & Gas	110.00

CSRS 2014	CSRS 2013	CSRS 2012	Company Name	Sector	Average CSRS
106.00	102.00	101.00	ConocoPhillips	Oil & Gas	103.00
95.00	93.00	82.00	Phillips 66	Oil & Gas	90.00
105.00	103.00	101.00	Occidental Petroleum	Oil & Gas	103.00
99.00	95.00	82.00	Pfizer	Pharmaceuticals & Biotechnology	92.00
87.00	87.00	81.00	Merck & Co	Pharmaceuticals & Biotechnology	85.00
95.00	87.00	82.00	Abbott Laboratories	Pharmaceuticals & Biotechnology	88.00
99.00	88.00	83.00	Eli Lilly & Co	Pharmaceuticals & Biotechnology	90.00
91.00	88.00	82.00	McKesson	Pharmaceuticals & Biotechnology	87.00
110.00	105.00	100.00	IBM Corporation	Software & Computer services	105.00
106.00	101.00	102.00	Oracle Corporation	Software & Computer services	103.00
109.00	108.00	104.00	Microsoft Corporation	Software & Computer services	107.00
108.00	103.00	101.00	Cognizant Technology	Software & Computer services	104.00
89.00	87.00	79.00	Computer Science Corporation	Software & Computer services	85.00
85.00	82.00	80.00	Nucor Corporation	Steel & Other metals	82.33
77.00	70.00	66.00	US Steel	Steel & Other metals	71.00
75.00	72.00	72.00	Schnitzers steel	Steel & Other metals	73.00
76.00	75.00	68.00	Cliffs Natural Resources	Steel & Other metals	73.00
78.00	76.00	68.00	A K Steel	Steel & Other metals	74.00
108.00	103.00	101.00	AT&T	Telecommunication	104.00
113.00	108.00	103.00	Verizon Communications	Telecommunication	108.00
70.00	62.00	60.00	Century Link	Telecommunication	64.00
85.00	84.00	80.00	Sprint Nextel	Telecommunication	83.00
63.00	60.00	60.00	Level 3 Communication	Telecommunication	61.00
4698.00	**4452.00**	**4234.00**	**Total Score**		**4461.33**
93.96	**89.04**	**84.68**	**Average Score**		**89.23**

Source : Author's own Computations

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THE IMPERATIVES OF GLOBALIZATION AND SURVIVAL STRATEGY OF SMES- IN THE CONTEXT OF ODISHA

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ABSTRACT

The globalization has set in motion by four important drivers - a. Liberalization of international trade b. Intellectual property development (patents, copy rights, trademarks etc) c. Connectivity (in all forms) and d. The rapid economic resurgence of emerging markets. The 21st century business operates in a real time global market place. The enterprises strategies on maximizing comparative advantage by sourcing, supplying products and improving competitive position, through minimizing the cost. To achieve the two comparative and competitive advantages, the business enterprises constantly review and re-evaluate their business locations but also engage in disruptive break through. The trend shows that, there is greater industrial mobility and the industrial houses are prepared to invest in places (countries) if assured by the country's policy.

These imperatives of globalization have set in motion many policy initiatives of the government of India. The recently launched Make in India initiative, the Sagarmala project, the 16 NMIZs are few such programmes. The Competitive Federalism policy has unleashed a race and spirit among the states to attract and augment investment, with an assurance to comply to their infrastructure requirements. The states having comparative advantage over others have a fair chance of attracting more international investments. Odisha is a state, whose geological assets have paid dividend till date could not pull the state out of poverty and backwardness. The 21st century global business model focuses on both geological and geographical assets for investment. The present policy initiatives of the Government of India, the infrastructural commitment and the competent human resources of this country have become an offer to the global investors. But one apprehension is significant and most conspicuous, i.e. Will these investment lead to inclusive growth? Or the inequality level will increase further? To deal with this, the Government of India has laid down a blueprint which has the capacity to reduce the gap. The START UP, STAND UP, MUDRA, TADF are few such programmes. It is true that industrial growth is sine quo non; but it must be inclusive and sustainable. How can these be sustainable, if not inclusive? For this purpose, Odisha was selected. This paper is an attempt to study the efficacy of inclusiveness of the industrialization process, which will be sustainable. The paper discussed the policies of the Government of India and also of Odisha, to find out how far these policies are helpful in inclusive and sustainable growth and development.

When it is looked upon from the point of view of regional development, this research opines that there must be a comprehensive approach to achieve growth and competitiveness. In Odisha it should be

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designed on the basis of specific geographic linkages to geological and other economic activity area- by optimizing the use of infrastructure, encouraging value addition and value chain. The policy option should be meant to usher in balanced socio-economic growth of Odisha that will hinge on sustainable development with strong inclusive industrial growth, with sustainable employment potentiality and appropriate utilization of natural resources. There is a compelling economic logic to put emphasis on manufacturing and local value addition. Unless value addition at the primary level (green field) is encouraged these agenda cannot be accomplished. Value addition of intermediate goods will neither generate enough resources nor can create more employment.

Considering these hypotheses, this paper analyzed the policy options, the institutional framework which can pave the way forward to identify the strong and grey areas of linkages among corporate houses, SMEs and Government agencies. The Paradeep Port has been chosen for this study, as it is the most crucial infrastructure with all potentiality to attract investment and provide sustainability to both big and small business enterprises. Not only that many industries will come up in the port areas which may be classified as port induced, port required and port attracted industries. Many service industries will also come up in the port bonded area. This study also opines that increased participation in international trade can improve local working conditions as the industries will have to comply with international standards. It will also help in greater access to modern technology and best practices.

The study concludes that, only those enterprises that have the ability to constantly generate new activities intend for up gradation to higher levels of value addition, higher productivity and adapt to new economic and technological breakthrough can sustain in a highly competitive global market. So, also the economies which are characterized by constant reforms and structural changes can sustain and prosper. This is also equally applicable to the small and medium enterprises. The technology and the capital requirement of the SMEs for the sustenance of such enterprises may be met from Government programmes like TADF and MUDRA- the new architecture of SME financing in India.

Key Words : *SMEs, sustainability, inclusive, port attracted, port induced and port required industries.*

INTRODUCTION

Small and Medium Enterprises (SMEs) play a vital role in economic development as they have been the main source of employment generation and output growth, both in developing as well as in developed countries. In developing countries, the roles of SMEs become more crucial as they have potential to improve income distribution, create new employment, reduce poverty and facilitate export growth. SME foster development of entrepreneurship, industry and the rural economy. It is not only the fact that high rates of economic growth contribute to economic and social development and poverty reduction. Studies show that economic growth of any country is closely linked with SME development. As globalization proceeds, transition and developing countries and their enterprises face major challenges in strengthening their human and institutional capacities to take advantage of trade and investment opportunities. This has become a top priority on the global development agenda.

The Indian growth story of last three decades exhibits one fact that, growth has happened but development has eluded. The jobless growth was marked with a high level of exclusion. The growth was not commensurate with the development. The lions share to the process of growth calculated in terms of GDP was contributed by service sector i.e. 67% of GDP. But it is responsible for only 27 % of employment. The other sector which had the capacity to create more employment like manufacturing, agriculture and mining etc. did not contribute significantly to the national GDP. It can therefore, be construed that due emphasis was not given to these sectors. It is acknowledged that the manufacturing sector has the potentiality to create three indirect employments for one direct employment. There are other industrial sectors like agri processing, automobiles; electronics which are not only great economic multipliers but also these are big job providers. Moreover, in order to come out from the syndrome of poverty, the dependence ratio on agriculture has to be reduced and they should be shifted to manufacturing and tertiary sectors. This will not only help in reducing poverty but also will help in inclusive growth.

At this moment, India and especially the emerging states like Odisha, Jharkhand and Chhattisgarh need development models which can help create employment, generate income and wealth, mobilize both public and private resources, stimulate economic activities of all sectors and provide sustainability. It should be a model which should be holistic and the capacity to address the above issues.

The liberal trade agreements, integrated transport network, established linkages (civilization, cultural, historical, strategically) and strong information, communication, technology has created unprecedented business opportunities for the country. In view of these, the planners of the country have laid down a host of policies and programme which have the capability to transform the economy. The present dispensation at the apex advocates cooperative and competitive Federalism, throws enormous opportunities. In fact a competition is already in the cards among the states and respective starts carving their own policies to garner more investment create more jobs and produce more wealth through maximization of resource utilization. At the National level macro policies are outlined. It is now up to the states to formulate the policies which can comply with the strategically needs of the industries and can address the priorities of the government that is poverty and employment, on the sustainable basis.

It is imperative at present to analyze some important policy options of the union government and find out their relevance to the state economy. It is also required to see how the policies of the state are aligned to the national policies with other states and to find out whether the same have the capacity to deliver. At the same time, the international experience and historical evidence should also be considered for analysis.

The research would contemplate to find out a answer to the effectiveness of SMEs and port, with an inclusive policy. The inclusiveness need to include the livelihood options of the majority of people and the available resources. The root question is How can architect a model which can provide improved livelihood to the people of the region by optimally using the resources and endowments available locally and by using suitable and effective policies of the governments like (Make in India Initiative, Manufacturing Policy, Sagarmala Project, of Odisha to skilling and digital India). For that matter the state and the region have to take a proactive decision and action.

The Imperatives of Port Policy in the context of Odisha:

The establishment of special economic zone (SEZ) is to facilitate export oriented units near Paradeep and Gopalpur Ports will be beneficial for the development of trade in the State. In order to assure the handling of cargo by new ports, and deal with the requirement of rapid industrialization port development is essential. The development of ports and increase of SMEs are to be synchronized. The major chunk of the cargo will be the imports of crude oil, finished petroleum products, LPG, LNG cooking coal, edible oil, fertilizers and construction materials for commissioning of mega steel and other plants. The exports of mineral sands, granite, processed fish and finished good of proposed port based steel plants; allied manufacturing units are also potential sources as that of Gujarat and Tamilnadu States. It is very much essential to set an integrated and sustainable Maritime Master Plan. The Maritime Board will have the authority, resources and to draw up on the expertise as and when required to cater to the need of the improved SMEs. Odisha will have to play a vital role in the overall development of Eastern region of the country. An integrated port policy for the State would encourage and lay down the pathway for the development of ports and other associated infrastructure for promoting SMEs. It would create a vibrant business environment.

Firstly, the logic of locating major SMEs near ports is clear, since the large business establishments can have industrial raw materials and they require easy access to the local markets with low cost. The major justification for the state of Odisha is that it has a vast hinterland generating cargo apart from the landlocked states with plenty of resources like the Eastern and Central Indian States. The port locations and the perennial systems of Odisha are ideally situated to adapt to the current developments in technology, in the areas of communication, automation, cargo handling and ship technology and overall economic policy.

According to a survey, the primary goals of the port and SMEs are

- To create Job and generate income
- To set up export processing
- To transfer the Technology
- To Create backward linkages through sourcing of raw materials

Odisha is home to some of the leading PSUs like HAL, NALCO, MCL and private companies like Tata steel, Vedanta Aluminum, Aditya Birla, Jindal etc. Odisha receives un-precedent investments in steel, aluminum, power, refineries and port. This opportunity is a perfect platform and presents a huge opportunity for downstream and ancillary industries and also for the SME sectors.

Review of Literature

- *Cendrero(1989)* in his research paper 'Land-Use Problems, Planning and Management in Coastal Zone' discusses that The existing planning legislative provisions and organizational and administrative set up presents a combination of opportunities and potential set-backs for planning within coastal zones. They need to be taken into account when attempting to improve the planning practice.
- *Clark,(1991)*. 'The Status of Integrated Coastal Zone Management: A Global Assessment. 'discusses that the existing institutions and legal frameworks may be inadequate to plan and implement adaptive responses. New institutions and legal authorities may be needed in many coastal states. National legislation and institutions for coastal zone management can provide the needed planning. In addition, legal structures to require advance consideration of likely impacts-such as environmental impact review by those planning new projects-can encourage needed foresight.
- *Chua, and L.F. Scura(1992)* in his research paper 'Integrative Framework and Methods for Coastal Area Management' This study clearly illustrates that land use planning and management shall need to form one of the basic elements of this approach. Further research shall be necessary to ascertain just how exactly the land use planning process could be effectively amalgamated with the overall ICZM activity.
- *Chua Thia (1993)* in his research paper on 'Essentials elements of ICZM' discusses the coastal zone management issues which have become a major threat to economic sustainability, environmental quality, intensified conflict, social unrest and issues which destabilizes the national economy. He suggests for an alternative but effective management system.
- *Crawford, B.R., J.S. Cobb, and A. Friedman. (1993)* in his research paper "Building Capacity for Integrated Coastal Management in Developing Countries." discusses that ICZM programs have implications for pre-existing national plans and programs as well as international jurisdictions.
- *Gaudian, (1993)* in his research paper "Establishment of a Coastal Zone Management." discusses that Especially in developing countries, this important part of the analysis will review and assess new economic development possibilities in the coastal zone. Priorities should be set based upon clearly designed studies of markets and potential demand, analyses of costs of production and competitive aspects, and related issues.
- *Sorensen, (1993)* in his research paper "The International Proliferation of Integrated Coastal Zone Management Efforts." discusses that there are insufficient data for a systematic, outcome based performance evaluation of state CZM programs, largely because of the lack of a common set of outcome indicators that would link state management activities and decisions to national CZMA objectives.

- *Vallejo,(1993).*in his research paper "The Integration of Coastal Zone Management into National Development Planning." discusses that the development planning approach is narrow in scope, i.e., very much concerned with resolving pure land use allocation issues. but less to do with the wider environmental planning concerns. This approach is non-conducive to the production of coastal planning policies appropriate for the sound management of the coastal zones.
- Brussels. Cicin-Sain(1993) in his research paper "Sustainable Development and Integrated Coastal Management." discusses that there is a need for further identification of the enabling and constraining issues in the implementation of both decentralized policy and co-management approach. Further examination of the appropriate indicators for measuring the effectiveness of decentralized coastal management and co-management approaches will be useful in assessing the success of, and adjusting accordingly, the implementation of these two important approaches.
- Pernetta, and D.L. Elder (1993) in his research paper 'Cross-Sectoral, Integrated Coastal Area Planning' discusses that entails the formulation of appropriate coastal policies for the development plans. Key coastal policy headings relevant to a particular area should be covered, following appropriate coastal policy components formulated and supported by relevant planning techniques, guidelines and standards.

RESEARCH GAP

Till now the economic importance of SMEs in the port has not been realized especially the eastern zone of India. The problem is that when the western coast of India has become vibrant the eastern coast of India is neglected. Odisha will have to play a vital role in the overall development of SMEs in eastern region of the country, if its natural maritime and cultural endowments and industrial resources are to be optimally utilized. The infrastructure of large scale industries could be the necessary backbone, for attracting the downstream industries. An integrated port policy for the State would encourage and lay down the pathway for the development and for promoting industry, trade and commerce.

It remains a fact that the Government of India and the state of Odisha, till date (last year) did not give importance to this development of downstream industries. But the recent economic policy of Make in India policy and the like which are intended to enhance the investment in manufacturing creates an opportunity for the states with port facility. It is postulated that the industries would like to set up in the proximate area of the ports. The states will be immensely benefited from these investments. For that matter the states have to modernize their ports and provide the required infrastructure and facilities.

It is a fact that ports play crucial roles in local and regional economies alongside the prosperity of the nation. Not only that large workforce is engaged in port related activities directly but also the indirect and induced employment opportunities are huge. One example of indirect employment is like supplying goods and services to companies engaged in port activity. Similarly, the induced employment is associated with expenditure resulting from those who derive income from port. By putting the related businesses in groups that surrounds the port area, will create cluster area. This will accelerate economic activities through competition, innovation and creation of new business opportunities. This will also bring in new investment, new technology that will match the current requirements.

The problem of the state is that despite of having plenty of resources both natural and human, it is not able to grow economically. When comparisons are made even among the other states of India, it appears that probably the state lacks proactive policies and effective implementation. Therefore, it is felt that an economic model is to be prepared with suitable modifications, so that the desired result can be achieved.

RELEVANCE OF THE PRESENT STUDY

- This study is relevant with regard to establishment of SMEs and utilization of port areas resources properly. Major aim of this study is to promote regional development, port based small industrial estates would be encouraged. As more number of Mega projects are coming up in the State, industrial development shall be synchronized with the port development and the infrastructure development.
- Whether the policies of port and downstream industrialization can be effectively applied to unlock the economic potentials of the state. Whether this can be an effective way to bring transformative investments into business using local resources. The study will identify the pre conditions, good design and implementation practices of successful initiatives across the country and the globe.
- The imperatives of this study lies with the logic that how the state of Odisha can harness opportunities from the initiatives taken up by the union government.
- The study is relevant in investment in the port sector would demand an equal investment in the infrastructure facilities.
- With regard to" Make in India policy".
- With regard to export and revenue generation. The major advantage is that Odisha has a vast hinterland generating cargo, comprising of the developing Eastern and Central Indian States. Exports and imports of food grains, mineral sands, raw materials, finished goods, fertilizers and edible oils and petroleum products, by the large industrial houses located in the hinterland offer long term potential for cargo. Any economic development taking place in the hinterland States would have a direct bearing on the ports in Odisha. The port locations and the perennial systems of Odisha are ideally situated to adapt to the current developments in technology, in the areas of communication, automation, cargo handling and ship technology.
- With regard to providing improved livelihood to the people.
- With regard to increase in cooperation between the large scale industries and small scale industries.

- This study is based on new and improved technological developments in the global shipping scenario, especially in the field of container handling equipment and in the new port layout to accommodate container traffic. These technological developments demand new institutional set-up to capture the flow of major investments in the State's port sector. The port locations and the perennial systems of Odisha are ideally situated to adapt to the current developments in technology, in the areas of communication, automation, cargo handling and ship technology.
- To analyze the policies of government undertaken for the development of odisha coastal areas and its implications.
- To undertake a comprehensive study to assess the port capacity requirements to promote trade and encourage economic activity.
- To mechanization and modernization of existing port infrastructure and systems to improve efficiencies.
- The development of industrial clusters / SEZs in the vicinity of the port and its hinterland that will power the economic activity in the region.

OBJECTIVES

- To study the efficacy of inclusiveness of the industrialization process, which will be sustainable.
- To find out how far these policies are helpful in inclusive and sustainable growth and development.

HYPOTHESES

- There must be a comprehensive approach to achieve growth and competitiveness. In Odisha it should be designed on the basis of specific geographic linkages to geological and other economic activity area- by optimizing the use of infrastructure, encouraging value addition and value chain.
- The policy option should be meant to usher in balanced socio-economic growth of Odisha that will hinge on sustainable development with strong inclusive industrial growth, with sustainable employment potentiality and appropriate utilization of natural resources. There is a compelling economic logic to put emphasis on manufacturing and local value addition.

RESEARCH METHODOLOGY :

The methodology also includes a literature review on the subject of industrial cluster or FTZ or SEZ and economic corridors and port related concepts, comprising economic theories underpinning these concepts. The review will serve the purpose of feasibility of these initiatives. Key documents relating to regional or territorial development examined.

Sources of data:

- Primary data collected through survey.
- Good Administrative Secondary data ascertained from reports, journals and administrative decisions.

ANALYSIS AND INTERPRETATION

When industrialization process in the coastal area of Odisha is picking up may be because of policy options or the infrastructure facility the deprivation level is likely to go up. How to address this imbalance? If the MNEs or big corporate cannot address such issues the deprivation level will accentuate. The solution lies in developing a separate value chain activities, add on activities like support services in the place of their business. When the global firms are shifting from developed markets to emerging markets like India - they cannot afford to have the existing supply and value chains to serve the units in this market. It is obvious that in the study area the companies have to pursue a policy of survival of the weakest. It is possible with Harmonious and complementarity and not the competition alone can provide them sustainability. How to harmonize?? It can be harmonized through increased employment opportunities and livelihood of the local people. Here in this study though paradeep port has a lot of scope for petro chemical and steel industries apart from many other industries, these two industries have been taken into account for study, these two have many downstream and upstream industries. It has been also declared as SEZ, many mega industries will come up The mega industries needs support services also like logistics and transportation etc. which can be only provided by the downstream industries.

Steel is one of the most important products of the modern world and is of strategic importance for any industrial nation. Historically, all nations during their industrialization phase have been supported by a strong steel industry of their own. From construction, industrial machinery to consumer products, steel finds a wide variety of applications. It is also an industry with diverse technologies based on the nature and extent of use of raw materials.

The unfolding developments, both on the demand and supply sides have warranted a re-look. In the new environment new investments in the downstream industries have to be steered with appropriate policy support to ensure that production of steel matches the pace of growth in consumption every year in the decades ahead. Fresh policy initiatives are needed to ensure that the SMEs follows a path that is sustainable when it comes to capacity addition, environment, raw materials sourcing, quality of steel products and the use of technology in steel making. Most importantly, it is incumbent on the part of the government to ensure that the SMEs are freed from negative externalities so that the growth of the industry is based on its absolute competitive strength and its actual performance matches its potential.

The downstream industries of steel industries which can be located near the port and able to increases the revenue of state government.

- **Refractory Material Industry**

Refractories are crucial for iron and steel production and the productivity of the steel industry depends a lot on the quality of the refractories used. As the blast furnace or steel making shops have undergone significant design and technology changes, the quality of refractories have gained further importance.

Following are the key issues pertaining to refractories as SMEs in the context of the steel industry.

- There is a need for close coordination between the refractory makers and operational units as 30 per cent of the performance parameters are refractory based and 70 percent operation based. Close interaction between operational establishments within the end using plants and refractory makers is required for optimization of operational parameters and standardization of the same.
- There is a need for standardization of shapes and size of refractory bricks to ensure smooth production and inter-changeability in the industry.
- There is an overdependence on imports, mainly from China to meet the domestic demand. The Chinese manufacturers of refractories have overwhelming pricing power given their strong dominance in the world market. There is an urgent need to improve the domestic production capabilities and in development of raw materials for refractories by adequate exploration and research.

➢ Nickel Industry

Nickel is used in the production of certain grades of stainless steel as well as special alloy steel. The production of nickel in the country is negligible and almost the whole of the demand of the domestic end use industry is being met from imports. Domestic stainless and alloy steel industry has to face the vagaries of the widely fluctuating prices of nickel in international market.

In view of this, there is a need for development of nickel resources in the state for exploring possibilities of nickel production from available resources of associated minerals.

- There is a good potential of nickel in chromites overburden dumps of Sukinda Valley in Odisha and therefore, extraction of nickel from these chromite overburden dumps of Sukinda Valley need to be given a priority. Extraction of nickel is an energy intensive process and also involves environmental hazards associated with it. More intensive R and D efforts are required for finding economically and technically viable methods for the exploitation of nickel for chromites overburden dumps of Sukinda Valley.

➢ **Ferro- Alloys Industry**

Ferro alloys are consumed in the production of all grades of steel, but, significantly and specifically in alloy and stainless steel. As steel production increases, demand for ferro-alloys will also rise in nearly the same proportion. Ferro-alloys are a set of diverse products and lack of adequate information in respect of consumption and production of ferro-alloys in each grade, a reliable forecast of their growth could not be made. However, it is fairly well established that, globally, the industry exhibits significant excess capacity and the Indian industry is faced with stiff competition from overseas. Although the industry has remained a net exporter of bulk ferro-alloys with the advantage of domestic resources and current value of the rupee, in the longer term perspectives several measures are required to make the industry competitive on a long term basis.

Petro chemical industry

The petro Chemical Industry comprises the companies that produce industrial chemicals. Chemicals are used to make a wide variety of consumer goods as well as thousands inputs to agriculture, manufacturing, construction and service industries. The chemical industry itself consumes 26% of its own output. The reasons for growth of chemical industry in and around Paradeep are the port through which a large South East Asian market can be captured, the presence of oil refinery, an all-time availability of water and supply of laborers. The industries that are clearly related to chemical industry include petroleum, glass, paint, ink, sealant, adhesive and food processing manufacturers. The petroleum industry is involved in the global processes of exploration, extraction, refining, transporting (often with oil tankers and pipe lines) and marketing petroleum products. The largest volume products of the industries are fuel oil and gasoline (petrol). Petroleum is also the raw material for many chemical products including pharmaceuticals, solvents, fertilizers, pesticides and plastics. With the recent establishment of Paradeep Petrochemicals Complex, the planning of the State government for 'downstream growth zone's has been initiated. In this process, dispersal of activities to cover all possible areas of the State will be given priority.

The downstream industries of petro-chemical industries which can be located near the port and able to increases the revenue of state government.

- **Dyes & Pigments**

Colorants have inherent element of value addition to a wide variety of products like textiles, leather, paper, food products, cosmetics, plastics, paints, inks and high-tech applications like optical data storage (CDs, DVDs), solar cells, medical diagnostics (CT Scan, angiography), security inks, lasers, photo dynamics etc. The colorant industry comprises two sub segments- dyes and pigments.

The world market for colorants comprising dyes, pigments and intermediates is presently estimated at approximate value of $27 billion. During the last decade, the industry was growing at an average growth of 2-3% per annum. Whereas other countries in the world market contribute nearly 86% of the global share, India accounts for ~14%. Size of the Indian colorants industry is $3.9 billion in FY12 with exports accounting for ~65%. The Indian dyestuff industry is highly fragmented and characterized by a large number of players in the unorganized sector. Today, Indian dyestuffs industry comprises about 950 units (50 in large and organized sector and 900 units under Small & Medium Enterprises (SME) Sector. The global capacity of dyestuffs has exceeded the demand resulting in an oversupply scenario. It is expected that consumer preference for environmentally friendly products and high performance dyes and organic pigments will help improve overall value of the SME market. The textile industry will remain the largest consumer of dyestuffs; however growth will be driven by markets such as printing inks, paints and plastics. These segments are also expected to increase the consumption of high performance pigments helping improve profitability at around 8% growths.

- **Construction Chemicals**

Construction Chemicals are the chemical compounds used in construction activities. These compounds can be used in existing construction projects to speed up the construction work or in new construction projects to impart durability and strengthen the structures. Construction chemicals increase the cost of the project by 2-5% but the benefits are multi-fold. Certain chemical products help in minimizing the quantities of cement and water used in the construction. The Indian construction chemical industry is estimated at ~US$ 0.8 Bn in FY12. It has shown a strong growth rate of 17% p.a., historically due to the construction boom in India and growing awareness in the industry for better quality of construction. The construction chemical market is highly competitive and with an increasing number of global construction companies making a foray into manufacturing operations in India, the industry is becoming more attractive and experiencing strong growth.

- **Polymer additives**

Polymer additives are specialty chemicals added to the base polymer to enhance certain properties or improve processing. They contribute to about 5-7 % of the total weight of the plastic and about 10% by the cost. The Indian polymer additives market is estimated at~ $ 360 Mn in 2012. Indian polymer additives market has been growing at a CAGR of ~10% in the last five years and is estimated to be ~US $360 Mn in 2012. The market for polymer additives is expected to grow at a CAGR of 10% to reach ~$ 585 Mn in 2017.

Paradeep port expects to attract investment for steel downstream industry of Rs 5000 cr and generating an employment opportunity for 32000 lakh people both direct and indirect. The park is also expected to generate tax revenue worth Rs 700 cr p.a for the state govt. It also expect to attract investment for petro- chemical downstream industries up to Rs 2.80 lakh cr out of which Rs 39000 cr has already been invested and expected employment opportunity both direct and indirect is for 6.5 lakh people.

We can analyses from this how these downstream industries not only increase the employment opportunity for the local peoples it also increases revenue for the state government

SUGGESTIONS

For the development of these downstream industries certain factors are required they are

- Skill
- Infrastructure
- Financial support

These three factor is lacking in the local people. The skill, infrastructure and financial support are to be provided by both the mega industries and government. As the big industries has the ability of risk taking, have financial strength, and can provide modern technology. The support of large scale industries could be necessary backbone for attracting the downstream industries and an integrated port policy for the state would encourage and lay down pathway for the development and for promoting the SMEs. This how the large industries, government and the downstream industries can complement each other.

CONCLUSION

"Survival of the weakest is the key to sustainability". The study concludes that, only those enterprises that have the ability to constantly generate new activities intend for up gradation to higher levels of value addition, higher productivity and adapt to new economic and technological breakthrough can sustain in a highly competitive global market. So, also the economies which are characterized by constant reforms and structural changes can sustain and prosper. This is also equally applicable to the small and medium enterprises. The technology and the capital requirement of the SMEs for the sustenance of such enterprises may be met from Government programmes like TADF and MUDRA- the new architecture of SME financing in India.

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MAIZE EXPORT FROM ODISHA : A COMMERCIAL ANALYSIS

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INTRODUCTION

Odisha is an agrarian economy with conducive agro-climatic and soil conditions to grow variety of crops. The crops grown in the state are paddy, pulses, sugarcane, maize,oilseeds, turmeric, jute, cotton, coconut, rubber, tea , ground nuts, potato, jowar. These crops depend heavily on rain and distribution of monsoons is a prime factor in deciding the output and yield. As per Odisha Economic Survey (2014-15) published by Government of Odisha Agriculture and allied sector remains one of the prime focus sectors for rapid, inclusive and sustainable growth of the State. The real annual growth rate under Agriculture sector reduced from 11.01 percent in 2012-13 to -3.25 percent during 2013-14 at 2004-05 prices, which is an area of concern. The production and productivity in agriculture during 2013-14 were severely affected because of the cyclone "Phailin" followed by recurrent floods in coastal districts. But the sector continues to remain a high priority sector that absorbs more than sixty percent of labour force of the State and has immense growth potential.

As per the State Agricultural Policy document-2013 agricultural sector in Odisha about 65% of the workforce depends on agriculture for employment and livelihoodAs per the advance estimate for 2013-14, the broad Agriculture sector contributed 15.58 percent to the GSDP during the year at 2004-05 prices.

Directorate of Agriculture and Food Production Odisha carried out SWOT analysis for chalking out strategic plan for Green Revolution in Odisha(2011). The major strength pointed outare favorable agro-climatic conditions, biodiversity, scope for horizontal, adequate availability of ground water, vertical expansion in cash crops, well developed rural connectivity,traditional and modern expertise for agricultural scenario in Odisha state. The weakness is extension of socio-economic conditions prevailing in the state such as subsistence farming, non-remunerative agriculture, lack of market orientation, lack of entrepreneurship, so called money order economy , absence of policy guidelines to include share croppers in availing investment subsidy, financial assistance. Opportunities listed are favorable Government policy, network of support system at grass root level, growing emphasis on Public Private Partnership for assured market and contract farming and infrastructural support. Threats are many such as changing food habits, recurring natural calamities, lower production and productivity, dominance of rain fed crops, lack of just and fair distribution and utilization of water resources, lack of advanced knowledge of in farming disaster

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management techniques and increased farm mechanization.

Brief scenario on Maize inOdisha and other regions of India

Maize is one of the major crop grown in Odishaapart from Paddy, Pulses and Sugarcane. From growers point of view Maize crop needs less input cost and provides more profit margin. It's a versatile crop that requires less water with wider adaptability to soil type, seasons and ecologies. Moreover it has varied and diversified use as food, feed and industrial ingredients and ready market for disposal. The different types of Maize are yellow / white grain, sweet corn, baby corn, popcorn, quality protein Maize, waxy corn, high oil corn, fodder meal.Maize is also used as Industrial raw material and used in variety of products directly and indirectly.The Maize production in India has been largely driven by growing demand by feed industry and various industrial use.(Kumar, Srinivas & Others 2014).Recently, advance countries like USA, Canada and Europe utilize maize crop as an important ingredient in bio fuel.

The largest producers of maize are Andhra Pradesh (4.97 Million tonnes), Karnataka (3.98 Million tonnes)Maharastra (3.08 Million tonnes) out of the total estimated crop All-India basis 24.35 Million Tonnes as per Department of Agriculture Government of India. The crop of Maize is pre dominantly kharif crop grown in North Karnataka and South Karnataka, East & West Godavri district, Nizamabad and Adilabad of Andhra Pradesh, Karnataka and Maharashtrabordering regions, Bihar and Orissa.

The ideal condition for growth of Maize is rain during sowing and growing time and dry and sunshine weather during maturing and harvesting time. Any rain or shower or any increase in moisture in the weather condition make the corn discolored, mouldy. Increase in moisture tends to increase the aflatoxin content in the maize and also make seeds germinate and sprout.

The quality of Maize grownin Karnataka is of superior quality especially in Northern part like Bagalkot, Bijapur, Gulbarga, Bidar, Dharwar, Hubli, Belgaum, in terms of colour, grain size and lower level of moisture and aflatoxin content. Because these parts of Karnataka get adequate monsoon rain during planting time and get enough sunshine at the time of harvest. Basically, the crop is planted during May-June during monsoon time and harvested during September-October which is comparatively dry season. In contrast, in places like Bihar, Orissa and Andhra Pradesh they are prone to natural calamities like cyclone, flood and heavy rain during harvesting of kharif and rabi crop hence, the crop output and quality suffers as a result.

As per the National Estimates of Area, Production and Yield of maize (average of 2008-09 to 2012-13) by Directorate of Agriculture Government of India.

1. Area In Million Ha
2. Production in Lakh MT
3. Productivity in Kg/Ha

	Area	Production	Productivity
Kharif	7.17	15.15	2113
Rabi	1.32	5.29	4005
Total	**8.49**	**20.44**	**2408**

As far as Odisha state is concerned the details of maize grown area, production and productivity of maize crop submitted here as under:

1. Area In Lakh Ha, 2. Production in Lakh MT, 3. Productivity in Kg/Ha

	KHARIF			RABI			TOTAL		
Year	Area	Production	Productivity	Area	Production	Productivity	Area	Production	Productivity
2000-01	1.70	2.10	1234	0.06	0.08	1273	1.76	2.17	1235
2001-02	1.56	1.75	1119	0.08	0.11	1287	1.64	1.85	1125
2002-03	1.52	1.70	1118	0.06	0.07	1244	1.58	1.77	1123
2003-04	1.66	1.83	1101	0.09	0.12	1389	1.75	1.96	1116
2004-05	1.76	2.30	1305	0.09	0.15	1649	1.85	2.44	1322
2005-06	1.79	2.63	1468	0.08	0.17	2092	1.87	2.80	1496
2006-07	1.90	2.99	1575	0.09	0.20	2147	1.99	3.19	1602
2007-08	2.04	4.53	2216	0.10	0.28	2824	2.14	4.82	2245
2008-09	2.11	4.76	2252	0.13	0.38	2935	2.24	5.14	2291
2009-10	2.17	4.75	2192	0.11	0.25	2169	2.28	4.99	2191
2010-11	2.36	6.03	2552	0.16	0.46	2820	2.53	6.49	2570
2011-12	2.45	5.59	2280	0.17	0.49	2912	2.62	6.08	2321

Source : Department of Agriculture Government of Odisha web site

It is evident from the above details the production and productivity of maize in Odisha is below all-India average.

The Minimum Support Price (MSP) mechanism has been used as tool to provide remunerative prices to farmers on their produce, encourage increasing acreage and investing for increase in productivity. It is evident from the below table that MSP for maizehas been increased providing incentives to farmers for growing maize crop.

Year	Price in Rupees per Quintal
2010-11	880
2011-12	980
2012-13	1175
2013-14	1250
2014-15	1310
2015-16	1325

The figures for production, domestic consumption and export of maize from India are given below:

(In Thousand Tonnes)

Year	*Production of Maize In India*	*Consumption of Maize in India*	*Export of Maize from India*
2005	14710	14200	521
2006	15100	13900	1208
2007	18960	14200	4473
2008	19730	17000	2608
2009	16720	15100	1939
2010	21730	18100	3526
2011	21760	17200	4569
2012	22260	17500	4691
2013	24260	19600	3871
2014	22500	20000	2500

Source: United States Department of Agriculture

But the volume of export of maize from India suffered last year due to import of cheaper maize from Argentina by traditional buyers like Iran ,Indonesia ,Thailand , Yemen, UAE etc.

Some of the available Literature regarding Maize exports is submitted below :

Kumar, Srinivas and Sivaramane (2012-13) in their assessment of the maize situation, outlook and investment opportunities in India found that the demand for maize in livestock based products are increasing and the demand for maize as a food product is constantly declining in India. The market surplus of maize crop has increased and has suggested improved access to domestic and international market with economy of scale and value creation.

Kachroo, Sharma & Bhat (2013) in their study of the growth and instability of Maize in Jammu and Kashmir observed that the area, production and yield instability in maize is very prominent in Jammu and Kashmir.

Dass & Others (2012) concluded that genetic and biotechnological interventions in maize can ensure food security and economic growth.

Kumar, Srinivas & Others (2014) has concluded that with congenial policy environment India can participate in Maize export market in a big way in coming years.

"Fact finding report on popularisation of hybrid maize in Odisha" (2011) has noted that districts like Nawarangpur, Ganjam, Kalahandi, Koraput, Malkangiri, Kandhmal have highest areas under irrigated maize in Odisha. A special programme for popularization of hybrid maize has been taken up in 20 districts namely Bolangir, Mayurbhanj, Koraput,Keonjhar, Sundergarh, Gajapti, Kandhmal, Kalahandi, Nuapada,Rayagada, Nayagarh, Deogarh, Angul, Ganjam, Khurda, Jharsuguda, Samabalpur, Baragarh, Dhenkanal and Malkangiri in PPP model.

Objective of the Study:

To make an analysis of Maize export from Odisha in the recent past and suggest measures to increase the export activities.

Benefit of the Study

At present Odisha is not placed like Karnataka and Andhra in the export map in case of maize, but our study has brought out certain positive aspects in maize export front

1. The maize cultivation is presently adopted on a sustainable basis though in certain pockets maize is being cultivated on commercial scale. Various studies have pointed out the fact that the overall economic conditions of growers can be improved by making cultivation on commercial scale. Odisha has all the potential to become a major maize growing state for meeting demand of domestic and overseas markets.
2. Further Odisha can be developed as destination for sourcing organic maize with less application of chemical fertilizers and adoption of traditional farming.
3. There is urgent need to restructure and strengthen Mandi system across the state for ensuring remunerative price to growers through Minimum Support Price (MSP).
4. Many parts of Odisha generallylacks basic infrastructural facilities and policy makers to strive for developing more facilities like good quality seeds for farmers, irrigation, improved technology

for pre and post harvesting, godown, storage space and truck and rail connectivity between sourcing base to port areas.

Methodology of Data Collection

The present study mainly relied on primary data collected from exporters, traders, buying houses, reputed independent Inspection agencies engaged in quantity and quality certification, Cargo Handling Agents, etc. The samples of respondents were chosen (no 25) are engaged in the maize export activities from Karnataka, Andhra Pradesh, Bihar, Maharashtra and Odisha. In our view the samples chosen were representative of the universe. All the respondents have direct or indirect previous experience of dealing maize export from Odisha.Most of the respondents interviewed have undertaken the export activities from eastern ports like Visakhapatnam, Kakinada and Haldia in break bulk/container loads. Many of the exporters have undertaken export to Bangladesh in truck/rake loads through Indo-Bangladesh border.Statistics with regard to figure on production, consumption and trade is relied upon the Government sources and the specialized bodies associated the activities connected to rice trade. The data gathered further tabulated on the basis of the objective of study and interpretation was carried out accordingly.

Assumptions and Limitation of the Study

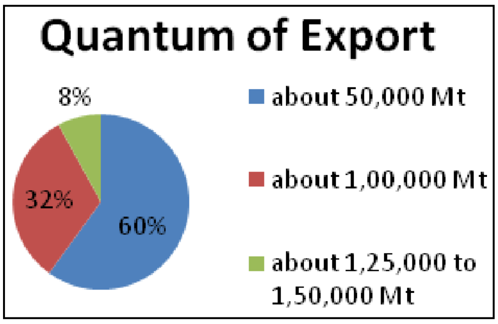
1. The export activity is primarily a commercial activity and the present study find out "commercial aspect" of maize export from Odisha such as acceptability and viability of export of maize from Odisha to overseas markets.
2. In the recent past Indian maize is out priced by South American origin and no major export activities with regard to Maize except some parcels moving to neighboring country like Bangladesh, Malaysia, UAE and Yemen etc. Hence the response of the respondents is based on their experience not so recent one.
3. The Odisha Maize is mainly exported from neighboring ports like Vizag and by road/rail to Border States of Bangladesh. Hence the respondents mainly consisted of exporters/traders/agencies active in east coast for export activities.
4. The quality parameters like moisture and aflatoxin content is mutually agreed between exporter and importer and the end use as "feed purposes" or "food purposes" is not differentiated in this study. The export from Odisha means Maize produced in different parts of Odisha only.Maize is traded basis specifications though there is informal understanding about the origin of Maize to be exported.
5. In this study logistics constraints imply bottle-necks in respect of transportation, go down and storage, port facilities, loading of vessels in both pre-shipment and post-shipment.

Analysis of the Study :

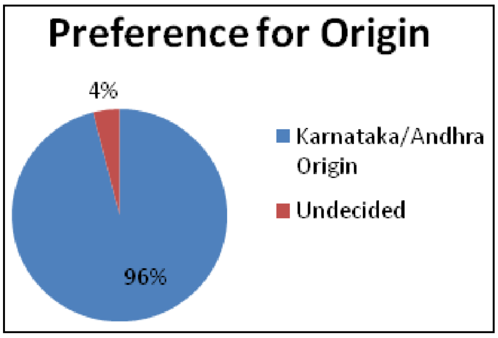
All the respondents were interviewed and asked specific questions about their experience in respect of maize exports in general and from Odisha in particular their response is summarized below as under:

1. As per the Respondents maize from Odisha are being exported for the last few years to Bangladesh, Indonesia and Thailand from eastern coast ports namely Vizag. The shipment to Far East destination is by vessel and containers depending upon the contractual requirement. Mostly the shipment to Bangladesh is effected through rail / trucks by the exporters. Much of the cargo is sourced by the local traders and exporters in AP from Odisha and the cargos are mixed / blended with other origins and then get exported.All therespondents were unanimous in their opinion that maize from Odisha is not exported on "standalone basis" due to not so positive perception about Odisha maize.

2. The size of maize crop grown in Odisha is estimated to be about 5.5 Lakh MT to 6.0 Lakh MT as compared to total country production in the range of 22 to 23 Million Tones.There was divergent opinion among the respondents about the quantum of maize exported during the last few years on average basis. About 60% of respondents felt 50,000 Mtsof exportable surplus available and about 30% of the respondents put the figure about 1,00,000Mtsand balance 10% of the respondents stated that abbot 1,25,000 to 1,50,000 Mts has been exported from Odisha on yearly basis during the last few years.

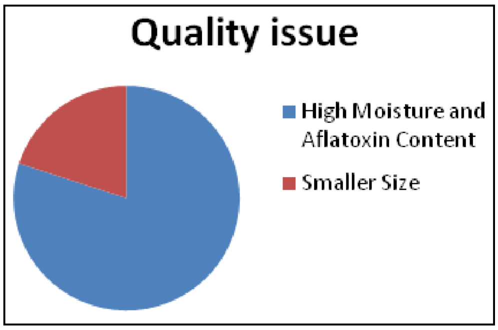


3. As far as quality of maize is concerned almost 100% of the respondents opined that Karnataka and Andhra produce the superior quality of maize for export. Majority of respondents felt quality of maize produced in Odisha is comparable to quality of maize produced in Bihar. Given a choice majority (96% of respondents) felt that supplier would not like to take maize from Odisha. Respondents overwhelmingly opined that exporters look for exporting Odisha maize in case other origins are not easily available especially from Bihar or exporters meeting low priced contract or urgent need to meet loading deadline and failure to deliver the cargo would land exporters in trouble.Respondents also stated that Maize grown in Odisha was earlier used in the starch industry due to inferior quality however 75% of the respondents felt Odisha has started

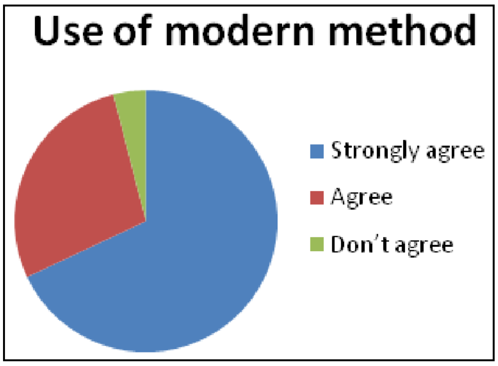


growing quality maize recently and catering to the demand of feed industry.

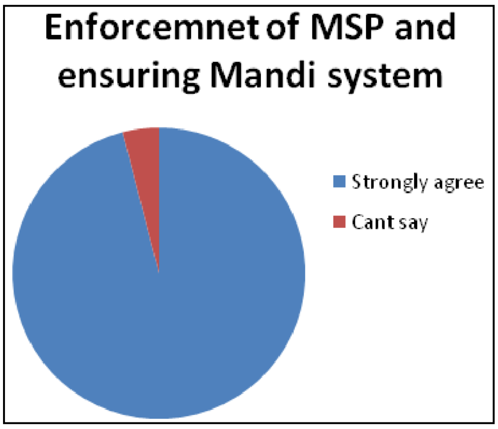
4. Almost 80% of the respondent responded that presence of "high moisture" and 'aflatoxin content" are primary reasons for them to keep away from exporting Odisha maize.As per the majority of the respondents the moisture content in Karnataka and Andhra origin maize is between 12-13% as compared to Odisha maize around 15% on average. The size of maize produced in Odisha is smaller as compared to Karnataka and Andhra maize. Hence the Odisha maize used as "blending" for export consignment Exporters source maize from Karnataka and Andhra at a higher price to avoid quality dispute or rejections from the Foreign buyer.



5. Maize growers of Odisha use the traditional method of separating kernels from ear head is to dry under sun shine and put on the road and ply the roller on it to separate. In contrast the mechanized method of drying through machine by sucking moisture and putting on the thresher to separate kernel from the ear head. The export operation of maize needs adequate care before it getshipped in containers or in bulk vessels. In a closed space corn generates heat and tend to become mouldy and began to sprout if there is excess moisture in the cargo. In the port premises when other cargo are stored, insects are bound to be there and they attack the corn as it is sweet commodity.92% of the respondents were in favor of farmers and traders in Odisha to use modern technology for harvesting, drying and storage of corns enabling to meet export standards.



6. All of the respondents were in favour of transparent mandi system in place so that farmers receive remunerative price for their produce. Majority of respondents (96%) were of view that Government should intervene for enforcement of Minimum Support Price



to the maize growers.About 88% of the respondents attributed lack of commercial farming and basic infrastructural facilities as cause for Odisha lacking in export front.

7. Most of the respondents have expressed that there is immediate need to build enough storage space with modern facilities to facilitate export activities in maize. The present storage space available in maize growing region are generally in smaller in size capacity 1,000 Mt to 2,000 Mts only. An exporter shipping in vessel load need minimum 4,000 Mt to 5,000 Mt capacityto build up and aggregate the cargo. 20% of the respondent stated that there is element of VAT on storage of maize and their concern need to be addressed.

Conclusion and Recommendation from the study:

The present study focused mainly on problems associated with commercial aspect of maize export from Odisha. The problems in export are primarily related to quality and specifications like higher moisture and aflatoxin content, storage space constraints, unfavorable tax structure for storage of cargo etc. Apart from agro-climatic conditions the other influencing factors are poor economic conditions, small size holdings, absence of commercial farming, lack of knowledge about the market, low productivity, non-application of advanced technology and non-growth of other infrastructural facilities supporting export activities. Respondents have expressed their disappointment that most of the farming community still employ traditional sun drying technology before marketing their produce.Despite these unfavorable factors respondents have overwhelmingly supported the fact that Odisha has all the potential to become major maize growing state like neighboring state Bihar. The positive sign that the quality of maize produced recently in Odisha has improved due to introduction of hybrid maize seeds in some pockets and advanced technology in farming. Majority of respondents have strongly suggested that Odisha can market their maize as organic and for food use in export markets.

As per Press Information Bureau (PIB) release dated 17th June 2015 various report have shown that Eastern belt of the country gets neglected in so far as procurement is concerned. The Cabinet directed that arrangement for procurement in Eastern India be strengthened. The study supported the fact that MSP mechanism is not strictly enforced in maize growing regions as the market yard / mandi system is not well-developed (about 92% of the respondents). The study observed that strict implementation of MSP would provide remunerative prices to producers and provide incentive to produce maize in commercial scale with enhanced productivity.

Respondents have strongly recommended for development in logistics front such as creation of more scientific storage space, rail and road connectivity between growing and consuming market, testing / laboratory facilities. However issue of maize export is linked with lot of associated factors like climatic conditions, government support, business environment, viability of export etc. Sincere steps are required from

Government, Policy Makers and other stake holders to improve all the above factorsto work towards the goal of placing Odisha in the global maize export map.

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ISSUES AND OPTIONS OF SKILL INDIA

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ABSTRACT

The present central government led by Shri Narendra Modi has taken the initiative for improvement of skill among the educated youth of our country so that the employability will increase which will ultimately improve the national productivity. In this connection some new skill development program has been taken into consideration both in central and state level of our country. Demand for skilled work force is the need of the hour and keeping this in mind the government has targeted to improve the skill of 500 millions of youth of our country by 2020. This initiative not only provide employment opportunity in the country but also enable the youth force to compete with other developed nations. In order to meet the program the govt. has set up a fund monitoring committee at the central level so that the financial position of organizations associated with this program will improve. Different technical courses and vocational education course should change and prepared as per the requirement of the corporate at large. Fund allocation and fund utilization can be made properly in order to achieve the maximum benefit from all these program. The target group will be the traditional, non- traditional, technical and non- technical youth of our country.

Key Words : *Digital India, Make -in-India, job creation, youth skilling, Apprenticeship training, Sale of ambition, Inclusive growth, demand based system.*

INTRODUCTION

Skill India is an initiative taken by the Government of India. It was launched by Prime Minister sri Narendra Modi on 16 July 2015 with an aim to train people in India different skills. The initiatives include National Skill Development Mission, National Policy for Skill Development and Entrepreneurship 2015, Pradhan Mantri Kaushal Vikas Yojana (PMKVY) scheme and the Skill Loan scheme. After 'Digital India' and 'Make in India', the Government lunched another programme. This one is a revised version of programmes launched earlier under the skill development policy. This new programme called 'Skill India' is supposed to be a multi-skill programme. Like all other programmes 'Skill India' too is a dream project of sri Narendra Modi and the work to launch this programme has already been initiated. The main goal is to create opportunities, space and scope for the development of the talents of the Indian youth and to develop more of those sectors which have already been put under skill development for the last so many years and also to identify new sectors for skill development. The new programme aims at providing training and skill development to 500 million youth of our country by 2020, covering each and every village. Various schemes are also proposed to achieve this objective.

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The emphasis is to develop skill among the educated youths in such a way so that they get employment and also interested in entrepreneurship. This scheme will Provide training, support and guidance for all occupations those were of traditional type like carpenters, cobblers, welders, blacksmiths, masons, nurses, tailors, weavers etc. More emphasis will be given on new areas like real estate, construction, transportation, textile, gem industry, jewellery designing, banking, tourism and various other sectors, where skill development is inadequate. The training programmes would be on the lines of international level so that the youths of our country can not only meet the domestic demands but also have the capacity to compete with other countries like US, Japan, China, Germany, Russia and those in the West Asia.

Objective:

1. To analyse the need for skill developmn in India.
2. To highlight various skill developmet scheme available.
3. To discuss the initiative.
4. To stydy the operating strategy of skill India.

Methodology:

The present study is based on secondary data. The data are collected from journals, magazines, research articles and web sites.

Need For Skill Developmn in India:

Livelihood opportunities are affected by supply and demand side issues. On the supply side, India is failing to create enough job opportunities and on the demand side professionals entering the job market are lacking in skill sets.This is resulting in a scenario of rising unemployment rates and employability. Skill development in India is necessary due to the following reasons.

a) *Job Creation:* Between 1999-2000 and 2004-05, the number of jobs increased by around 60 million persons against an increase in labour force of 62 million.Though, the increase in employment kept pace with increase in labour force for the next 5 years, the total increase in jobs was only 1 million. Employment generation picked up from 2009-10, with around 14 million people finding jobs in 3 years. However, 15 million people entered the job market during this period. Currently about 26 million people enter the working age group every year with about 65% of them looking for jobs.

b) *Youth Skilling:* While keeping pace with employment generation is one issue, employability and productivity of those entering the labour market is another issue. As per the India Skills report 2015, only 37% of surveyed people were found employable. Report says only 10% of the labour force had received vocational training, with only around 25% among them receiving a formal vocational training. India ranked last among 60 countries on labour productivity.

c) *Demand for Skilled Workforce:* It is projected that Human Resource Requirement till 2022 at 201 million, making the total requirement of skilled work force by 2022 at 300 million. A major share of these jobs was to be added in the manufacturing sector targeting 100 million new jobs in manufacturing by 2022. The National Skill Development Policy had set a target of skilling 500 million people by 2022. More recently, study reports commissioned and released by Ministry of Skill Development assessed an incremental human resource requirement across 24 sectors around 110 million by 2022.

Skill Developmet Scheme:

At central level the nodal institution for vocational training is the Director General of Employment & Training (DGET) under the Ministry of Labour and Employment focus on skill development programmes. The DGET is responsible for formulating policies, establishing standards, granting affiliation, trade testing and certification, and matters connected to vocational training and providing employment services. The National Skill Development Council (NSDC) - now a part of the newly created Ministry of Skill Development and Entrepreneurship was initially set up under the Ministry of Finance to provide viability gap funding and promote private skill initiatives. Three major skill development schemes of the DGET that are being implemented through government ITIs and private ITCs include the Craftsmen Training Scheme, the Apprenticeship Training Scheme and the Modular Employability Scheme.

i) *Craftsmen Training Scheme:* The scheme is being run in over 10,000 institutes with a seating capacity of about 1.3 million. The training is available for about 116 trades and the course generally has duration of 2 years. The courses generally require a minimum educational qualification of having passed the 10th or 12th grade (some trades accept students who have passed the 8th grade). Under these schemes, emphasis is largely on the practical aspects, with practical to theory teaching ratio being 70:30.

ii) Apprenticeship Training Scheme: As mentioned earlier, around 27,000 establishments are providing apprenticeship training to 211,632 youths in 2013-14. The training usually varies between 6 months to 4 years. The minimum educational qualification is different for different trades. For some trades, educational qualification is SSC passed or equivalent, whereas for some it is two classes below SSC. There is provision of Apprenticeship Training for ex-ITI students based on a biannual national level test. \

iii) Modular Employable Skills: The programme was initiated in 2007 with the objective of expanding the outreach of the training facilities to school dropouts and in recognition of need for prior learning of workers in the unorganized sector. The target workers include those who have left school after 5th or 6th grade or have acquired on-job-training but do not have formal certification. Under this scheme short duration courses are provided to prospective trainees using both government and private infrastructure.

Some private sectors has also taken various initiatives on its own and in collaboration with the government and international entities, to upgrade in-house training facilities and also to provide training to potential employees to make them job-ready. Many large corporations like Larsen & Toubro, Bharti Group, Hero Group, Maruti, ITC, Infrastructure Leasing & Finance Services Ltd. etc., have established training facilities that offer world-class training programmes. The government provides partial support in funding by way of sponsoring the tuition fee of the students. NSDC has 203 training partners which include for profit as well as non-profit entities. In the last four years, these training partners have trained over 2 million people in more than 25 sectors, at 2500 fixed and mobile centres, in over 350 districts across the country.

Initiative of Skill India:

Following are some of the initiatives of skill India:

i) *Scale of ambition:* At present the capacity of skill development in India is around 3.1 million persons per year. The 11th Five Year Plan envisions an increase in that capacity to 15 million annually. India has target of creating 500 million skilled workers by 2022. Thus, there is a need for increasing capacity and capability of skill development programs.

ii) *High inclusivity:* The skill development initiatives will harness inclusivity and reduce divisions such as male / female, rural / urban, organized / unorganized employment and traditional / contemporary workplace.

iii) *Dynamic and demand-based system planning:* The skill development initiatives support the supply of trained workers who are adjustable dynamically to the changing demands of employment and technologies. This policy will promote excellence and will meet the requirements of knowledge economy.

iv) *Choice, competition and accountability:* The skill development initiative does not discriminate between private or public delivery and places importance on outcomes, users choice and competition among training providers and their accountability.

v) *Policy coordination and coherence:* The skill development initiatives support employment generation, economic growth and social development processes. Skill development policy will be an integral part of comprehensive economic, labour and social policies and programmes. A framework for better coordination among various Ministries, States, industry and other stakeholders will be established.

Operating Strategy of Skill India:

Following are some of the operating principles of skill India:

i) *Government financial support must complement private investment:* The Central Ministries must focus on areas where private investment in skilled development is unlikely to be available or forthcoming. The Government would aim at useful public-private partnerships.

ii) *States as key actors:* The States being the key actors in Skill Development would set up overarching integrated framework for action for Skill

Development through State level Skill Development Missions.

iii) *Deployment of funds:* The funds would be deployed more for activities than for buildings and other hard assets. However, upgradation of machinery and equipment, teaching and learning aids will be a continuous process. Creation of infrastructure in latest technology, needbased new initiatives, creation of infrastructure in rural, remote and difficult areas will continue.

iv) *Focus of modular courses, open architecture and short term courses:* With fast changing skills in the labour market, focus would be on short, relevant and effective courses that would get candidates into the workplace. They will be welded through NVQF to maintain dynamism and open to feedback.

v) *Separate financing from delivery:* Today Government funds are only available for government delivery. National Skill Development Corporation will support private skill development initiatives. Following financing options will be explored.

vi) *Link financing to outcomes:* Today public and private training is financed largely on inputs viz. number of courses, number of students, faculty, etc.

a) Efforts would be made to move towards Government financing linked to placement ratios and outcomes.

b) Focus funding on candidates: The focus would be on funding the candidates ratherthan institutions to create choice. This could be structured as a scholarship, skill voucher, outcome based reimbursement, etc.

vii) Create infrastructure for on-the-job-training and encourage apprenticeships: The enabling infrastructure for large number of formal apprentices needs to be built that includes modification to the Apprentices Act, 1961.

viii) Publicise rating and outcome information on training institutions: A framework of accreditation and infrastructure for information dissemination around measurable criteria on institutions will be created. Ratings of public and private institutions would be put on public domain.

ix) Effective assessment and credible certification: Quality assured learning, credible assessment and certification will be developed. This will allow employers to use the certificate as a proxy to fast track job applicants.

x) Restructure employment exchanges as career guidance centres: Employment Exchanges will be restructured as career guidance centres to channelize candidates into jobs, apprenticeships and training.

xi) Expand formal employment: Formal employment is not only fiscally attractive but more amenable to financing innovations. This will require a review of existing State and Central legislations which encourage informal and unorganized employment.

CONCLUSION

i) Skill development is imperative in order to create job opportunity for the educated youth of our country.

ii) The requirement of manufacturing sector can be fulfilled by skilling at least 500 million youth by year 2020 in order to provide employment opportunity.

iii) The Apprenticeship Training program can solve the requirement of technical manpower in different technical organizations in near future.

iv) The initiative of skill development will enhance not only the employability but also the economic growth and social development of our country in near future.

v) The strategy of skill India should focus on modular courses in different training institutions so that skill training to the students can be useful for employment purposes.

vi) Effective assessment and credible certification is the need of the hour so that qualitative skill training can be possible which improve the employability of our country.

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AN ANALYSIS OF FOREIGN DIRECT INVESTMENT AND ITS IMPACT ON INDIAN ECONOMY

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ABSTRACT

Foreign Direct investment in any country has been a driver of growth. While allowing FDI the country opens and gives the multinational organization an opportunity to exploit the untapped market. At the same time it gives lots of opportunities to the host country in terms of providing new job opportunities, bringing capital, technology, new skills, better work culture and expertise and so on. It leads to a better economic phase and become an important factor which gives the country's GDP a boost. In India after liberalization privatization and globalization act 1991, the market became open. It led the country in an era of better economic development which leads to continuous growth in GDP. By the entrance of MNCs in different sectors, which were closed till now; Country has become one of the fastest growing economies of the world. Because of FDI a huge flow of capital came in the country which helped and helping the different sectors a various ways. And all these sectors are contributing more in the growth of country's GDP. Now it is the third largest economy of the world in terms of Purchasing power parity. The country has gained the growth rate of over 6% after the LPG act on an average. The flow of FDI started after the LPG act. This research focuses on the flow of FDI in India and its impact on the economy while critically evaluating the impact on GDP.

INTRODUCTION

Foreign Direct Investment (FDI) is fund flow between the countries in the form of inflow or outflow by which one can exploit the opportunity enhance the productivity and find out better position through performance. In simple terms it is the direct investment by a corporation in a commercial venture in another country. The effectiveness and efficiency depends upon the investor's perception. If investment with a purpose of long-term then it is contributes positively towards economy. On the other hand if it is for short-term for the purpose of making profit then it may be less significant. Depending upen the industry sector and type of business a Foreign Direct Investment may be an attractive and viable option. Any decision on investing is thus a combination of an assessment of enterer recourses. This unprecedented growth of global FDI in 1990 around the world make FDI an important strategy in both developed and developing nations and policies are designed in-order

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to stimulate inward flows. Infect FDI provides a win-win situation to the host and the home country. Both countries are directly invested in inviting FDI, because they benefit a lot from such type of investment. One may ask, what is the necessity of FDI when we can have our own investment? In the globalised economic scenario, investment from other countries is a welcome sign for the host country as FDI can provide a huge market introducing new products and services in an age where these were hither to unavailable . If the labour and construction cost in the host country is less, that kind of investment will be profitable.

For FDI to take place the regulation in the organization and the receiving countries should facilitate the flow of funds. In the present economic scenario, FDI growth has been viewed as an important factor in the international nature of business. Gone are those days of strict Foreign Exchange Regulation Act (FERA) in India. After liberalization, FDI inflows have increase unimaginably. Developing country like India will gain positively as the inflow will be from developed country. Sometimes the overseas corporation's financial and technical strength affects the host country's small competitors but the advantages outweigh the disadvantages.

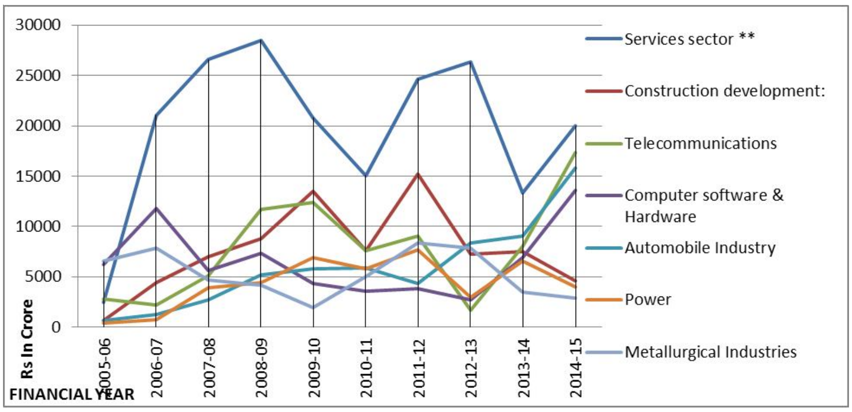
Table-1 : Flow of FDI in India in Top Seven Sectors in Last Ten Years

Sl. No.	Sector	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1	Services Sector	2399	21047	26589	28516	20776	15053	24656	26306	13294	19963
2	Construction development:	667	4424	6989	8792	13516	7590	15236	7248	7508	4582
3	Telecommunications	2776	2155	5103	11727	12338	7542	9012	1654	7987	17372
4	Computer software & Hardware	6172	11788	5623	7329	4351	3551	3804	2656	6896	13564
5	Automobile Industry	630	1254	2697	5212	5754	5864	4347	8384	9027	15794
6	Power	386	713	3875	4382	6908	5796	7678	2923	6519	3985
7	Metallurgical Industries	6540	7866	4686	4157	1935	5023	8348	7878	3436	2897

Source: http://commerceduniya.com/2013/01/15/fdi-inflow-list-of-sectors-where-fdi-is-allowed-in-india

Graph -1 : Sectors attracting highest FDI Equity

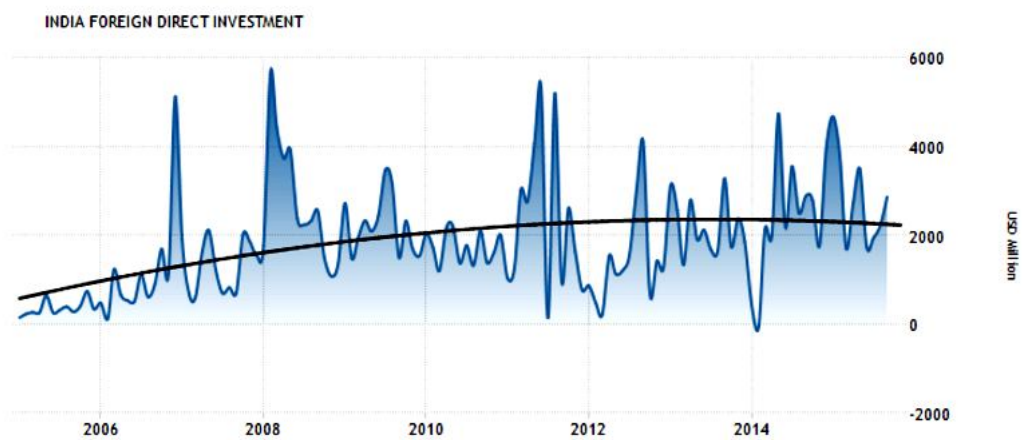
(Inflows in INDIA from April' 00-January' 13 in Rs. Crore)



The above graph the FDI inflow in to india in seven different sectors are represented for ten financial years starting from 2005-06 to 2014-15. A keen observation of the table statistics of FDI flow and the analysis of the graph reveals the followings:

1. First of all the flow of FDI in service sector is always proved to be in the top of the list. How ever it has shown a disappointing figure during 2009-2012, and after a growth in the year 2012-13 it again fall in the same declining stage in the year 2013-14.
2. Coming to the power sector which is supposed to be a good area for investment by the foreign investors it shows a steady growth during 2006-2012, after 2012 it shows a delcine in 2012-13.
3. Currently the foreign direct investment in computer software and hardware is showing a comperatively inpressive trend if compare to the figures during 2005-2013. It shows a sharp rise in investment from 2013-15.
4. Similarly the automobile industry and the telecommunication industry are also follwing the foot steps of the trend set by Computer software and Hardware industry showing a sharp increase in investment from 2013 onwards.
5. If we talk about the construction sector it has shown a peak point in the year 2011-12 and then it has been showing a contineous decline in investment.

Fig: 2. Overall FDI Inflows in INDIA from 2006-2014 in USD Millions



Source: http://www.tradingeconomics.com/ (USD in Millions)

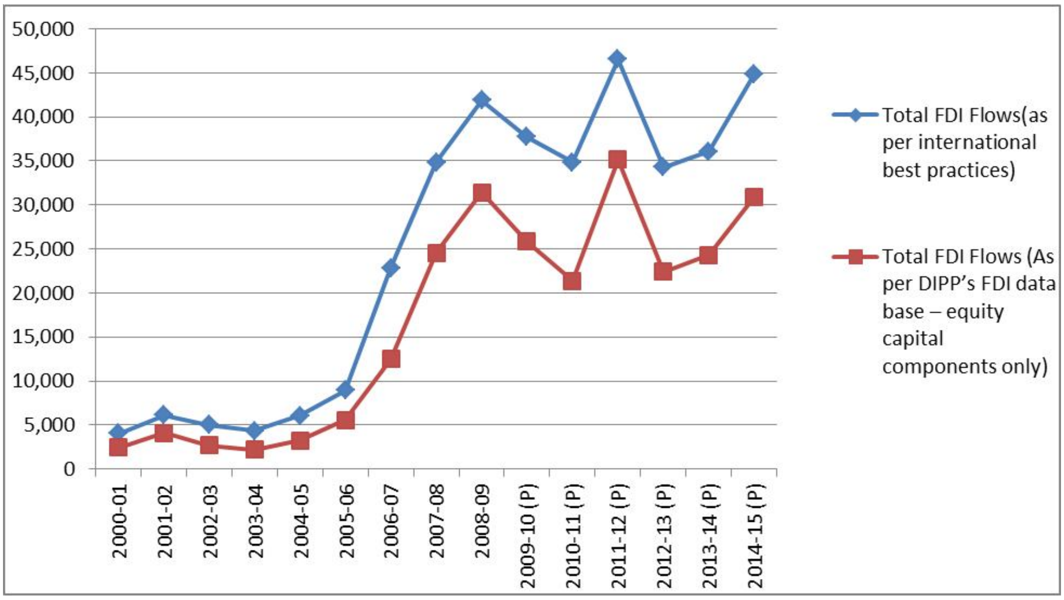
Table-2: Total FDI Flows in Equity Capital Components (amount USD Million)

Sl. No.	Financial Year	Total FDI Flows *(as per international best practices)*	%growth over previous year (in US$ terms)	Total FDI Flows *(As per DIPP's FDI data base – equity capital components only)*	% growth over previous year (in US$ terms)
1.	2000-01	4,029	-	2,463	-
2.	2001-02	6,130	**(+) 52 %**	4,065	**(+) 65 %**
3.	2002-03	5,035	**(-) 18 %**	2,705	**(-) 33 %**
4.	2003-04	4,322	**(-) 14 %**	2,188	**(-) 19 %**
5.	2004-05	6,051	**(+) 40 %**	3,219	**(+) 47 %**
6.	2005-06	8,961	**(+) 48 %**	5,540	**(+) 72 %**
7.	2006-07	22,826	**(+) 155 %**	12,492	**(+)125 %**
8.	2007-08	34,843	**(+) 53 %**	24,575	**(+) 97 %**
9.	2008-09	41,873	**(+) 20 %**	31,396	**(+) 28 %**
10.	2009-10 (P)	37,745	**(-) 10 %**	25,834	**(-) 18 %**
11.	2010-11 (P)	34,847	**(-) 08 %**	21,383	**(-) 17 %**
12.	2011-12 (P)	46,556	**(+) 34 %**	35,121	**(+) 64 %**
13.	2012-13 (P)	34,298	**(-) 26%**	22,423	**(-) 36 %**
14	2013-14 (P)	36,046	**(+) 5%**	24,299	**(+) 8%**
15.	2014-15 (P)	44,877	**(+) 24%**	30,931	**(+) 27%**

Source: http://dipp.nic.in/English/Publications/FDI_Statistics/2015/india_FDI_March2015.pdf

(P): Figures for the years 2009-10 to 2014-15 are provisional subject to reconciliation with RBI.

Fig-3: Total FDI Flows in Equity Capital Components (amount USD Million)



The above figure shows the overall picture of the foreign direct investment in all the sectors put together. The analysis of the trend reveals that the investment is continuously rising but the magnitude of increase is not that impressive. It is inferred that some sectors are outperforming and the overall impact is neutralizing where as the other sectors performance is bad. Whatever may be the reason, one thing is clear from the above graph that the overall increase in FDI investment is possible only if each and every individual sector has given special attention.

The above graph shows the trends of total FDI flow as per international best practices and as per DIPP's FDI data Base-Equity capital componants only. Both the graphs are moving in a similar direction showing a good correlation between both the statistics. The total FDI flow up to 2008-09 was exceptionally good. However, it has shown a great degree of fluctuation in the period form 2009 to 2015. In the year 2011-12 it has touched the highest point ever in the history of FDI flow in india.

Review of literature:

Nayak D.N (2004) in his paper "Canadian Foreign Direct Investment in India: Some Observations", analyse the patterns and trends of Canadian FDI in India. He finds out that India does not figure very much in the investment plans of Canadian firms. The reasons for the same is the indifferent attitude of Canadians towards India and lack of information of investment opportunities in India are the important contributing factor for such an unhealthy trends in economic relation between India and Canada. He suggested some measures such as publishing of regular documents like newsletter that would highlight opportunities in India and a detailed focus on India's area of strength so that Canadian firms could come forward and discuss their areas of expertise would got long way in enhancing Canadian FDI in India.

Balasubramanyam V.N Sapsford Davi (2007) in their article "Does India need a lot more FDI" compares the levels of FDI inflows in India and China, and found that FDI in India is one tenth of that of china. The paper also finds that India may not require increased FDI because of the structure and composition of India's manufacturing, service sectors and her endowments of human capital. The requirements of managerial and organizational skills of these industries are much lower than that of labour intensive industries such as those in China. Also, India has a large pool of well - Trained engineers and scientists capable of adapting and restructuring imported know - how to suit local factor and product market condition all of these factors promote effective spillovers of technology and know-how from foreign firms to locally own firms. The optimum level of FDI, which generates substantial spillovers, enhances learning on the job, and contributes to the growth of productivity, is likely to be much lower in India than in other developing countries including China. The country may need much larger volumes of FDI than it currently attracts if it were to attain growth rates in excess of 10 per cent per annum. Finally, they conclude that the country is now in a position to unbundle the FDI package effectively and rely on sources other than FDI for its requirements of capital.

Naga Raj R (2003) in his article "Foreign Direct Investment in India in the 1990s: Trends and Issues" discusses the trends in FDI in India in the 1990s and compare them with China. The study raises some issues on the effects of the recent investments on the domestic economy. Based on the analytical discussion and comparative experience, the study concludes by suggesting a realistic foreign investment policy.

Morris Sebastian (1999) in his study "Foreign Direct Investment from India: 1964-83" studied the features of Indian FDI and the nature and mode of control exercised by Indians and firms abroad, the causal factors that underlie Indian FDI and their specific strengths and weaknesses using data from government files. To this effect, 14 case studies of firms in the textiles, paper, light machinery, consumer durables and oil industry in Kenya and South East Asia are presented. This study concludes that the indigenous private corporate sector is the major source of investments. The current regime of tariff and narrow export policy are other reasons that have motivated market seeking FDI. Resources seeking FDI has started to constitute a substantial portion of FDI from India. Neither the "advantage concept" of Kindlebrger, nor the concept of large oligopolies trying to retain their technological and monopoly power internationally of Hymer and Vaitsos are relevant in understanding Indian FDI, and hence are not truly general forces that underlie FDI. The only truly general force is the inexorable push of capital to seek markets, whether through exports or when conditions at home put a brake on accumulation and condition abroad permit its continuation.

Nirupam Bajpai and Jeffrey D. Sachs (2006) in their paper "Foreign Direct Investment in India: Issues and Problems", attempted to identify the issues and problems associated with India's current FDI regimes, and more importantly the other associated factors responsible for India's unattractiveness as an investment location. Despite India offering a large domestic market, rule of law, low labour costs, and a well working democracy, her performance in attracting FDI flows have been far from satisfactory.

The conclusion of the study is that a restricted FDI regime, high import tariffs, exit barriers for firms, stringent labor laws, poor quality infrastructure, centralized decision making processes, and a very limited scale of export processing zones make India an unattractive investment location.

Kulwinder Singh (2005) in his study "Foreign Direct Investment in India: A Critical analysis of FDI from 1991-2005" explores the uneven beginnings of FDI, in India and examines the developments (economic and political) relating to the trends in two sectors: industry and infrastructure. The study concludes that the impact of the reforms in India on the policy environment for FDI presents a mixed picture. The industrial reforms have gone far, though they need to be supplemented by more infrastructure reforms, which are a critical missing link.

Chandan Chakraborty, Peter Nunnenkam (2004) in their study "Economic Reforms, FDI and its Economic Effects in India" assess the growth implications of FDI in India by subjecting industry - specific FDI and output data to Granger causality tests within a panel co -integration framework. It turns out that the growth effects of FDI vary widely across sectors. FDI stocks and output are mutually reinforcing in the manufacturing sector. In sharp contrast, any causal relationship is absent in the primary sector. Most strikingly, the study finds only transitory effects of FDI on output in the service sector, which attracted the bulk of FDI in the post - reform era. These differences in the FDI - Growth relationship suggest that FDI is unlikely to work wonders in India if only remaining regulations were relaxed and still more industries opened up o FDI.

Basu P., Nayak N.C, Vani Archana (2007) in their paper "Foreign Direct Investment in India: Emerging Horizon", intends to study the qualitative shift in the FDI inflows in India in - depth in the last fourteen odd years as the bold new policy on economic front makes the country progress in both quantity and the way country attracted FDI. It reveals that the country is not only cost - effective but also hot destination for R&D activities. The study also finds out that R&D as a significant determining factor for FDI inflows for most of the industries in India. The software industry is showing intensive R&D activity, which has to be channelized in the form of export promotion for penetration in the new markets. The study also reveals strong negative influence of corporate tax on FDI inflows.

To sum up, it can be said that large domestic market, cheap labour, human capital, are the main determinants of FDI inflows to India , however, its stringent labour laws, poor quality infrastructure, centralize decision making processes, and a very limited numbers of SEZs make India an unattractive investment location.

Significance of the Study:

One of the most striking developments during the last two decades is the spectacular growth of FDI in the global economic landscape. It is one of the fastest growing strategic activities that corporations are pursing around the world. Foreign Direct Investment (FDI) is fund flow between the countries in the form of inflow or outflow by which one can exploit the opportunity enhance the productivity and find out better position through performance. In simple terms it is the direct investment by a corporation in a commercial venture in another country. The effectiveness and efficiency depends upon the investor's perception. If investment with a purpose of long-term then it is contributes positively towards economy. On the other hand if it is for short-term for the purpose of making profit then it may be less significant. Depending upon the industry sector and type of business a Foreign Direct Investment may be an attractive and viable option.

Objectives of the Research:

This paper is intended to achieve the following objectives.

a) To determine the trend of FDI in India for the past as well as the coming years.

b) To analyze the sectors attracting the FDI.

c) To know the relation between FDI and the various economic indicators.

Research Methodology:

In this research paper, the research design is descriptive in nature. The historical data has been collected from the various sources which are secondary in nature. The research paper is mainly based on secondary data collected from various websites and Govt. sites etc. In order to meet the objectives of the study the researcher analyze the data by using various statistical tools viz. Arithmetic Mean, Pearson Correlation, Regression, Trend Analysis, Two tailed significance, Null Hypothesis, Bar Graph, Line Graph etc have been used. The first economic determinant that has been taken to see the effect of FDI is Gross domestic product of India.

Data Analysis and Interpretation:

The GDP of India is increasing continuously from the last decade at a positive rate in spite of the fact that the world has gone severe economic recession in 2008- 10 and economic slowdown in 2000 -01. The gross domestic product of India is highly correlated with the flow of foreign direct investment in the country. The correlation is .878 **.

This shows that the FDI has a positive impact on the increasing GDP of the country.

Fig-4: Gross Domestic Product at Factor Cost By Industry of Origin (Rs. Crore)

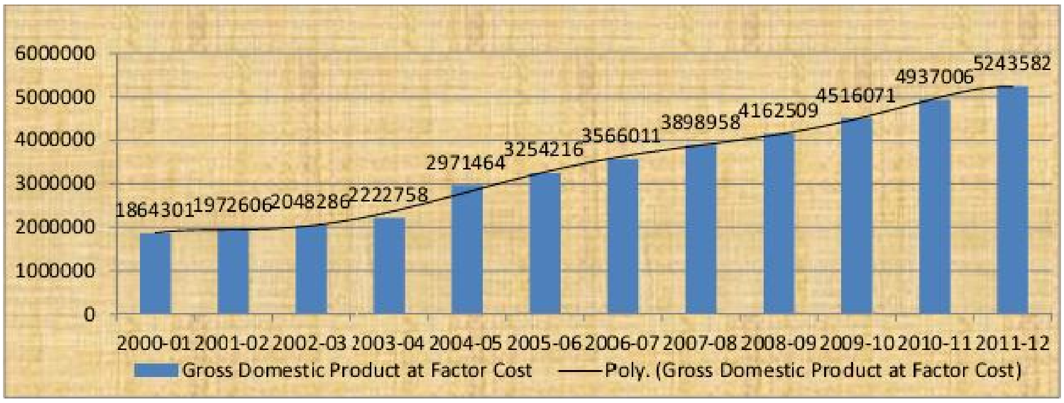


Table-3:- Correlation between GDP and FDI

		GDP	GNP	PER CAPITA	EXPORT	GROSS SAVING	FDI
GROSS SAVING	**Pearson Correlation**	1	.978**	.980**	.982**	. 790**	. 878**
	Sig. (2-tailed)		.000	.000	.000	. 004	.000
	N	11	11	11	11	11	11
	. Correlation is significant at the 0.01 level (2-tailed).						

Gross National Product Net National Product is the other economic determinant on which the impact of FDI is to be measured

As we can see from the graph that the GNP and the net national product varies from each other. The FDI and the GNP of the country is highly correlated. According to the karl pearson correlation method the correlation is .835* *.

Fig-5. Gross National Product & Net National Product at Factor Cost (Rs. Crore) - At Current Prices

Table-4:-Correlation between GNP and FDI

		GDP	GNP	PER CAPITA	EXPORT	GROSS SAVING	FDI
GNP	**Pearson Correlation**	.978**	1	1.000**	.991**	.832**	.835**
	Sig. (2-tailed)		.000	.000	.000	. 001	.001
	N	11	11	11	11	11	11
	. Correlation is significant at the 0.01 level (2-tailed).						

The next economic factor is Per Capita Net National Product in Rupees at Current Prices

As we can see the per capita income of the country is raising at a very high rate. While the world was facing the great economic recession in India the per capita income was raising at a very faster rate. This leads to the attraction for the foreign investment. From the correlation table it is significant that both these factors are very highly correlated.

Fig-6: Per Capita Net National Product in Rs. At Current Prices

Table-5: Correlation between Per Capital Income and FDI

		GDP	GNP	PER CAPITA	EXPORT	GROSS SAVING	FDI
Per Capita	**Pearson Correlation**	.980**	1.000**	1	.992**	.831**	.840**
	Sig. (2-tailed)	.000	.000		.000	. 002	.001
	N	11	11	11	11	11	11
	. Correlation is significant at the 0.01 level (2-tailed).						

Exports (Including Re-Export) In Rs. Crore.

As export is the greatest factor for the growth of any economy. Increasing export resemble the economy which is growing. The foreign investment done in various sector leads to higher production due to increased technology and with lesser labor cost the per unit cost decreases which leads to better Export. The FDI and EXPORT go together for any economy. We can see from the correlation table that both these economic factors highly correlated with each other.

Fig-7: Exports (Including Re-Export) In Rs. Crore

Table-6: Correlation between Export and FDI

		GDP	GNP	PER CAPITA	EXPORT	GROSS SAVING	FDI
EXPORT	**Pearson Correlation**	.982**	.991**	.992**	1	.804**	.883**
	Sig. (2-tailed)	.000	.000	. 000		. 003	.000
	N	11	11	11	11	11	11
	. Correlation is significant at the 0.01 level (2-tailed).						

Gross Domestic saving (Household/ Private Corpora e & Public) is the factor based on which the strength of an economy is to be considered. As the savings of the common people rises the economy leads to situation where people are earning more than their daily necessities. So it very important economic factor of any country which shows the extra income generated by the people of the country. In India we can see that it is increasing at very good rate. The relation between foreign investment and the savings is once again correlated. It shows as the investment rises in the country the opportunity for extra income (more than the daily household necessities) increases.

Fig-8: Gross Domestic Saving (household/Private Corporate And Public)

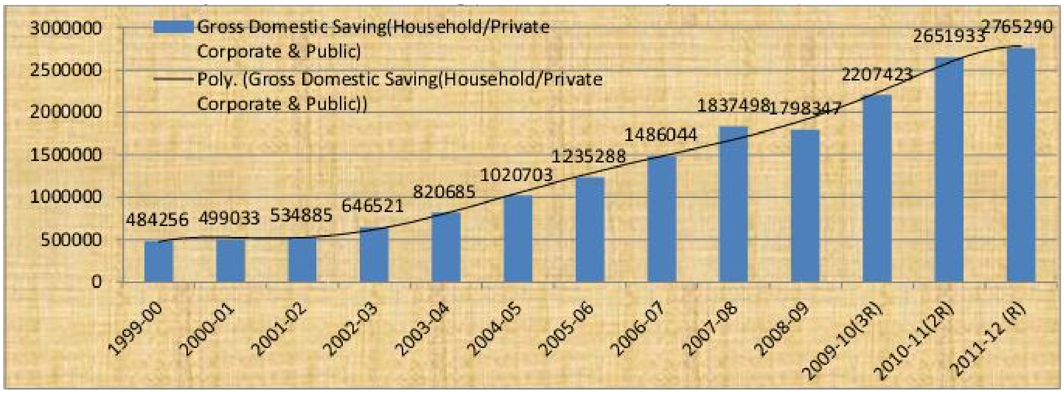


Table-7: Correlations between gross saving and FDI

		GDP	GNP	PER CAPITA	EXPORT	GROSS SAVING	FDI
GROSS SAVING	**Pearson Correlation**	.790**	.832**	.831**	.804**	1	.597
	Sig. (2-tailed)	.004	.001	.002	.003		.053
	N	11	11	11	11	11	11
	. Correlation is significant at the 0.01 level (2-tailed).						

Table-8 : Correlations

		GDP	GNP	PER CAPITA	EXPORT	GROSS SAVING	FDI
GDP	Pearson Correlation	1	.978**	.980**	.982**	.790**	.878**
	Sig. (2-tailed)		.000	.000	.000	.004	.000
	N	11	11	11	11	11	11
GNP	Pearson Correlation	.978**	1	1.000**	.991**	.832**	.835**
	Sig. (2-tailed)	.000		.000	.000	.001	.001
	N	11	11	11	11	11	11
PER CAPITA	Pearson Correlation	.980**	1.000**	1	.992**	.831**	.840**
	Sig. (2-tailed)	.000	.000		.000	.003	.000
	N	11	11	11	11	11	11
EXPORT	Pearson Correlation	.982**	.991**	.992**	1	.804**	.883**
	Sig. (2-tailed)	.000	.000	.000		.003	.000
	N	11	11	11	11	11	11
GROSS SAVING	Pearson Correlation	.790**	.832**	.831**	.804**	1	.597
	Sig. (2-tailed)	.004	.001	.002	.003		.053
	N	11	11	11	11	11	11
FDI	Pearson Correlation	.878**	.835**	.840**	.883**	.597	1
	Sig. (2-tailed)	.000	.001	.001	.000	.053	
	N	11	11	11	11	11	11

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

CONCLUSION

India's Foreign Direct Investment (FDI) policy has been gradually liberalised to make the market more investor friendly. The results have been encouraging. These days the country is consistently ranked among the top three global investment destinations by all international bodies including the World Bank according to a United Nations (UN) report. For Indian economy which has tremendous potential FDI has had a positive impact. FDI inflow supplements domestic capital as well as technology and skills of existing companies. It also helps to establish new companies. All of these contribute to economic growth of the Indian Economy. India is definitely a lucrative place for FDI but there are certainly some challenges and areas for improvement still present. Until these areas are honed to perfection India will not become the number one place for FDI.

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COMPARATIVE ANALYSIS OF MUTUAL FUNDS/ SCHEMES AMONGST THE REGIONS OF AMERICAS, ASIA - PACIFIC AND EUROPE - AFRICA - MIDDLE EAST

Dr. K. Kanaka Raju*

ABSTRACT

Mutual funds are useful to capital formation. The main objectives of this paper are to test whether there is any significant difference from one region to another region in terms of number of mutual funds as well as the total net assets value. The SPSS 16.0 version was applied to derive the results by applying the techniques of paired sample statistics, paired samples correlations and paired samples test. The study found that the number of mutual funds as well as total net assets of one region to another region was positively correlated. The Europe - Africa - Middle East holding higher number of mutual funds/ schemes followed by the Americas and Asia - Pacific. The higher total net assets owned by the Europe - Africa - Middle East followed by the Asia - Pacific and Americas, due to concentration of higher number of countries or stock exchanges were prevailing with the available market. Hence it is suggested to strengthen the total net assets value of mutual funds to view a better capital formation in all the countries which is useful to develop the world.

Key Words : *Number of Mutual Funds, Total Net assets value, Americas, Asia - Pacific and Europe - Africa - Middle East.*

INTRODUCTION

It is a non-depository or non banking financial intermediary which acts an important vehicle for bringing wealth holders and deficit units together indirectly. Mutual funds are corporation which accept dollars from savers and then use these dollars to buy stocks, long term bonds, short term debt instruments issued by business or government units, these corporations pool funds and thus reduce risk by diversification. The mutual funds available in the form of income fund, Money Market Funds, Balanced Funds, Specialized funds, leveraged funds, dual purpose fund, Real estate fund, performance funds, and Specialty funds are constituted as a portfolio classification of mutual funds. The functional classification of funds consists of open-end fund and close-end fund. The geographical classification of mutual funds consists of domestic mutual funds and offshore mutual fund. The main advantage of mutual funds, reduce the risk specifically for small investors through the diversification, economies of scale in transaction cost and professional finance management. The other benefits are diversified investment, revolving nature in investments. The holders of mutual funds

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procured returns in the form of dividends, capital gains, increase or decrease in net asset value and sale shares and purchase of mutual funds. The concept of mutual fund originated in Britain during the 19th century and spread across the European Nations. In United States of America the concept of mutual fund attract the attention of investment professionals around the beginning of the twentieth century.

The mutual funds sell their shares to public and redeem at Current Net Asset Value (CNAV) of shares which is calculated as follows

NAV = Total market value of all mutual fund holdings -Liabilities / No of funds outstanding shares

The holding period return (HPR) is measured as follows

HPR = Income from Charge + Interest or Capital or Cash gains or dividend + disbursements / NAV at beginning of period.

The sharpe's index is applied to determine the efficiency of mutual funds as it takes the risk and return of investment.

Sharpe's Index = Portfolio Return -Riskless rate of return / standard deviation

Treynor Index = Portfolio Return -Riskless rate of return / Beta

Jensen's Index = Risk -free rate+(Market Rate of Return-Risk free rate)X Beta.

Review of Literature: Laura T. Starks (2015) opined that actively managed funds are more active and charge lower fees when they face more competitive pressure from low-cost explicitly indexed funds. Overall, our evidence suggests that explicit indexing improves competition in the mutual fund industry. William G. Droms andDavid A. Walker, (2014) concluded that risk-adjusted and unadjusted investment returns are not related to whether a fund is load or no-load, and asset size, expense ratios, and turnover rates are not related to investment performance. They emphasized that performance is not affected by fund size, given the explosive growth of international mutual funds Zoran Ivkovi (2009) emphasized on Socially responsible mutual funds have shown an increase both in total net assets and in number of investors; but the sector is by far behind the United States. Chiulien C. Venezia, v (2007) Opined that higher degree of market concentration always associates with poor performance, a fund's market share becomes larger, the negative influence on fund performance of market concentration will get stronger. The smaller a fund's market share the stronger negative impact on fund performance of market concentration, suggesting that mutual funds endowed with too weak or too strong market power can erode their performance. Miranda Detzler,James Wiggins (1997) said that international mutual funds allow individual investors to diversify abroad at a reasonable cost. The active international funds provide global diversification of benefits. Overview Graciela L. Kaminsky, Richard K. Lyons and Sergio L. Schmukler, opined that international mutual funds are key contributors to the globalization of financial markets and one of the main sources of capital flows to emerging economies. Due to large redemptions and injections, funds' flows are not stable. Withdrawals from emerging markets during recent crises were large, which is consistent with the evidence on financial contagion's of the mutual fund industry devoted to screened funds.

Research problem : Is there any significant difference from one region (America to Asia - Pacific, Asia - Pacific to Europe - Africa - Middle East, Europe - Africa - Middle East to Americas) to another region in terms of mutual funds / schemes.

Objectives of the Study: Based on the research problem the following objectives have adopted

1) To test whether there is any significant difference from one region of world to another region of world in terms of mutual funds and schemes.
2) To know relationship between mutual funds of one geography of world geography of world.
3) To offer a suitable suggestions to view the better performance of mutual funds.

Methodology of the Study : The data collected from the SEBI, Hand book statistics of 2013, PP 239, as a source of Investment Company Institute. The data obtained from the year 2005 to 2013 regarding worldwide number of mutual funds / schemes. For this purpose all countries are divided into Americas, Asia - Pacific and Europe - Africa - Middle East .Region of Americas consists of Argentina, Brazil, Canada, Chile, Costa Rica, Mexico, United States. The aggregation of mutual funds in all the countries of a particular concern to the total number of mutual funds of America's in a particular year. The Asia - Pacific region consists of China, Japan, Korea Rep, Newzeland, Pakistan , Philippines and Taiwan. The Europe - Africa - Middle East comprises Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and South Africa. The aggregation of all these countries mutual funds equaling to the mutual funds of the Europe - Africa - Middle East. The data are as of September 2013. The same application available for the total net assets of mutual funds (Hand Book Statistics of SEBI, PP 240). Techniques : The SPSS 16.0 version was applied to derive the results. The paired sample tests, paired samples correlations and paired sample statistics applied to infer the results.

Formation of Hypothesis:

Hypothesis -1 :

Null Hypothesis (Ho) : There is no significant difference between number of mutual funds of Americas to number of mutual funds of Asia - Pacific.

Alternative Hypothesis (Ha) : There is a significant difference between number of mutual funds of Americas to number of mutual funds of Asia - Pacific.

Hypothesis -2 :

Null Hypothesis (Ho) : There is no significant difference between number of mutual funds of Asia - Pacific to Europe - Africa - Middle East.

Alternative Hypothesis (Ha): There is a significant difference from number of mutual funds of Asia - Pacific to number of mutual funds of Europe - Africa - Middle East.

Hypothesis -3 :

Null Hypothesis (Ho) : The is no significant difference from number of mutual funds of Europe - Africa - Middle East to number of mutual funds of Americas.

Alternative Hypothesis (Ha) : There is a significant difference from number of mutual funds of Europe - Africa - Middle East to number of mutual funds of Americas.

Hypothesis-4 :

Null Hypothesis (Ho) : There is no significant difference regarding total net assets mutual funds of Americas to the total net assets of mutual funds of Asia-Pacific.

Alternative Hypothesis (Ha) : There is a significant difference regarding total net assets of mutual funds of Americas to the total net assets of mutual funds of Asia - Pacific.

Hypothesis-5 :

Null Hypothesis (Ho) : There is no significant difference from total net assets of mutual funds of Asia - Pacific to the total net assets of mutual funds of Europe - Africa - Middle East.

Alternative Hypothesis (Ha) : There is a significant difference from total net assets of mutual funds of Asia - Pacific to the total net assets of mutual funds of Europe - Africa - Middle East.

Hypothesis-6 :

Null Hypothesis (Ho) : There is no significant difference from total net assets of mutual funds of Europe - Africa - Middle East to total net assets of mutual funds of Americas.

Alternative Hypothesis (Ha) : There is a significant difference from total net assets of mutual funds of Europe - Africa - Middle East to total net assets of mutual funds of Americas.

Input Table 1: Information Regarding World Wide Number of Mutual Funds/ Schemes Regarding Various Countries of Different Regions in the World from the Year 2005-2013.

	Name of the Region in the World		
Year	**Americas**	**Asia-Pacific**	**Europe-Africa-Middle East**
2005	13763.0	10973.0	30677.0
2006	14475.0	11912.0	33901.0
2007	15460.0	13130.0	36041.0
2008	16459.0	14358.0	37583.0
2009	16918.0	14205.0	35718.0
2010	17984.0	14605.0	36145.0
2011	19763.0	15518.0	36509.0
2012	21061.0	16011.0	35754.0
2013	21577.0	17236.0	35603.0

Source : Investment Company Institute: SEBI, Hand Book Statistics of 2013,pp:240.

Input Table -1 : This table reveals that world number of mutual funds/schemes regarding various countries of different regions (Americas, Asia-Pacific and Europe-Africa-Middle East) from the year 2005 to 2013. The number of mutual funds has been increasing from the year 2005 with reference to Americas, Asia - Pacific but mutual funds of Europe - Africa - Middle East had been increasing up to the year 2011 and afterwards has been decreasing.

Out Put Table 1: Paired Samples Statistics Regarding World Wide Number of Mutual Funds/ Schemes Regarding Various Countries of Different Regions in the World from the Year 2005-2013.

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Americas	1.7496E4	9	2814.19829	938.06610
	Asia-Pacific	1.4216E4	9	1975.28777	658.42926
Pair 2	Asia-Pacific	1.4216E4	9	1975.28777	658.42926
	Europe-Africa-Middle East	3.5326E4	9	1991.63645	663.87882
Pair 3	Europe-Africa-Middle East	3.5326E4	9	1991.63645	663.87882
	Americas	1.7496E4	9	2814.19829	938.06610

Source : SPSS

Output Table -1 : Shows the paired samples statistics from one region to another region., It reflected that mean value of American mutual funds were higher than that of Asia - Pacific implies that the more number of mutual funds traded in Americas rather than Asia - Pacific like Europe - Africa - Middle East exceeds the Asia - Pacific as well as the Americas. Hence it can be concluded that more number of mutual funds traded in Europe - Africa - Middle East, followed by Americas and Asia - Pacific.

Output Table 2: Paired Samples Correlations Regarding World Wide Number of Mutual Funds/Schemes Regarding Various Countries of Different Regions in the World from the Year 2005-2013.

		N	Correlation	Sig.
Pair 1	Americas & Asia-Pacific	9	.967	.000
Pair 2	Asia-Pacific & Europe-Africa-Middle East	9	.679	.044
Pair 3	Europe-Africa-Middle East & Americas	9	.521	.150

Source : SPSS

Output Table -2 :This table discloses that relationship between numbers of mutual funds traded from one region to another region. The table tell us that very strong relationship existed between mutual funds of America's to mutual funds of Asia - Pacific and also suggested that there was a significant difference between each other, it also revealed that the strong relationship existed from mutual funds of Asia - Pacific and Europe - Africa - Middle East, and the moderate relationship witnessed Europe's traded mutual funds to the Middle East ,America's Mutual funds. Finally it was witnessed that Asia - Pacific's mutual funds established very strong relationship with America's mutual funds, strong relationship with Europe - Africa - Middle East.

Out Put Table 3: Paired Samples Test Regarding World Wide Number of Mutual Funds/Schemes Regarding Various Countries of Different Regions in the World from the Year 2005-2013.

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Americas - Asia-Pacific	3.27911E3	1034.88278	344.96093	2483.62979	4074.59243	9.506	8	.000
Pair 2	Asia-Pacific - Europe-Africa-Middle East	-2.11092E4	1589.83118	529.94373	-22331.27465	-19887.16979	-39.833	8	.000
Pair 3	Europe-Africa-Middle East - Americas	1.78301E4	2458.18558	819.39519	15940.58240	19719.63982	21.760	8	.000

Source : SPSS

Hypothesis -1 :

Null Hypothesis (Ho) : There is no significant difference between number of mutual funds of Americas to number of mutual funds of Asia - Pacific.

Alternative Hypothesis (Ha) : There is a significant difference between number of mutual funds of Americas to number of mutual funds of Asia - Pacific.

Analysis : The Value of t was 9.506 at df was 8 and significant value was 0.000, hence it can be concluded that the proposed null hypothesis was rejected and alternative hypothesis was accepted and inferred that there was a significant difference from mutual funds of America's to the mutual funds of Asia - Pacific.

Hypothesis -2 :

Null Hypothesis (Ho) : There is no significant difference between number of mutual funds of Asia - Pacific to Europe - Africa - Middle East.

Alternative Hypothesis (Ha): There is a significant difference from number of mutual funds of Asia - Pacific to number of mutual funds of Europe - Africa - Middle East.

Analysis : This table shows that the value of t was -39.833 at df was 8 and significant value was 0.000, hence, it can be inferred that proposed null hypothesis was rejected and concluded that there was a significant difference from mutual funds of Asia - Pacific region to the mutual funds of Europe - Africa - Middle East.

Hypothesis -3 :

Null Hypothesis (Ho) : The is no significant difference from number of mutual funds of Europe - Africa - Middle East to number of mutual funds of Americas.

Alternative Hypothesis (Ha) : There is a significant difference from number of mutual funds of Europe - Africa - Middle East to number of mutual funds of Americas.

Analysis : This table tells us that the value of t was 21.760 at df was 8 and significant at 0.000, hence it confirmed that proposed null hypothesis was rejected and alternative hypothesis was accepted and came to know that there was a significant difference from Europe mutual funds to Middle - East - America's mutual funds.

Input Table 2 : Information Regarding Total Net Assets of Mutual Funds/Schemes Regarding Various Countries of Different Regions in the World from the Year 2005-2013.

Name of the Region in the World			
Year	**Americas**	**Asia-Pacific**	**Europe-Africa-Middle East**
2005	9750205	1438188.0	6067904.0
2006	11470489	1767218.0	7881903.0
2007	13423909	2751322.0	9030082.0
2008	10581943	1974731.0	6300307.0
2009	12579987	2584950.0	7651540.0
2010	13581058	2955902.0	8044147.0
2011	13518371	2833757.0	7344851.0
2012	15133487	3207709.0	8374729.0
2013	16458588	3232532.0	9084985.0

Source : Investment Company Institute: SEBI, Hand Book Statistics of 2013, pp:240.

Input Table -2 : This table discloses the information of total net assets value of mutual funds / schemes, from the year 2005 to 2013. The table reflects that the mixed response from the total net assets of the different regions.

OutPut Table 4: Paired Samples Statistics Regarding Total Net Assets of Mutual Funds/ Schemes Regarding Various Countries of Different Regions in the World from the Year 2005-2013.

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Americas	1.2944E7	9	2.12708E6	7.09025E5
	Asia-Pacific	2.5274E6	9	6.48137E5	2.16046E5
Pair 2	Asia-Pacific	2.5274E6	9	6.48137E5	2.16046E5
	Europe-Africa-Middle East	7.7534E6	9	1.06183E6	3.53942E5
Pair 3	Europe-Africa-Middle East	7.7534E6	9	1.06183E6	3.53942E5
	Americas	1.2944E7	9	2.12708E6	7.09025E5

Source: SPSS

Output Table -4 : This table reflects that the total net assets of Asia - Pacific were more than that of total net assets of America's and the net assets of Europe - Africa - Middle East higher than that of Asia - Pacific as well as the America's. Hence it can be concluded that higher amount of total net assets of mutual funds owned by the Europe - Africa - Middle East, followed by Asia Pacific and America's.

OutPut Table 5: Paired Samples Correlations Regarding Total Net Assets of Mutual Funds/ Schemes Regarding Various Countries of Different Regions in the World from the Year 2005-2013.

		N	Correlation	Sig.
Pair 1	Americas & Asia-Pacific	9	.944	.000
Pair 2	Asia-Pacific & Europe-Africa-Middle East	9	.760	.018
Pair 3	Europe-Africa-Middle East & Americas	9	.845	.004

Source: SPSS

Output Table -5 : This table tell us that the relationship between two net assets of mutual funds of two different regions. It reveals that there was a very strong relationship from total net assets of America's to the total net assets of Asia - Pacific and from total net assets of Europe - Africa - Middle East America's and strong relationship existed between total net assets of Asia - Pacific to the total net assets of Europe - Africa - Middle East. Hence it was witnessed that total net assets of one region to another region was positively correlated.

OutPutTable 6: Paired Samples Test Regarding Total Net Assets of Mutual Funds/Schemes Regarding Various Countries of Different Regions in the World from the Year 2005-2013.

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Americas - Asia-Pacific	1.04169E7	1.53057E6	5.10191E5	9.24036E6	1.15934E7	20.418	8	.000
Pair 2	Asia-Pacific - Europe-Africa-Middle East	-5.22602E6	7.08500E5	2.36167E5	-5.77062E6	-4.68141E6	-22.128	8	.000
Pair 3	Europe-Africa-Middle East - Americas	-5.19084E6	1.35471E6	4.51570E5	-6.23216E6	-4.14952E6	-11.495	8	.000

Source : SPSS

Hypothesis-4 :

Null Hypothesis (Ho) : There is no significant difference regarding total net assets mutual funds of Americas to the total net assets of mutual funds of Asia-Pacific.

Alternative Hypothesis (Ha) : There is a significant difference regarding total net assets of mutual funds of Americas to the total net assets of mutual funds of Asia - Pacific.

Analysis : This table reveals that the value of t was 20.418 at df was 8 and significant value was 0.000, hence it came to know that the proposed null hypothesis was rejected and alternative hypothesis was accepted and confirmed that there was a significant difference from the total net assets of America's to the total net assets of Asia - Pacific.

Hypothesis-5 :

Null Hypothesis (Ho) : There is no significant difference from total net assets of mutual funds of Asia - Pacific to the total net assets of mutual funds of Europe - Africa - Middle East.

Alternative Hypothesis (Ha) : There is a significant difference from total net assets of mutual funds of Asia - Pacific to the total net assets of mutual funds of Europe - Africa - Middle East.

Analysis : This table depicts that the value of t was -22.128 at df was 8 and significant value was 0.000, hence it came to know that proposed null hypothesis was rejected and concluded that there was a significant difference from the total net assets of Asia - Pacific to the total net assets of the Europe - Africa - Middle East.

Hypothesis-6 :

Null Hypothesis (Ho) : There is no significant difference from total net assets of mutual funds of Europe - Africa - Middle East to total net assets of mutual funds of Americas.

Alternative Hypothesis (Ha) : There is a significant difference from total net assets of mutual funds of Europe - Africa - Middle East to total net assets of mutual funds of Americas.

Analysis : This table represents that the value of t was -11.495 at df was 8 and significant value was 0.000, hence it was observed that the proposed null hypothesis was rejected and confirmed that there was a significant difference from the total net assets of Europe to the total net assets of Middle - East America's.

Finding of the Study :

The study observed the following findings, after interpretation of the results and issues.

1. The number of mutual funds has been increasing from the year 2005 with reference to region of Americas, Asia - Pacific but mutual funds of Europe - Africa - Middle East had been enhanced up to the year 2011 and afterwards have been decreasing, but occupied a higher number of mutual funds than the other two.
2. The study found that Americas mutual funds higher than the Asia - Pacific, Europe - Africa - Middle East mutual funds higher than the Asia - Pacific as well as Americas, then Europe - Africa - Middle East followed by the Americas and Asia - Pacific.
3. The study observed that there was a strong relationship existed between numbers of mutual funds of Americas to the number of mutual funds of the Asia - Pacific and there was a significant difference between each other.
4. The study also observed that there was a strong relationship between number of mutual funds of Asia - Pacific to the number of Europe - Africa - Middle East and also further identified that there was a significant difference between each other.
5. The study found that moderate relationship existed between from total number of mutual funds of Europe - Africa - Middle East to the total number of number of mutual funds of Americas.
6. The study found that Europe - Africa - Middle East owning of higher total net assets followed by the Asia - Pacific and Americas.
7. The study found that very strong relationship existed between total net assets of Americas to the total net assets of Asia - Pacific, strong relationship existed from Europe - Africa - Middle East to the Americas and Asia - Pacific and further stated there was a significant difference from the total net assets of the one region to the total net assets of the another region.

CONCLUSION AND SUGGESTIONS

The study finally came to know that the number of mutual funds as well as total net assets of one region to another region was positively correlated. The Europe - Africa - Middle East owning higher number of mutual funds / schemes followed by the Americas and Asia - Pacific. The higher total net assets possessed by the Europe - Africa - Middle East followed by the Asia - Pacific and Americas because of in this area higher number of countries / stock exchanges were prevailing with the available market. Hence it is suggested to strengthen the total net assets value of mutual funds to view a better capital formation in all the countries which is useful to develop the world.

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"WHYS AND WHEREFORES" OF THE CYNICISM OF MGNREGS' SUCCESS IN ARUNACHAL PRADESH: AN ANALYSIS

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ABSTRACT

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is considered as a "Silver Bullet" for eradicating rural poverty and unemployment, by way of generating demand for productive labour force in villages. It provides an alternative source of livelihood which will have an impact on reducing migration, restricting child labor, alleviating poverty, and making villages self-sustaining through productive assets creation such as road construction, cleaning up of water tanks, soil and water conservation work, etc. For which it has been considered as the largest and most successful anti-poverty programme in the world. But the success of this Act depends upon its proper implementation. It has been found that the performance of the scheme and its effectiveness with respect to various parameters are very poor in the North-Eastern states of India, excepting Assam. The most successful rural livelihood development scheme of the Indian government had failed to achieve its pre-defined objectives in one of the most backward and underdeveloped states of the country, Arunachal Pradesh, and is surely an alarming issue to be researched for. The current research paper had made a humble attempt to study the "Whys and Wherefores" of the poor performances of the MGNREGS in the state of Arunachal Pradesh.

Key Words : *MGNREGS, Arunachal Pradesh, Poor Performances, Loopholes.*

INTRODUCTION

"… theNREGS is one imaginative programme where the wretched idleness of our poor could get converted into social wealth."

Empty stomachs, unlike empty vessels, rarely make much noise, but when they do, it makes impact. This impact of age 60 years since independence, comes as an imperative intervention in the wake of Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) came into effect as a result of the legislation ordained on August 25, 2005, and which is being implemented all over India from 1st April 2008. The idea premised on the widely held belief that MGNREGA is foundationally capable of transmuting the rural lives by improving living conditions, increasing sustainable agrarian activities and wholesome economic support. One can reiterate what the Directive Principles in this regard says and how this is being well substantiated in the EGA as the Directive Principles upholds "The State shall in particular direct its policy towards securing ... that the citizens, men and women equally have the right to an adequate means of livelihood".The MGNREGA provides a legal guarantee for one hundred days of employment in every financial year to adult members of a rural household willing to do

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public work, related to unskilled manual work at the statutory minimum wage. It is really encouraging to see that MGNREGA has completed nearly one decade of its operation and the statistics are good enough to convince us that job cards have been distributed and individuals / families have been covered under the Act and that wages are benefiting those who used to migrate to cities for their livelihood. But perhaps that's not all and that's not what MGNREGA ultimately aims to achieve. Geography changes so as the performance, impact and achievement varies and the same in case of Arunachal Pradesh too.

02. POOR PERFORMANCES OF MGNREGS IN ARUNACHAL PRADESH[1]

MGNREGA was introduced in the year 2006 in many parts of India but this scheme was launched in Arunachal Pradesh in the 2009 only in Upper Subansiri in the first phase and Lohit District and Changlang District were covered in the second phase. The rest of the district introduced the MGNREGS in the third phase. No job was issued in the first phase. The Government of Arunachal Pradesh had started to issue job card from the second phase of the introduction of scheme. If we look into the job cards issued in Arunachal Pradesh during various financial yearsfrom 2009-10 to 2014 - 15, we find that total 189,492 job cards were issued during the FY 2011-12 and there was a declining trend till 2013-14. But a massive jump of nearly three times was experienced during 2014-15 and the number of job cards issued during the year was 747,077 (Table - 01).

[1]www. mgnrega.nic.in

It was observed from the table - 02 that total 106 works have been started under MGNREGS during the financial year 2011 - 12, out of the total number of work started only 9.43 per cent of works have been completed during financial year 2011 - 12, only 7.45 per cent of works have been completed during financial year 2012 - 13, only 6.01 per cent of works have been completed during financial year 2013 -14. Moreover, there are 1418 numbers of works havebeen started out of which only 1.12 per cent of works have been completed during the financial year of 2014 - 15. Atotal of 7218 works have been startedin various financial years since 2009 -10 under MGNREGS in the state and only 6.84 per cent of works have completed.

The performance of MGNREGS is mostly depended upon financial prospects (Table 04).It is found that Rs 8100.47 lakhs was available for the financial year 2014 - 2015 which comprised of Rs 3987.08 lakhs from the unutilized funds from the previous financial year, Rs 2947.88 lakhs sanctioned during the current financial year, Rs 35.75 lakhs released from last financial year but received in current financial year and 4995.08 lakhs release from state fund to district and Rs 121.7 lakhs from miscellaneous sources. The statistics provided in the table -05 is very dismal as total funds available for the MGNREGS is only Rs. 8100.47 lakhs during the FY 2014-15 which is 42.94% lesser than the previous FY (Rs. 14,197.57 lakhs) and the similar trend is also experienced with respect to the total expenditure. Total amount unspent during the three FYs, since 2012-13, was Rs. 14292.44 lakhs which is 39.16% which showed a sorry state of affairs with repsct to the implementation of the MGNREGS in the state.

The physical asset created refers to the asset or work completed by government or concerned authority of the MNREGA. Total 590 assets have been created during the FY 2009 - 10 to FY 2014 -15.From table 06, it is showed that the highest numbers of rural connectivity has been created during the financial years, from 2009 - 10 to 2014 -15, followed by flood control. It is found that Papumpare district and Longding have not create any kind of assets from the inception till financial year 2014-15. The reason may be behind that lack implementing process and lack of effective monitoring from government.

The government of India has decided to disburse the amount to beneficiaries through bank and post office. Therefore, they instructed all the beneficiaries to open an account in a bank or a post office for fast transaction and to reduce corruption. The government of Arunachal Pradesh has also directed all the beneficiaries to open an account in a bank or a post office. Total individual savings bank accounts in all districts of Arunachal Pradesh till end of the FY 2014-15 were 55,800 and total post office account was 21,613. The amount disbursed during the same period was Rs. 5, 68, 79,324 by the banks and Rs. 3,07,40,590 by the post offices.

03. RESEARCH GAP

Workfare programs are common anti-poverty policies. Many developing countries have programs that hire workers at competitive wage rates with the goal of increasing the income of the poor. A substantial literature estimates the income and consumption benefit of these programs by comparing participants with matched non-participants (Datt and Ravallion, 1994[2]; Ravi and Engler, 2009 [3]). India has more than three decades of experience in implementing different Employment Generation Programmes which have evolved into employment creation and poverty alleviation. These programmes have been used and advocated for alleviating both chronic and transient poverty in the Indian context for a long time (Hirway, Saluja and Yadav, 2008)[4].

The National Rural Employment Guarantee Act (NREGA) was launched in 2005. NREGA came into force in 200 districts on 2 February 2006 and was then extended to an additional 130 districts in the financial year 2007-08. The mission of NREGA is to provide "at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work and for matters connected therewith or incidental thereto." Participation in the program requires registration with the Gram Panchayat (local official) to obtain a job card. Holders of this card become eligible to apply for jobs allocated under the program in India, The

[2]Gaurav Datt and Martin Ravallion. Transfer Bene?ts from Public-Works Employment: Evidence for Rural India. The Economic Journal, 104(427):1346-1369, 1994.

[3]Shamika Ravi and Monika Engler. Workfare in Low Income Countries: An E?ective Way to Fight Poverty? The Case of NREGS in India. 2009.

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NREGA ranks first among the most powerful initiatives ever undertaken for transformation of rural livelihoods in India (Ghosh, 2009)[5]. In many ways the NREGA is a replication of earlier schemes with a legal guarantee. The most critical difference now is that people's entitlement, by law, the employment is mandated through NREGA. While other programmes are allocation-based, NREGA is demand-driven (Dreze, 2008)[6].

It is imperative that the empowerment drives, when linked to livelihood development schemes such as NREGA can complement each other. NREGA can create an opportunity for the poor to open a savings account, make transactions and save surplus cash. A financial inclusion drive offering no-frills bank accounts can provide the poor a secure interest bearing place to save that surplus cash. In turn, provides a greater outlook for the development of livelihood and economic empowerment for the poor.

MGNREGA was introduced in the year 2006 in many parts of the country but it was launched in Arunachal Pradesh in the year 2009. Since from its inception to financial year 2014 -15 the performance of the scheme reveals a very depressing outcome. It has also been found that the performance of the scheme and its effectiveness with respect to various parameters are very poorin the North-Eastern states of India, excepting Assam. The most successful rural livelihood development scheme of the Indian government had failed to achieve its pre-defined objectives in one of the most backward and underdeveloped states of the country, Arunachal Pradesh, and is surely an alarming issue to be researched for.

04. OBJECTIVES

With these above backdrops, the current research paper had made a humble attempt to study the reasons of the poor performance of the MGNREGS in the state of Arunachal Pradesh.

05. METHODOLOGY

The present study is an exploratory study which is based on interviews, group discussions and brain-storming sessions with various stakeholders of the MGNREGS in the state of Arunachal Pradesh. The researcher had covered 07 districts of Arunachal Pradesh (Upper Subansiri, Lohit, Anjaw, East Kameng, East Siang,Lower Subansiri and Papum Pare) which were selected as per convenience and further sampled out 2 villages from each circles. In total 100 villages were covered and 320 interview sessions were conducted to record the views of various stakeholders who are either the beneficiaries or implementers or the evaluators. The secondary data were collected from the websites of MGNREGA (www.mgnrega.nic.in) and from the official records of the state authorities.

06. LOOPHOLES IN MGNREGS IN ARUNACHAL PRADESH

The present study findings had established a view that Arunachal Pradesh's Employment Guarantee Scheme is highly vulnerable to corruption. Ten specific sources of vulnerability are identified during

[5]Ghosh J (2009), "Equity and Inclusion through public expenditure: the potential of the NREGA", Progoti.

[6]Drèze, J (2008): "Employment Guarantee: Beyond Propaganda", The Hindu, January 11, 2008.

the field visit, interview with the village peer groups, personal interactions with the stakeholders and government officials. The main focus is on works implemented by the Gram Panchayats. The term "loophole" should not obscure the possibly intentional character of some of these vulnerabilities. At least some of them reflect a deliberate sabotage of the transparency safeguards, aimed at perpetuating the traditional system of extortion in rural employment programmes.

1. **Faulty Design of Job Cards:** The main purpose of the Job Card is to enable MGNREGA labourers to "verify" their own employment and wage details. In the state, this purpose has been defeated from the start due to faulty design of the Job Card. In particular, there is no column for "wages paid" in the Job Card, making it impossible for workers to verify their wage payments. Even the number of days worked is hard to verify, as the names of the labourer and worksite have been replaced by "codes". To decipher a labourer's code, one has to refer to page one of the Job Card, which is often in English! The worksite code, for its part, is plain Greek for the cardholder. As for employment dates, they are supposed to be written in a rectangle divided into four boxes, but these are filled in different ways by different functionaries, further confusing the reader. In this and other ways, the Job Card is virtually unreadable, even for trained investigators - let alone semi-literate labourers.

2. **Erratic Maintenance of Job Cards:** The problem of faulty design of Job Cards is compounded by irregular maintenance. In most of the sample villages, Job Card entries were incomplete or even blank. Even when entries were made, they were often illegible, or hard to read for one reason or another. Perhaps it is not surprising that little attention is paid to the maintenance of Job Cards, since the cards (as presently designed) are little more than symbolic documents. Further, there is some lack of clarity as to who is to be held accountable in the event where Job Cards are not adequately maintained.

3. **Incomplete Distribution of Job Cards:** In many of the sample villages, the distribution of Job Cards was incomplete. Cases were even found of entire hamlets where just a few households had a Job Card (in spite of an evident demand for Job Cards from others also). Even among those who were given a dated receipt after applying for registration, some did not have a Job Card. Aside from depriving many rural households of their entitlements under the Act, the incomplete distribution of Job Cards has led to problematic "adjustments" in the records to accommodate workers without Job Card at the worksites. These adjustments open the door to further adjustments that serve different purposes.

4. **"Adjustments" in the Muster Rolls and Job Cards:** In many of the sample GPs, it was observed that various "adjustments" in the muster rolls and / or Job Cards had

become routine practice. For instance, a worker without Job Card is often accommodated by "clubbing" his/her wages with those of someone who has a Job Card, under the latter's name. Similarly, team work performed under the piece-rate system is often recorded under the name of the team leader alone. Sometimes adjustments are also made to meet the requirements of the on-line Monitoring and Information System (MIS). These and related practices, well-intentioned as they might be in some cases, send a dangerous signal that records can be "adjusted", and open the door to further, arbitrary "adjustments". In fact, the pressure to make adjustments in some circumstances (e.g. meeting the requirements of the MIS) seems to have become a convenient excuse for fraudulent practices.

5. **Lack of Transparency in Muster Rolls:** Lack of transparency in muster rolls had several aspects in the sample GPs. First, there are "dual" records: for instance, authentic attendance details are taken in informal notebooks ("kaccha muster rolls") at the worksite while official ("pacca") muster rolls are filled - and often fudged - elsewhere. Second, muster rolls are rarely accessible for public scrutiny. "Live" muster rolls were not kept at the worksite (as per NREGA Guidelines) in any of the sample GPs, and "completed" muster rolls were typically kept at someone's home rather than at the Panchayat Bhawan. Third, like the Job Cards, muster rolls are difficult to verify. Indeed, the above-mentioned "adjustments" make it possible to justify almost any discrepancy between the muster rolls and workers' testimonies. The lack of transparency in work measurement further exacerbates this problem.

6. **Rigid MIS:** The Government of Arunachal Pradesh has taken a pioneering initiative in operationalizing the centrally designed Monitoring and Information System (MIS). This MIS can be of great help in achieving some discipline and consistency in record-keeping. However, in this initial phase, the rigidities of the MIS have played a role in promoting "adjustments" in the written records. For instance, a muster roll can accommodate a worker without job card, but the MIS cannot. Similarly, the MIS does not allow employment to be given to a household that has already secured 100 days of MGNREGA employment in the current financial year. These hurdles are typically overcome by making "adjustments", either in the written records or at the data entry stage (e.g. "clubbing" two workers' wages in the same muster roll entry). Thus, instead of alerting users to possible inconsistencies and irregularities in record-keeping, the MIS often covers them up.

7. **Continued Hold of Contractors:** Private contractors are banned under NREGA. However, in a majority of the places, the researcher found evidences of continued involvement of contractors, either directly, or indirectly. The contractors, in turn, are often under the control of local political leaders. They milk the system by exploiting labourers, fudging muster rolls, and cheating on the

material component. A major part of the loot is recycled through the so-called "PC" (percentage) system, whereby various functionaries receive fixed percentages of MGNREGA funds.

8. **Vulnerability to Local Collusion:** In Arunachal Pradesh, MGNREGA funds are transferred directly from the District to Gram Panchayat accounts after a project is sanctioned. Thereafter, GP functionaries (the sarpanch, secretary, Executive Officer and Village Labour Leader) are in control of almost everything: funds, accounts, payments, muster rolls, job cards, and even work measurements. The Junior Engineer's (JE) work measurements are supposed to act as a "check" against inflated muster rolls, but in practice the measurements are often done by GP functionaries and copied or endorsed by the JE in the "measurement book". In any case, suitable inducements can often secure the cooperation of the Junior Engineer. Thus, in the event of collusion among GP functionaries, very little is left by way of checks and balances.

9. **Cryptic Work Measurement:** In Arunachal Pradesh, Junior Engineers are supposed to carry out regular (e.g. weekly) measurements of the individual output of each NREGA worker, and to note the individual measurements in their "measurements books". In practice, this is rarely done, and indeed it would involve an unmanageable work burden for the Junior Engineers, at current staffing levels. What seems to happen, instead, is that GP functionaries (usually the Executive Officer and / or Village Labour Leader) do most of the measurements, and the Junior Engineers just check them, e.g. by measuring the collective output at the end of the week. Since the initial measurements are "unofficial", there is no authorized record of them. Further, "team measurement" is often practiced instead of individual measurement, to keep things manageable. While muster rolls include a column for "wages as per measurement", it is impossible to verify wage calculations without having access to the measurement book or the unofficial notebook, both of which are jealously sheltered from public scrutiny. This expands the scope for making creative entries in the muster rolls, and makes it all the more difficult to verify them

10. **Other Vulnerabilities:** So far, we have focused on vulnerabilities that are specific to Arunachal Pradesh's Employment Guarantee Scheme (as it functions on the ground). To these must be added some general vulnerabilities of MGNREGA, not confined to the state. These include:

    a. **Staff Shortages:** In Arunachal Pradesh as in many other states, there is a severe shortage of MGNREGA staff, from top to bottom. For instance, the responsibility for implementing MGNREGA is typically imposed as an "additional charge" on over-worked Block Development Officers (at the Block level) and Executive Officers (at the GP level). Gram Rozgar Sevaks are yet to be appointed in most GPs, and the system is also short of technical staff such as Junior Engineers. All this makes it harder, in many ways, to ensure effective monitoring of MGNREGA, and also creates a temptation to rely on contractors to fill the gap.

b. Dormant Gram Sabhas: There was little evidence of active involvement of the Gram Sabhas with MGNREGA in the sample GPs. Typically, Gram Sabhas are poorly attended and controlled by the local elite. Resolutions are easily "passed" by vested interests in the name of the whole village community. This makes it possible, for instance, for influential contractors to install themselves (or their chamchas) as "Village Labour Leaders" with the sanction of the Gram Sabha.

c. Ritualistic Vigilance Procedures: In the sample blocks, Vigilance Committees were inactive, when they existed at all. Similarly, Social Audits (where they had taken place) were still at a largely ritualistic stage, where government officials hastily read out various MGNREGA records (often in "summary" form) to bemused villagers.

d. Lack of Grievance Redressal: Last but not least, one of the major flaws of NREGA in the state as elsewhere is the lack of grievance redressal procedures. The grievance redressal authorities (e.g. Programme Officer and District Programme Coordinator) are essentially the same as the implementing authorities, making it difficult to hold anyone accountable. And while Section 25 of NREGA provides for penalties against anyone who "contravenes the provisions" of the Act, there is no clarity as to when or how or by whom penalties are to be imposed.

07. CONCLUSION

Summing up the analysis of implementation, performance and effectiveness of the MGNREGS and the problems and prospects thereof, it can be concluded that the scheme has a mild level of success in developing the beneficiaries economically, socially, politically and psychologically in the state of Arunachal Pradesh but cannot be analogous to the rest of the country.It can be believed that proliferating corruptionand lack of awareness about the Act continues to be a major concern as it has become detrimental to the successful participation in the scheme. The role of the Blocks and Gram Panchayats has started figuring very prominently. There is a great deal of role to be delivered by the Gram Panchayats. MGNREGA places an important role with GPs in terms of implementing, submitting proposals for work, listing of households, taking job applications and distribution of job cards. Another major bottleneck of the scheme is the provisions of a good working environment as suggested by the provisions are lacking in the work sites. With the exception of drinking water, the availability of other facilities like first-aid kit, shade and crèche facility, at respective work sites under MGNREGA, were virtually negligible. Finally, the impact of MGNREGA is abridged due to the presence of some major problems with respect to the work site management and administrative implementation of the scheme in the backward areas.

This story would be incomplete without a mention of the tremendous potential of MGNREGA in the state of Arunachal Pradesh. Where work was available, it was generally found that workers earned close to (and sometimes more than) the statutory minimum wage of Rs. 160 per day, and that wages were paid within 15 days or so. This is an unprecedented opportunity for the rural poor, and there was evident appreciation of it among casual labourers and other disadvantaged sections of the population. Some of them even hoped that MGNREGA would enable them to avoid long-distance seasonal migration, with all its hardships. Further, there is a plenty of scope for productive MGNREGA works in the state of Arunachal Pradesh whether it is in the field of water conservation, rural connectivity, regeneration of forest land, or improvement of private agricultural land. The challenges involved in "making MGNREGA work" should always be seen in the light of these long-term possibilities and their significance for the rural poor.

08. ANNEXURE

Table No. 01 : District Wise Job Card Issued In Arunachal Pradesh

District	Job card issued							
	2009-10	2010-11	2011-12	2012-13	2013 -14	2014 -15	Total	%
Anjaw	NA	NA	5,052	4,518	5,025	5,225	19,820	2.65
Changlang	NA	NA	12,149	12,125	12,149	12,196	48,619	6.51
East Kameng	NA	NA	14,956	14,983	14,956	15,728	60,623	8.11
East Siang	NA	NA	10,607	10,039	10,607	10,753	42,006	5.62
Kurung Kumey	NA	NA	19,130	15,461	19,130	21,702	75,423	10.10
Lohit	NA	NA	17,133	16,456	17,133	18,156	68,878	9.22
Dibang Valley	NA	NA	6,774	6,333	6,774	6,951	26,832	3.59
Lower Subansiri	NA	NA	19,046	19,035	19,046	18,545	75,672	10.13
Papum Pare	NA	NA	14,426	12,995	14,426	14,651	56,498	7.57
Tawang	NA	NA	7,605	7,554	7,605	7,752	30,516	4.08
Tirap	NA	NA	16,485	16,293	16,485	8,658	57,921	7.75
Dibang Valley	NA	NA	1,949	1,634	1,949	2,065	7,597	1.02
Upper Siang	NA	NA	4,579	4,471	4,578	4,767	18,395	2.46
Upper Subansiri	NA	NA	15,777	15,688	15,777	16,139	63,381	8.48
West Kameng	NA	NA	9,610	9,417	9,610	9,662	38,299	5.13
West Siang	NA	NA	14,214	13,882	14,214	14,287	56,597	7.58
Total	**NA**	**NA**	**189,492**	**180,884**	**189,464**	**187,237**	**747,077**	**100**
Change in % from Previous Yr	**-**	**-**	**-**	**-4.54**	**4.74**	**-1.18**	**299.00**	**-**

Table No. 02 : District wise work progress report of MGNREGS in Arunachal Pradesh

District	2011-2012			2012-2013			2013-2014			2014-2015		
	NWS	NWS WECDO	NWC	NWS	NWSWEC DO NWC	NWC	NWS	NWS WECDO	NWC	NWS	NWS WECDO	NWC
Anjaw	0	0	0	157	153	0	2	2	0	15	15	0
Changlang	1	1	0	321	320	54	147	145	1	108	108	0
East Kameng	0	0	0	152	136	0	84	83	0	70	66	0
East Siang	0	0	0	118	118	22	216	216	44	195	195	0
Kurung Kurmey	43	43	0	181	181	1	175	175	0	71	71	0
Lohit	0	0	0	85	85	1	65	65	5	69	67	2
Longding	0	0	0	11	11	0	107	107	0	33	21	0
Lower Dibang	4	4	0	62	62	5	32	32	0	64	64	0
Lower Subansiri	0	0	0	220	220	1	166	166	0	206	1	0
PapumPare	0	0	0	58	58	1	218	218	0	72	72	0
Tawang	41	41	0	237	237	0	87	87	9	80	72	0
Tirap	10	10	10	85	85	45	125	125	37	31	31	0
Upper Dibang	0	0	0	1	1	1	27	27	5	18	18	0
Upper Siang	0	0	0	3	3	0	122	122	0	99	65	0
Upper Subansiri	1	1	0	439	432	0	393	393	0	4	0	0
West Kameng	6	6	0	316	315	3	298	298	0	224	223	0
West Siang	0	0	0	234	234	71	102	101	41	59	59	14
Total	**106**	**106**	**10**	**2780**	**2751**	**205**	**2366**	**2362**	**142**	**1418**	**1346**	**16**

Table No. 03 : Yearly West Siang District Work Completion Rate of MGNREGA in Arunachal Pradesh

Year	NWS	NWSWECDO	NWC	WCR	Year	NWS	NWSWECDO	NWC	WCR
2009-10	547	547	121	22.12	2013-14	2366	2362	142	6.01
2010-11	1	1	0	0	2014-15	1418	1346	16	1.18
2011-12	106	106	10	9.43	**Total**	**7218**	**7113**	**494**	**6.84**
2012-13	2780	2751	205	7.45					

Note: NWS-No. of work started, NWSWECDO-No. Of work started whose estimated completion date is over, NWC-No. of work completed, WCR- Work completed Rate

Table No. 04 : District Wise Financial Progress of MGNREGA of Arunachal Pradesh

District	Opining Balance (OB)		Release of Last FY but Received during Current FY		Release from State Fund(*) to districts	Misc. Receipt	Borrowed Fund	Total available
	CB as OB	Entered OB	Centre	State			Refunded to district/State	
Upper Subansiri	750.77	700.91	0	35.75	713.06	0.04	0	**1449.76**
Changlang	93.46	87.41	0	0	215.48	3.79	0	**306.68**
Lohit	414.32	234.77	0	0	595.16	4.08	0	**834.01**
Anjaw	69.92	73.78	0	0	86.8	0	0	**160.58**
East Kameng	701.15	701.15	0	0	440.43	0	0	**1141.58**
East Siang	644.79	93.55	0	0	109.18	0.95	0	**203.68**
Kurung Kumey	26.32	11.6	0	0	598.71	9.15	0	**619.46**
Lower Dibang	16.74	17.56	0	0	190.98	1.98	0	**210.53**
Lower Subansiri	251.73	320.05	0	0	580.42	4.06	0	**904.53**
Papum Pare	99.96	9.02	0	0	281.88	0.84	0	**291.74**
Tawang	188.29	55.16	0	0	103.2	1.1	0	**159.46**
Tirap	83.12	23.16	0	0	166.93	0.2	0	**190.29**
Upper Dibang	6.21	6.21	0	0	95.77	0.17	0	**102.15**
Upper Siang	3.37	3.43	0	0	218.56	0.65	0	**222.64**
West Kameng	43.72	29.04	0	0	435.38	1	0	**465.42**
West Siang	518.16	518.16	0	0	163.14	2.99	0	**684.3**
Longding	81.08	62.92	0	0	0	90.74	0	**153.66**
Total	3987.08	2947.88	0	35.75	4995.08	121.7	0	**8100.47**

Table No. 05 : Overall Financial Performance of MGNREGS (in lakhs)

Year	Total Available fund	Change from Previous Year	Total Expenditure	Balance
2012-13	14,197.57	-	9,475.72	4721.85
2013-14	14,197.57	0.00%	9,475.72	4721.85
2014-15	8,100.47	(-) 42.94%	3251.73	4848.74
Total	**36,495.61**	**-**	**22,203.17**	**14292.44**

Table No. 06 : Asset Created During Financial Year 2009 - 10 to 2014 -15

District	FC	RC	LD	WCWH	DP	RDW	Fsh	RS	IC	Total
Upper Subansiri	4	6	3	0	0	0	0	4	0	17
Changlang	3	30	0	0	0	0	1	0	13	47
Lohit	4	17	0	0	0	0	0	0	2	23
Anjaw	10	50	8	0	0	0	5	12	0	85
East Kameng	60	8	0	0	0	0	0	3	0	71
East Siang	4	31	2	0	0	2	0	0	20	59
Kurung Kumey	10	10	16	0	0	0	0	5	0	41
Longding	0	0	0	0	0	0	0	0	0	0
Lower Dibang	1	2	0	0	0	0	0	0	0	3
Lower Subansiri	10	8	0	0	0	0	0	0	0	18
Papum Pare	0	0	0	0	0	0	0	0	0	0
Tawang	12	9	0	0	0	0	0	8	0	29
Tirap	10	26	5	3	12	0	0	0	5	61
Upper Dibang	4	6	0	0	1	0	0	6	15	32
Upper Siang		11	8	0	0	0	0	0	0	19
West Kameng	5	1	5	0	0	0	0	0	0	11
West Siang	3	48	7	0	0	3	8	3	2	74
Total	140	263	54	3	13	5	14	41	57	590

Note: FC - Flood Control, RS - Rural Connectivity, WCWH - Water Conservation and Water Harvesting, DP - Drought Proofing, IC - Irrigation Canals, LD - Land Development, RDW - Rural Drinking Water, Fsh - Fisheries, RS - Rural Sanitation.

Table No. 07 : District wise Total Bank and Post Office Account till FY 2014 -2015

Districts	Total bank accounts	Total individual bank account	Amount disbursed to bank account	Total post office accounts	Total individual post office account	Amount disbursed to post office account
Anjwa	4,457	4,457	66,48,689	2	2	2,160
Changlang	6,506	5,795	36,64,850	2,579	2,552	26,58,475
East Kameng	3,351	3,347	19,20,295	2	2	1,085
East Siang	5,670	5,666	35,69,340	0	0	0
Kurung Kumey	2,914	2,914	35,92,240	27	27	20,205
Lohit	7,847	7,847	1,45,01,645	2,762	2,636	46,23,495
Lower Dibang	1,751	1,743	29,37,250	3,786	3,741	69,87,330
Lower Subansiri	15	15	18,910	2	2	1,240
PapumPare	3,379	3,208	31,04,960	3	2	9,920
Tawang	5,080	5,041	60,33,375	2,291	2,284	23,32,340
Tirap	7,043	6,489	35,48,060	633	631	3,14,575
Upper Dibang	0	0	0	1,294	1,294	3,12,555
Upper Siang	2,639	2,633	45,32,665	1,556	1,517	25,68,040
Upper Subansiri	2,796	2,747	7,59770	3	3	0
West Kameng	871	871	11,49,055	7,957	5,951	1,0523,88
West Siang	3,147	3,027	8,98,220	995	969	3,95,290
Total	**57,466**	**55,800**	**5,68,79,324**	**23,982**	**21,613**	**3,07,40,590**

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BANKING SECTOR REVOLUTION IN INDIA

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ABSTRACT

Financial sector reforms have long been regarded as an important part of the agenda for policy reform in developing countries. Traditionally, this was because they were expected to increase the efficiency of resource mobilization and allocation in the real economy which in turn was expected to generate higher rates of growth. Developing countries can expect increasing scrutiny on this front by international financial institutions, and rating agencies and countries which fail to come up to the new standards are likely to suffer through lower credit ratings and poorer investor perceptions. Reform of the financial sector was identified, from the very beginning, as an integral part of the economic reforms initiated in 1991. As early as August 1991, the government appointed a high level Committee on the Financial System (the Narasimhan Committee) to look into all aspects of the financial system and make comprehensive recommendations for reforms. This paper is an attempt to study the reforms that has been taking place in financial sector in India. The data and evidences are collected from various books and journals. The study finds a detail picture of reforms that has been taking place in the financial sector in India and also a good overview of banking system.

Key Words : *Financial sector, Financial sector reforms, Resource mobilization, Banking system*

INTRODUCTION

Financial sector reforms have long been regarded as an important part of the agenda for policy reform in developing countries. Traditionally, this was because they were expected to increase the efficiency of resource mobilization and allocation in the real economy which in turn was expected to generate higher rates of growth. More recently, they are also seen to be critical for macroeconomic stability.

Developing countries can expect increasing scrutiny on this front by international financial institutions, and rating agencies and countries which fail to come up to the new standards are likely to suffer through lower credit ratings and poorer investor perceptions. In this background it is both relevant and timely to examine how far India's financial sector measures up to what is now expected. Reform of the financial sector was identified, from the very beginning, as an integral part of the economic reforms initiated in 1991. As early as August 1991, the government appointed a high level Committee on the Financial System (the Narasimhan Committee) to look into all aspects of the financial system and make comprehensive recommendations for reforms. The Committee submitted its report in November 1991, making a number of recommendations for reforms in the banking sector and also in the capital market. Shortly thereafter, the government announced broad acceptance of the approach of the Narasimhan Committee and a process of gradualist reform in the banking sector and in the capital market was set in motion

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OBJECTIVES OF THE STUDY

The Present study is addressed on the backdrop of following two objectives:

- To evaluate the overall scenario of banking system in India.
- To know the reforms that that took place in the financial sector

Evolution of Banking System in India

A bank is a financial institution that provides banking and other financial services to their Customers. A bank is generally understood as an institution which provides fundamental Banking services such as accepting deposits and providing loans. There are also nonbanking institutions that provide certain banking services without meeting the legal definition of a bank. Banks are a subset of the financial services industry.

History of Indian Banking System

The first bank in India, called The General Bank of India was established in the year 1786. The East India Company established The Bank of Bengal / Calcutta (1809), Bank of Bombay (1840) and Bank of Madras (1843). The next bank was Bank of Hindustan which was established in 1870. These three individual units (Bank of Calcutta, Bank of Bombay, and Bank of Madras) were called as Presidency Banks. Allahabad Bank which was established in 1865 was for the first time completely run by Indians. Punjab National Bank Ltd. was set up in 1894 with headquarters at Lahore. Between 1906 and 1913, Bank of India, Central Bank of India, Bank of Baroda, Canara Bank, Indian Bank, and Bank of Mysore were set up. In 1921, all presidency banks were amalgamated to form the Imperial Bank of India which was run by European Shareholders. After that the Reserve Bank of India was established in April 1935. At the time of first phase the growth of banking sector was very slow.

Between 1913 and 1948 there were approximately 1100 small banks in India.

To streamline the functioning and activities of commercial banks, the Government of India came up with the Banking Companies Act, 1949 which was later changed to Banking Regulation Act 1949 as per amending Act of 1965 (Act No.23 of 1965). Reserve Bank of India was vested with extensive powers for the supervision of banking in India as a Central Banking Authority. After independence, Government has taken most important steps in regard of Indian Banking Sector reforms. 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 RBI and to handle banking transactions all over the country. It was established under State Bank of India Act, 1955. .Seven banks forming subsidiary of State Bank of India was nationalized in 1960. On 19thJuly, 1969, major process of nationalization was carried out. At the same time 14 major Indian commercial banks of the country were nationalized. In 1980, another six banks were nationalized, and thus raising the number of nationalized banks to 20. Seven more banks were nationalized with deposits over 200 Crores. Till the year 1980 approximately 80% of the banking segment in India was under government?s ownership. On the suggestions of Narsimhan Committee, the Banking

Regulation Act was amended in 1993 and thus gates for the new private sector banks were opened.

The following are the major steps taken by the Government of India to Regulate Banking

Institutions in the country:-

1949 : Enactment of Banking Regulation Act.

1955 : Nationalization of State Bank of India.

1959 : Nationalization of SBI subsidiaries.

1961 : Insurance cover extended to deposits.

1969 : Nationalization of 14 major Banks.

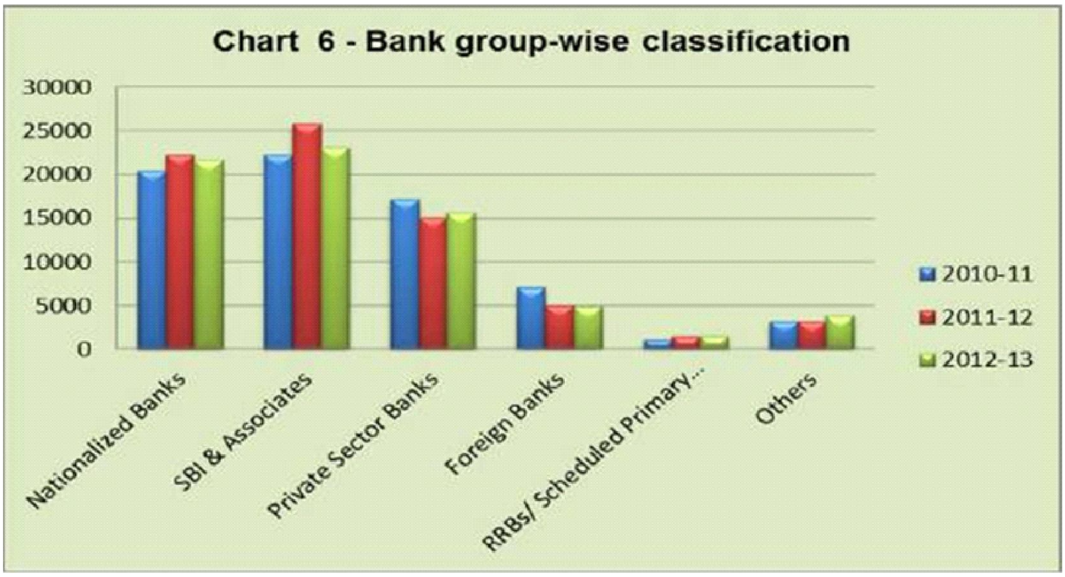
1971 : Creation of credit guarantee corporation.

1975 : Creation of regional rural banks.

1980 : Nationalization of seven banks with deposits over 200 Crores.

Nationalization

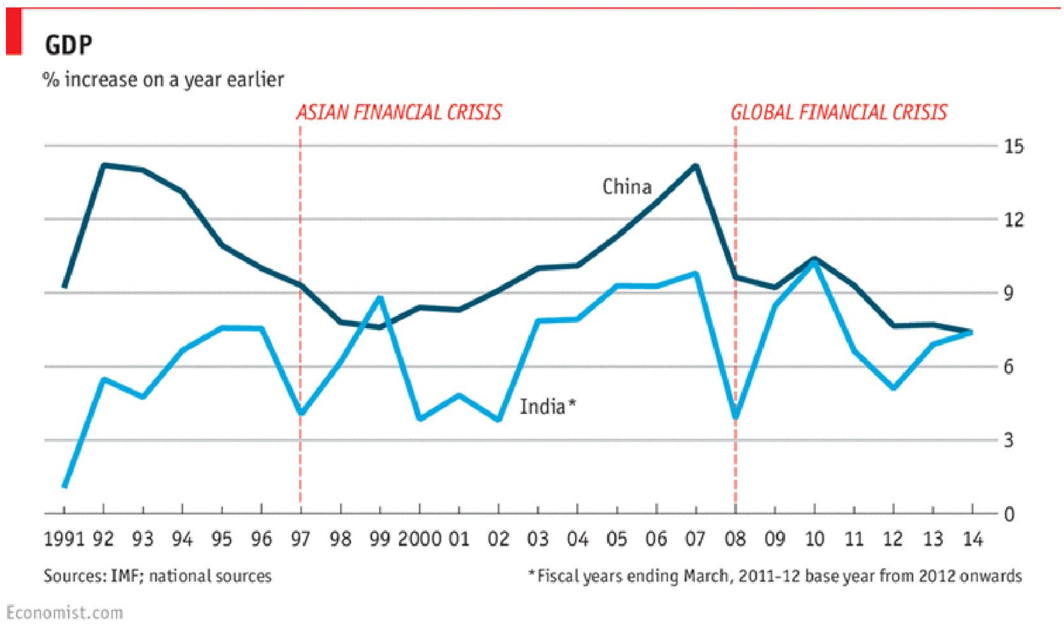
By the 1960s, the Indian banking industry has become an important tool to facilitate the development of the Indian economy. At the same time, it has emerged as a large employer, and a debate has ensured about the possibility to nationalize the banking industry. Indira Gandhi, the-then Prime Minister of India expressed the intention of the Government of India (GOI) in the annual conference of the All India Congress Meeting in a paper entitled "Stray thoughts on Bank Nationalization". The paper was received with positive enthusiasm. Thereafter, her move was swift and sudden, and the GOI issued an ordinance and nationalized the 14 largest commercial banks with effect from the midnight of July 19, 1969. Jayaprakash Narayan, a national leader of India, described the step as a "Masterstroke of political sagacity" Within two weeks of the issue of the ordinance, the Parliament passed the Banking Companies (Acquisition and Transfer of Undertaking) Bill, and it received the presidential approval on 9 August, 1969. A second step of nationalization of 6 more commercial banks followed in 1980. The stated reason for the nationalization was to give the government more control of credit delivery. With the second step of nationalization, the GOI controlled around 91% of the banking business in India. Later on, in the year 1993, the government merged New Bank of India with Punjab National Bank. It was the only merger between nationalized banks and resulted in the reduction of the number of nationalized banks from 20 to 19. After this, until the 1990s, the nationalized banks grew at a pace of around 4%, closer to the average growth rate of the Indian economy. The nationalized banks were credited by some; including Home minister P. Chidambaram, to have helped the Indian economy withstand the global financial crisis of 2007-2009.



Liberalization

In the early 1990s, the then Narsimha Rao government embarked on a policy of liberalization, licensing a small number of private banks. These came to be known as New Generation tech-savvy banks, and included Global Trust Bank (the first of such new generation banks to be set up), which later amalgamated with Oriental Bank of Commerce, Axis Bank(earlier as UTI Bank), ICICI Bank and HDFC Bank. This move along with the rapid growth in the economy of India revolutionized the banking sector in India which has seen rapid growth with strong contribution from all the three sectors of banks, namely government banks, private banks and foreign banks. The next stage for the Indian banking has been setup with the proposed relaxation in the norms for Foreign Direct Investment, where all Foreign Investors in banks may be given voting rights which could exceed the present cap of 10%, at present it has gone up to 49% with some restrictions.

The new policy shook the banking sector in India completely. Bankers, till this time, were used to the 4-6-4 method (Borrow at 4%; Lend at 6%; Go home at 4) of functioning. The new wave ushered in a modern outlook and tech-savvy methods of working for the traditional banks. All this led to the retail boom in India. People not just demanded more from their banks but also received more. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets as compared to other banks in comparable economies in its region. The Reserve Bank of India is an autonomous body, with minimal pressure from the government. The stated policy of the Bank on the Indian Rupee is to manage volatility but without any fixed exchange rate-and this has mostly been true. With the growth in the Indian economy expected to be strong for quite some time-especially in its services sector-the demand for banking services, especially retail banking, mortgages and investment services are expected to be strong. In March 2006, the Reserve Bank of India allowed Warburg Pincus to increase its stake in Kotak Mahindra Bank (a private sector bank) to 10%. This is the first time an investor has been allowed to hold more than 5% in a private sector bank since the RBI announced norms in 2005 that any stake exceeding 5% in the private sector banks would need to be voted by them. In recent years critics have charged that the non-government owned banks are too aggressive in their loan recovery efforts in connection with housing, vehicle and personal loans. There are press reports that the banks' loan recovery efforts have driven Defaulting borrowers to suicide.



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.
3. SBI and its associates banks
   - Twenty nationalized banks.
   - Regional rural banks.
   - Other scheduled commercial banks.
3. Foreign Banks
4. Non-scheduled banks.
5. Co-operative banks.

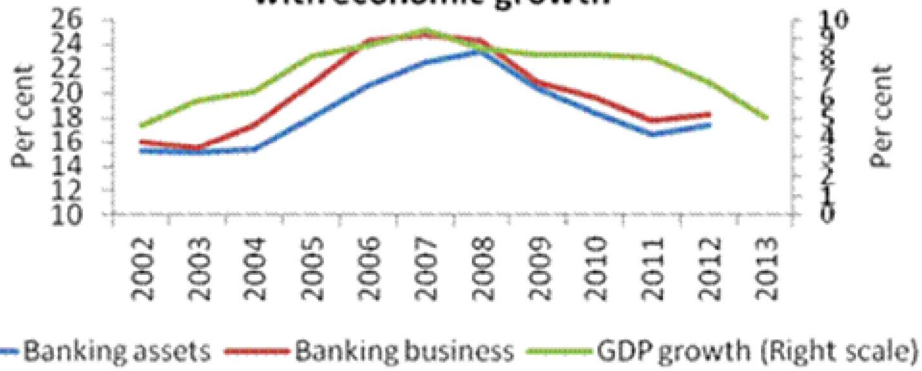
Banking Sector Reforms

The efficient, dynamic and effective banking sector plays a decisive role in accelerating the rate of economic growth in any economy. In the wake of contemporary economic changes in the world economy and other domestic crises like adverse balance of payments problem, increasing fiscal deficits our country too embarked upon economic reforms. The Government of India introduced economic and financial sector reforms in 1991 and banking sector reforms were part and parcel of financial sector reforms. These were initiated in 1991 to make Indian banking sector more efficient, strong and dynamic.

The recommendations of the Narasimhan Commission-I in 1991 provided the blue print for the first generation reforms of the financial sector, the period 1992-97 witnessed the laying of the foundations for reforms in the banking system. This period saw the implementation of prudential norms (relating to capital adequacy, income recognition, asset classification and provisioning, exposure norms etc.). The structural changes accomplished during the period provided foundation of further reforms. Against such backdrop, the Report of the Narasimhan Committee- II in 1998 provided the road map of the second generation reforms processes. Other important developments are :

1. Financial regulation through statutory pre-emotions (Bank rate, deposit rate, Credit Reserve Ration, Statutory Liquidity ratio) has been lowered while stepping up prudential regulations at the same time.
2. Interest rates have been deregulated, allowing banks the freedom to determine deposits and lending rates.
3. Steps have been initiated to strengthen public sector banks, through increasing their autonomy recapitalization from the fiscal, several banks capital base has been written off and some have even returned capital to govt. Allowing new private sector banks and more liberal entry of foreign banks has infused competition.
4. A set of prudential measures have been stipulated to impart greater strength to the banking system and also, ensure their safety and soundness with the objective of moving towards international practices.

Chart 2: Banking sector expanded commensurate with economic growth



Note: Figures are three year moving averages. Banking business refers to credit plus deposits.

Source: Handbook of Statistics on Indian Economy, Statistical Tables

The reforms that took place are

- Reduction of Statutory Liquidity Ratio (SLR) to 25 per cent over a period of five years
- Progressive reduction in Cash Reserve Ratio (CRR)
- Phasing out of directed credit programs and redefinition of the priority sector
- Stipulation of minimum capital adequacy ratio of 4 per cent to risk weighted assets
- Adoption of uniform accounting practices in regard to income recognition, asset classification and provisioning against bad and doubtful debts
- Imparting transparency to bank balance sheets and making more disclosures
- Setting up of special tribunals to speed up the process of recovery of loans
- Setting up of Asset Reconstruction Funds (ARFs) to take over from banks a portion of their bad and doubtful advances at a discount
- Restructuring of the banking system, so as to have 3 or 4 large banks, which could become international in character, 8 to 10 national banks and local banks confined to specific regions
- Abolition of branch licensing
- Liberalizing the policy with regard to allowing foreign banks to open offices in India
- Rationalization of foreign operations of Indian banks
- Giving freedom to individual banks to recruit officers

- Inspection by supervisory authorities based essentially on the internal audit and inspection reports
- Ending duality of control over banking system by Banking Division and RBI
- A separate authority for supervision of banks and financial institutions which would be a semi-autonomous body under RBI
- Revised procedure for selection of Chief Executives and Directors of Boards of public sector banks
- Obtaining resources from the market on competitive terms by DFIs
- Speedy liberalization of capital market.

1. **Reduced CRR and SLR:** The Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) are gradually reduced during the economic reforms period in India. By Law in India the CRR remains between 3-15% of the Net Demand and Time Liabilities. It is reduced from the earlier high level of 15% plus incremental CRR of 10% to current 4% level. Similarly, the SLR Is also reduced from early 38.5% to current minimum of 25% level. This has left more loanable funds with commercial banks, solving the liquidity problem.
2. **Deregulation of Interest Rate:** During the economic reforms period, interest rates of commercial banks were deregulated. Banks now enjoy freedom of fixing the lower and upper limit of interest on deposits. Interest rate slabs are reduced from Rs.20 Lakhs to just Rs. 2 Lakhs. Interest rates on the bank loans above Rs.2 lakhs are full decontrolled. These measures have resulted in more freedom to commercial banks in interest rate regime.
3. **Fixing prudential Norms:** In order to induce professionalism in its operations, the RBI fixed prudential norms for commercial banks. It includes recognition of income sources. Classification of assets, provisions for bad debts, maintaining international standards in accounting practices, etc. It helped banks in reducing and restructuring Non-performing assets (NPAs).
4. **Introduction of CRAR:** Capital to Risk Weighted Asset Ratio (CRAR) was introduced in 1992. It resulted in an improvement in the capital position of commercial banks, all most all the banks in India has reached the Capital Adequacy Ratio (CAR) above the statutory level of 9%.
5. **Operational Autonomy:** During the reforms period commercial banks enjoyed the operational freedom. If a bank satisfies the CAR then it gets freedom in opening new branches, upgrading the extension counters, closing down existing branches and they get liberal lending norms.
6. **Banking Diversification:** The Indian banking sector was well diversified, during the economic reforms period. Many of the banks have stared new services and new products. Some of them have established subsidiaries in merchant banking, mutual funds, insurance, venture capital, etc. which has led to diversified sources of income of them.

7. **New Generation Banks:** During the reforms period many new generation banks have successfully emerged on the financial horizon. Banks such as ICICI Bank, HDFC Bank, UTI Bank have given a big challenge to the public sector banks leading to a greater degree of competition.

8. **Improved Profitability and Efficiency:** During the reform period, the productivity and efficiency of many commercial banks has improved. It has happened due to the reduced Non-performing loans, increased use of technology, more computerization and some other relevant measures adopted by the government.

The Future of Banking Reform

Prior to the economic reforms, the financial sector of India was on the crossroads. To improve the performance of the Indian commercial banks, first phase of banking sector reforms were introduced in 1991 and after its success; government gave much importance to the second phase of the reforms in 1998. The efficient, dynamic and effective banking sector plays a decisive role in accelerating the rate of economic growth in any economy. In the wake of contemporary economic changes in the world economy and other domestic crises like adverse balance of payments problem, increasing fiscal deficits etc., our country too embarked upon economic reforms. The govt. of India introduced economic and financial sector reforms in 1991 and banking sector reforms were part and parcel of financial sector reforms. These were initiated in 1991 to make Indian banking sector more efficient, strong and dynamic.

Rationale of Banking Sector Reforms To cope up with the changing economic environment, banking sector needs some dose to improve its performance. Since 1991, the banking sector was faced with the problems such as tight control of RBI, eroded productivity and efficiency of public sector banks, continuous losses by public sector banks year after year, increasing NPAs, deteriorated portfolio quality . poor customer service, obsolete work technology and unable to meet competitive environment. Therefore, Narasimhan Committee was appointed in 1991 and it submitted its report in November 1991, with detailed measures to improve the adverse situation of the banking industry. The main motive of the reforms was to improve the operational efficiency of the banks to further enhance their productivity and profitability. poor customer service, obsolete work technology and unable to meet competitive environment. Therefore, Narasimhan Committee was appointed in 1991 and it submitted its report in November 1991, with detailed measures to improve the adverse situation of the banking industry. The main motive of the reforms was to improve the operational efficiency of the banks to further enhance their productivity and profitability.

First Phase of Banking Sector Reforms

The first phase of banking sector reforms essentially focused on the following:

1. Reduction in SLR & CRR
2. Deregulation of interest rates
3. Transparent guidelines or norms for entry and exit of private sector banks
4. Public sector banks allowed for direct access to capital markets

5. Branch licensing policy has been liberalized
6. Setting up of Debt Recovery Tribunals
7. Asset classification and provisioning
8. Income recognition
9. Asset Reconstruction Fund (ARF)

Second Phase of Banking Sector Reforms

In spite of the optimistic views about the growth of banking industry in terms of branch expansion, deposit mobilization etc., several distortions such as increasing NPAs and obsolete technology crept into the system, mainly due to the global changes occurring in the world economy. In this context, the government of India appointed second Narasimhan Committee under the chairmanship of Mr. M. Narasimhan to review the first phase of banking reforms and chart a programme for further reforms necessary to strengthen India?s financial system so as to make it internationally competitive. The committee reviewed the performance of the banks in light of first phase of banking sector reforms and submitted its report with some more focus and new recommendations. There were no new recommendations in the second Narasimhan Committee except the followings:

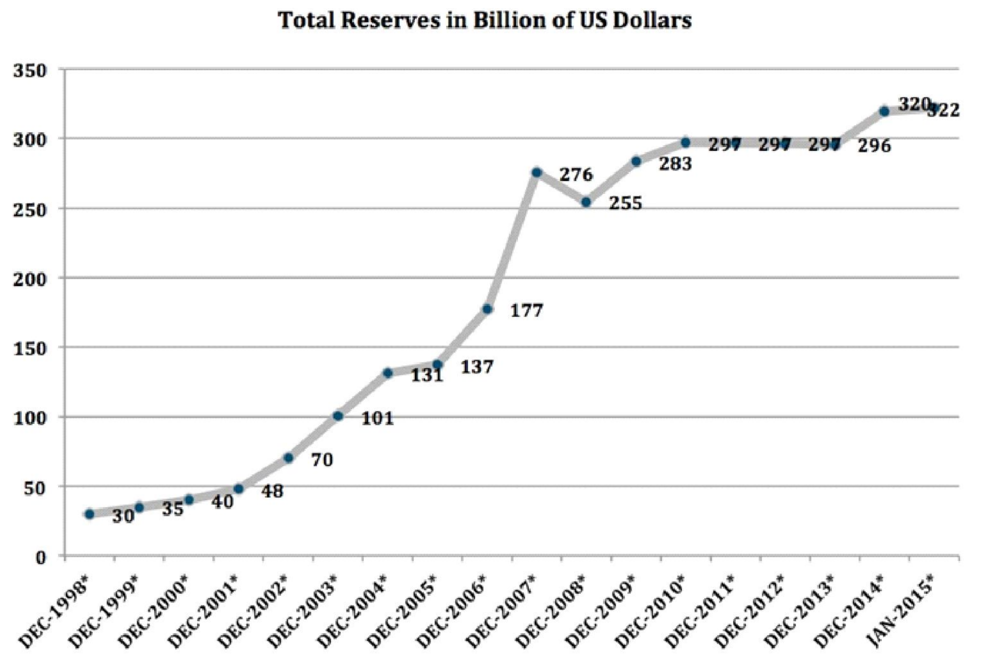
- Merger of strong units of banks

- Adaptation of the "narrow banking? concept to rehabilitate weak banks. As the process of second banking sector reforms is going on since 1999, one may say that there is an improvement in the performance of banks. However, there have been many changes and challenges now due to the entry of our banks into the global market.

Third Phase of banking sector reforms

Rethinking for financial sector reforms have to be accorded, restructuring of the public sector banks in particular, to strengthen the Indian financial system and make it able to meet the challenges of globalization. The on-going reform process and the agenda for third reforms will focus mainly to make the banking sector reforms viable and efficient so that it contribute to enhance the competitiveness of the real economy and face the challenges of an increasingly integrated global financial architecture Historically, a crucial difference between public and private sector banks has been their willingness to lend to the priority sector. The recent broadening of the definition of priority sector has mechanically increased the share of credit from both public and private sector banks that qualify as priority sector. The share of priority sector lending from public sector banks was 42.5 percent in 2003, up from 36.6 percent in 1995. Private sector lending has shown a similar increase from its 1995 level of 30 percent. In 2003 it may have surpassed for the first time ever public sector banks, with a share of net bank credit to the priority sector at 44.4 percent to the priority sector.

It could be noted that there has been no banking crisis at the same time, efficiency of banking system as a whole, measured by declining spread has improved. This is not say that they have no challenges. There are emerging challenges, which appear in the forms of consolidation; recapitalization, prudential regulation weak banks, and non-performing assets, legal framework etc. needs urgent attention.



Source: RBI, http://www.rbi.org.in/scripts/WSSViewDetail.aspx?TYPE=Section&PARAM1=2

EXTRACT

We have got a detail picture of reforms that has been taking place in the financial sector in India and also a good overview of banking system.

INFERENCES

In the post-era of IT Act, global environment is continuously changing and providing new direction, dimensions and immense opportunities for the banking industry. Keeping in mind all the changes, RBI should appoint another committee to evaluate the on-going banking sector reforms and suggest third phase of the banking sector reforms in the light of above said recommendations. Need of the hour is to provide some effective measures to guard the banks against financial fragilities and vulnerability in an environment of growing financial integration, competition and global challenges. The challenge for the banks is to harmonize and coordinate with banks in other countries to reduce the scope for contagion and maintain financial stability. However, a few trends are evident, and the coming decade should be as interesting as the last one.

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STUDENTS ATTITUDE AND PERCEPTION TOWARDS ONLINE SHOPPING: AN EMPIRICAL STUDY

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Roji Kanungo**

ABSTRACT

*India has witnessed a sporadic growth of online shopping due to rapid internet penetration as well as multi feature of online shopping like large product portfolio, home delivery, easy product comparison, convenient mode of payment, time saving , 24*7 hour service and many more. Among the consumers of online shopping "the youth," particularly students occupy a major proportion. This happens because the e-literacy is highest among them and they easily adopt the changing trends of the world. This paper exclusively focuses on the attitude and perception of students towards online shopping in two aspects. The first aspect covers the relationship between frequency of online shopping with respect to gender & educational level, while the second aspect deals with relationship between gender and motivation for online shopping. It also discusses different dimensions of online shopping as well as the barriers which hinder them to purchase from virtual source.*

Key Words : *Online shopping, Cash on delivery, Internet penetration, E-literacy*

INTRODUCTION

In the era of digital world internet has transformed the way, people living their lives. Now everything can be done with a click, which makes our life faster, smarter and smoother. The recent launch of 4G has brought many netizens to the platform of electronic communication. Online shopping is one of such aspect which enables the consumers for enjoying better shopping experience.

There are various reasons of shifting the customers buying patterns towards online retail shops. The facility of comparing the product with competitive products on the basis of price, colour, size and quality is one of the biggest benefits of online shopping. It looks hilarious but this is also one of the most significant reasons reported by the online shoppers. The other popular names for online shopping are virtual store, e-shop, web-shop, internet shop, web-store and online storefront etc. These days Mobile commerce or m-commerce is also one of the popular means of shopping. The facilities of various coupon and discount scheme are also fascinating the customers in online shopping.

LITERATURE REVIEW:

- **Karve, Sunil (Jan 2014)** He explored that most of the youth go for online shopping and unearth some of the habits of the

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youth while buying online like they purchase on monthly basis the most and also the mode of payment is preferred through credit card and spend moderately. He also discovered that Flip kart was ranked highest followed by Amazon by the respondent. 76% respondents felt that it was safe and secure to do online shopping. 67% respondents felt that there can be chances of being cheated while shopping online.

- **Preeti Khitoliya (June 2014)** has made a study on Customers Attitude and Perception towards Online Shopping and the scope of the study was confined to delhities.The result unveiled that 47% respondents shop online frequently followed by 30% who shop online seldom and 23% respondent had never tried it, Which suggests that online shopping is relatively less popular in India. Online shopping is majorly done by post graduate respondents. Male and female respondent had shown similar trend in online shopping behaviour.
- **Gagandeep Nagra, R Gopal** wrote that the frequency of online shopping is relatively less in the country and testified statistically that gender does impact Possession of internet and Frequency of online purchase. Their study revealed that the respondents had perceived online shopping in a positive manner. They projected the growth of online shopping in near future on the basis of their results.

RESEARCH GAP:

Online shopping is an emerging topic in this 211st century. Youth particularly students constitute a major part among the consumers of online shopping. Utkal University is one of the oldest and leading institution of Odisha which comprises of huge number of students from diversified areas from within and outside the state. Therefore it is a good platform for studying attitude and behaviour towards online shopping. Very few research have been conducted in this aspect which induce us to conduct a study on this areas and to give an updated findings.

OBJECTIVE OF THE STUDY :

- To examine the attitude and perception of students of Utkal University towards online shopping.
- To identify the prime concern of students of Utkal University that hindered them to shop online.

SCOPE OF THE STUDY :

The scope of the study is confined to Utkal University only. Data is collected from the 150 respondent by using random sampling method. Out of 150questionnaire only 125 were found valid and considered for hypothesis testing.

RESEARCH METHODOLOGY :

Questionnaire designed : To achieve the research objective a questionnaire having both open-ended & close-ended has been framed, which consists of 2 sections. Section A consists of 11 questions including 5 point Likert scale and section B included the demographic profile of the respondent, which includes gender, age and education level of the respondents.

Sample size : The target sample was of 150 respondents in the age group of 20-35 years, out of which only 125 responded. The respondent were selected on random basis from different departments of Utkal University.

Data Collection Method : Both primary and secondary sources of data have been used in the study. Primary sources were used to collect the information from the respondent through questionnaire method. Secondary sources i.e. internet, periodicals, magazines, newspapers and articles were used to study existing literature.

Data Analysis : In order to analyse the data collected, all the figures and variables were tabulated on excel and statistical tool chi square test of independence was applied to understand the association between demographic features of respondent and frequency of online shopping.

HYPOTHESIS OF THE STUDY :

In the present days, most of the students purchase through online. Hence, by observing the attitude and purchasing behaviour of the respondents during the last 6 months following hypothesis has been developed.

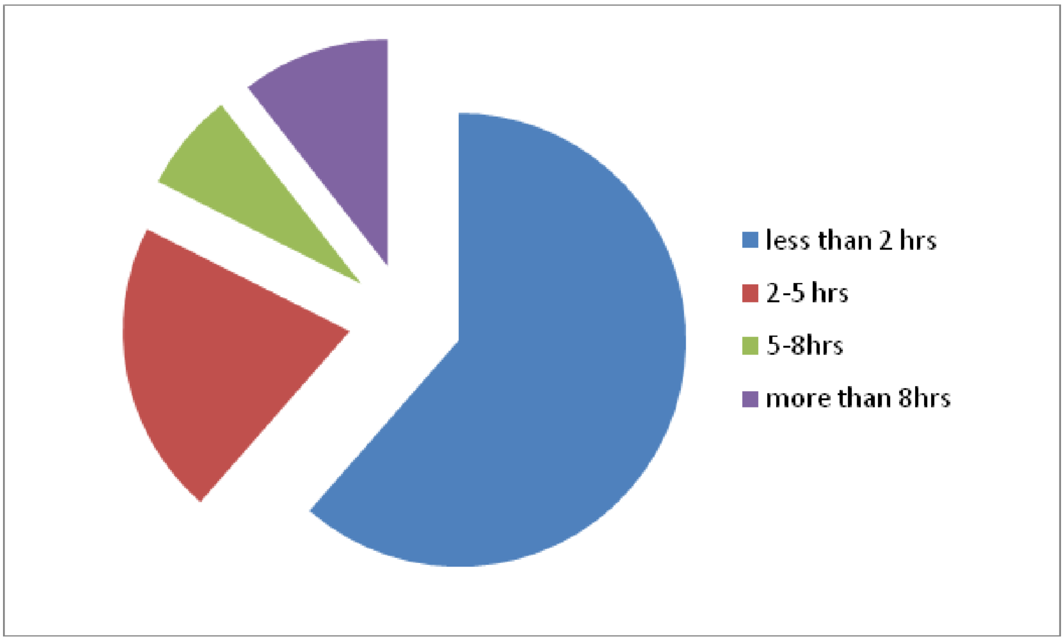
$H1^0$ - There is no association between gender and frequency of online shopping

$H2^0$ - There is no association between education level and frequency of online shopping

$H3^0$ - There is no association between gender and motives of online shopping.

RESULT ANALYSIS :

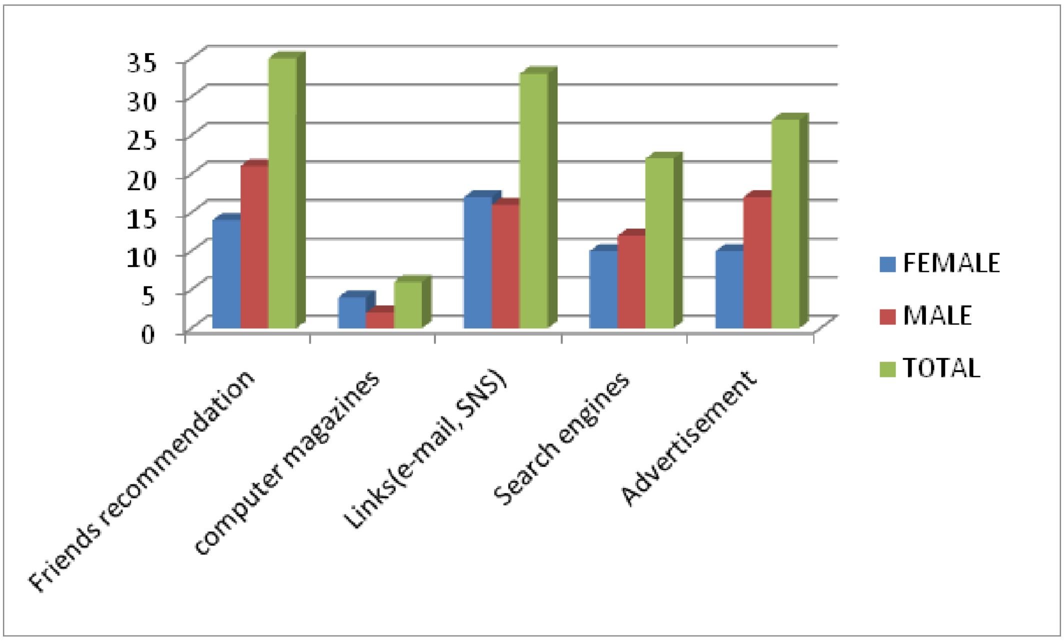
CHART -1 : AVERAGE TIME SPENDING IN SURFING THE WEB PER DAY



(*Source :* Self compiled)

This chart shows that on an average most of the respondents use internet less than 2 hours per day for surfing the web. This shows that there is a regular connection of students with internet which is likely to be increased in the near future as university campus is going to be wi-fi. This is a positive factor which will influence online shopping to a larger extent.

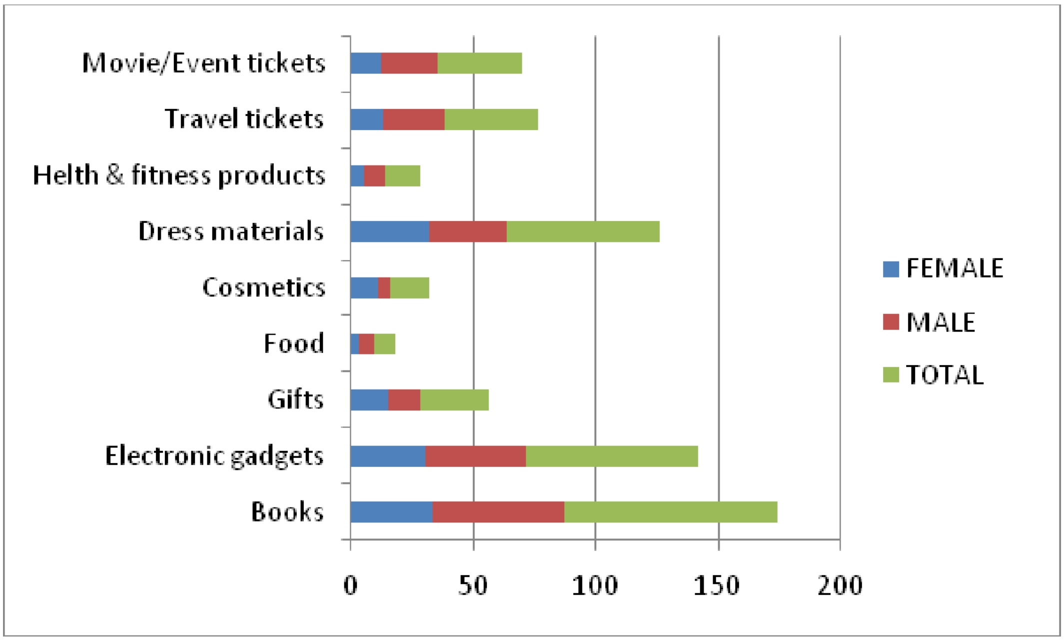
CHART -2 : INFORMATION SOURCE OF RESPONDENTS



(*Source :* Self compiled)

This graph expresses that friends recommendation acts as a most important source of information for the respondents regarding online shopping followed by links i.e. e-mails and social networking sites. That means respondents mostly influenced by word-of-mouth advertising (W.O.M). Hence the online shopping websites should become more concern towards the word-of-mouth marketing in order to increase their market share.

CHART -3 : CATAGORIES OF PRODUCTS RESPONDENTS BOUGHT

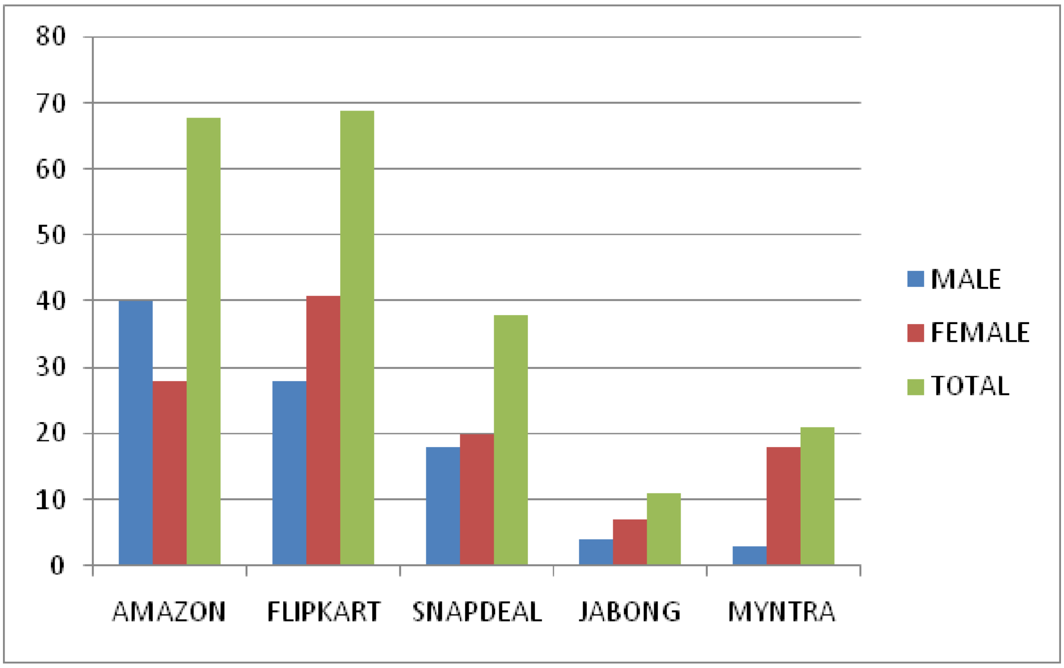


(*Source* : Self compiled)

By analysing the above graph it is found that books are the most demanding item which has been purchased by the respondents followed by electronic gadgets and dress materials. In case of books both male and female have same share. Males are dominating in purchasing electronic gadget items followed by dress materials as well as travel & event tickets. But females have a large share in purchasing dress materials followed by electronic gadgets and gifts.

This happens because these items are more cheaply available in the internet. So online shopping sites should focus their attention towards the other items as well as try to maintain the level in leading items.

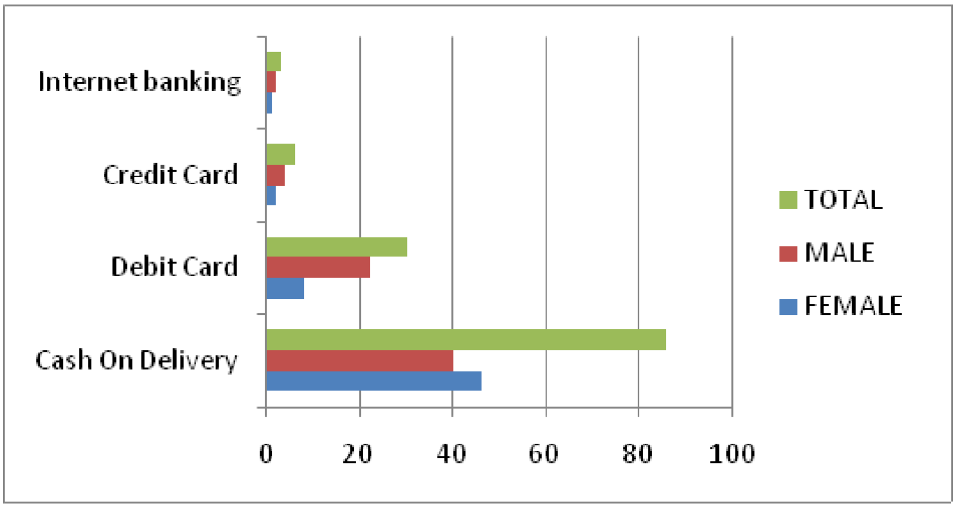
CHART-4 : TOP 5 MOST PREFERED ONLINE SHOPING COMPANIES BY RESPONDENT



(*Source :* Self compiled)

Flipkart has gained largest share among students followed by amazon and snapdeal. Most of the male are preferring amazon while female are preferring flipkart for their e-shopping. Amazon is popular among male as it provides more male-friendly product as well as large product portfolio and quick delivery service. As flipkart is providing more trendy product with affordable cost, thus it is popular among females.

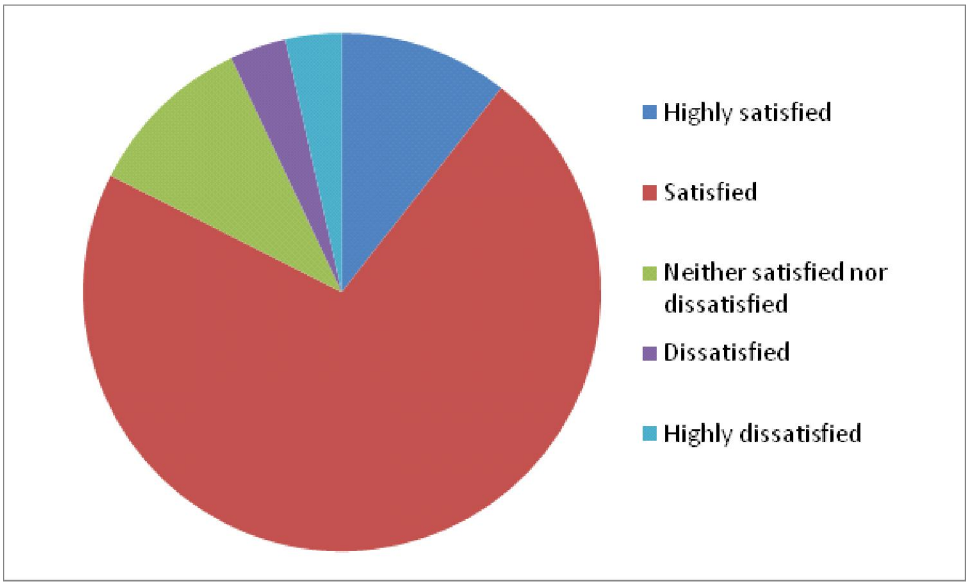
CHART -5 : MODE OF PAYMENT BY THE RESPONDENTS



(*Source :* Self compiled)

Cash on delivery is the most convenient mode of payment among the students. as students are more risk averse so they prefer cash on delivery rather than internet banking for their e-shopping. Credit card is not popular among students because they are unemployed Among the online modes debit card is more popular as it is mostly used by the respondents.

CHART -6 : EXPERIENCE OF RESPONDENTS ON ONLINE SHOPPING



(*Source :* Self compiled)

This chart advocates that most of the respondents are satisfied in their online shopping experience. This highlights that most of the online shopping sites are fulfilling needs of the customer in an active manner. It is a very positive sign for the growth of online shopping sites. Still they should focus on the different aspects of their services so that they can provide high satisfaction to customers.

Respondents were asked to assign rank to their barriers which they face when buy online. The results revealed that respondent find maintenance of privacy and security are the primary concern for them. The second apprehension for them that the after sale services. Followed by quality, size and colour differ from what displayed on the websites and delay in delivery of articles purchased. Least bothering factor was network & navigation problem.This is tabulated hereunder in table 1

Table 1: Respondents Barriers Ranked by the Respondents

BARRIERS	RANK
Privacy & security issues	1
After sale services	2
Window dressing of website to attract customers	3
Poor delivery services	4
Problem of network & navigation	5

HYPOTHESIS TESTING:

HYPOTHESIS 1

TABLE - 2

RELATION BETWEEN GENDER AND FREQUENCY OF ONLINE SHOPPING							
			Online shopping frequency				
			Onlyonce	Sometimes	Frequent	Never	Total
Gender	Female	Count	13	26	10	8	57
		% with online shopping frequency	52%	50%	28.57%	61.53%	45.60%
	Male	Count	12	26	25	5	68
		% with online shopping frequency	48%	50%	71.42%	38.46%	54.40%
Total		Count	25	52	35	13	125
		% with online shopping frequency	100.00%	100.00%	100.00%	100.00%	100.00%

By analysing the above facts with the help of chi-square test following results have been found

TABLE 3 : CHI-SQUARE TEST FOR $H1^0$

Degree of freedom	P (Level of significance)	Calculated value	Table value
3	0.05	6.34	7.81

Here the calculated value (6.34) is less than the table value (7.81) which leads to acceptance of hypothesis 1.It can be inferred that there is no association between gender and frequency of online shopping.

HYPOTHESIS 2

TABLE - 4

EDUCATION LEVEL VS. FREQUENCY OF ONLINE SHOPPING

		Frequency of Online Shopping				
		Only once	Sometimes	Frequently	Never	**Total**
Education Level	**Post Graduate**	14	30	22	9	75
	RESEARCH SCHOLAR	11	22	13	4	50
Total		25	52	35	13	125

By analysing the above facts with the help of chi-square test following results have been found

TABLE 5 : CHI-SQUARE TEST FOR $H2^0$

Degree of freedom	P (Level of significance)	Calculated value	Table value
3	0.05	0.69	7.81

Here the calculated value (0.69) is less than the table value (7.81) which leads to acceptance of hypothesis 1.It can be inferred that there is no association between the education level and frequency of online shopping.

HYPOTHESIS 3

TABLE - 6

GENDER * MOTIVES OF ONLINE SHOPPING CROSS TABULATION

		Motives of online shopping				
		Convenience	Time saving	Superior selection / Availability	Product comparison	**Total**
Gender	**Female**	25	17	9	6	57
	Male	33	17	10	8	68
Total		58	34	19	14	**125**

By analysing the above facts with the help of chi-square test following results have been found

TABLE 7: CHI-SQUARE TEST FOR $H3^0$

Degree of freedom	P value (Level of significance)	Calculated value	Table value
3	0.05	0.19	7.81

Here the calculated value (0.19) is less than the table value (7.81) which leads to acceptance of hypothesis 1.It can be inferred that there is no association between gender and motives of online shopping.

MAJORFINDINGS:

1. Chi-square testified that there is no association between gender and frequency of online shopping, educational level and frequency of online shopping & gender and motives of online shopping.
2. It is an interesting fact that more than 90% of the respondents are using online shopping.So online shopping is very popular among students.
3. Most of the students are influenced by word-of-mouth advertising for their online shopping.
4. Male students are mostly preferring electronics gadgets while female students are preferring clothing for their online shopping.
5. Amazon is the most favoured shopping website among the male students, while Flipkart among female students.
6. Overally Flipkart has gained largest share among the students followed by Amazon and Snapdeal.
7. Cash on delivery is the most convenient mode of payment among students.
8. Most of the students responded that, they are satisfied in their online shopping experience.
9. Privacy and security issues are the most important barrier ranked by the respondents.

SUGGESTIONS

1. Remote location delivery system should be added. So that the services can be reached to the grassroots level.
2. Delivered product's colour, size should be matched with the displayed product and there should be less window dressing.
3. Product portfolio and brand variety should be increased.
4. Delivery system should be more faster as well as affordable.
5. Maintenance of privacy & security should be given more importance
6. After sale services should be customized as per customer needs.

CONCLUSION

This is a very good sign for online retailers that almost all respondents have purchased through online. Though most of the respondents are satisfied with their shopping experience but still there are many challenges before online shopping companies like maintenance of privacy and security , customisation of after sale services, proper delivery service etc. Hence it is the time for e-retailers that they should focus more on their quality of services, so that they can achieve high satisfaction from customer.

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REGIONAL RURAL BANKS IN INDIA : A STUDY ON ITS PERFORMANCE

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ABSTRACT

Regional rural Banks plays a vital role in the agriculture and rural development of India. The RRBS have more reached to the rural area of India, through their huge network. The success of rural credit in India is largely depends on their financial strength. RRBs are key financing institution at the rural level which shoulders responsibility of meeting credit needs of different types of agriculture credit in rural areas. At present, most of the regional rural banks are facing the problems of overdue, recovery, nonperforming assets and other problems. Therefore, it is necessary to study financial performance of RRBs in India. This paper attempts to analyze the financial performance of RRBs in India during the period 2006-07 to 2010-2011. The study is based on secondary data collected form annual reports of NABARD and RBI. An analytical research design of Key Performance Indicators Analysis such as number of banks and branches, deposits, loans, loans, investments and growth rate index is followed in the present study. The study is diagnostic and exploratory in nature and makes use of secondary data. The study finds and concludes that performance of RRBs has significantly improved.

Key Words : *Regional Rural Banks, Key Performance Indicators, Growth Rate, Rural Economy, NABARD.*

INTRODUCTION

Regional Rural Banks have been in existence for around 36 years in the Indian financial scene. The institution of Regional Rural Banks (RRBs) was created to meet the excess demand for institutional credit in the rural areas, particularly among the economically and socially marginalized sections. The Banking Commission (1972) recommended establish an alternative institution for rural credit and ultimately Government of India established Regional Rural Banks as a separate institution basically for rural credit on the basis of the recommendations of the Working Group under the Chairmanship of M. Narashimham. In order to provide access to low-cost banking facilities to the poor, the Narashimham Working Group (1975) proposed the establishment of a new set of banks, as institutions which "combine the local feel and the familiarity with rural problems which the cooperatives possess and the degree of business organization, ability to mobilize deposits, access to central money markets and modernized outlook which the commercial banks have".

Subsequently, the Regional Rural Banks were setup through the promulgation of RRB Act of

1976. The RRBs Act, 1976 succinctly sums up this overall vision to sub-serve both the developmental and the redistributive

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objectives. The RRBs were established "with a view to developing the rural economy by providing, for the purpose of development of agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, and for matters connected therewith and incidental thereto". Their equity is held by the Central Government, Concerned State Government and the Sponsor Bank in the proportion of 50:15:35 respectively. The mandates of these rural financial institutions were:

1. To take banking to the doorsteps of the rural masses, particularly in areas without banking facilities;
2. To make available cheaper institutional credit to the weaker sections of society, who were to be the only clients of these banks?
3. To mobilize rural savings and canalize them for supporting productive activities in the rural areas;
4. To generate employment opportunities in the rural areas
5. To bring down the cost of providing credit in rural areas.

REVIEW OF LITERATURE

A number of studies have been conducted to see the functioning and performance of regional rural bank in the country. The literature available in the working and performance of RRBs in India is a little limited. The literature obtained by investigators in the form of reports of various committees, commissions and working groups established by the Union Government, NABARD and Reserve Bank of India, the research studies, articles of researchers, bank officials, economists and the comments of economic analysts and news is briefly reviewed in this part. Some of the related literatures of reviews are as follows. The Kelkar Committee (1986) made comprehensive recommendations covering both the organizational and operational aspects. Several of these were incorporated as amendments to the RRB Act, 1976 such as:

1. Enhancement of authorized capital of RRBs from Rs 1 crore to Rs 5 crore and paid-up share capital from Rs 25 lakhs to Rs 1 crore;
2. Appointment of Chairman of RRBs by the concerned sponsor bank in consultation with NABARD;
3. Provision of assistance to RRBs in greater measure by sponsor banks in training RRB staff and giving financial assistance to RRBs in their first five years of their existence;
4. Provision for amalgamation of RRBs in consultation with all the concerned parties.
5. Empowering the sponsor banks to monitor the progress of RRBs and also to arrange for their inspection, internal audit etc.

Though the progress of implementation was tardy (the amended act came into force only by end-September, 1988), there was enough scope for improvement thereon.

NABARD (1986) published "A study on RRBs viability", which was conducted by Agriculture Finance Corporation in 1986 on behalf of NABARD. The study revealed that viability of RRBs was essentially dependent upon the fund management strategy, margin between resources mobility and their deployment and on the control exercised on current and future costs with advances. The proportion of the establishment costs to total cost and expansion of branches were the critical factors, which affected their viability. The study further concluded that RRBs incurred losses due to defects in their systems as such, there was need to rectify these and make them viable. The main suggestions of the study included improvement in the infrastructure facilities and opening of branches by commercial banks in such areas where RRBs were already in function.

In the year 1989 for the first time, the conceptualization of the entire structure of Regional Rural Banks was challenged by the Agricultural Credit Review Committee (Khusro Committee), which argued that these banks have no justifiable cause for continuance and recommended their mergers with sponsor banks.

The Committee was of the view that "the weaknesses of RRBs are endemic to the system and non-viability is built into it, and the only option was to merge the RRBs with the sponsor banks. The objective of serving the weaker sections effectively could be achieved only by self-sustaining credit institutions." The Committee on Financial Systems, 1991 (Narasimham Committee) stressed the poor financial health of the RRBs to the exclusion of every other performance indicator. 172 of the 196 RRBs were recorded unprofitable with an aggregate loan recovery performance of 40.8 percent. (June 1993). The low equity base of these banks (paid up capital of Rs. 25 lakhs) didn't cover for the loan losses of most RRBs. In the case of a few RRBs, there had also been an erosion of public deposits, besides capital. In order to impart viability to the operations of RRBs, the Narasimham Committee suggested that the RRBs should be permitted to engage in all types of banking business and should not be forced to restrict their operations to the target groups, a proposal which was readily accepted. This recommendation marked a major turning point in the functioning of RRBs.

The contemporary literature on banking efficiency spells out two distinct approaches to measure efficiency (1) accounting measure (2) economic measure.

Accounting measure refers to the use of various financial ratios that focus on one or more outputs and their relevant inputs to measure the performance of a banking unit. The financial ratio approach has been widely used by the researchers and working groups/committees to analyze the performance of RRBs. Most of the studies on the performance evaluation of RRBs concentrated on the banks in particular state / region. Some of the studies are: Singh (1992) analyzed the performance of RRBs banks in Punjab. Prasad (2003) evaluated the performance of RRBs in India. Moreover, Pati (2005) developed the performance of RRBs in the north-east region. The study of Bagchi and Hadi (2006) concentrated on the performance of regional rural banks in West Bengal. Few studies also exist in the literature which concentrated on the efficiency of a single regional rural bank. Some of the studies conducted so far are: Sudhaker et al., (1984) evaluated the performance of Cauvery Grameen Bank in Mysore district; Parmar (1986) assessed the performance of Banaskantha Mehsane Grameen Bank in Gujarat; Sangwan (1988) analyzed the performance of Chattanja Grameen Bank in Andhra Pradesh; Jagadeesha et al., (1990) evaluated the performance of Tungabhadra Garmeen Bank in Karnataka. Further, Hosamani (2002) explored the performance of Malaprabha Garmeen Bank in Karnataka and Yadappanvar and Nath (2003) assessed the performance of Aurangabad and Jalna Grameen Bank in Maharashtra. Though financial accounting ratios are simple to use and relatively easy to understand, but their use to measure bank performance is plagued by various problems. As a precautionary measure, regulatory frame works (such as CAMEL rating) based on these ratios has been put in place in most of the supervisory systems across the globe. Further, Sherman and Gold (1985) noted that financial ratios do not capture the long-term performance. This measure also helps in the analysis of bank's performance in terms of individual parameters determining the overall efficiency level as it is difficult to precisely measure the efficiency of banks.

Therefore, in recent years, there is a trend towards measuring bank performance using economic measure. This measure provides accurate, composite and precise estimate of efficiency of banks comparing each bank against the top performers in the banking industry.

A scan of the existing literature on the efficiency of Indian banks provides that there exists various studies that analyzed the efficiency of Indian commercial banks using most popularly used parametric technique of Stochastic Frontier Analysis (SFA) and nonparametric technique of Data Envelopment Analysis. The notable studies belonging to this group are: Noulas and Ketkar (1996), Bhattacharyya et al., (1997), Das (1997), Saha and Ravisankar (2000), Mukherjee et al., (2002), Kumar and Verma (2003), De Kumar (2004), Chakrabarti and Chawla (2005), Kaur and Sharma (2005-06), Kumar and Gulati (2008), etc. To the author's knowledge, there is virtually no study except Reddy (2005), Khankhoje (2008), Sathye (2008) and Mohindra (2011) which analyzed the performance of RRBs by using Frontier and Data Envelopment Analysis approach respectively.

OBJECTIVES OF THE STUDY

1. To measure financial performance of Regional Rural banks in India.
2. To analyze the key performance indicators of RRBs in India
3. To evaluate progress of the RRBs during 2006-07 to 2010-11.
4. To study the growth-pattern of Regional Rural Banks in India.
5. To make important suggestions to improve the working of RRBs.

HYPOTHSIS OF THE STUDY

1. The RRBs in India have made a substantial quantitative progress.
2. The qualitative progresses of RRBs have been found to be highly impressive.
3. The macro performance is highly substantial.

PROBLEMS OF THE STUDY

1. First and important problem of the research work is analysis of financial data.
2. Information from NABARD and RBI was difficult to be obtained.

SIGNIFICANCE/ IMPORTANCE OF THE STUDY

The research study is significant to evaluate financial performance of RRBs in India. The results/ findings of the present study are useful to the policy planners in their efforts to improve the working of the RRBs in India.

SCOPE AND COVERAGE OF THE STUDY

1. It covers all RRBs working in India.
2. The study covers a specific period from 2006-07 to 2010-11 i.e. after globalization and amalgamation.
3. There is macro evaluation of performance of all the RRBs in India.

Area of the Study

The study is based on the performance of RRBs in India. Therefore, study covers all RRBs in India to the fulfilment of objectives of the study.

Period of the Study

For collection of the secondary data on financial performance of the RRBs in India, five years i.e. from 2006-2007 to 2010-2011 were taken as the reference period. The accounting year of the bank commences on 1st April of every year and ends on 31st March of next year.

RESEARCH METHODOLOGY

The financial performance of the RRBs in India has been analyzed with the help of key performance indicators. The year 2010-2011 was taken as the current year and year 2009- 2010 was base year for the calculation of growth rate. Analytical Techniques Employed- Growth rate analysis was undertaken with a view to studying financial performance related to the RRBs. Growth rate is measured with the help of following formula-

Growth Rate = Yt -Yt-1 / Yt-1

Yt= Current Year, yt-1=Base Year.

RESEARCH DESIGN

The present study is diagnostic and exploratory in nature and makes use of secondary data. The study is confined only to the specific areas like number of branches, district coverage, deposits mobilized, credits and investments made by the Indian Regional Rural Banks (RRBs) for the 5 years period starting from 2006-07 to the year 2010-11.

METHOD OF DATA COLLECTION

The present study is empirical in character based on the analytical method. The study is mainly based on secondary data which is collected, compiled and calculated mainly from annual reports of the NABARD and RBI. Other related information collected from journals, conference proceedings and websites.

Key Performance Indicators and Growth of RRBs

Table 1 presents the key performance indicators and growth of RRBs from year 2006-07 to 2010-2011, Graph 1 presents key performance indicators and Graph 2 presents growth rate of RRBs.

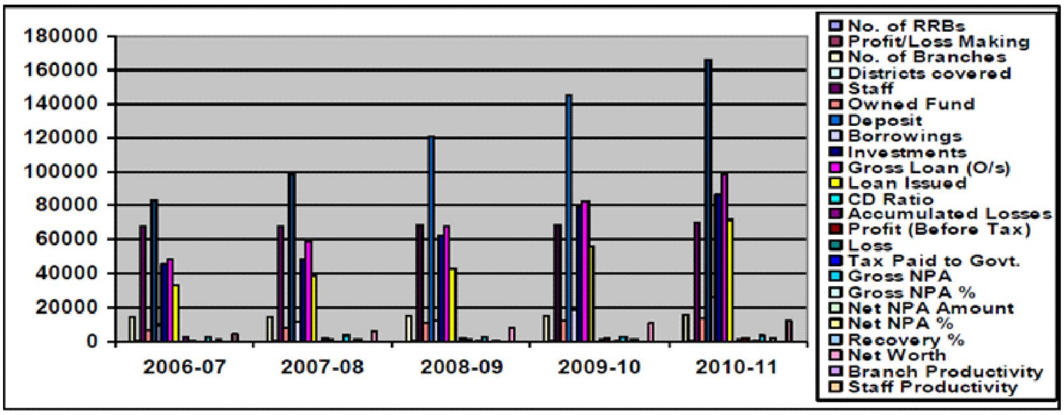
Table 1: Key Performance Indicators of RRBs in India

(Figures: - Rs. in Crore)

Parameters	2006-07	2007-08	2008-09	2009-10	2010-11	Growth
No. of RRBs	96	91	86	82	82	---
Profit / Loss Making	81 / 15	83 / 8	80 / 6	79 / 3	75 / 7	---
No. of Branches	14526	14761	15158	15480	16001	3.36
Districts covered	534	594	617	618	620	0.32
Staff	68289	68005	68509	69042	70153	1.61
Owned Fund	7285.98	8732.59	10895.73	12247.16	13838.92	13.00
Deposit	83143.55	99093.46	120184.46	145035.00	166232.34	14.60
Borrowings	9775.80	11494.00	12733.80	18770.00	26490.81	41.10
Investments	45666.14	48559.54	62629.45	79379.16	86510.44	8.98
Gross Loan (O/s)	48492.59	58984.27	67858.48	82819.10	98917.43	19.14
Loan Issued	33043.49	38581.97	43445.59	56079.24	71724.19	27.90
CD Ratio	58.32	59.52	56.46	57.10	59.51	---
Accumulated Losses	2759.49	2624.22	2325.59	1775.06	1532.39	- 13.67
Profit (Before Tax)	926.40	1383.68	1859.36	2514.83	2420.75	- 3.74
Loss	301.25	55.58	35.91	5.65	71.32	1162.30
Tax Paid to Govt.	139.66	301.12	461.14	625.25	634.22	1.44
Gross NPA	3178.01	3566.34	2804.02	3084.82	3712.00	20.32
Gross NPA %	6.55	6.05	4.13	3.72	3.75	---
Net NPA Amount	1625.41	1929.71	1114.54	1423.31	1941.32	36.39
Net NPA %	3.46	3.19	1.68	1.80	2.05	---
Recovery %	79.80	80.84	77.76	80.09	81.18	---
Net Worth	4526.48	6107.37	8570.04	10472.10	12306.53	17.52
Branch Productivity	9.06	10.75	12.41	14.72	16.57	12.57
Staff Productivity	1.93	2.33	2.74	3.70	3.78	2.16

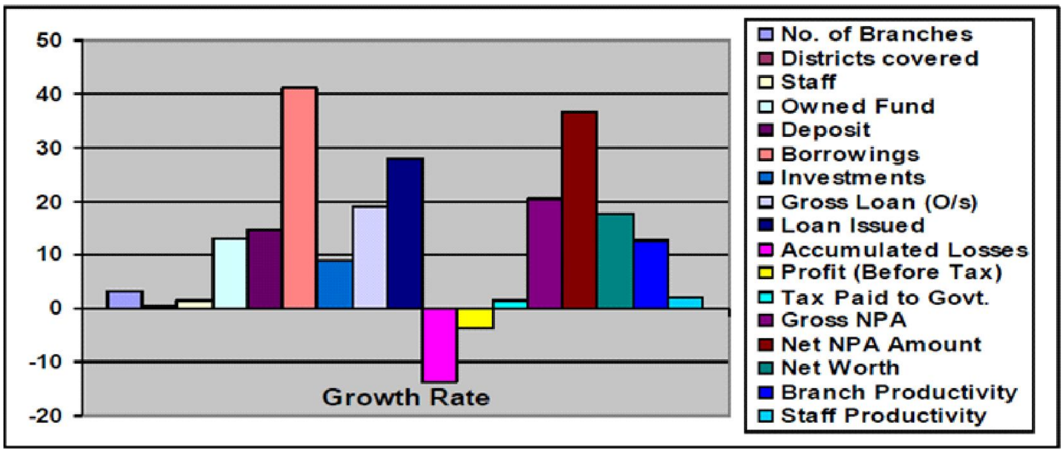
Source: Reports of NABARD and RBI

Graph 1 : Key Performance Indicators of RRBs in India



Source : Reports of NABARD and RBI.

Graph 2 : Growth Rate of RRBs in India



Source : Compiled from Reports of NABARD and RBI.

SUMMERY/ OBSERVATION OF THE STUDY (FINDINGS)

Sources of Funds

The sources of funds of RRBs comprise of owned fund, deposits, borrowings from NABARD, Sponsor Banks and other sources including SIDBI and National Housing Bank.

1. Owned Funds

The owned funds of RRBs comprising of share capital, share capital deposits received from the shareholders and the reserves stood at Rs. 13838.92 crore as on 31 March 2011 as against Rs. 12247.16 crore as on 31 March 2010; registering a growth of 13.0%. The increase in owned funds to the tune of Rs. 1591.76 crore was mainly on account of accretion to reserves by the profit making RRBs. The share capital and share capital deposits together amounted to Rs. 4273 crore of total owned fund while the balance amount of Rs. 9566 crore represented reserves.

2. Deposits

Deposits of RRBs increased from Rs. 145035 crore to Rs. 166232.34 crore during the year registering growth rate of 14.60%. Gurgaon GB reported the highest deposit growth rate of 37%. There are Sixteen (16) RRBs having deposits of more than Rs. 3000 crore each.

3. Borrowings

Borrowings of RRBs increased from Rs. 18770 crore as on 31 March 2010 to Rs. 26490.81 crore as on 31 March 2011 registering an increase of 41.10%. Borrowings viz-a-viz the gross loan outstanding constituted 26.8% as against 22.7% in the previous year.

Uses of Funds

The uses of funds of RRBs comprise of investments and loans and advances.

1. Investments

The investment of RRBs increased from Rs. 79379.16 crore as on 31 March 2010 to Rs. 86510.44 crore as on 31 March 2011 registering an increase of 8.98%. SLR investments amounted to Rs. 45022 crore where as non-SLR investments stood at Rs. 41488 crore. The Investment Deposit Ratio (IDR) of RRBs progressively declined over the years from 72% as on 31.3.2001 to 52.04 % as on 31 March 2011.

2. Loans & Advances

During the year the loans outstanding increased by Rs. 16098.33 crore to Rs. 98917.43 crore as on 31 March 2011 registering a growth rate of 19.4% over the previous year. Meghalaya Rural Bank recorded the highest growth rate of 35% during the year 2010-11.

3. Loans Issued

Total loans issued by RRBs during the year increased to Rs. 71724.19 crore from Rs. 56079.24 crore during the previous year registering a growth of 27.90%. Samastipur KGB reported highest growth rate of 123% during 2010-11 followed by Andhra Pradesh GVB at 112%.

Working Results:

1. Profitability

75 RRBs (out of 82 RRBs) have earned profit (before tax) to the extent of Rs. 2420.75 crore during the year 2010-2011. The profit was marginally lower than the previous year. After payment of Income Tax of Rs. 634.22 crore, the net profit aggregated to Rs. 1786.53 crore. The remaining 7 RRBs incurred loss to the tune of Rs. 71.32 crore.

2. Accumulated Losses

As on 31 March 2011, 23 of the 82 RRBs continued to have accumulated losses to the tune of Rs. 1532.39 crore as against Rs.1775.06 crore (27 RRBs) as on 31 March 2010. The accumulated loss decreased by Rs. 242.67 crore during the year under review.

3. Non-performing Assets (NPA)

The Gross NPA of RRBs stood at 3712 crore as on 31.03.2011 (i.e.3.75%). The percentage of Net NPA of RRBs has shown an increase from 1.8% to 2.05% during the year. The data revealed that 15 RRBs had gross NPA percentage of less than 2%, whereas 33 RRBs had it above 5%.

4. Recovery Performance

There has been an improvement in the recovery percentage during 2009-10 from 80.09% as on 30 June 2009 to 81.18% as on 30 June 2010. The aggregate overdue, however, increased by Rs. 934 crore to Rs. 9805 crore as on 30 June 2010.

5. Credit Deposit Ratio

The aggregate CDR of RRBs increased over the years from 57.10% as on 31 March 2010 to 59.51% as on 31 March 2011. Eight of the RRBs reported CDR of more than 100%.

6. Productivity of Branch and Staff

The branch productivity increased to Rs. 16.57 crore in 2010-11 from Rs.14.72 crore in 2009-10 with a growth of 12.57%. Similarly, staff productivity in 2010-11 increased to Rs. 3.78 crore from Rs. 3.70 crore in 2009-10 with a growth of 2.16%.

Policy Initiatives during the Year 2010-2011

1. Capital Infusion for improving CRAR

Consequent upon the decision taken in the Finance Minister's Review Meeting of RRBs dated 18.08.2009, a Committee was constituted by Government of India, Ministry of Finance, Department of Financial Services under the Chairmanship of Dr. K.C. Chakrabarty, Deputy Governor, Reserve Bank of India, to examine the financials of RRBs with reference to CRAR and suggest a roadmap for achieving a CRAR of 9% by March 2012. As per Dr. K.C. Chakarbarty Committee Report recapitalization to 40 selected RRBs in 21 states was started in 2010-11. The recapitalization amount is to be shared by the stake holders in proportion of their shareholding i.e. 50%, 35% and 15% by Central Government, concerned sponsor banks and State Government. As per approved scheme, the release of Central Government share is subject to proportionate share by the Central Government, concerned sponsor banks and State Government. A sum of Rs. 66.49 crore was released to 5 RRBs during 2010-11. Accepting the recommendations of the committee, the GOI along with other shareholders decided to recapitalize the RRBs by infusing funds to the extent of Rs. 2200 Crore. The implementation is already underway and is expected to be completed during 2012-13.

2. Regional Rural Bank Service Regulations 2010

Based on the recommendations of Amaresh Kumar Committee, the GOI issued the RRB Service Regulations 2010.

3. Regional Rural Bank Appointment and Promotion Rules 2010

GOI also notified the RRB Appointment and Promotion Rules 2010, in July 2010.

4. Technology Innovation through Core Banking Solutions (CBS)

The RRBs were required to ensure that their branches are put on CBS platform so that they can provide hassle free and any where banking services to their clients. 80 RRBs have since been fully migrated to CBS as on 30m September 2011. NABARD is providing financial assistance to identified 28 weak RRBs to the extent of 40% for core banking solution from Financial Inclusion Technology Funds (FITF) and rest of the cost will be shared by the Sponsor Bank (50%) and the RRB (10%).

5. Financial Inclusion

As envisaged by the Government of India, RRBs as a group have become a strong intermediary for financial inclusion in rural areas by opening a large number of "No frills" accounts and by financing under General Credit Card (GCC), as per RBI guidelines. Total number of accounts stood at 1310.17 lakhs in March 2011 which was 1188.67 lakhs in March 2010.

6. Interest Subvention to RRBs

The continuance of the interest subvention scheme was announced in the Union budget 2010-11. Interest subvention of 1.5% per annum was available to RRBs for deploying their own funds for crop loan up to Rs. 3 lakhs per farmer, provided the ultimate borrower get such loans at 7% interest per annum. An additional subvention of 2% was announced during the year to those farmers who repaid crop loans promptly within one year of disbursement. Thus, the interest paid on crop loans by such farmers was effectively at the rate of 5%.

Problems (Weakness) of RRBs

Although RRBs had a rapid expansion of branch network and increase in volume of business, these institutions went through a very difficult evolutionary process due to the following problems:

1. Very limited area of operations
2. High risk due to exposure only to the target group
3. Public perception that RRBs are poor man's banks
4. Mounting losses due to non-viable level of operations in branches located at resource-poor areas.
5. Switch over to narrow investment banking as a turn-over strategy
6. Heavy reliance on sponsor banks for investment avenues with low returns barring exceptions, step-motherly treatment from sponsor banks.
7. Chairman of RRBs under the direction of Regional Managers appointed as Board of Directors by sponsor banks
8. Burden of government subsidy schemes and inadequate knowledge of customers leading to low quality assets
9. Unionized staff with low commitment to profit orientation and functional efficiency.
10. Inadequate skills in treasury management for profit orientation.
11. Inadequate exposure and skills to innovate products limiting the lending portfolios
12. Inadequate effort to achieve desired levels of excellence in staff competence for managing the affairs and business as an independent entity
13. Serious undermining of the Board by compulsions to look up to sponsor banks, GOI, NABARD and RBI for most decisions.
14. RRB hampered by an across the board ban on recruitment of staff.

CONCLUSION

To conclude, the rapid expansion of RRB has helped in reducing substantially the regional disparities in respect of banking facilities in India. The efforts made by RRB in branch expansion, deposit mobilization, rural development and credit deployment in weaker section of rural areas are appreciable. RRB successfully achieve its objectives like to take banking to door steps of rural households particularly in banking deprived rural area, to avail easy and cheaper credit to weaker rural section who are dependent on private lenders, to encourage rural savings for productive activities, to generate employment in rural areas and to bring down the cost of purveying credit in rural areas. Thus RRB is providing the strongest banking network. Government should take some effective remedial steps to make Rural Banks viable.

Regional Rural Banks plays a key role as an important vehicle of credit delivery in rural areas with the objective of credit dispersal to small, marginal farmers & socio economically weaker section of population for the development of agriculture, trade and industry .But still its commercial viability has been questioned due to its limited business flexibility, smaller size of loan & high risk in loan & advances. Rural banks need to remove lack of transparency in their operation which leads to unequal relationship between banker and customer. Banking staff should interact more with their customers to overcome this problem. Banks should open their branches in areas where customers are not able to avail banking facilities. In this competitive era, RRBs have to concentrate on speedy, qualitative and secure banking services to retain existing customers and attract potential customers.

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DIFFUSION OF E-BANKING AND CUSTOMER SATISFACTION: A STUDY ON COMMERCIAL BANKS OF INDIA

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ABSTRACT

E-banking is a delivery channel for banks in India. It is both transactional and informative. While looking at the impact of e-banking in industries, it has been noticed that it has helped to remove the constraint of time, distance and communication and thus, making world a global village. The study was conducted with an objective to study the overall satisfaction of the consumers with the quality of services and also, to know the perception of customers on all the dimensions of service quality and their association with each other. A structured questionnaire was drafted to collect data regarding the customer opinion on e-banking Provider. The sample size of 210 respondents was taken from commercial banks of Odisha. The data contains the personal details, demographic details and perception of customers on all dimensions of service quality. To achieve the research objective multiple regression analysis was used to anticipate the impact of independent variables, viz. efficiency, reliability, convenience and flexibility on customer satisfaction. Further it is revealed that though every factor has significant impact on customer satisfaction, only one factor (i.e., convenience) is positively related with customer satisfaction.

Key Words : *E-banking, Customer Satisfaction, Efficiency, Reliability, Convenience and Flexibility.*

INTRODUCTION

The bank customers are the key players of the banking industry and all the efforts are made by the banks to satisfy the desirable needs of the customers. However, satisfaction of customer depends upon service quality and service quality is increasingly offered as a strategy by marketers to position themselves more effectively in the market place (Parasuraman et.al 1988; brown and Swartz 1989; Cronin and Taylor 1992). Indian banking industry has suddenly witnessed a major boom. Due to the era of e-banking quality of service has been improved a lot as compared to traditional banking services. Automated Teller Machine (ATM), Internet Banking, Smart cards, Credit Cards, Mobile banking, Phone banking, Anywhere-Anytime banking, etc. have totally changed the way of providing services by the bank.

Conceptually Internet banking or E-banking is a generic term for the delivery of banking services and products through the electronic channels such as; telephone, internet, cell phone, etc. It means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking function. In fact it allows customers to conduct certain

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transactions online at any time, reducing the number of physical visits to banks. Rough estimates assume a bank-teller cost at Re.1 per transaction to a bank, ATM transaction cost at 45 paisa, phone banking at 35 paisa, debit cards at 20 paisa and Internet banking at 10 paisa per transaction. The cost-conscious banks in the country have therefore actively considered use of the Internet as a channel for providing services. At present, the total Internet users in the country are estimated at 309 lakhs. However, this is expected to grow exponentially to 900 lakh by 2013. Only about 1% of Internet users did banking online in 1998. This increased to 26.7% in March 2010. The growth potential is, therefore, immense. Again in e-banking a customer has one-to-one interaction with the banks website and in such a situation it is essential on the part of the banks to provide high quality service over internet. In order to maintain good or successful relationship with customers and attract them to use e-banking services, banks may need to understand factors which influence and attract customers to use e-banking, so that they can lead to customer satisfaction, customer retention and new customer acquisition as these are the most important requirement for banks to keep their position in the market and compete globally.

Under this backdrop, the present study attempts to find out the performance of e-banking and level of its customer satisfaction among commercial banks of Odisha. The rest of this paper is divided into three parts. The first part reviews the research findings of earlier studies and sets the methodology of this study. The second part makes an analysis of data with different statistical tools and the last part summarises the findings and draws conclusions.

2.0 REVIEW OF LITERATURE

There is huge literature available relation to service quality of banks and customer satisfaction. It elaborates that, there is strong relationship between service quality, brand perception and perceived value with customer satisfaction and loyalty.

Daniel (1999) defines electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television. According to Christopher, et al., (2006), e-banking has become an important channel to sell the products and services and is perceived to be necessity in order to stay profitable in successful. As per Malhotra and Singh, (2007) the e- banking is leading to a paradigm shift in marketing practices resulting in high performance in the banking industry. Delivery of service in banking can be provided efficiently only when the background operations are efficient. An efficient background operation can be conducted only when it is integrated by an electronic system. The components like data, hardware, software, network and people are the essential elements of the system. Banking customers get satisfied with the system when it provides them maximum convenience and comfort while transacting with the bank. Internet enabled electronic system facilitate the operation to fetch these results. Karjaluoto et al. (2002) argued that 'banking is no longer bound to time and geography. Customers over the world have relatively easy access to their accounts, 24 hours per day, and seven days a week'. The author further argued that, with internet banking services, the customers who felt that branch banking took too much time and effort are now able to make transactions at the click of their fingers. Reeti Agarwal et al (2011) in their paper 'Customers' perspectives regarding banking in an emerging economy' conducted on the northern part of India consider security and trust most important in affecting their satisfaction level and find slow transaction speed the most frequently faced problem while using e-banking. Robinson (2000) believes that the supply of Internet banking services enables banks to establish and extend their relationship with the customers. There are other numerous advantages to banks offered by online banking such as mass customization to suit the likes of each user, innovation of new products and services, more effective marketing and communication at lower costs (Tuchilla, 2000), development of non-core products such as insurance and stock brokerage as an expansion strategy, improved market image, better and quicker response to market evolution (Jayawardhena & Foley, 2000). Routray (2008) observed mobile and wireless communication devices are becoming enablers for organizations to conduct business more effectively and efficiently. One of the most effective applications is mobile banking (m-banking). The increased flexibility and mobility feature of wireless ATM and its bandwidth on demand function is motivating a large number of carriers towards deployment of the WATM networks. Mahmood H S and F A. Siddiqui (2009) found the most critical factors for success in e-banking include: understanding customers, organizational flexibility, availability of resources, systems security, established brand name, having multiple integrated channels, e-channel specific marketing, systems integration, systematic change management, support from top management, and good customer services. They concluded that banks need to implement considerable organizational changes in order to web-enable themselves.

3.0 RATIONALE OF THE STUDY

The study will show how the e-banking services satisfy the customers. The study will also explore that to enjoy the e-banking services a lot of service characteristics should be ensured first by the service provider. Then customer will adopt the systems properly. This research study has done to provide some service quality variables that are liable to satisfy the customers by rendering right services.

4.0 OBJECTIVES OF THE STUDY

The present study has been framed with the following objectives

a) To know the performance of e-banking activities of commercial banks in Odisha.

b) To analyze customer satisfaction level in e-banking with commercial banks in Odisha.

c) To identify the e-banking benefits from customer's point of view.

d) To provide some recommendations.

5.0 METHODOLOGY

The study is mainly based on the primary data. However, for general concept development the secondary data was also used. A structured and pretested questionnaire was used to collect necessary data from the sample respondents regarding their perception on e-banking transactions in Odisha. The respondents who are using e-banking for a period of 0-3 years are considered as sample. This using period is planned because if the consumers enjoy the services for the long time from any bank they may be biased to their banks. For this convenience sampling method was followed and certain specific branches as well as ATMs were chosen for distributing the questionnaire containing 11 quality items related to e-banking transaction. Respondents rated these on a 5-point Likert scale where '1' stands for 'strongly disagree' and '5' for strongly agree. Data so collected for the study was processed and analysed through SPSS.20. Suitable statistical tools like; factor analysis and multiple regression analysis are used to get meaningful conclusions.

6.0 ANALYSIS AND FINDINGS

6.1 Demographic Profile of the Respondents

Demographically it is found that, out of 210 respondents 62.5 % are males and 37.5% are females. In terms of age, 45% respondents belongs to the age group of 46-60 years, followed by 22.5% in the age group of 31-45 years, 17.5 % below the 30 years and only 15% respondents are above 60 years. Educational status of the respondents indicates that highest number of graduates (i.e.,45 %), followed by 30% post-graduates, 20 % secondary and only 5% are educated up to primary level. In terms of occupation, salaried class formed the highest portion with 35% of the total, 20% belong to both business and farmers group, and 20% of the respondents belong to professionals.

6.2 Empirical Results

In the present section, data analysis was made in two stages. In the first stage, factor analysis is used to explore the underlying factors associated with customer satisfaction in e-banking. In order to establish strength of the factor analysis solution, the Kaiser-Mayer-Oklin (KMO) and Barlett's test was first computed and the results are given in Table-1.

Table-1 : KMO and Barlett's test

Kaiser-meyer-Oklin Measures of sampling adequacy	0.689
Approx... Chi-Square	554.900
Barlett's Test of Sphericity df	55
Sig.	.000

From the table, it is found that the value of KMO statistics is greater than 0.5, indicating that factor analysis could be employed for the given set of data.

Table-2 : Rotated Component Matrixa

	Component			
	1	2	3	4
e-banking increases efficiency of banking operation	**0.790**	0.073	-0.070	-0.043
e-banking is easy to use	**0.767**	-0.014	-0.082	0.036
e-banking facilitates faster transaction	**0.785**	0.259	0.091	0.245
e-banking facilitates secured transaction	**0.704**	0.095	0.044	-0.062
e-banking facilitates reliable transaction	0.050	**0.885**	-0.004	-0.004
e-banking saves time as compared to conventional banking	-0.254	0.101	**0.733**	-0.061
e-banking reduces waiting time in banks	0.191	-0.035	**0.685**	-0.004
e-banking is convenient way of performing banking transaction	-0.021	-0.360	**0.726**	-0.038
e-banking is more cost effective than traditional banking	0.382	0.187	0.003	**0.531**
e-banking facilitates anywhere any time banking	-0.143	-0.021	-0.084	**0.885**
e-banking facilitates an easy access to current and historical transaction related information's	-0.239	-0.129	0.188	**0.828**

In order to interpret the result of table-2, a cut-off point of 0.5 is decided for each variable to group them into factors. Factor-1 comprising of efficiency of e-banking transactions (0.790), ease of use (0.767), faster transaction (0.785) and secured transaction (.704) can be named as efficiency. The factor-2 comprising of the variable reliability in transaction (0.885) can be named as reliability. Likewise factor-3, consisting of timeliness (0.733), reduction in waiting time (0.685) and convenience (0.726) can be named as convenience. Finally factor-4 comprising of any time any where banking (0.885), cost effectiveness (0.531) and informational (.629) can be named as flexibility.

After exploring the underlying factors associated with customer satisfaction in e-banking now attempt has been made to get deeper understanding of the relationship between the overall customer satisfaction and the identified factors using regression analysis. The basic model of regression analysis is as follows.

Customer Satisfaction= *f* (Efficiency, Reliability, Convenience, Flexibility)

$$CS = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

CS = customer satisfaction with e-banking in commercial banks

X_1 = Efficiency

X_2 = Reliability

X_3 = Convenience

X_4 = Flexibility

There 'α' is constant and 'βs' are coefficients to estimate and 'e' is the error term. Here customer satisfaction is the dependent variable and efficiency, reliability, convenience and tangibles are independent variables.

Table-3 : Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891[a]	.795	.791	.52742

a. Predictors: (Constant): Flexibility, Convenience, Reliability, Efficiency

Source: SPSS regression output of data Analysis

Table-4 : ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	220.598	4	55.150	198.256	.000[b]
	Residual	57.026	205	.278		
	Total	277.624	209			

a. Dependent Variable: Overall customer satisfaction
b. Predictors: (Constant): Flexibility, Convenience, Reliability, Efficiency

Source: SPSS regression output of data Analysis

From the ANOVA test, it is quite obvious that the table sig. value 0.05 is greater than the calculated sig. value 0.000. It means that there is a significant correlation between the dependent and independent variables, i.e., customer satisfaction depend on efficiency, reliability, convenience, and flexibility in different commercial banks in Odisha. But it does not mean that all the factors have significant correlation with customer satisfaction level. The overall predictability of the model is shown in the table-3 above. The adjusted r2 value of .791 indicates that about 79% of the factors are responsible for customer satisfaction in Commercial banks.

Table-5 : Regression Coefficients Analysis of the Modela

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig. value
		B	Std. Error	Beta		
1	(Constant)	2.081	.036		57.176	0.000
	Efficiency	-.275	.036	-.239	-7.537	0.000
	Reliability	-.954	.036	-.828	-26.160	0.000
	Convenience	.216	.036	.188	5.934	0.000
	Flexibility	-.149	.036	-.129	-4.083	0.000

a. Dependent Variable: Overall customer satisfaction

From the above analysis we can develop the following regression model

$CS = 2.081 - 0.275X_1 - 0.954X_2 + 0.216X_3 - 0.149X_4$

SE = (0.036) (0.036) (0.036) (0.036) (0.036)

Result of coefficient analysis presented in Table-5 shows the relationship between dependent and independent variables. According to Sig. value, in commercial banks all the four factors have significant connection with customer satisfaction level, as table Sig. value of 0.05 is greater than the calculated Sig. value of 0.000 each. Again the above regression equation indicates that the efficiency, reliability and flexibility are negatively related with customer satisfaction in commercial banks. Thus now the findings can be interpreted as under:

X_3(Convenience) = 0.216, i.e., 100% change in convenience aspects will leads to 21.6% change in customer satisfaction level.

7.0 CONCLUSION AND MANAGERIAL IMPLICATIONS

From the above analysis, it can be concluded that there is a relation between customer satisfaction in e-banking and variables; like efficiency, reliability, convenience and flexibility. Therefore, banker and e-banking service designers should think over these dimensions and make possible changes in the e-banking services according to the customers' expectations and need of the time. It will be helps to enhance service quality of e-banking and increase the level of customers' satisfaction. The study tried to point out the gap which exists in the service quality; however, it can improve with a slight change in the orientation of the bank's policy.

- Since, customers are more quality conscious and price sensitive, the actions of the service provider will lead to increased trust and loyalty in the e-banking of the bank. Thus, customer service should be given utmost importance along with commitment to the customers, since customers are provided will numerous options from the competitors.
- It is also noticed that loyal customers can add more customers by positive word of mouth and references about the efficient service of the company.
- Lastly, by providing effective service to the customers, through quality service, commitment and effective communication, service providers can better understand the needs of the customers and serve these needs more remarkably as compared to the competitors and thus, eliminating higher switching cost.

8.0 LIMITATIONS OF THE STUDY

The study was conducted amidst certain limitations, which can be seen as: Firstly, the impact of impact of socio-demographic factors such as gender, educational level, income and age should be taken into consideration so as to look into service quality and customer loyalty relationship, which can help in effectively contributing towards managerial implications. Secondly, due to the limitation of financial resources and time available, survey of customers is of limited scale and scope, such that it might not be a complete representation of the population. Thirdly, the study only covers Odisha State, such that the results may not apply directly to all other regions. Lastly, a small sample size has a greater probability that the observation just happened to be particularly good or particularly bad. Therefore it is harder to find significant relationships from the data, as statistical tests normally require a larger sample size to justify that the effect did not just happened by chance alone.

CONCLUSION

Hopeful is the feeling engendered by the ME responses to the question concerning factors encouraging supply chain implementation. It was expected that most of the micro entities that had accomplished

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CRM IN BANKING SECTOR-A RESERCHER'S PROSPECTIVE ON BIBLIOGRAPHIC SURVEY

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ABSTRACT

In the present competitive scenario the core of banking has changed from only banking to need based banking. Customer satisfaction has become the buzz work for success of any organisation. CRM is a business strategy that focuses on customer retention rather than customer acquisition. CRM emphasises on creating, satisfying and retaining customers through need based services. CRM has become an inevitable tool of modern day marketing and can be adopted uniformly in the banking industry. This paper is a literature review on the meaning of CRM, the philosophy of CRM and how CRM has been accepted by the banking sector. Building a lifelong relationship with customers is the key to success for any business today.

Key Words : *Customer Relationship Management, Customer Satisfaction, Banking*

INTRODUCTION

The concept of banking can be traced back to authentic history and as early as 2000 B.C. Babylonians who are said to be the developers of banking system. The most ancient bank is supposed to be The Bank of Venice, established in the year 1157. In India, the Vedic period gives traces of banking system. But in those days banking meant only lending money whereas today's banking is far more complicated and modernized. The oldest bank in India is the State Bank of India which originated as Bank of Calcutta in 1806. Banking industry today is a major sector for the existence development of any economy of the world.

Liberalization of the Indian economy has brought with itself tech savvy banks that have left no stones unturned to acquire and retain their customers. The opening of the economy saw a surge of private sector banks joining the fray and offering a plethora of products and services. But today's intelligent customers are challenging the banking industry to redefine the banking sector. The just banking concept has changed to need based banking concept with Customer Relationship Management becoming the centre of success for every business, particularly service sector. Bateman and Snell have rightly pointed out that "Customer Relationship Management is a business process which results in optimized profitability and revenue generation, while achieving customer satisfaction." CRM today has completely changed the definition of marketing. The modern marketing concept has become focussed on Relationship Building rather than just acquiring.

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Rangarajan(2010) has said that CRM has become a major tool for corporate strategy in case of many organisation. He has opined that a greater focus on CRM is the only way banking sector and other sectors can protect their market share and enhance growth.

Strauss et al. (2003) has opined that CRM is a complete process of acquiring, retaining and enhancing customer base for any organisation.

Customer Relationship Management is one of the strategies to manage customers as it focuses on understanding customers as individuals instead of as part of a group (Lamber 2010).

OBJECTIVES

The specific objective of my research paper is as follows;

- To review the literature on the concept of CRM
- To review the literature on CRM in Banking sector

RESEARCH METHODOLOGY

To meet the objectives of the present study only secondary data has been collected. Secondary data has been collected through different journals, magazines, websites, bank records, different publications, etc.

REVIEW OF LITERATURE:

CONCEPT OF CRM

CRM appeared in literature after the evolution of relationship marketing philosophy. Berry (1983) defined relationship as attracting, maintaining and enhancing the customers' relationships in multi service industry. After a few decades CRM replaced relationship marketing.

According to Brown (2000) CRM is the process of acquiring new customers, retaining the existing customers and at the same time understanding, anticipating and managing the needs of organisation's current and potential customers.

Parvatiyar and Sheth (2001) observed that CRM is a comprehensive strategy and process of acquiring,retaining and partnering with selective customers to create superior value for the company with the customers.

Swift (2001) has observed that CRM is a process designed to gather data of customers, to grasp features of customers, and to apply those qualities in specific marketing activities

Parvatiyar et al (2001) observed that CRM is a compressive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company with the customers

Bose(2002) indicates that CRM involves acquisition, analysis and use of knowledge about customers in order to sell more goods or services and to do it more efficiently

Panda(2003) says that CRM in financial service industry is a cyclical process which starts with definition of customer. CRM is fundamental to building a customer-centric organization. CRM is a key element that allows a bank to develop its customer base and sales capacity.

In Peter F. Drucker's words, the purpose of business is to create and keep a customer. Every businessman understands the truth of these words. Today, when businesses are scrambling to get customers, the importance of Customer Relationship Management (CRM) must not be ignored. That's why analysts, vendors, and solution providers are positive about the growth of CRM in the country.

Pisharodi et al (2003) in a study of success of CRM found that a process-oriented strategic approach to connect the operational, informational and the organizational components of CRM are critical for the success of CRM application.

Bhaskar P.V. (2004) opined that once good service is extended to a customer, a loyal customer will work as an Ambassador to the bank and facilitate growth of Business. The level of customer service and satisfaction is determined by branch location and design, variety of services, rates and charges, systems and procedures, delegation and decentralization, mechanization and computerization, competitive efficiency, complaint redressal and very importantly staff skills, attitudes and responses.

A.G.Shankar(2004) says managing the customer relationship is the future of any business or everybody's business. Customer focusing is not to be' viewed as just a business strategy but should become a corporate mission.

K.S.Swarup(2004) For delivering quality service, it is imperative to have customer orientation as a culture in the bank. The customer orientation builds long term relationships resulting in customer satisfaction and cash flows to the bank.

According to Kotler P(2005), the liberalization, privatization and globalisation have ushered the customer relationship management in banks. The process of globalisation and our move towards global standards have changed the perception of customer service and banking endeavour to serve the customer better, resulted in innovative banking services and products. more and more interaction with customers to build customer relationship banking. But to deliver an improved and in-depth understanding of customer's needs, fully integrated customer management system is required along with complete transparency. In the emerging market scenario, for survival and growth, it is critical for a bank to align its vision, mission, goals and objectives with customer's satisfaction. The marketing techniques of banks affect the performance of banks.

CRM: THE PHILOSOPHY

Marketing practitioners and scholars have strongly recommended striving for close relationships with customers (Day, 2000; Lemon et al,2002; Sheth and Parvatiyar, 1995). Over the years many organizations have been compelled to accept this conclusion. Most notable among these are the beliefs that existing customers are more profitable because the acquiring and attracting of new customers is expensive, and that it is less costly to up-sell or cross-sell products or services to current customers (Berry, 1995; Peppard, 2000; Sheth and Paravatiyar, 1995). One of the most important studies conducted in this field is by Reichheld and Sasser (1990), which showed the large impact on profitability of smallincreases in customer retention rates, which made the marketing community more conscious of the need to manage customer relationships in the long term as well as prior to the first sale. In addition, more studies have shown that the cost of retaining current customers is lower than the cost of acquiring new ones (Blattberg and Deighton 1996, Filiatrault and Lapierre 1997) and that economic benefits of high loyalty are important, and in many industries it is this which determines the differences between companies (Reichheld 1996).

The objective of customer relationship management is to unite and join information technology and business processes in a fashion that enables the firm to acquire new customers, retain existing customers, and maximize the lifetime value of its customers (Peppard, 2000). Most importantly, CRM allows firms to differentiate customer treatments based on specific customer needs and preferences. Additionally, financial metrics that are centred on customers allow firms to segregate those customers that the firm should be keeping from those it should be willing to lose (Dyche, 2001), enabling micro-management of profitability.

The huge number of CRM initiatives carried out reflects both the complexity and elusiveness of the CRM concept. While the number of CRM initiatives is growing fast, scholarly published material on CRM principles is rather limited. Panda (2003) argues 19 that Berry (1983) formally introduced the term customer relationship management to literature. Several ideas of relationship marketing had, however, emerged much earlier, such as the one provided by John Arndt (1979), who noted the tendency of firms engaged in business-to-business marketing to develop long-lasting relationships with their important customers and their key suppliers rather than focus on discrete exchange and named them "domesticated markets".

In recent years, customer relationship management has been expanded to include an integrated perspective on marketing, sales, customer service, channel management, logistics and technology for engaging in customer satisfaction. Practitioners are calling it customer relationship management (CRM) and are interested in all aspects of interactions with customers to maintain a long-term profitable relationship with them.

After reviewing the literature, some of the definitions used to define CRM are as follows:

Bob Thompson (2001, crmguru.com) defined CRM as follows: "Customer relationship management (CRM) is a business strategy to select and manage the most valuable customer relationships. CRM requires a customer-centric business philosophy and culture to support effective marketing, sales and service processes. CRM applications can enable effective customer relationship management, provided that an enterprise has the right leadership, strategy and culture."

Chen et al. (2003, p.682) wrote that: "CRM is a cross-functional, customer-driven, technology-integrated business process management strategy that maximizes relationships and encompasses the entire organization"

"CRM is a strategy to identify and attract profitable customers, tying them to the company or product by efficient relationship marketing to guarantee profitable growth. CRM offers a great platform for the acquisition of new customers in addition to gaining customer satisfaction and loyalty. Additionally, existing customer relationships can be used to drive sales via up or cross-selling. The most "valuable" customers especially need to be identified, attracted and retained" (Kracklauer et al., 2001, p. 516).

CRM IN BANKING INDUSTRY

Philip Kotler (2001) looking at the shape of marketing in the new millennium , in his article titled " Where do we go from here" , opined that businesses are doing a better job of retaining customers thorough finding imaginative ways to exceed customer expectations. As a result competitors find it increasingly difficult to acquire new customers and most companies are spending time finding out how to sell more products and services to their existing customers.

Sajal Kabiraj et al (2004) concluded in their study on "Customer Relationship Management Practices in Retail Banking: An Indian Experience" that, CRM systems development and implementation are a key priority for the most modem Indian retail banks. Just over two thirds of the Indian retail banks have adopted a full CRM package such as SIEBEL, but the consensus is to develop as much as possible in house. In fact, the remaining one third buy software for specific functions commonly related to data mining and automated sales.

S. Syamali, (2004) in her article titled "Continue, compete and conquer through technology" concluded that , " As the degree of uncertainty is more in banking sector they have to depend more on building customer relationship which is a permanent asset bringing in regular income rather than mere hardware which have obsolescence as a critical factor. Technology shall be prudently used more as a means to achieve the end result.

Dr. Sulthan Singh, (2004) in his article "An appraisal of Customer Service of public sector banks", opined that, "In a service industry like banking, the quality of customer service holds great significance. Unlike other industries engaged in the production of tangible goods, banks are unique in the sense that they are producing and delivering the service instantaneously at the service delivery points i.e., at branches. This makes the customer super sensitive towards of quality of services".

In a study conducted by Zillur Rahman (2005) titled " Customer Experience Management - A Case Study of an Indian Bank" conveyed that loyal customers are considered to be the key to survival and success in many service businesses, in particular in the hospitality , insurance and financial sectors. The assumption is that with customer satisfaction; Loyalty, Retention and Profitability will automatically follow. At the end the study concluded that, an average, a majority of customers are satisfied with the present functioning of the bank, but would definitely be delighted if the bank changed its interface with the customers to become cognitive (intelligent), emotional, physically pleasing and well connected.

A major finding of a study conducted on two Swedish Banks by Javed Toufighi Zavareh(2007) titled "The Role of Analytical CRM in Maximizing Customer Profitability in Private Banking" suggests that CRM helped both banks to facilitate profitable relationships and establishing long-term relationships. Therefore, CRM deployment is positively related to the creation arid continuous maintenance of profitable and long-term relationships with the customers of the banks.

Madhu Jasola and Shivani Kapoor (2008) in their study titled "CRM: A Competitive tool for Indian Banking Sector" observed that, CRM is not a product or service, it is an overall business strategy that enables companies to effectively manage relationships with their customers. They also observed that customers in the CRM bank rate its services more favorably than those in the non-CRM. The outcome of the study also reveals that there is a direct relationship between perception and satisfaction, commitment and loyalty which underlines the significance of CRM in service industry.

Patwardhan et al (2009) evaluate the current Customer Relationship Management (CRM) process and discover the factors that influence CRM in Indian Banking sector. The competition and expectation of excellence services have forced Indian banks to implement CRM vigorously in order to increase return on investment (ROI). Using respondents from both private and public sector banks, the results indicate four major factors-company, staff, technology, and customer-contributing to the CRM implementation in banking sector.

RESEARCH GAP:

There is limited research on CRM for Indian retail banking sector. The researcher aims to examine the implications of CRM or the effectiveness of CRM in promoting the existing as well as innovative bank products amongst the customers of the banks with particular reference to selected banks in Odisha. A close review of the available literature on different aspects of bank marketing has brought to light the dearth of research on application and adoptions of CRM in commercial bank in India and with particular references to banks in Odisha. This study aims at examining in detail how effectively the practices have been deployed in selected expanding banks. It explores the association of CRM best practices with service effectiveness and profitability of selected commercial banks. It aims at examining how CRM as a tool of marketing is effective in satisfying the customers with regards to a wide range of services in the bank and the impact of CRM on profitability of banks.

CONCLUSION

Marketing has played a crucial role in building a customer centric organization. The traditional marketing concept which worked on the philosophy of selling or attaining new customers without paying attention to customer satisfaction has been replaced with the modern concept of marketing which stresses on customer loyalty through customer satisfaction. Customer satisfaction is presumed as a measure of customer loyalty and the retention of the existing customer base. Kotler (2002) emphasized that firms should formulate their own set of approaches to ensure that their products and services are more superior to their competitors. Through CRM, banks can create a spirited advantage by synergizing their efforts to effective delivery of customer satisfaction while getting the most out of the profits. The study aims at analyzing CRM as a tool of modern day bank marketing tool, its implementation, adoption, its functioning, the perception of bank employees towards CRM, customers' perception and effectiveness of CRM as a tool in satisfying and retaining the customers and the impact of CRM adoption on the profitability of selected banks.

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FINANCIAL INCLUSION IN INDIA THROUGH MICRO FINANCE: A COMPARATIVE STUDY

Ms. Keya Das*

ABSTRACT

Financial inclusion is delivery of banking services of an affordable cost to the vast sections of disadvantaged and low income groups. In India, it is a new concept and was first featured in 2005. More than 70% of our population lives in the rural areas. Financial inclusion is a necessity for a country where a large chunk of the world's poor resides. Indian experiment with micro finance was different in mainly two respects, as the delivery model includes Micro finance through Micro Finance Institutions (MFIs) and SHG-BLPLinkage programmes. The present paper aims to explore the efficacy of financial inclusion through two major channels - Self-Help Groups-Bank Linkage Programme (SHG-BLP) and Micro Finance Institutions (MFIs).

Key Words : *Financial inclusion, SHG-BLP, Micro Finance Institutions.*

INTRODUCTION

Financial inclusion is the delivery of banking services of an affordable cost to the vast sections of disadvantaged and low income groups. In India, it is a new concept and was first featured in 2005. More than 70% of our population lives in the rural areas. Financial inclusion is a necessity for a country where a large chunk of the world's poor resides. Initiatives for financial inclusion have come from the financial regulators, the governments and the banking industry. While the banking sector has taken several steps to promote financial inclusion, legislative measures have also been initiated in some countries. The Reserve Bank of India (RBI) set up the Khan Commission in 2004 to look into financial inclusion and the recommendations of the commission were incorporated into the mid-term review of the policy, 2005-06. Financial inclusion includes the "provision of affordable financial services" to those who have been left unattended or under-attended by formal agencies of the financial system. These financial services include "payments and remittance facilities, savings, loan and insurance services"(RBI, 2006).

Access to finance by the poor and vulnerable groups is a prerequisite for poverty reduction, employment, economic growth and social cohesion. Further access to finance will empower the vulnerable groups by giving them an opportunity to have a bank account, to save and invest, to insure their homes or to partake of credit and there by facilitate them to break the chain of poverty. Microfinance, a provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards, is a major

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tool for achieving the financial inclusion in Indian subcontinent (Bhatnagar, 2008)[1].

MICRO FINANCE AND FINANCIAL INCLUSION - A BACKDROP

Financial inclusion is a buzzword now and has attracted the global attention in the recent past. In India, it is a new concept. More than 70% of our population lives in the rural areas. Financial inclusion is a necessity for a country where a large chunk of the world's poor resides. The financial inclusion emphasizes on conversion of unbanked area into banked one. Having a bank account does not mean financial inclusion. Financial inclusion is the process of ensuring access to appropriate financial products and services needed by all section of society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost and in a fair and transparent manner by regulated mainstream institutional players (Panigrahi, Sangram, 2010)[2]. Financial inclusion is a critical for achieving inclusive growth in the country. It can help in reducing the growth of informal sources of credit (such as money lenders), which are often found to be exploitative. Thus, an all-inclusive financial system enhances efficiency and welfare by providing avenues for secure and safe saving practices and by facilitating a whole range of efficient financial services (PallaviChavan and BhaskarBirajdar, 2009)[3].

The Indian experiment with micro finance was different in mainly two respects. First, India involved its public banks network to provide micro finance. The micro finance experiment in India has been described by NABARD as relationshipbanking rather than parallelbanking elsewhere in the world. In this experiment, there exists a link between Self Help Groups (SHGs), NGOs and Banks. Secondly, thriftfirst and not credit first was considered to be the basis for micro finance in India. SHGs in India were encouraged towards saving within the group and managing their own finances and giving loans internally and then to deposit their savings with a bank thus providing them access to the banking network and finally, negotiating with the bank for credit (Prem Mohan, 2012)[4].

Micro finance has been looked upon as an important means of financial inclusion in India (RBI, 2006). Indian concept of micro finance encourages access of SHGs to banks both as means of savings and providers of loan services. However, going a step further, it can be viewed that micro finance has to act proactively not just as a means of financial inclusion and also has to work towards reducing dependence of poor borrowers on various informal sources of credit that are often notorious for the onerous terms at which they offer credit. An effective financial inclusion is possible only with the accomplishment of the second

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(Dutta, 2011)[5].

Micro finance through Self Help Group (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. The concept of SHG in India was introduced in 1985 and consequently a pilot scheme was started on Self-Help Bank Linkage Programme (SHG-BLP) by NABARD in 1992. SHGs are small, economical, homogeneous, affinity groups of rural poor who are voluntarily ready to contribute to a common fund to be lent to their members as per the group decision (Shabna, 2014)[6].

Micro finance through Micro Finance Institutions (MFIs) have also grown from last 15 years. The number of Institutions providing microfinance services has gone up from a few to several hundreds. MFIs in general comply with the regulations of the RBI, take care of client protection issues, and adhere to the Industry Code of Conduct. These factors go a long way in infusing confidence among all the stakeholders. Dimensions of Financial Inclusion Indicators can measure at least three dimensions: access, usage, and quality (Mahendra, 2011)[7].

ShailajaGajjala(2005)[8] examined the differences between micro finance and micro credit. The findings of the study revealed that the micro finance gives bank link at the community level from which financial and non-financial benefits accrue to the bank, the borrower and the community.

T.Anitha Prasad (2005)[9] found that the requirements of rural poor households are very small and often unpredictable. These people are bankable. Almost all poor households need to save and have inherent capacity to save if they are properly motivated.

NABARD found that SHGs can be a tool for providing loan to the un-bankable section of the society. It launched a programme to link SHG with the banks in 1992. This was the first informal thrift and credit groups of the poor were recognised as bankable clients (Anitha Prasad, 2005)[10]. The strategy behind the programme was to initially link the groups with the banks through savings and later through loan products and ultimately make them bankable (Morduch, 1999)[11].

Dr. JyotishBasu (2006)[12] said that the emergence of women entrepreneurs and their contribution to the national economy

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is quite visible in India. The number of women entrepreneurs has grown over a period of time, especially in the 1990s. Microfinance programs have significant potential for contributing to women's economic, social and political empowerment.

PrabuGhate (2006) said that, role of financial institutions in a developing country is crucial in promoting financial inclusion. The efforts of the government to promote financial inclusion and deepening can be further improved by the pro-activeness on the part of capital market players including financial institutions[13].

Josiah Aduda and Elizabbath Kalunda (2012)[14] studied that enhanced measures of financial inclusion which include both access and usage should be applied, since access and usage are not the same but supplementary. Informal financial services should also be included as they play a big role in developing countries.

OBJECTIVES OF THE STUDY

1. To explore the efficacy of financial inclusion through two major channels - Self-Help Groups-Bank Linkage Programme (SHG-BLP) and Micro Finance Institutions (MFIs)
2. To examine the cumulative financial progress of SHG-BLP and MFIs.

METHODOLOGY

Research methodology was majorly of two types - descriptive and analytical. Descriptive research includes surveys and fact finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. In analytical research, on the other hand, the researcher had used facts or information already available through secondary sources, and analyse these to make a critical evaluation of the facts.

The research methodology followed in this paper was of analytical type. The studies taken up in this paper was based on secondary data derived from various published sources. The data has been collected from the National Microfinance Conclave Reports 2014 published by NABARD and also from the Bharat Microfinance Report 2014 of the Sa-Dhan - The Association of Community Development Finance Institutions. The collected data is compiled and projected into charts and a trend analysis is conducted for the purpose of the study.

FINANCIAL INCLUSION THROUGH SELF-HELP GROUP BANK LINKAGE PROGRAMME (SHG-BLP) AND MICRO FINANCE INSTITUTIONS (MFIs) - A COMPARATIVE ANALYSIS

(A) Financial Inclusion through Self-Help Group Bank Linkage Programme (SHG-BLP)

In mid-eighties, MYRADA started working with groups of resource poor in rural areas and termed them as Credit Management Groups. These groups were taught the importance of cultivating weekly savings and extending loan facility to group members out of the corpus socreated. In

[13]Ghate, Prabu. 2006. "Microfinance in India: The state of the sector." Care India, SDC, Ford Foundation.
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1987, these groups were renamed as "Self Help Groups". MYRADA providedfund to such groups matching their corpus under the Action Research programme sanctioned by NABARD. Capacity building training was also provided to the groups and the success of Action Research encouraged NABARD to launch a pilot in 1992.The pilot was successful and 4,750 SHGs were credit linked with different banks by the end of the three years phase with bank loan of Rs.6.06 crore covering 28 commercial banks, 60 RRBs and 7 Cooperative banks.

The SHG-BLP evolved as a supplementary credit strategy for banks for reaching the poor, built mutual trust and confidence between banks and rural poor and encouraged banking activities among poor. The Working Group constituted by RBI viewed the linking of SHGs with banks as a cost effective, transparent and flexible approach to improve the accessibility of credit from the formal banking system. NABARD had suggested three models for SHG-BLP and supported all the three models depending on the demand and supply environment in a particular region. These models were:-

- SHGs promoted by banks and linked by themselves,
- SHGs promoted by NGOs and other SHG promoting agencies and linked by the banks directly, and
- SHGs promoted by NGOs and other SHG promoting agencies and financed by them through bulk lending provided by the banks to them.

In this case study of SHG-BLP we have:-

i) Projected a pie chart on the regional coverage of SHGs linked with banks in 2013-14 and a bar graph on the percentage of Women SHGs amongst it.

ii) Conducted a trend analysis on the credit given to SHGs by banks from 2009 - 10 to 2013 - 14.

TABLE 1 - No. of SHGsSavings linked with banks

Region	No. of SHGs Savings Linked with Banks (in Lakhs)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Northern	3.52	3.73	4.09	3.73	3.65
North Eastern	2.92	3.25	3.67	3.24	3.16
Eastern	23.74	15.27	16.26	14.71	14.69
Central	7.66	7.86	8.13	7.02	6.86
Western	9.46	9.61	10.62	9.06	8.97
Southern	32.23	34.89	36.83	35.41	36.96
Total	**69.53**	**74.61**	**79.60**	**73.17**	**74.29**

Source : National Microfinance Conclave Report 2014 - published by NABARD

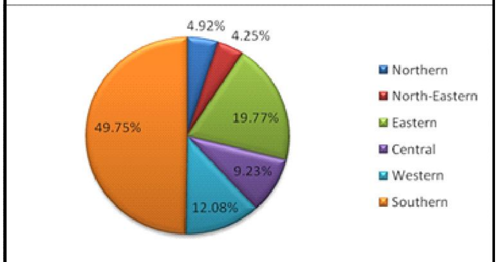
With the various agencies actively promoting women SHGs and getting them linked with Banks, women SHG movement has become the flag-bearer of the women empowerment in India. In the above projected bar graph we can see that Women SHGs show steady increase every year from 2011-12 (79.1%) till 2013-14 (84.15%).

TABLE 2 : SHGs linked with Banks as on 31st March

	2011-12		2012-13		2013-14	
	No. of SHGs in lakh	Amount	No. of SHGs in lakh	Amount	No. of SHGs in lakh	Amount
Total SHGs	79.60 (6.7%)	6551.41 (- 6.7%)	73.18 (- 8.1%)	8217.25 (25.4%)	74.30 (1.53%)	9897.42 (20.45%)
NRLM/ SGSY/ Other govt. sponsored programmes	21.23 (5.0%)	1395.25 (- 23.2%)	20.47 (- 3.6%)	1821.65 (30.6%)	22.62 (10.46%)	2477.58 (36.01%)
% of NRLM/ SGSY/ Other govt. sponsored programmes to total	26.7	21.3	28.0	22.2	30.45	25.03
All women SHGs	62.99 (3.3%)	5104.33 (- 3.7%)	59.38 (- 5.7%)	6514.86 (27.6%)	62.52 (5.27%)	8012.89 (22.99%)
% of Women Groups	79.1	77.9	81.1	79.3	84.15	80.96

Source : Status of Microfinance in India 2013-14 - published by NABARD

Regional coverage of SHGs linked with Banks in 2013-14 (Annexure - 1)



Percentage of Women SHGs linked with Banks

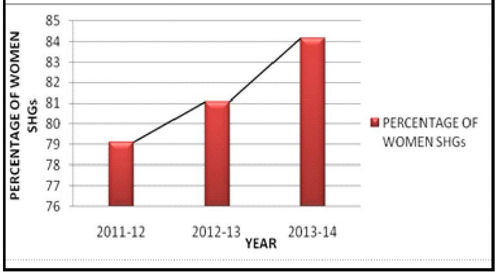


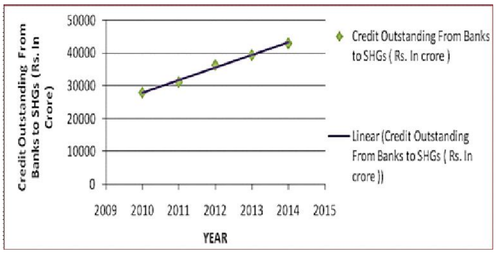
TABLE 3 - Credit Outstanding from Banks to SHGs

Region	Savings and Credit Outstanding (COS) with the Banks in Crores									
	2009-10		**2010-11**		**2011-12**		**2012-13**		**2013-14**	
	Savings	COS	Savings	COS	Savings	COS	Savings	COS	Savings	COS
Northern	342	815	329	903	253	1178	291	1161	283	1101
North Eastern	121	673	131	695	153	993	130	797	129	754
Eastern	1120	3695	1408	4203	947	4630	1393	5538	1527	4944
Central	514	2463	603	2365	613	2780	624	2776	790	2697
Western	927	1369	829	1246	872	1364	696	1468	930	1640
Southern	3174	19023	3716	21809	3713	25395	5083	27635	6238	31791
Total	**6198**	**28038**	**7016**	**31221**	**6551**	**36340**	**8217**	**39375**	**9897**	**42927**

Source : National Microfinance Conclave Report 2014 - published by NABARD

We can see that the above trend is following a straight line trend. Hence a Straight line trend analysis has been conducted to project the financial year 2014-15's progress.

Projected Trend of Credit outstanding from banks to SHGs



The straight line trend is given by, Y= a + bt, where Y is the year in which trend has to be projected AND a, b are constants which are to be derived from the Normal Equations (Annexure - 2). Projected trend for credit that will be outstanding from banks to SHGs in the year 2014-15 is Rs. 46,959 Crore.

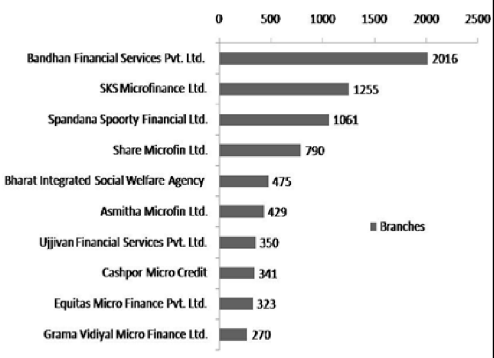
(B) Financial Inclusion through Micro Finance Institutions (MFIs)

MFIs aim to promote economic activity among low-income earners, for whom access to official banking services is impossible or nearly so. The first well-known MFI,SEWA Bank was incorporated as an Urban Cooperative Bank in 1974 and paved the way for microfinance in India by showing that the poor were bankable. RBI has come out with a range of guidelines to improve the functioning of MFIs. The reported 155 MFIs with a branch network of 11,687 have reached out to an all-time high of 33 million clients with an outstanding loan portfolio of 33,517 crore. Funding for MFIs has largely been from one of these two sources - borrowings (84%) and securitisation / portfolio sale (11%) - though other forms do exist to some extent like subordinated debt, bonds, non-convertible debentures, external commercial and deposits from borrowers / members. Banks are major lenders to MFIs followed by bulk lenders and other financial institutions.

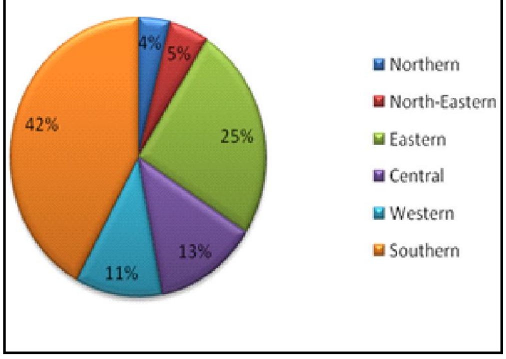
In this study of MFI we have:-

- Projected a pie chart on the regional coverage of MFIs in 2013-14 and a bar graph on the percentage of Women clients amongst it.
- Conducted a trend analysis on the credit given to SHGs by banks from 2009 - 10 to 2013 - 14.

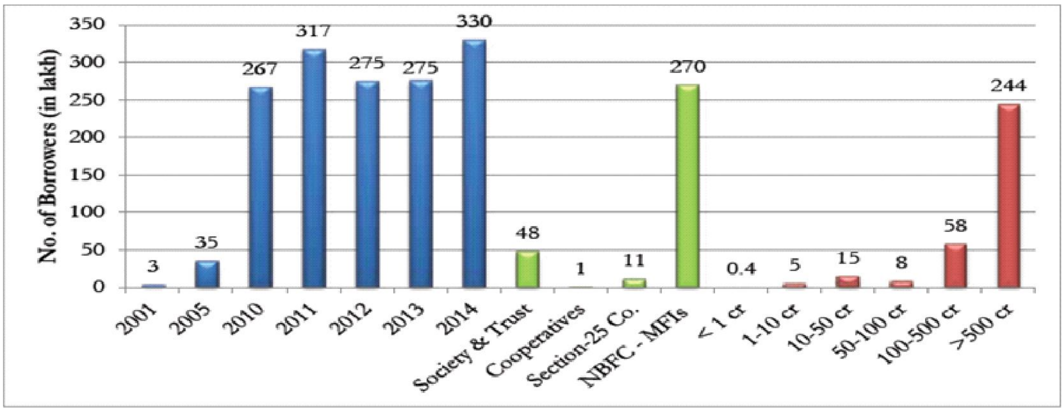
Top ten MFIswith number of Branches according to Bharat Microfinance Report 2014



Regional break up of client outreach in 2013-14



Client Outreach and category wise breakup



Source : Bharat Microfinance Report 2014 published by Sa-Dhan

TABLE 4 - Percentage to Total Borrowers

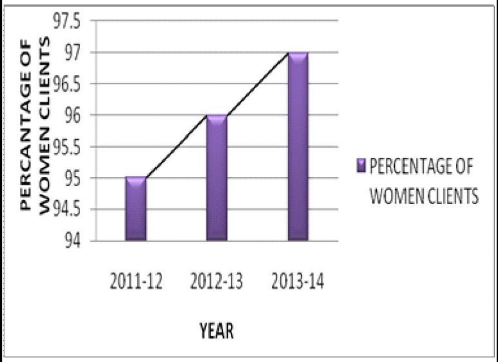
Year	Women Borrowers	SC/ST Borrowers	Minority Borrowers
2011	94%	NA	NA
2012	95%	20%	23%
2013	96%	21%	23%
2014	97%	19%	14%

Source : Bharat Microfinance Report 2014 published by Sa-Dhan

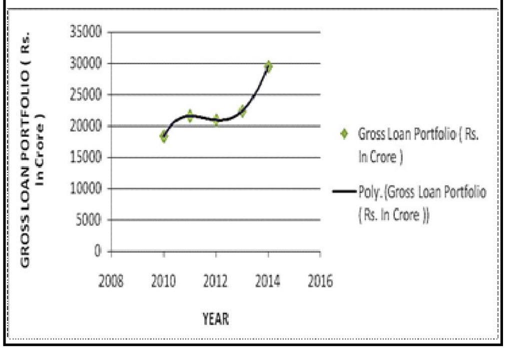
MFIs have always been focused on serving women. It is observed that women borrowers have been consistently increasing for last three years. It has increased from 95 % in 2012 to 97 % in 2014.

We can see that the above trend is following a parabolic trend. Hence a Parabolic trend analysis has been conducted to project the financial year 2014-15's progress.

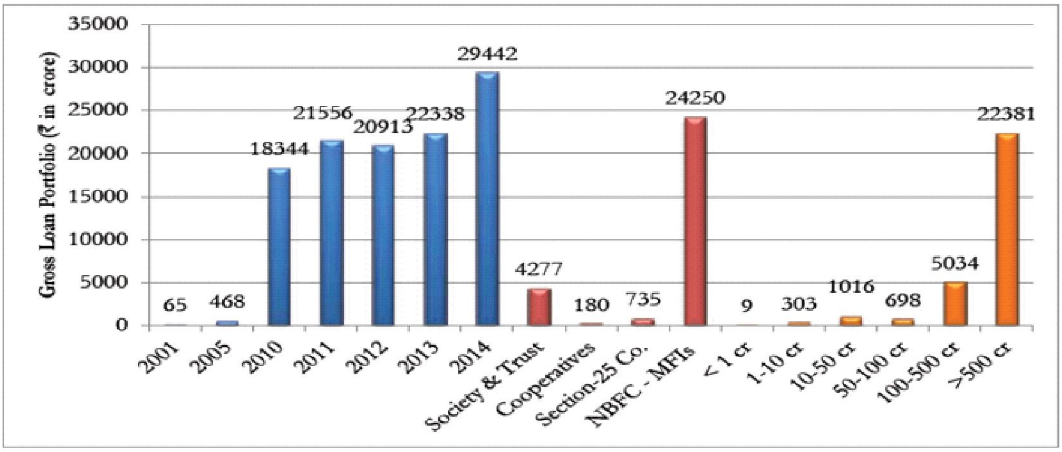
Percentage of Women Clients of MFIs



Projected trend of Gross Loan Portfolio of MFIs



Gross Loan Portfolio and category wise breakup



Source : Bharat Microfinance Report 2014 published by Sa-Dhan

As we know the parabolic trend is given by, $Y = a + bt + ct^2$, where Y is the year in which trend has to be projected, a, b,and c are constants which are to be derived from the Normal Equations (Annexure -3). Projected Trend for Gross Loan that will be disbursed in the year 2014-15 is Rs. 34338 Crore (approximately)

INTERPRETATION AND FINDINGS OF THE ANALYSIS

We conducted a trend analysis on the SHG-BLP and the MFIs - based on their Bank linkage / Client outreach and Loan disbursement to ensure the efficacy of financial inclusion in India. We found out that:-

- Southern region has the most coverage for both SHG-BLP and MFIs in terms of client outreach. For SHGs which are linked to banks it is 49.75% in southern region and for MFIs the client outreach is 42% in the southern region. In both the cases, southern region is followed by the eastern region, that is, 19.77% and 25 % for SHG-BLP and MFIs respectively.
- In SHG-BLP and MFIs most of the clientele portfolio is represented by the women SHGs(which is 84.15% in 2013-14) as well as individual women (which is 97% in 2013-14) respectively. This indicates that many financially excluded women are included through these channels of micro finance hence building women empowerment in India. Analysis of data has been done for three years as five years data were not available.
- Loan disbursement of SHG - BLP follows a straight line trend and will increase to Rs. 46,959 Crore in 2014-15 from Rs. 42,927 Crore in 2013-14.
- Gross Loan Portfolio of MFIs also follow a parabolic trend and will increase to Rs.34,338 Crore in 2014-15 from Rs.29,442 Crore in 2013-14.
- If we compare the results of SHG-BLP and MFIs, it can be seen that though

MFIs have lesser geographical coverage than SHG-BLP still it has a higher client outreach, especially women clients. On the other hand loan disbursed by SHG-BLP is more than that of MFIs. This is because the MFI model is comparatively costlier in terms of delivery of financial services. This is explained by the fact that while the cost of supervision of credit is high, the loan volumes and the loan sizes are low. It is also seen that MFIs pass on higher cost of borrowings to their clients who are not interest sensitive for small loans but may not be so as loan size increases. It is, therefore, necessary for MFIs to develop strategies for increasing the range and volume of their financial services.

ROAD MAP FOR FUTURE

The current policy objective of inclusive growth with financial stability cannot be achieved without ensuring universal financial inclusion. Our experience suggests that the banks alone will not be able to achieve this unless an entire support system partners them in this mission. Only the support of policymakers, regulators, governments, IT solution providers, media and the public at large can bring about a decisive metamorphosis in our journey towards universal financial inclusion. Financial Inclusion of the unbanked masses is expected to unleash the hugely untapped potential of the sections of the society that constitute the bottom of the pyramid. To ensure that the banks give adequate attention to financial inclusion, they must view this as a viable business proposition rather than as a corporate social responsibility or a regulatory obligation. For the business to remain viable it would be important to focus on increasing usage of existing banking infrastructure which would happen only if the banks can offer an entire bouquet of products and services to the holders of the large number of basic bank accounts opened during the last three years as also to the new customers that the banks acquire.

During the study it is found that the southern region in India have a higher financial coverage than the rest of the country because there is more focussed and organised sectors for financial inclusion. More focus on resource poor states having lower financial inclusion like Assam, Bihar, Chhattisgarh, Jharkhand, Odisha, Madhya Pradesh, Maharashtra, Rajasthan, Uttar Pradesh have to be done.

Moreover the tremendous impact on the social status of the poor rural women becoming bread earners of their households through the instrument of SHGs can be used as a useful tool in including a large section of the excluded rural people.

The goal of universal coverage of poor households for creating livelihood through the mechanism of SHG-BLP requires several innovations. Some of these may be attained through leveraging technology and some others would like innovations in designing the products. Accordingly, Road map for further development of SHG-BLP may include:-

- Requisite skill for undertaking livelihoods to be imparted to the matured SHG members through convergence with Skill development programmes of Government of India.

- Digitisation of microfinance sector, including that of SHG-BLP is very essential.
- Alternative delivery channels and support mechanisms are to be encouraged to provide
- TheSHGmembers' timely banking services at a reasonable cost.

NABARD, in association with the Department of Financial Services, Ministry of Finance, Govt. of India formulated a scheme for promotion and financing of Women Self Help Groups to be implemented in 24 selected backward districts (later extended to 150 districts) of the country. The new scheme provides for selection of an anchor NGO in each of the district selected, not only for promoting and enabling credit linkage of these groups with banks but also serving as a business facilitator for extending outreach of the banks, regular monitoring of the SHGs promoted and also being responsible for repayment of loans by SHGs to banks. This approach is expected to facilitate sustained financial inclusion by extending banking services to women members of SHGs, promote sustainable livelihood opportunities to the members and facilitate effective implementation of other social development programmes for women through SHGs.

MFIs can play a vital role in bridging the gap in demand and supply of financial services.

- But due to higher supervision charges cost of borrowing increases. MFIs must bring out strategies to lower this cost.
- MFIs around the world see m-banking as an opportunity to reach new customer segments and grow faster. Mobile phones can expand the reach of MFIs that struggle with the high costs associated with servicing extremely hard to reach rural customers. MFIs can effectively use m-banking services to facilitate both loan repayment and deposits. It can make the transaction process more efficient for both the MFIs and the customer.
- Efforts towards training and capacity building of MFIs and their human resources have to be upscaled from the present levels.

Financial inclusion as a policy measure should be followed up by building up suitable database, which could serve as a guide to assess the impact of credit policies from time to time and reorient schemes of financial assistance to the targeted groups.

WEB REFERENCES

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ANNEXURE

Annexure - 1:- Percentage of SHGs linked with Banks

REGION	No. of SHGs linked with Banks (In lakhs)	Percentage of no. of SHGs linked with Banks (%)
Northern	3.65	4.92
North Eastern	3.16	4.25
Eastern	14.69	19.77
Central	6.86	9.23
Western	8.97	12.08
Southern	36.96	49.75

Annexure - 2:- Credit Outstanding from banks to SHGs

Normal Equations:-

(i) $\sum y = na + b\sum t$ (where n is the total no. of years)

(ii) $\sum yt = a\sum t + b\sum t^2$

YEAR	No. of SHGs Savings Linked with Banks (y) (Rs in Crore)	t (Year – 2012)	t^2	yt
2009-10	28038	-2	4	-56076
2010-11	31221	-1	1	-31221
2011-12	36340	0	0	0
2012-13	39375	1	1	39375
2013-14	42927	2	4	85854
TOTAL	1,77,901	0	10	37932

Solving the normal equations we get,(i) a = 35580 (approx.) and(ii) b = 3793 (approx.)

Projected Trend for the year 2014-15

$$Y_{2014-15} = a + bt[t = 2015 - 2012 = 3]$$

= Rs. 46,959 Crore credit will be outstanding from banks to SHGs

Annexure - 3:- Gross Loan Disbursed by Microfinance Institutions:-

Normal Equations:-

(i) $\sum y = na + b\sum t + c\sum t^2$ (where n is the total no. of years)

(ii) $\sum yt = a\sum t + b\sum t^2 + c\sum t^3$

(iii) $\sum yt^2 = a\sum t^2 + b\sum t^3 + c\sum t^4$

YEAR	No. of SHGs Savings Linked with Banks (y) (In Lakhs)	T (Year – 2012)	t^2	t^3	t^4	yt	yt^2
2009-10	18344	-2	4	-8	16	-36688	73376
2010-11	21556	-1	1	-1	1	-21556	21556
2011-12	20913	0	0	0	0	0	0
2012-13	22338	1	1	-1	1	22338	22338
2013-14	29442	2	4	-8	16	58884	117768
TOTAL	112593	0	10	0	34	22978	235038

Solving the normal equations we get,

(i) $5a + 10c = 112593$ .... (1)

(ii) $b = 2297.8$ .... (2)

(iii) $10a + 34c = 235038$ .... (3)

Solving (1) and (3) simultaneously we get, a = 21111.18, b= 2297.8 and c = 703.71

Projected Trend for the year 2014-15

$$Y_{2014\text{-}15} = a + bt + ct^2 \; [t = 2015 - 2012 = 3]$$

= Rs. 34338 Crore(approx.) Gross Loan will be disbursed.

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PERCEPTION AND AWARENESS LEVEL OF FARMERS ON CROP INSURANCE IN ODISHA: A CASE STUDY OF SELECTED VILLAGES OF CHAMPUA BLOCK IN KEONJHAR DISTRICT

Yayati Nayak*

ABSTRACT

Millions of rural poor depend on agriculture to earn their livelihoods. It is the agriculture which is considered as the backbone of our Indian economy. Indian agriculture depends on monsoon and prone to a variety of risks. Crop insurance plays a vital role to save farmers against the risks associated with agriculture. Both the state government and central government have implemented different crop insurance schemes for the benefits of farmers. The aim of this study is to assess the awareness level of farmers and their willingness to pay for crop insurance. Five villages of Champua Block in Keonjhar District were selected for this study. All of these villages were equally sound in cultivating both Kharif and Rabi crops. Farmers were randomly selected from each of the villages under study through the use of random sampling method. A total number of 110 farmers were selected for personal interviews with the help of a structured questionnaire. Chai square test was used to study the association between the level of awareness of farmers about crop insurance and their educational background. It was found that there was no association between the educational background of farmers and the level of awareness about crop insurance. Evidence from the study indicates that majority of farmers are not aware about crop insurance. The study revealed that government should give more premium subsidy to encourage large number of farmers to participate in the crop insurance. The study further recommends for the periodic awareness campaign and education of farmers to improve their knowledge on crop insurance. The study concludes with the suggestion that there is a strong need to review and refine the existing crop insurance schemes to ensure better penetration of crop insurance in Odisha.

Key Words : *Agriculture, Crop Insurance, Farmer, Perception, Awareness level*

INTRODUCTION

India is an agrarian economy with one third population depending on the agriculture sector directly or indirectly It has 116 million farm holdings covering an area of 163 million hectares of which small and marginal farmers (with holdings of 2 hectares or less) make up 80 percent of the producer population. Farming is an inherently risky business and farmers face different types of risks. Near about 60 per cent of the total sown area of the country is rain-fed and 65 percent of Indian farmers depend on rain-fed irrigation. The growth of crops and realization of output are determined by the quantum of rainfall and its distribution during the rainy season. Rainfall pattern also affects the irrigated crops. Nearly two third of the cropped

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acreage in India is vulnerable to drought in different degrees. This leads to operating risk in cultivation of different crops. On an average 12 million hectares of crop area is affected annually by these calamities severely impacting the yields and total agricultural production.

Agricultural production and farm incomes in India are frequently affected by natural disasters such as droughts, floods, cyclones, storms, landslides and earthquakes. Susceptibility of agriculture to these disasters is compounded by the outbreak of epidemics and man-made disasters such as fire, sale of spurious seeds, fertilizers and pesticides, price crashes, etc. All these events severely affect farmers through loss in production and farm income, and are beyond the control of farmers. With growing commercialization of agriculture, the magnitude of loss due to unfavourable eventualities is increasing. In recent times, mechanisms like contract farming and futures trading have been established which are expected to provide some insurance against price fluctuations directly or indirectly. But, crop insurance is considered as an important mechanism to address the risks effectively.

India is one of the largest exporters of various food grains, crops and farm products. The farmers of India play a very vital role in the development of economy but they are still living in the curse of poverty and deprivation. Agriculture production and farm incomes in India are frequently affected by weather and climatic conditions like droughts, floods, cyclone, frost, storms, landslides, etc. Outbreak of epidemics, fire, and market fluctuations are the other factors which seriously affect production and farm income. All these events are beyond the control of the farmers. With the growing commercialization of agriculture, the magnitude of shock due to unfavourable eventualities is increasing and the need to protect farmers against production and income losses is becoming stronger. Agricultural insurance is considered an important mechanism to effectively address the risk to output and income resulting from various natural and manmade events. Agriculture Insurance plays an important role in sharing the risks of people in an affordable form. It helps the farmers to quickly recover from damages and losses. Crop insurance has assumed importance with large scale of damage caused due to pest attacks, crop diseases and vagaries of weather. The objective is to provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests & diseases. The list of crops being covered for insurance differs from state to state. These crops are insured at the block / gram panchayat levels. Crop insurance schemes are of immense help to farmers, providing them with financial security. Low productivity, less income and high loans taken for agriculture are forcing the farmers of India to commit suicide. They are living in a very stressful life even after giving others a comfortable life by fulfilling their most wanted need in the form of farm products.

RELIVANCE OF THE STUDY

Agriculture in India is varied, diversified and prone to a variety of risks. Most of the farmers are small and marginal ones. In most areas, agriculture is rain fed, leading to a greater degree of yield variability and risk. Agriculture is considered to be the back bone of the Indian economy. Nearly two-thirds of its population depends directly on agriculture. Agriculture provides direct employment to 70 percent of working people in the country. Agricultural development is a precondition of our national prosperity. It is the main source of earning livelihood of the people. Government has launched several schemes like National Agricultural Scheme and Weather Index Based crop insurance schemes for protecting the farmers against risks in agriculture. Due to the risk of loss in agriculture the farmers are making suicide attempts, selling their properties or the properties are seized by the Bank and financial institutions for the loan availed by the farmers. This is due to lack of awareness about the risk management techniques among the farmers. So, it is very important to study about various aspects of agriculture and crop insurance.

REVIEW OF LITERATURE

Many research works have been done in different areas of crop insurance in India and especially about the perception of farmers on it. A good number of literatures are available on the various aspects of crop insurance in India. A few of these reviews are as follows.

S.S. Raju and Ramesh Chand (2008) in their research article, "A Study on the Performance of National Agricultural Insurance Scheme and Suggestions to make it more Effective", they have examined the features and performance of National Agricultural Insurance Scheme (NAIS) operating in the country and has suggested some modifications to make it more effective. NAIS coverage in terms of crop area, number of farmers and value of agricultural output is very small. If crop insurance programme is to be made an important tool in agricultural risk management, the present level of coverage will have to be improved, at least by 3-4 fold. Such an expansion can occur only with improvements in and broad-basing of the insurance scheme. Every suggested improvement has financial implications and affect the concerned insurance practices. It requires renewed efforts by the government in terms of designing appropriate mechanisms and providing financial support to agricultural insurance. Providing of similar support to the private sector insurers would help in increasing the insurance coverage and improving the viability of insurance schemes over time. The study has also suggested that different general insurance companies in the country may be assigned some reasonable targets to cover agricultural insurance, and to begin with, it could be equal to the share of agriculture in the national income.

D. Suresh Kumar, B.C. Barah, C.R. Ranganathan, R. Venkatram, S. Gurunathan and S. Thirumoorthy (2011) in their research work, "An Analysis of Farmers' Perception and Awareness towards Crop Insurance as a Tool for Risk Management in Tamil Nadu", they have reported the results of a survey of 600 farmers conducted to assess their perception about various facets of crop insurance schemes. The Probit and Tobit models have been employed to analyse the factors affecting awareness among the farmers. Crop diversification index has also been used to examine the farmers' adjustment mechanism against risks. The survey has revealed that most farmers (65%) are aware of risk mitigation measures of the government. But, only half of the farmers have been found aware about the crop insurance schemes / products. This implies that there is need to disseminate information about insurance schemes across the target groups. Further, it has been shown that factors such as gross cropped area, income from other than agricultural sources, presence of risk in farming, number of workers in the farm family, satisfaction with the premium rate and affordability of the insurance premium amount significantly and positively influence the adoption of insurance and premium paid by the farmers. The study has clearly brought out the urgency of developing more innovative products, having minimum human interventions.

S.B. Goudappa, B. S. Reddy and S.M. Chandrashekhar (2012) in their research work, "Farmers Perception and Awareness about Crop Insurance in Karnataka", they have made a study on the farmers perception and awareness of crop insurance was conducted in North Eastern parts of Karnataka because region receives very less rainfall compared to other part of Karnataka and people of this region always suffering from drought, they continue to suffer. The study revealed that average size of family among borrowers and non borrowers was seven. Most of them (44%) are illiterate and 25% were education up to primary level. Level of education, family size and experience in farming did not show any significant difference between among the district selected for study. However, farm size and crop income, which generally corresponds to farm size, were significantly higher in Gulbarga district compared to Koppal and Raichur districts. Though NAIS crop insurance scheme is operating since 2002-03 in the study area majority of respondent (>80%) are not aware that who is implementing agency and who pay's compensation. Almost all respondents are in the wrong perception that banks will pay compensation and are the implementing agency. More than three fourth of the insurance beneficiaries mentioned that bank compulsion was the motivation for opting insurance. Financial security, good experience from others was the region for opting crop insurance. Further more than 80% of respondents are not aware of extent of coverage premium paid, last date, procedure for insuring crops and method of loss determination and compensation worked out by agriculture insurance company. Respondent farmers were suggested for improving existing scheme and they want quick settlement of claims which is usually taking more than one year. Around three fourth of the beneficiaries suggested to consider adverse weather condition prevailed during flowering and pod formation stage. National Agriculture Insurance Scheme (NAIS) in operation needs to be continued with modification and simplification of modalities of indemnity, loss assessment, settlement of compensation and disbursement procedure.

Kiyanoush Ghalavand, Karim.MH (Karim Koshteh) and Abolhassan Hashemi (2012) in their research study, "Agriculture Insurance as a Risk Management Strategy in Climate Change Scenario: A study in Islamic Republic of Iran", they made a study to develop a realistic framework and concrete roadmap for introducing crop insurance as a risk management strategy for the farmers in Iran. The study is based on both secondary and primary data and information. Survey was the research method, and data was collected by questionnaire and different instruments, such as survey questionnaire, FGDs, interview schedule, inception workshop and roundtable discussions with stakeholders at different levels. The three survey districts were: Golestan Province (as a flashflood area, north of Iran), Khuzestan Province (as a drought area, south of Iran) and Khuzestan Province (as a cyclone and flood-prone area, south of the country). The results revealed that four independent variables explain adoption of Drought insurance. Consult with other farmers is the main independent variable.

J.Sundar and Lalitha Ramakrishnan (2013) in their paper, "A Study on Farmers' Awareness, Perception and Willing to Join and Pay for Crop Insurance", they have discussed the findings of the study in the area of crop insurance. Firstly it measures the awareness level and source of awareness, secondly examines the farmers' perception, finally identify the farmers willingness in paying for crop insurance. The study was conducted in Kunichampet village, Puducherry District, India and 140 convenient respondents were chosen and been carried out in June and July, 2012. From the analysis farmers awareness level about crop insurance was low. Most of the farmers were not willing to pay for crop insurance because of instable income, premium rate, no or low compensation, problems with distribution channel and lack of financial knowledge.

Dr.B.Ravi Kumar (2013) in his research paper, "Crop Insurance - Tribulations and Prospects of Farmers with reference to Nuzvid, Krishna District" he discusses the outcomes of the study in the area of crop insurance. Firstly it measures the awareness level and source of awareness, secondly examines the farmers' perception, finally identify the farmers willingness in paying for crop insurance. The study was conducted in Nuzvid, Krishna District, Andhra Pradesh and 140 convenient respondents were chosen and been carried out in June and July, 2013. Most of the farmers were not willing to pay for crop insurance because of instable income, premium rate, no or low compensation, problems with distribution channel and lack of financial knowledge.

Lopamudra Mohapatra & R K Dhaliwal (2014) in their research article, "Review of Agricultural Insurance in Punjab State of India", they look into the genesis of agricultural insurance in India macroscopically and examines various agricultural schemes operating in the state of Punjab microscopically. The design for the study was descriptive research. The focus of the review was on the functional agricultural insurance schemes in Punjab state microscopically and macroscopically in the country. India has administered crop insurance scheme since 1972 of which all the variants of the scheme introduced from time to time had various flaws. Nevertheless India is not alone where public crop insurance has not been successful. In both developed and developing countries such insurance schemes have incurred losses without offering an effective product. The major role player in the public sector companies offering crop insurance is Agricultural Insurance Company (AIC). The private role players are IFFCO Tokio General Insurance Company Ltd, ICICI Lombard Insurance Company Ltd. The major insurance running in the country is NAIS but was not Punjab state since the paddy - wheat crops grown in the state are less risky crop in the wake of assured irrigation and high input agriculture. Weather based insurance products have got a good scope in the state to act as a tool of risk mitigation. The post green revolution era of Punjab State needs to address the challenge of diversification. The agriculture insurance can act as a motivation for the farmers of Punjab to go for diversification by setting themselves free from the risks involved and the loss in income which they shall face. Crop insurance needs to be strongly taken up at the policy level; with well defined risk to Punjab?s agriculture, well devised products for these risks in current scenario.

Phillip Daniel Daninga and Zhang Qiao (2014) in their article, "Factors Affecting Attitude of Farmers towards Drought Insurance in Tanzania", they assessed farmers' attitude towards drought insurance in Bunda district. The sample of the conducted cross sectional survey consisted of 410 respondents. A five point likert scale was generated and included in the questionnaires. Analysis was done using Factor analysis and reliability tested by Cronbanch's alpha. Factors that affected farmers' attitudes towards drought insurance were compensation fairness of drought insurance, convenience of service delivery of drought insurance, program appropriateness, and government's protection to farmers. Farmers' attitudes toward the program were negative. Farmers' attitudes and perception should be incorporated in developing effective drought insurance in Tanzania.

Dr. Md. Mushfiqur Rahman, Bikash Chandra Ghosh and Dr. Mir Khaled Iqbal Chowdhury (2014) in their research work, "Problems and Prospects of Weather Index Based Crop Insurance in Developing Countries: A Case for Rural Farmers in Bangladesh", the authors have tried to address the problems and challenges in implementing this insurance product in low income countries. Based on literature it addresses some problems and issues in implementing this product in Bangladesh considering context specific issues of this country. The main objective of this paper is to theoretically assess weather-index based crop insurance as an instrument to graduate poor farmers out of poverty trap. This study is a completely desk based one. Data have been collected from literatures of different sources such as journals, working papers, World Bank and other development organizations' websites and research publications those are relevant to the study. Proper preparation for index measurement, premium determination, flexible product design, wider stakeholder involvement, public private partnership, and a 'big push' from government and donors through seed financing can promote weather index based crop insurance in Bangladesh.

Mukesh H.V (2015) in his research article, "Impact of Crop Insurance on Indian Agriculture", he has discussed mainly the issues and benefits of crop insurance in India. Traditional farmers are expanding their operation to include new and different options in doing so they are met with new liability; issues and new risk management needs. Agriculture Insurance is a risk management tool and as a risk transfer device that farmers can depends on as an instrument of indemnity in the event of crop failure

RESEARCH GAP

A good number of studies have been done in different areas of crop insurance. After an intense review of related literature it was found that a few numbers of studies have been made to study the level of awareness of farmers on crop insurance in India and especially in the backward state of Odisha where most of the people depend on agriculture to eke out their livings. Crop insurance is one of the most important tools to handle risk which needs further study to make it more meaningful. Therefore, it is an attempt made by the researcher to fill the existing gap by conducting this study.

OBJECTIVES OF THE STUDY

The main purpose of this paper is to study the awareness level of farmers about crop insurance in India. However, the specific objectives of the study are as follows.

1. To understand the socio-economic profile of the farmers in the study areas.
2. To study the perception and awareness level of farmers about crop insurance.

HYPOTHESIS

The null hypothesis of the present study is as follows.

1. There is no significant relationship between the level of awareness of farmers about crop insurance and their educational background.

RESEARCH METHODOLOGY

The data has been collected from the farmers of different villages of Champua Block in Keonjhar District of Odisha. The sample consists of marginal, small and large farmers. On the basis of convenience sampling method 110 farmers have been selected for this present study. Normally 70 to 75% of households in different villages under this study area belong to farming community. A well structured questionnaire was used to collect data from the respondents. The study was carried out in the month of February, 2016. The present study is mainly based on the primary data. The analysis of data collected has been carried out by using percentage analysis and testing of hypothesis has been done by using chai square test.

DATA ANALYSIS AND INTERPRETATION

Table 1.1 Socio-economic Characteristics of Sample Farmers

Socio-Economic Characteristics	Classification	No of farmers	Percentage (%)
Age in years	Up to 22	7	6
	23-30	13	12
	31-40	69	63
	Above 40	21	19
Marital Status	Single	9	8
	Married	101	92
Type of Family	Joint	97	88
	Nuclear	13	12
Number of Dependants	Nil	19	17
	1	31	28
	2-3	39	35
	More than 3	21	20
Family Background	Cultivation	79	72
	Daily labourer	18	16
	Private Job / Service	13	12
Educational Qualification	No formal education	57	52
	Primary	33	30
	Matric	11	10
	Degree / Diploma	9	8
Type of House	Hut	12	11
	Pucca	9	8
	Thatched House	89	81
Landholdings (in Acre)	Less than 1	7	6
	1-2	63	57
	3-4	27	25
	Above 4	13	12
Annual Income (in Rs.)	Less than 10,000	23	21
	10,000-20,000	67	61
	20,000-30,000	12	11
	Above 30,000	8	7
Savings (in Rs.)	Nil	49	45
	Less than 5,000	31	28
	5,000-10,000	19	17
	Above 10,000	11	10

Source: Primary Data

Table No.1.1 indicates that the majority (63%) of the farmers are between the age group of 31-40 years, most of them (92%) are married and (52%) of the farmers have no formal education. Family background of the farmers are cultivation (72%) followed by daily labourer (16%). Most of the farmers (81%) have Thatched house built of mud and straw. All most all the farmers belong to small and marginal category having land holdings of 1-2 acres. The above table also depicts that (61%) of the farmers have income in between Rs.10, 000-20,000 per annum. Most of the farmers (45%) consume what they earn while (28%) save less than Rs.5000 per annum.

Table No.1.2 Farmers' awareness level about crop insurance schemes in the study areas

Awareness level	Number of Farmers	Percentage
Aware	29	26
Not Aware	50	46
Indifferent/ No opinion	31	28
Total	**110**	**100**

Source: Primary Data

Table No.1.2 shows that the awareness level among the farmers about crop insurance schemes in the study areas is very low. Farmers are not aware about the crop insurance schemes implemented by the Government as risk management tool. Most of the farmers (46%) have no idea about crop insurance, (26%) of the farmers have some basic knowledge about crop insurance while (28%) have no opinion about this.

Table No.1.3 Number of Farmers opted for Crop Insurance

Particulars	Number of Farmers	Percentage
Insured	19	26
Not Insured	54	74
Total	**73**	**100**

Source: Primary Data

Table No.1.3 depicts that only (74%) of the farmers have opted for crop insurance schemes. Rest of the farmers (26%) have not joined in the crop insurance schemes in spite of their awareness and knowledge about crop insurance.

Table No.1.4 Source of Information about Crop Insurance

Source	Number of Farmers	Percentage
Newspaper / Television	19	17
Friends / Relatives	23	21
Banks	59	54
Govt. Departments	9	8
Total	**110**	**100**

Source: Primary Data

Table No.1.4 depicts that (54%) of the farmers get information about crop insurance schemes from Banks, (17%) of the farmers from Newspaper and other electronic Media, (8%) of the farmers from the government departments and rest (21%) of the farmers from friends and relatives.

Table No.1.5 Nature of risks faced by farmers

Risks	Number of Farmers	Percentage
Less Rain/Drought	59	54
Heavy Rain/Flood	17	15
Pests	34	31
Total	**110**	**100**

Source: Primary Data

Table No.1.5 depicts that (54%) of the farmers have the opinion that less rain is the main cause of risk, (31%) of the farmers have the opinion that pests bring risk while (15%) of the farmers believe that natural calamity like flood is also another case of risk.

Table No.1.6 Type of Crop Insured

Type of Crop	Number of Farmers	Percentage
Rice / Paddy	43	59
Wheat	9	12
Potato	14	19
Groundnut	7	10
Total	**73**	**100**

Source: Primary Data

Table No.1.6 depicts that (59%) of the farmers go for paddy insurance, (19%) of the farmers go for potato insurance, (12%) of the farmers go for wheat insurance and the rest (10%) go for groundnut insurance.

Table No.1.7 Level of satisfaction of farmers on the prevailing Crop Insurance Schemes

Satisfaction Level	Number of Farmers	Percentage
Satisfied	13	18
Highly Satisfied	7	10
Neutral	14	19
Dissatisfied	39	53
Total	**73**	**100**

Source: Primary Data

Table No.1.7 depicts that the awareness level of farmers about crop insurance schemes in the study areas is not satisfactory at all. Farmers are not fully satisfied with the crop insurance schemes implemented by the Government. From the total farmers (53%) of them are dissatisfied with the prevailing crop insurance schemes, (18%) of them are satisfied, (10%) of them are highly satisfied while (19%) of them have no any opinion about the crop insurance schemes.

Table No.1.8 Reasons for dissatisfaction of farmers on the existing crop insurance schemes

Reasons	Number of Farmers	Percentage
High Premium	39	53
Less Subsidy	19	26
Delay in claim settlement	15	21
Total	**73**	**100**

Source: Primary Data

Table No.1.2 depicts that most of the farmers (53%) are dissatisfied with the existing crop insurance schemes because of the high premium rate, (21%) of them are dissatisfied with the procedure of delay in claim settlement and the rest (26%) of them are dissatisfied with less subsidy of the government.

TESTING OF HYPOTHESIS

Table No.1.9 Level of awareness and educational qualifications

Level of Awareness	Educational Qualification				
	No Formal Education	Under Matric	Matric	Degree	Total
Aware	6	7	6	10	29
Not Aware	21	12	11	6	50
No Opinion	9	8	7	7	31
Total	36	27	24	23	110

Source: Primary Data

Table No-1.10 Computation of X^2

O	E	(O-E)	$(O-E)^2$	$\frac{(O-E)^2}{2}$
6	10	-4	16	1.6
21	16	5	25	1.5625
9	10	-1	1	0.1
7	7	0	0	0
12	12	0	0	0
8	8	0	0	0
6	6	0	0	0
11	11	0	0	0
7	7	0	0	0
10	6	4	16	2.6667
6	10	-4	16	1.6
7	7	0	0	0
Total=110	**Total=110**	**Total=0**	**Total=73**	**Total=7.529**

Source: Compiled and computed

d.f. = (r-1) (c-1), = (3-1) (4-1) =6

X^2 0.05 for 6 *d.f* =12.592

Since the calculated value of X^2 is less than the tabulated value, it is not significant. Hence, null hypothesis may be accepted at 5% level of significance and it can be concluded that there is no association between the levels of awareness of farmers about Crop Insurance and their educational qualifications.

FINDINGS

1. The awareness level of farmers about crop insurance in the study areas is not satisfactory at all. Most of the farmers are not aware about the existing crop insurance schemes of the government.
2. Banks play an important role in providing adequate information about crop insurance to farmers followed by Newspaper and other electronic media.
3. It is the opinion of farmers that the maximum crop loss arises due to less rain as compared to pests and natural calamity.
4. Farmers usually go for paddy insurance followed by Potato, Wheat and Groundnut.
5. The existing crop insurance schemes of the government have failed to attract more and more number of farmers.
6. High premium rate, less premium subsidy and delay in the settlement of claims are the main reasons behind the dissatisfaction of farmers on the prevailing crop insurance schemes.
7. There exists no relationship between the levels of awareness of farmers about crop insurance and their educational qualifications.

SUGGESTIONS

1. The govt. should come forward to increase the awareness level of farmers about crop insurance in all villages.
2. Crop insurance should be made compulsory to all farmers availing crop loans from the Commercial Banks and Cooperative Banks.
3. Awareness campaign should be conducted frequently by the government from time to time in the village level to increase the awareness level of farmers about crop insurance.
4. The existing crop insurance schemes must be redesigned to attract more and more number of farmers.
5. The claim settlement procedure should be faster. It should be settled within the season.
6. The government should give more incentives to attract more and more number of farmers in the fold of crop insurance.
7. The crop insurance schemes must be flexible and cover all types of major crops of both Kharif and Rabi seasons.

CONCLUSION

With the change of time the agriculture sector is changing very fast. Indian agriculture is prone to a variety of risks. Crop insurance is a risk management tool which transfers the risk of farmers associated with agriculture. The awareness level of farmers about crop insurance in the study area is very poor. They are not fully aware about the existing crop insurance schemes implemented by the government. Most of the farmers are dissatisfied with the existing crop insurance schemes only because of its high premium rate and delay in the claim settlement procedures. The government should give more importance to review the existing crop insurance schemes and design them in such a way that farmers will be automatically motivated to participate in the crop insurance programme. It is a big task for the government to increase the awareness level of farmers about crop insurance. The government should give more premium subsidy to motivate farmers to opt for crop insurance. Awareness campaign should be conducted by the government frequently in the village level to enhance the education and awareness level of farmers about crop insurance. It is also a big challenge for the policy makers to design crop insurance schemes which will be more beneficial to both farmers as well as to the government at large.

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MARKETING PRACTICES IN INDIAN LIFE INSURANCE INDUSTRY A STUDY ON CONSUMER SATISFACTION

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ABSTRACT

Private entry brought a competitive atmosphere in the Indian life insurance market. In this backdrop, servicing of the large domestic market in India became a real challenge for the life insurance industry. Keeping this in view a lot of changes were brought out in the life insurance practices like new channels of distribution, greater use of Information Technology (IT) as a facilitator, inclusion of riders for the customization of products, relaxation of the complexities like revival of lapsed policies, granting of loans at emergency or pre-occurrence of the target needs and assignment of life policies. This research paper has three major objectives to deal with. The first one is to analyse the various effective marketing practices from the customers' point of view. Secondly, to evaluate the effect of changing environment on adoption and execution of different marketing practices in Indian life insurance market with the advent of Insurance Regulatory and Development Authority (IRDA).Lastly, the study also empirically measures the impact of demographic profile of customers on their satisfaction level.

Key Words : *Life Insurance, Indian Life Insurance industry, Marketing Practices, Insurance Regulatory & Development Authority (IRDA), Changing Paradigm and Consumer Satisfaction.*

INTRODUCTION

Towards the last decade of 20th century it was analysed that the growth of Indian life insurance business is quite unsatisfactory and not parallel with the growth of population and economy as compared to other parts of the developed and developing world, although the history of this business in India is a long past. The life insurance penetration and density were laughable, i.e. 1.39 and 6.1 respectively in the year 1999 which is far behind the global standard. In the international life insurance market the position of India was 20th with a mere 0.5% of the world premium. The forces of liberlisation that swept the country in 1999 had led to the setting up of the Insurance Regulatory and Development Authority (IRDA) and opening up of the sector to the private competition, with a provision for 26% foreign participation. At present the foreign participation is increased to 49%. As on 1st April 2000 only one state owned corporation, i.e. Life Insurance Corporation of India was there in Indian life insurance market. Soon after the establishment of IRDA, in July 2000, the first private life insurance company 'HDFC Standard Life Insurance Company' was registered with a 74% share from HDFC Limited and 26% from a foreign player Standard Life of UK. By the end of the financial year 2000-01 seven private players were launched into the Indian life insurance market with their

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foreign partners. At present the industry comprises of 24 life insurance players out of which 23 are private companies and only one is in public sector, i.e. the Life Insurance Corporation of India. It is the life insurance giant in India having about 75% market share as regards to the first year new premium. The private life insurance companies hold rest 25% market share.

In life insurance business, India ranked 15th among the 156 countries, dropped by four places (Shetty, 2014). During 2013-14, the new premium growth rate in India is 12.7 % where, the global life insurance premium expanded by 0.7% only. The insurance density of life insurance sector had gone up from USD 9.1 in 2001 to USD 41 in 2013. Similarly, insurance penetration had gone up from 2.15 per cent in 2001 to 3.17 in 2012, before slipping to 3.10 per cent in 2013 (Swiss Re, Sigma No. 3 / 2014).

With the entry of private players backed by foreign expertise the Indian life insurance market became more vibrant. Competition in the market increased. Insurers compounded their new product offerings to the customers both in the line of unit linked and non linked. Multi variety of Unit Linked Insurance Products (ULIPs) came to the market to suit the varied need of different group of customers. Availability of heterogeneous innovative products made the customers choosy. The shift in consumer preference towards product mix is a noticeable phenomenon in the new era of life insurance. Simultaneously, private entry brought a competitive atmosphere in the Indian life insurance market. In this backdrop the future growth depends upon-how service oriented the insurers are going to be. Servicing of the large domestic market in India is a real challenge for the life insurance industry. Keeping this in view a lot of changes were brought in the life insurance practices such as new channels of distribution, greater use of Information Technology as a facilitator, inclusion of riders for the customization of products, relaxation to complexities like revival of lapsed policies, granting of loans at emergency or pre- occurrence of the target needs and assignment of life policies. This research paper evaluates the effect of changing environment on different marketing practices prevailing in Indian life insurance market and measures the satisfaction of customers there on.

LITERATURE REVIEW

Palande et al (2007) found that the Insurance industry is going to witness sea changes in its marketing strategies. The existing and the new insurers will devise different strategies to retain and enhance their market share. It would be done by various methods by bringing in new practices, settings new service standards and creating new benchmarks. Singh & Lall (2011) concluded that large number of customers are satisfied with the premium policies and services of insurance companies. It shows brighter future for the customers as well as insurance industry in India. Sharma (2012) says that India have comparative advantage for delivering better services to their customer against China, even-though both the economies still under penetrated. "Rising internet use is increasing transparency in the industry, providing customers with better access to information on product specifications and pricing and increased bargaining power".

Tiwari & Yadav (2012) opined that to achieve greater insurance penetration, a healthier competition has to be intensified by both the sectors and they should come up with new innovative products to offer greater variety or choice to the customers and also make improvement in the quality of services and sell products through appropriate distribution channel for a win-win situation for both the parties. Sachaerer et al (2011) discusses about the significant challenges insurance companies face today, it is important for executives to think seriously about transforming their companies' business models to better understand and become more relevant to their customers. Doing so will not only improve short-term results, but promote revenue growth, financial stability, and prosperity. Imam (2011) analyses the major factors playing the role in developing customer's perception towards life insurance policies are consumer loyalty, service quality, ease of procedures, satisfaction level, company image, and company-client relationship.

Pati (2011) is of the opinion that India is emerging as a major player in the insurance markets of the world. Life insurance will grow very rapidly over the next decades in India. The major drivers include sound economic fundamentals, a rising middle-income class, an improving regulatory framework and rising risk awareness. The fundamental regulatory changes in the insurance sector in 1999 were significant for future growth. Min Le (2008) opines that the financial professionals should advise and educate households about the need for life insurance and how to determine sufficient amount of life insurance to purchase. Kuhlemeyer & Allen (1999) observe the overall satisfaction with life insurance was higher than expected and resulted in an above average satisfaction benchmark in almost all areas. The main benefit of this research is the future value of the benchmarks. As variables change, future researchers will be able to compare consumer satisfaction with the benchmarks established herein.

Bhat (2005) observes that improvement of efficiency of the sector necessitates the reduction of costs, increasing of penetration in rural and suburban areas, strengthening the distribution network, providing training to all those involved in the process and designing the products to meet the different segments of the population. Mishra (2006) conducted a study on evaluation of customer relationship management through field force and observed that LIC proclaims that it is a friend in need by providing loan to its policyholders at need and very supportive to its customers in opening and successfully operating the redressal cell. Again he evaluated that the outstanding death claim is higher than the maturity claim which is natural. He emphasized on prompt issue of premium reminder notice and suggested that the managers should take the help of agents in preventing lapse of life policies. Pravakar (2007) suggests that it is worthwhile that a serious attempt is made at the earliest to reduce the complexities of the policy bond with a judicial standardization which provides much needed solution without compromising the competitive spirit of the market. James (2008) described that insurance is a public good; regulations, self-regulations and standards normally require that rates and terms are fair, reasonable and not expensive. He made it clear that for a life insurance product to meet customer requirement, it must make both an economic sense as well as service sense to the customer. Economic sense includes issues such as reasonable premium load, the assurance of contract certainty, and to receiving the expected level of indemnity in case of covered loss as promised. In service sphere it includes ease of use, including minimum paper work; easier understandability; assurance on time less and speed; minimisation of formalities and clear and honest advice; and disclosures. Kutty (2008) identifies three central points of qualitative market development namely evaluation of complete market, promotion of market efficiency and emergence of more rational choice of ordering process. Again he clarified that these concepts are abstracts, no doubt. They can be given flesh and shape, as they become signposts for policy, research and action. Nagarajarao (2009) observes in his paper based on hidden practices in life insurance that there are certain practices that are followed as a part of routine although the policyholder is not given to know them; and further states that this adds to the detriment of observing good practices. Again he said it is a general observation that the most successful and popular plan is that which promises maximum commission to the agent.

Pravakar G. (2011) concludes that the industry focuses not only to enhance the insurance penetration with product innovation but also a better understanding of the product with zero mis-selling. Insurers shall know that enhancing the service standards is a way forward for an effective inclusive growth of insurance industry in the decade ahead. Kaur (2010), opines that the distribution is the key determinants of success for all insurance companies regardless of age and ownership. The companies should put more emphasis on strengthening the distribution networks. It can be well said that the regulations are transparent and all the companies should be well prepared to meet the standards. Finally, whether the insurer is new or old, the extended market will compel them to face many challenges and will also provide variety of opportunities. Miremadi et al (2011) empirically examined and discussed various promotional strategies for marketing of life insurance, those are public relation, publicity and advertisements.

Baradhwaj (2008) states that repudiation of a life insurance claim occurs on account of non-disclosure of facts, without the applicant actually knowing about the queries in the proposal form. He goes on to suggest a few remedial steps to check this like special training sessions for agents, strict disciplinary actions against agents, customer call back on sample basis, printing of proposal form in local language etc. Ramesh D.V.S. (2006) argues that if the personnel of claims settlement section are not properly trained on the aspects of prudent claims settlement, there is a danger of the claimants losing faith in the system of life insurance.

Chandrasekharan (2008) in his study based on ethics in life insurance emphasises that identifying the right product is the first step towards ethical selling. He adds that it sounds very simple, it is hard to accomplish, considering the numerous factors that go into sales. Again he adds that over selling in fact is bad for all the stakeholders as it invariably results in lapsation. Under selling can be really tragic if the insured dies prematurely as what insurance pays is not adequate to meet the family's need. Rajgopalan (2008) explains lapsation of life policies asserts that there is high level of competition for personal savings from the various retail financial service providers and their products; and this also has an impact on the business retention levels of life insurers. Termination of policies of early stages results in loss and wastage of efforts of all the participants in the deal; namely the policyholder, the agent and the insurer. Mallela, et al. (2008) pointed out that there is a huge role to play for all the stakeholders in arresting the lapsing trends in life insurance. Gopalkrishna (2008) said although a lapse of policy leads to disadvantage for both the parties, there is hope in the form of revivals. He suggested the underwriter may agree to revive as per the original policy terms or on modified terms or even decline to revive on fresh terms and conditions. Jagendra (2009) observes that LIC of India's lapsation ratio is around 25%, while it is 40% in private sectors during the last three years. One of the major causes of for growing lapsation is forced selling of agents to achieve their targets. Agents sell without taking the customer's need into the consideration. Thus after first year premium the lapsation comes. He evaluated that the lapse ratio is highest in term insurance policies i.e. 28.27% by number and 18.95% by premium. Whole life plans show higher lapsation than endowment. Lapsation in ULIPs is measured at 18.09% by number and 10.01% by premium but the traditional plan shows 6.59% by number and 5.63% by premium.

Murty (2007) emphasizes that in the process, the expectations of consumer have also gone up; he is expecting value added services, in terms of excellence in product price and service, financial security, quality, after sales service, review of terms and conditions as frequently as desired, simplification of claim procedures etc. Chaudhary & Kiran (2011) say it is evident that life insurance industry expanded tremendously from 2000 onwards in terms of number of offices, number of agents, new business policies, premium income etc. Further, many new products (like ULIPs, pension plans etc.) and riders were provided by the life insurers to suit the requirements of various customers. Sud (2012) opines that the agents are expected to know all details about the products and solutions that they are recommending to the customers in relation to the equivalent options available in the market. Sharma (2008) identified that the demand for life insurance is driven by several economic factors like prices of insurance, government tax, the general economic environment, income, inflation and interest rates etc.

The literature indicates that the marketing practices are the binding nuts between the insurer and insured. The market would be more stable by analyzing and eradicating the disappointments of the customers with the prevailing practices within the scope and justice of the subject. Understanding the importance of various marketing practices and measuring the satisfaction of customers on prevailing practices no doubt became a vibrant study of the time. This research paper aims to study the same and the specific objectives of this study are as follows-

OBJECTIVES OF THE STUDY

1. To assess the effectiveness of various marketing practices of life insurance industry.
2. To evaluate the effect of changing environment on marketing practices.
3. To measure empirically the impact of demographic profile of customers on their satisfaction level.

RESEARCH METHODOLOGY

Sample- The study is based upon both primary and secondary data. The sources of secondary data are basically the papers of different journals. The primary data have been gathered through a structured questionnaire. In order to meet the objectives of this study and to fulfill the requirements of the pre-designed hypothesis one set of structured questionnaire was administered to 85 number of life insurance customers (technically called as "Insured") on random sampling method. Response from 7 correspondents have been found to be unsound and thus rejected, remaining 78 numbers are accepted and processed through SPSS to draw statistical inference. The respondents belong to the district of Khurda from the state of Odisha. Out of 78 respondents, 37 are the customers of LIC of India, 26 are the customers of various private insurers and 15 are the customers of both LIC of India and other private insurers.

Basically, this is a study of satisfaction of life insurance customers' on prevailing marketing practices as regards to their socio-economic profiles (demography) like, living place, level of income, occupation status and educational background. The factor wise sub groupings of each profile are shown below in Table 1. Taking the life insurance market situation into the consideration the ratio of respondents profile as regards to their living place and income is given more importance compared to occupation and education. The ratio of rural and urban respondents is 33:67 where as the ratio of low income, middle income and high income respondent is 27:46:27.

Table 1 : Factor-wise Sub-grouping of Respondent's Profile

Living Place	Income	Occupation	Education
• Rural • Urban	• Low Income • Middle Income • High Income	• Government Employees • Private Employees • Professional • Agricultural Landlord • Businessmen & Others	• Under Graduate • General Graduate • Post Graduate and Technical Graduate

Tools- Statistical tools like percentage, average have been very frequently used in this study. In particular, various parameters under different sub-sections have been judged through a 'level score' which is described in detail in their respective sub sections. For testing of hypotheses the F test (ANOVA for Regression) is used. The demography (socio-economic profile) as an independent factor influences the level of satisfaction of the insured on the different marketing practices adopted by the insurance companies. In order to prove the linear relationship between the socio-economic profile of insured and their level of satisfaction on different marketing practices of insurers the ANOVA for Regression, i.e. (F test) is used and to test the strength of association, the coefficient of determination i.e. (r^2) is used. The detail description of methodology is shown in the sub-heading 'Testing of Hypothesis'.

EFFECTIVENESS & IMPORTANCE OF MARKETING PRACTICES

An Assessment- In order to measure the effectiveness of different marketing practices from the customer's point of view, ten practices were selected out of the lot and the respondents were asked to give their view points under the three scale category namely, 'Very Important', 'Important' and 'Not Important'. The proportionate weightage were given to the three scale category 3, 2, and 1 respectively. The level score indicates the level of effectiveness of each practice separately. This study will help the insurers to assess the expectations of the customers and to improvise themselves in that regard.

Table 2 : Effectiveness of Marketing Practices

Aspects	Level Score*
a. Standardisation of rebate system	2.3846
b. Timely issue of premium reminder notice	2.7692
c. Simplification of language in product brochure	2.7564
d. Quick disposal of surrender value	2.7179
e. Quick disposal of death claim	2.9103
f. Quarterly communication of position of ULIP	2.3333
g. Standardisation of ULIP charges	2.1154
h. Early issue of policy document	2.5897
i. Proper medical examination of insured	2.5128
j. Quick disposal of loan on policy	2.6410

*The level score ratings are as follows-

[1] - Not important; [1.1 to 1.99] - In between;
[2] - Important; [2.1 to 2.9] - In between [3]-Fully important

It is revealed from the above observation that the insured are giving heavy weightage (very importance) to the marketing practices and expecting the insurers should give priority to those. Varieties of rebate structures are allowed by the insurers for the modes of payment of premium and on quantum of sum assured. It makes a difference in cost of life insurance products. High score of importance (2.3846) signifies that the insured are in support of standardization of rebate structure.

Life insurance is a technical financial tool. By purchasing the product it becomes a legal long term contract between insured and insurer subject to certain terms and conditions. Hence insured are in high support to the simplification of language in product brochure. This is consistent to the study of Jain (2007) and V. Ramakrishna (2007).

Similarly ULIPs offered by different insurers have varying charge structures. It is the discretionary power of insurers to fix up the charges on ULIP offered by them. Sometimes it is hefty and hectic to bear. Various news agencies have reported the hesitations of Indian customers and desired the charges should be scanned and caped by the regulating authority. Insured have a strong support to the standardization of ULIP charges. The level score of 2.1154 indicates a full support to the fact. It may be noted here, of course in late IRDA released a circular on 22nd July, 2009 with a title, "Unit Linked Products- Cap on Charges" w.e.f. 1st October, 2009 to standardise the limit on charges for all insurers and linked products. Again, quarterly communication of position of ULIP is accepted by the insured as an important aspect.

Quick disposal of death claim has proved to be more effective in alluring the customers since the level score of 2.9103 is quite close to 3. This is because delay in death claim is harassment to the dependants, no life insurance buyer will support a delay. Again need of life insurance is felt when the death claim is received, thus it is an advertisement for others to feel and purchase. The insurers should do the needful.

Quick issue of surrender value and loan is no doubt against to the basic concept of life insurance as it is demanded by majority of insured as a very important service. High support is recorded with the timely issue of premium reminder notice and early issue of policy document Proper medical examination of insured got a high emotional support (Level score 2.5128) but the reality is a question mark.

EFFECT OF CHANGING ENVIRONMENT

An Evaluation- Private players were entered soon after the establishment of Insurance Regulatory and Development Authority. The insurance industry in India has witnessed a number of changes as a result of opening up to the private sector. The basic objective of the liberalisation was to encourage competition and to improve servicing conditions and standards within the industry. To measure the promptness in services offered before and after to the liberalization of the market, the respondents were asked to give their view points under a three point scale namely, "Very Prompt", "Prompt" and "Delay". The level score is calculated by giving proportionate weightage of 3, 2, and 1, to the above stated comparative scales respectively (Table 3).

Table 3 : Effect of Changing Environment on Different Marketing Practices

Aspects	Level Score*	
	Before IRDA	After IRDA
a. Prompt Issue of policy document	1.1200	1.9103
b. Timely issue of premium reminder notice	1.4000	1.8000
c. Transfer of policy from one branch to other	1.2000	1.8000
d. Sanction of loan and its disposal	1.4000	1.6667
e. Quick disposal of surrender value	1.4000	1.5513
f. Revival of lapsed policy	1.3000	1.5513
g. Issue of duplicate policy bond	1.4000	1.8000
h. Settlement of death claim	1.0000	1.4872
i. Meeting of enquiry and grievances	1.4000	1.5769
j. Change of address in policy document	1.6000	1.8500
Overall Promptness	**1.1820**	**2.6123**

Source- Primary Data, (IRDA denotes Insurance Regulatory and Development Authority)

*The level score ratings are as follows-

[1]- Delay, [1.1 to 1.99]- Approaching towards promptness; [2]- Prompt; [2.1 to 2.9]- Approaching towards fully promptness and [3]-Fully prompt

Greater use of Information Technology as a facilitator brought tremendous change in the marketing practices. Transfer of policy from one branch to other, change of address for better servicing and prompt issue of policy document became speeder; Level score of promptness is whopping in these cases (delay to either prompt or approaching to very prompt). Speedy recovery of services in revival of lapsed policy, settlement of death claim, disposal of surrender value and meeting of enquiry and grievances are the result of competitiveness after opening up of the sector (Present level score is in between 1.5 to 1.6). Sanction of loan is still reported as poor as the private insurers have not yet adopted this facility in full force. The overall promptness (2.6123) is quite satisfactory and a "Paradigm Shift" is visible in overall promptness after opening up to the private sector, still the readiness in the industry is at the foot level, a long way is to proceed.

CUSTOMER SATISFACTION ON DIFFERENT MARKETING PRACTICES

A Critical Measure- The customers are to move within the boundary of practices offered by the life insurers subject to certain set of principles. How far the insured are satisfied with those practices? In order to measure the satisfaction level of the customers to those practices a three point scale examination is followed with the scales like "Fully Satisfactory", "Satisfactory" and "Not Satisfactory". The level score is calculated by giving proportionate weightage of 3, 2, and 1, respectively.

Table 4 : Satisfaction on Life Insurance Practices (Living Place- wise)

Aspects	Level Score*	
	Rural	Urban
a. Bonus rates on different policies	1.6154	1.5192
b. Procedure of meeting death claim	1.5769	1.4423
c. Facility of revival on lapsed policy	1.6154	1.5192
d. Disposal of surrender value	1.4231	1.6154
e. Sanction of loan and disposal	1.8462	1.5769
f. Different charges on ULIP	1.1923	1.2500
g. Effectiveness of distribution channel	1.4231	1.2692
h. Issue of policy document	1.7692	1.9956
i. Customer care and enquiry	1.6154	1.5577
Overall Satisfaction	**1.5346**	**1.5192**

Table 5 : Satisfaction on Life Insurance Practices (Income-wise)

Aspects	Level Score*		
	Low Income	Middle Income	High Income
a. Bonus rates on different policies	1.4762	1.6389	1.4762
b. Procedure of meeting death claim	1.5714	1.5556	1.2857
c. Facility of revival on lapsed policy	1.5714	1.5278	1.5714
d. Disposal of surrender value	1.5238	1.4167	1.8089
e. Sanction of loan and disposal	1.6667	1.7222	1.5714
f. Different charges on ULIP	1.2857	1.1111	1.3810
g. Effectiveness of distribution channel	1.2381	1.2222	1.5714
h. Issue of policy document	1.8095	2.0000	1.8571
i. Customer care and enquiry	1.6190	1.6389	1.4268
Overall Satisfaction	**1.5048**	**1.5195**	**1.5521**

Table 6 : Satisfaction on Life Insurance Practices (Occupation-wise)

Aspects	Level Score*				
	Government Employees	Private Employees	Professionals	Agricultural Landlords	Businessmen & Others
a. Bonus rates on different policies	1.4524	1.6364	1.6000	1.0000	1.3889
b. Procedure of meeting death claim	1.6905	1.0909	1.2000	1.5000	1.3333
c. Facility of revival on lapsed policy	1.5714	1.8182	1.6000	2.0000	1.2778
d. Disposal of surrender value	1.5952	1.9091	1.8000	2.0000	1.1111
e. Sanction of loan and disposal	1.6429	1.9091	1.8000	2.0000	1.5000
f. Different charges on ULIP	1.2619	1.3636	1.2000	2.0000	1.0000
g. Effectiveness of distribution channel	1.2143	1.5455	1.8000	2.0000	1.2222
h. Issue of policy document	1.9048	2.0909	2.0000	2.0000	1.7778
i. Customer care and enquiry	1.6429	1.8182	1.2000	1.5000	1.3889
Overall Satisfaction	**1.5595**	**1.6636**	**1.5800**	**1.7000**	**1.3222**

Table 7 : Satisfaction on Life Insurance Practices (Education-wise)

Aspects	Level Score*		
	Below Graduates	Graduates	Post Graduates and Technical
a. Bonus rates on different policies	1.6000	1.5600	1.5349
b. Procedure of meeting death claim	1.4000	1.4000	1.5581
c. Facility of revival on lapsed policy	1.4000	1.6000	1.5581
d. Disposal of surrender value	1.2000	1.6000	1.6047
e. Sanction of loan and disposal	1.6530	1.8000	1.6047
f. Different charges on ULIP	1.2000	1.2400	1.2326
g. Effectiveness of distribution channel	1.2000	1.3600	1.3256
h. Issue of policy document	1.7000	2.0400	1.8837
i. Customer care and enquiry	1.7000	1.7200	1.4651
Overall Satisfaction	**1.4200**	**1.5760**	**1.5186**

*The level score ratings used in tables 4, 5, 6, and 7 are as follows-

[1]- Not satisfactory, [1.1 to 1.99]- Approaching towards satisfactory [2]-Satisfactory [2.1 to 2.9]- Approaching towards fully satisfactory and [3]-Fully satisfactory.

Reliability Test- A reliability test was carried out using SPSS software and the reliability of the items was measured. The result is as follows-

No. of Cases= 78, No. of items= 10 and Alpha= 0.7270

As the reliability value (Alpha) is more than 0.6, the questionnaire is highly reliable Minimum criteria for alpha value is > 0.60 (Nunnally, 1978).

Inferences- Neither the rural nor the urban customers are satisfied with the prevailing marketing practices associated with the life insurance business. The overall satisfaction levels of both rural and urban insured are 1.5346 and 1.5192 respectively. Smell of dissatisfaction is coming in every respect except the issue of policy document, which is a law binding process and where insured has no specific economic benefit. Charges on ULIP are highly regretted, both urban and rural customers have shown a poor satisfaction on that. Effectiveness of distribution channel is rejected in both rural and urban; the level scores are very negligible, i.e. 1.4231 and 1.2692, respectively (Table-4).

It is observed from the table- 5 that, irrespective of their income background the insured are not happy with the marketing practices adopted by the insurers, all the three groups are below to the satisfaction level, the scores are within 1.5 to 1.55. The rebate rate on premium which is pertinent to the income level is highly regretted by all the groups. Probably, it is an agency failure. Middle income group customers, who are always under the pressure of inflation, raised a strong dissatisfaction towards the charges on linked product (1.1111). Low income group is also behaved similarly (1.2857).

It is revealed from table- 6 that the overall satisfaction and individual level score (1.32 to 1.70) of the customers under their occupation profile is much behind to the satisfaction level. In some parameters like-bonus rate, revival of lapsed policies, disposal of surrender value, sanction of loan and customer care; the level score is poor because of a 50 / 50 support and hesitation. More anxiety towards profit, made the businessmen and self employed distinct from their counterparts who are satisfied with the tax privilege of life policy. However, the satisfaction level is visible (high scoring) with all groups about the issue of policy document by the insurers.

It is observed from the table- 7 that the overall satisfaction of all insured under various educational profile seems to be poor; the level ranges from 1.42 to 1.58. All individual parameters with a single stipulation (point-i) indicate unsatisfactory result (very minimum score). Majority of insured have shown their satisfaction in the issue of policy document by the insurer where the benefit is psychological in nature. Customer care in the opinion of high qualified insured is extremely bad (1.46) as compared to graduates (1.72), the matter should be noted sincerely by the insurers.

TESTING OF HYPOTHESIS

The demography (socio-economic profile) as an independent factor influences the level of satisfaction of the insured on the marketing practices adopted by the insurance companies. Is it true? Is there any linear relationship between the socio-economic profile of insured and their level of satisfaction on marketing practices of insurers? If linear then, is there a strong association between these two variables? To test the linearity the ANOVA for Regression, i.e. (F test) and to test the strength of association, the coefficient of determination i.e. (r^2) are used.

The F test (ANOVA for Regression) is used to examine the linearity. SPSS is a friendly package and indicates the level of significance for F value readily. There is no need to refer the critical values at 95% confidence level with the given degree of freedom. If the significance level for F is less than 0.05 then at 95% level of confidence at given degree of freedom the relationship between the two variables is linear.

The correlation coefficient is the correlation between the observed and predicted values of the dependant variable. The value of r ranges from zero to one for models produced by regression. The larger values of r indicate stronger relationship. The coefficient of determination, (r2), indicates the proportion of variation in the dependent variable explained by the regression model. The value of (r2) ranges from 0 to 1.

The following hypothesis is formed.

Hypothesis- The demography of the insured would influence their level of satisfaction on the marketing practices adopted by the life insurance companies.

Null Hypothesis- The demography of the insured would not influence their level of satisfaction on the marketing practices adopted by the life insurance companies.

The above hypothesis can be fragmented into four sub hypotheses like-

Sub-hypothesis- I

H_1: The living place of the insured would influence their level of satisfaction on the marketing practices adopted by the life insurance companies.

H_0: The living place of the insured would not influence their level of satisfaction on the marketing practices adopted by the life insurance companies.

Sub-hypothesis- II

H_1: The level of income of the insured would influence their level of satisfaction on the marketing practices adopted by the life insurance companies.

H_0: The level of income of the insured would not influence their level of satisfaction on the marketing practices adopted by the life insurance companies.

Sub-hypothesis- III

H_1: The occupational status of the insured would influence their level of satisfaction on the marketing practices adopted by the life insurance companies.

H_0: The occupation status of the insured would not influence their level of satisfaction on the marketing practices adopted by the life insurance companies.

Sub-hypothesis- IV

H_1: The educational background of the insured would influence their level of satisfaction on the marketing practices adopted by the life insurance companies.

H_0: The educational background of the insured would influence their level of satisfaction on the marketing practices adopted by the life insurance companies.

Note- The mean score total of the satisfaction of all the parameters denoted as Satisfaction- I. It is the dependent variable under study and the demographic profiles like living place, income, education and occupational status are the constants / predictors.

Regression Analysis (Living Place-wise)

Table 8 : Regression Analysis Model Summary

Model	*R*	*R*-squared	Adjusted *R*-squared	Std. Error of the Estimate
1	0.022	0.001	-0.013	3.28466

Predictors: (Constant), PLACE

Dependent Variable: SATISFACTION-I

Table 9 : ANOVA Table for Regression

Model		Sum of Squares	*df*	Mean-square	*F*	Sig.
1	Regression	0.410	1	0.410	0.038	0.846
	Residual / Error	819.962	76	10.789		
	Total	820.372	77			

Inference- The significance level 0.846 for F value is greater than 0.05. Hence there is no linear relationship between the two variables living place and satisfaction on practices. Again the value of r2 (0.001) explains, only 00% of the dependant variable (Satisfaction on marketing practices) is explained by the independent variable (Living Place of insured). Hence, the Sub-hypothesis- I is rejected.

Regression Analysis (Income-wise)

Table 10 : Regression Analysis Model Summary

Model	R	*R*-squared	Adjusted *R*-squared	Std. Error of the Estimate
1	.054	0.003	-0.010	3.28071

Predictors: (Constant), INCOME

Dependent Variable: SATISFACTION-I

Table 11 : ANOVA Table for Regression (Using SPSS)

Model		Sum of Squares	*df*	Mean-squared	*F*	Sig.
1	Regression	2.381	1	2.381	0.221	0.639
	Residual	817.991	76	10.763		
	Total	820.372	77			

Inference- The significance level 0.639 for F value is greater than 0.05. Hence there is no linear relationship between the two variables, i.e. level of income and satisfaction on practices. Again the value of r2 (0.003) explains, only 00% of the dependant variable (Satisfaction on marketing practices) is explained by the independent variable (Level of income of insured). Hence, the Sub-hypothesis- II is rejected.

Regression Analysis (Occupation-wise)

Table 12 : Regression Analysis Model Summary

Model	*R*	*R*-squared	Adjusted *R*-square	Std. Error of the Estimate
1	0.274	0.075	0.063	3.15969

Predictors: (Constant), OCCUPATION

Dependent Variable: SATISFACTION-I

Table 13 : ANOVA Table for Regression

Model		Sum of Squares	*df*	Mean-squared	*F*	Sig.
1	Regression	61.616	1	61.616	6.172	0.015
	Residual	758.756	76	9.984		
	Total	820.372	77			

Inference- The significance level 0.015 for F value is smaller than 0.05. Hence there is a linear relationship between the two variables, i.e. occupational status and satisfaction on practices. Again the value of r2 (0.075) explains; only 07.5% of the dependant variable (Satisfaction on marketing practices) is explained by the independent variable (occupational status of the insured). Thus, the relationship is not stronger only 7.5% of the dependent variable can be predicted with the independent variable. Hence, the Sub-hypothesis- III is rejected.

Regression Analysis (Education-wise)

Table 14 : Regression Analysis Model Summary

Model	*R*	*R*-squared	Adjusted *R*-squared	Std. Error of the Estimate
1	.044	0.002	-0.011	3.28223

Predictors: (Constant), EDUCATION

Dependent Variable: SATISFACTION-I

Table15 : ANOVA Table for Regression (Using SPSS)

Model		Sum of Squares	*df*	Mean-squared	*F*	Sig.
1	Regression	1.624	1	1.624	0.151	0.699
	Residual	818.748	76	10.773		
	Total	820.372	77			

Inference- The significance level 0.699 for F value is greater than 0.05. Hence there is no linear relationship between the two variables, i.e. educational background of insured and satisfaction on marketing practices. Again the value of r2 (0.003) explains, only 00% of the dependant variable (Satisfaction on marketing practices) is explained by the independent variable (Educational background of insured). Hence, the Sub-hypothesis- IV is rejected.

Rejection of the all the four sub-hypotheses rejects the principal hypothesis. Hence, the demography (socio-economic profile) of the insured would not influence their satisfaction level on the on the marketing practices adopted by the insurance companies.

CONCLUSION AND FINDINGS

Overall promptness is visible after opening up to the private sector. An overall dissatisfaction is found with rebate structure among the insured. Perhaps, the benefits of rebate are not of much help to them; this is an example of agency failure. The ineffectiveness of distribution channel is highly regretted by all the insured. Insured are not happy with the prevailing charge structure of linked products and have recommended for IRDA scanning. A spreading hesitation for the delay in death claim is prevailing in the market and insurers and authority should do the needful.

The Changing Paradigm- Competition in the insurance industry has brought out an opportunity to the players to see the customers as "king" in the market. The foremost beneficiary of the liberalization should be the customer and it throws many challenges to the players to meet the customer expectations. A "Paradigm Shift" is visible in overall promptness in rendering services (marketing practices in operation) after opening up to the private sector due to competitiveness and inclusion of IT facilities, still the readiness in the industry is at the foot level, a long way to go.

The Effect of Socio-Economic Profile- The demography (socio-economic profile) of the insured would not influence their satisfaction level on the marketing practices adopted by the insurance companies. The overall satisfaction level of customers on the prevailing marketing practices being used by the life insurers are almost same (around to a level score of 1.5) irrespective of their socio-economic profiles. Overall, the customers are not completely satisfied but the scores show that they are approaching towards satisfaction. The future is bright. In an exception the businessmen have shown their little lesser satisfaction only because of low bonus rate attached to the products and the people from agricultural section have shown a little higher satisfaction only because they are free from certain practices which are managed by their agents. However, the difference in overall opinion is invisible and negligible.

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A COMPARATIVE STUDY OF SALES FORECASTING METHODS : A CASE OF FINOLEX INDUSTRIES LTD.

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ABSTRACT

This paper compared the forecasting performance of several commonly used univariate forecasting techniques for sales forecasting. For the experiment purpose Sales figure of Finolex industries were taken. Comparison results showed that (1) Trend analysis and Moving Average methods are the better tools compared to exponential smoothing technique. (2) RMSE and MAPE are the two tools taken for measuring performance and it is found that RMSE is minimum in case of 3-period Moving Average method and MAPE is minimum in case of trend analysis.

INTRODUCTION

Sales Forecasting acts as the founding pillar for the planning phase of any organization. Generally it seems quite simple but to predict accurately is always a huge task for the managers as todays' consumers' have become more volatile and the supply chain has become more dynamic. Recent studies have also identified that effective and accurate forecasting of sales has contributed towards improvement in supply chain performance. Various forecasting techniques are being adopted by the researchers and practitioners to make it error free and also new methods are also evolving up now-days like neural network to forecast using non-linear data. It is also very well known that a single technique cannot be useful in every situation, that's why different methods are being trialed to know which method suits most in a particular situation.

Objectives

- To understand the various methods of sales forecasting mostly for linear data.
- To make a comparative analysis of these methods and to identify the best method in this context.

Sales Forecasting Methods

Trend Analysis Method

Main idea of the method: a forecast is calculated by inserting a time value into the regression equation. The regression equation is determined from the time-serieas data using the "least squares method" .

Trend analysis uses a technique called least squares to fit a trend line to a set of time series data and then project the line into the future for a forecast. Trend analysis is a special case of regression analysis where the dependent variable is the variable to be forecasted and the independent variable is

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time. While moving average model limits the forecast to one period in the future, trend analysis is a technique for making forecasts further than one period into the future.

The general equation for a trend line

$$F = a+bt$$

Where:

F - forecast,

t - time value,

a - y intercept,

b - slope of the line.

Moving Average Method

One of the easiest, most common time series forecasting techniques is that of the moving average. Moving average methods come in handy if all you have is several consecutive periods of the variable (e.g., sales, new savings accounts opened, workshop attendees, etc.) you're forecasting, and no other data to predict what the next period's value will be. Often, using the past few months of sales to predict the coming month's sales is preferable to unaided estimates. However, moving average methods can have serious forecasting errors if applied carelessly. Essentially, moving averages try to estimate the next period's value by averaging the value of the last couple of periods immediately prior. The number of periods you use in your moving average forecasts are arbitrary; you may use only two-periods, or three or four or six periods - whatever you desire - to generate your forecasts. A moving average of order k, MA(k) is the value of k consecutive observations.

- K is the number of terms in the moving average.

The moving average model does not handle trend or seasonality very well although it can do better than the total mean.

Exponential Smoothing

This method provides an exponentially weighted moving average of all previously observed values. Appropriate for data with no predictable upward or downward trend. The aim is to estimate the current level and use it as a forecast of future value. Generally, the exponential smoothing equation is

$$F_{t+1} = \alpha\, y_t + (1-\alpha)F_t$$

- F_{t+1} = forecast for the next period.
- α = smoothing constant.
- y_t = observed value of series in period t.
- F_t = old forecast for period t.

The forecast F_{t+1} is based on weighting the most recent observation y_t with a weight and weighting the most recent forecast F_t with a weight of 1-α. Exponential smoothing forecast is the old forecast plus an adjustment for the error that occurred in the last forecast. The value of smoothing constant α must be between 0 and 1. α cannot be equal to 0 or 1. If stable predictions with smoothed random variation is desired then a small value of α is desire. If a rapid response to a real change in the pattern of observations is desired, a large value of α is appropriate.

Research Methodology

This paper tries to analyze the performance of various forecasting techniques taking Finolex Industries as the case study. Basically a descriptive design has been adopted in this research. To make the study more accurate sales data have been collected for a period of 9 years and then those data are arranged on a quarterly basis. So sales data are collected for 34 quarters spreading over a horizon of 2006-2015. For better analysis net sales are taken into account where inter-branch sales are excluded.

This study aims at analyzing the performance of three sales forecasting techniques i.e., (a) Trend Analysis, (b) Moving Average method and (c) Exponential Smoothing. To measure the performance of individual method RMSE and MAPE has been adopted as performance measurement tool.

Data Analysis

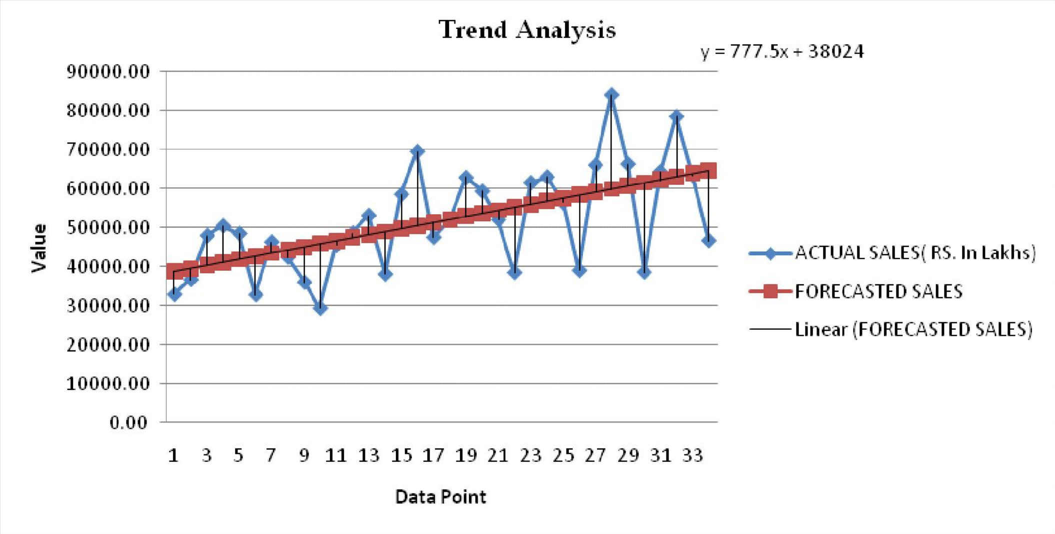
Data Set

Year	Quarter	Time Period	ACTUAL SALES (Rs. In Lakhs)
2007	I	1	32837.40
	II	2	36642.76
	III	3	47921.53
	IV	4	50440.68
2008	I	5	48454.75
	II	6	32763.14
	III	7	46288.08
	IV	8	42373.59
2009	I	9	35949.54
	II	10	29308.55
	III	11	45409.17
	IV	12	48582.08
2010	I	13	53088.56
	II	14	38053.66
	III	15	58525.31
	IV	16	69497.55
2011	I	17	47476.88
	II	18	51985.39
	III	19	62797.09
	IV	20	59300.86
2012	I	21	51985.39
	II	22	38447.82
	III	23	61444.74
	IV	24	62959.02
2013	I	25	56349.34
	II	26	38991.05
	III	27	65988.59
	IV	28	83974.11
2014	I	29	66271.97
	II	30	38585.89
	III	31	64293.32
	IV	32	78463.75
2015	I	33	63338.34
	II	34	46674.00

Trend Analysis

Year	Quarter	Time Period	ACTUAL SALES (RS. In Lakhs)	FORECASTED SALES	Error	Squared Errors
2007	I	1	32837.40	38801.91768	-5964.52	35575471.16
	II	2	36642.76	39579.45547	-2936.70	8624180.274
	III	3	47921.53	40356.99326	7564.54	57222216.15
	IV	4	50440.68	41134.53104	9306.15	86604408.4
2008	I	5	48454.75	41912.06883	6542.68	42806676.88
	II	6	32763.14	42689.60662	-9926.47	98534739.53
	III	7	46288.08	43467.14441	2820.94	7957677.623
	IV	8	42373.59	44244.68219	-1871.09	3500985.999
2009	I	9	35949.54	45022.21998	-9072.68	82313522.05
	II	10	29308.55	45799.75777	-16491.21	271959933.7
	III	11	45409.17	46577.29556	-1168.13	1364517.317
	IV	12	48582.08	47354.83334	1227.25	1506134.353
2010	I	13	53088.56	48132.37113	4956.19	24563808.09
	II	14	38053.66	48909.90892	-10856.25	117858140.6
	III	15	58525.31	49687.44671	8837.86	78107827.58
	IV	16	69497.55	50464.9845	19032.57	362238549.7
2011	I	17	47476.88	51242.52228	-3765.64	14180061.8
	II	18	51985.39	52020.06007	-34.67	1202.013773
	III	19	62797.09	52797.59786	9999.49	99989843.1
	IV	20	59300.86	53575.13565	5725.72	32783919.38
2012	I	21	51985.39	54352.67343	-2367.28	5604030.853
	II	22	38447.82	55130.21122	-16682.39	278302176.8
	III	23	61444.74	55907.74901	5536.99	30658269.24
	IV	24	62959.02	56685.2868	6273.73	39359728.31
2013	I	25	56349.34	57462.82458	-1113.48	1239847.918
	II	26	38991.05	58240.36237	-19249.31	370536026.8
	III	27	65988.59	59017.90016	6970.69	48590516.86
	IV	28	83974.11	59795.43795	24178.67	584608182.3
2014	I	29	66271.97	60572.97573	5698.99	32478535.64
	II	30	38585.89	61350.51352	-22764.62	518228084.1

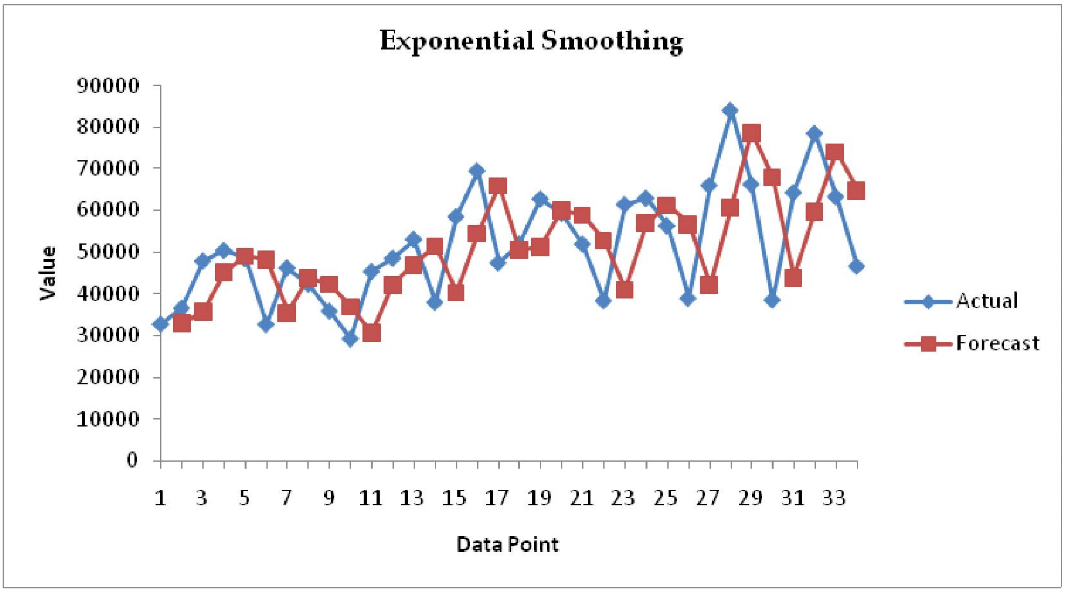
	III	31	64293.32	62128.05131	2165.27	4688388.503
	IV	32	78463.75	62905.5891	15558.16	242056370.7
2015	I	33	63338.34	63683.12688	-344.79	118877.9958
	II	34	46674.00	64460.66467	-17786.66	316365440.2
					SSE	3900528292
					MSE	114721420.3
					RMSE	10710.80858



Exponential Smoothing

Year	Quarter	Time Period	NET SALES (RS. In Lakhs)	Forecasted Sales	Error	Squared Error
2007	I	1	32837.4	#N / A		
	II	2	36642.76	32837.4	3805.36	14480764.73
	III	3	47921.53	35577.05141	12344.48	152386151.7
	IV	4	50440.68	45122.58161	5318.098	28282170.51
2008	I	5	48454.75	48958.45259	-503.703	253716.3006
	II	6	32763.14	48101.29694	-15338.2	235259058.4
	III	7	46288.08	35384.52975	10903.55	118887408
	IV	8	42373.59	43779.10332	-1405.51	1975467.701
2009	I	9	35949.54	42248.54855	-6299.01	39677508.68

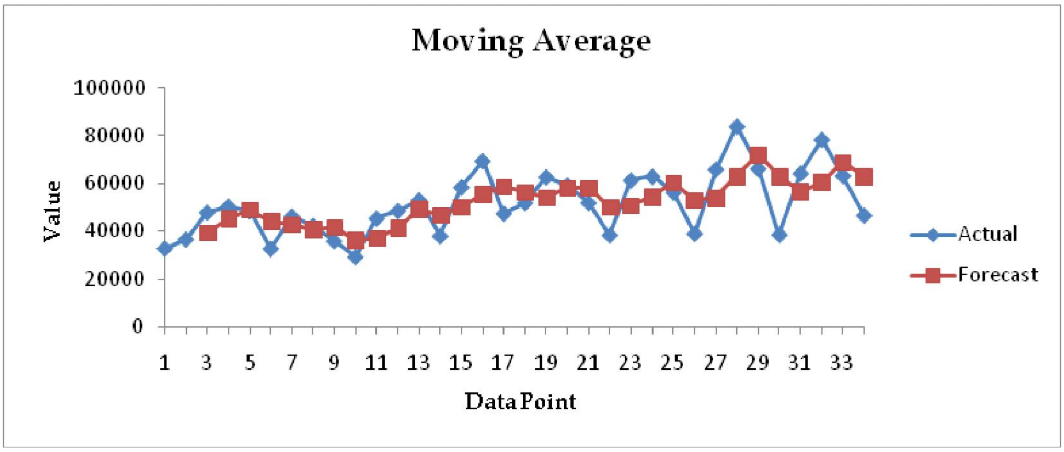
	II	10	29308.55	36817.39674	-7508.85	56382779.32
	III	11	45409.17	30468.75984	14940.41	223215855.8
	IV	12	48582.08	42138.42554	6443.654	41520682.78
2010	I	13	53088.56	46902.42576	6186.134	38268256.83
	II	14	38053.66	51416.21359	-13362.6	178557838.4
	III	15	58525.31	40249.17619	18276.13	334017067
	IV	16	69497.55	54496.68669	15000.86	225025900.1
2011	I	17	47476.88	65991.80488	-18514.9	342802443.5
	II	18	51985.39	50567.6509	1417.739	2009984.156
	III	19	62797.09	51232.71987	11564.37	133734656.4
	IV	20	59300.86	60008.92374	-708.064	501354.2624
2012	I	21	51985.39	58885.76259	-6900.37	47615141.94
	II	22	38447.82	52819.17407	-14371.4	206535817.8
	III	23	61444.74	40832.08085	20612.66	424881717.2
	IV	24	62959.02	56943.40394	6015.616	36187636.55
2013	I	25	56349.34	61227.62584	-4878.29	23797672.72
	II	26	38991.05	56756.98096	-17765.9	315628303
	III	27	65988.59	42017.69471	23970.9	574603820.9
	IV	28	83974.11	60804.60763	23169.5	536825840.1
2014	I	29	66271.97	78776.11771	-12504.1	156353710.1
	II	30	38585.89	68041.98383	-29456.1	867661463.5
	III	31	64293.32	43845.87493	20447.45	418098010
	IV	32	78463.75	59797.06742	18666.68	348445038.5
2015	I	33	63338.34	74175.66875	-10837.3	117447694.4
	II	34	46674	64817.66896	-18143.7	329192723.4
					SSE	6570513655
					MSE	199106474.4
					RMSE	14110.50936
					alpha	0.190722877



Moving Average

Year	Quarter	Time Period	NET SALES (RS. In Lakhs)	Forecasted Sales	Error	Squared Error
2007	I	1	32837.4	#N / A		
	II	2	36642.76	#N / A		
	III	3	47921.53	39133.89667	8787.633333	77222499.6
	IV	4	50440.68	45001.65667	5439.023333	29582974.82
2008	I	5	48454.75	48938.98667	-484.2366667	234485.1493
	II	6	32763.14	43886.19	-11123.05	123722241.3
	III	7	46288.08	42501.99	3786.09	14334477.49
	IV	8	42373.59	40474.93667	1898.653333	3604884.48
2009	I	9	35949.54	41537.07	-5587.53	31220491.5
	II	10	29308.55	35877.22667	-6568.676667	43147513.15
	III	11	45409.17	36889.08667	8520.083333	72591820.01
	IV	12	48582.08	41099.93333	7482.146667	55982518.74
2010	I	13	53088.56	49026.60333	4061.956667	16499491.96
	II	14	38053.66	46574.76667	-8521.106667	72609258.82
	III	15	58525.31	49889.17667	8636.133333	74582798.95
	IV	16	69497.55	55358.84	14138.71	199903120.5

2011	I	17	47476.88	58499.91333	-11023.03333	121507263.9
	II	18	51985.39	56319.94	-4334.55	18788323.7
	III	19	62797.09	54086.45333	8710.636667	75875191.14
	IV	20	59300.86	58027.78	1273.08	1620732.686
2012	I	21	51985.39	58027.78	-6042.39	36510476.91
	II	22	38447.82	49911.35667	-11463.53667	131412672.9
	III	23	61444.74	50625.98333	10818.75667	117045495.8
	IV	24	62959.02	54283.86	8675.16	75258401.03
2013	I	25	56349.34	60251.03333	-3901.693333	15223210.87
	II	26	38991.05	52766.47	-13775.42	189762196.2
	III	27	65988.59	53776.32667	12212.26333	149139375.7
	IV	28	83974.11	62984.58333	20989.52667	440560229.7
2014	I	29	66271.97	72078.22333	-5806.253333	33712577.77
	II	30	38585.89	62943.99	-24358.1	593317035.6
	III	31	64293.32	56383.72667	7909.593333	62561666.7
	IV	32	78463.75	60447.65333	18016.09667	324579739.1
2015	I	33	63338.34	68698.47	-5360.13	28730993.62
	II	34	46674	62825.36333	-16151.36333	260866537.5
					SSE	**3491710697**
					MSE	**109115959.3**
					RMSE	**10445.85848**



Performance Measurement

To measure the performance of the methods adopted in this paper we have taken RMSE (Root Mean-Squared Error) and MAPE (Mean Absolute Percentage Error) as performance measuring tools. The results are cited in the below table.

	Trend Analysis	Exponential Smoothing	Moving Average
RMSE	10710.80858	14110.50936	10445.85848
MAPE	17.7153401	23.9488921	17.82395

From the above table it is found that Moving Average is the best method for the forecasting of sales if RMSE is the measuring tool and if we will take MAPE as the measuring tool then Trend Analysis is the best method to be adopted.

CONCLUSION

This research aimed at the comparison of performance several commonly used forecasting techniques for sales forecasting. Mostly the data are linear in nature and the paper tries to identify the best suitable method for forecasting of sales of Finolex Industries. This paper can be used as a basis for forecasters, researchers and help them in selecting an appropriate model for forecasting.

There is a lot of scope for further research in this area. As non-linearity is observed in the data series, so methods like neural network can be a suitable choice for forecasting. Also other traditional methods performance can be compared by taking more number of data points.

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BUILDING AN INTERNAL MARKETING ON EMPLOYEE JOB SATISFACTION: AN INVESTIGATION OF EMPLOYEES OF MANAGEMENT COLLEGES OF UNIVERSITIES, BHUBANSWAR (ODISHA)

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ABSTRACT

Internal marketing is considered as a key ingredient to retain the employee and increase the productivity. This is also applicable at the university level. The objective of the study is to examine internal marketing relationships and their influence on faculty attitudes and behaviors in universities. Here in this article highlights age as the benchmark for the faculty's behavior toward students. This paper is based on empirical work which establishes the relationship between internal marketing and employee satisfaction in universities in Odisha. It is mainly derived from literature that provides backbone for study. A questionnaire was designed to collect the data from different universities. The findings of research showed that training and development, promotion, superior and colleague relationship and recognition and compensation have positive impact on employee satisfaction. The sample sizes of the customers are 30 employees within the universities. The sample can be collected from Bhubanswar. The primary data are analyzed by using the Chi-square analysis and percentage method. The finding of the research would help to faculties as well as student to enhancement their carriers.

Key Words : *Internal marketing, employee satisfaction, Universities.*

INTRODUCTION

Internal marketing has defined as activities, actions and managerial directions an organization implements in an attempt to encourage and generate employee other stakeholder support for programmes and process needed to achieve organizational goals and objectives [Schlta, E.2004]. The mantra is satisfied employees can satisfied customers'. Satisfied customers are more loyal customers. And loyal customers are more valuable customers in both the short and long terms.

The internal marketing has been widely used by academics in portraying an emphasis on viewing employees as partners to an organization's efforts at achieving organizational success rather than as a cost [Doukakis, I. 2002]. This internal market can be regarded as a segment that needs to be informed, educated, developed and motivated in order to achieve the organizational goals.

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The rapid advancement, globalization and the market oriented firms has made reform on universities activities. In developed countries the universities are already adopted principles of marketing. They have given emphasis both on internal and external services. It is important that universities of the developing countries realize the value of behaving as market oriented firms and focuses their synergies on achieving the same so as to be at par.

Dasgupta, Devashish (2011) explained that internal marketing aims at building employee moral as well as setting quality standards to ensure that each and every employee plays a pivotal role. The success of internal marketing depends on creating an atmosphere where in employees desire to deliver good services to the customers. Internal marketing encompassed all stakeholders like the organization, the suppliers, the creditors, the financers, the channel partners and all others involved in the working of the organization. The number of other factors which has influence on the customer satisfaction like the customer relations, quality control and employee morale and other tangible benefits are incentives during peak season and intangible moral such as support from supervisors, regular training and an environment.

Lamb and et al. (2012) services are performances, so the quality of a firm's employees is an important part of building long term relationships with customers. Service first practice the internal marketing which means treating employees as customers and developing systems and benefits that satisfy their needs.

The degree of interaction among the students and faculties are very high in educational institutions as compare to other service industries. So satisfaction of the quality employees in universities is important element for investigation. Shabbir, J. and Salaria, R. (2014) prolong that the higher education institutions are highly interactive sectors where the degree of interaction of employee and customer is high as compare to other service providing organizations. Therefore, satisfaction and motivation of the quality employee in higher education is vital element for investigation. Communication and empowerment are also important because faculty in universities entered and phased of their careers where they have surpassed basic job needs and are motivated by other factors other than financial motivations.

In higher education there are two dimension of interaction with their students like direct interaction with the faculties with the students; another interaction includes institutions' management indirect interaction with the students. In higher education both the dimensions are long term strategies orientations; therefore the contribution of internal marketing within this level is vital.

In higher education sector to retain and satisfied the external customer depends on core internal customer like lecturer and professors. In higher education industries when teachers are not motivated and satisfied then quality of their services suffers and creates dissatisfaction among students (Zeithaml et.al.,1990). Therefore to improve universities working environment is require improving research and development to increase teaching performance.

When employee involved in decision making they become a part of overall organization and align their own objectives with organizational objectives.

This article is constructed in the following ways. First it provides theoretical background to the main effects of internal marketing initiatives on performance. Second it discussed about hypotheses for the study. Next it gives the outline the empirical study used to test the hypotheses. Finally discuss the implications of our findings and some avenues for additional research.

Objective of the study

1. To study the age of the employee and student satisfaction in universities
2. To find out the relationship between the age as variable on the satisfaction of the employee with the internal marketing actors
3. To find out relationship between internal marketing factors and employee job satisfaction.

Hypothesis

H_1- Training and development has an influence on employee job satisfaction.

H_2- Promotion has an influence on employee job satisfaction.

H_3- Superior and colleague support has an influence on employee job satisfaction

H4- Recognition and compensation has influence on employee job satisfaction.

Research methodology

The methodology used for the collecting data, selection of sample and analysis of data is as followed;

- **Data collecting techniques :** the present study is based on two sourced of data collection- primary and secondary sources
- The secondary sources of data collection include the review of literature and previous studies it was collected from library. Apart from that the researcher has collected articles and research papers from various journals, magazines and the e-journal.
- The primary sources include the survey method employed for the collection of the primary data from the selected sample respondents. The stratified random and convince sampling for data collection is used.

Sample design

In the present study primary data have been used to fulfill the objectives of the study. There is a set of structured questionnaires have been used of collecting data. The questionnaires are distributed to the employee directly and the filled in questionnaires are collected. The sample sizes of the customers are 30 employees within the universities. The sample can be collected from Bhubanswar. The data are collected from Utkal University and Bijupatnaik University of technology.

Questionnaire

The source for survey based in research is a structured closed ended questionnaire.

Tools of data analysis

The primary data are analyzed by using the Chi-square analysis and percentage method.

Table -1

Table showing opinion of respondents towards the age

Age	Respondents	Percentage
20-30	6	20
31-40	18	60
41-50	2	06.7
50 and above	4	13.3
Total	30	100

Interpretation

The above table indicated that:

- 20% of the respondents belong to the age group of 20-30
- 60% of the respondents belong to the age group of 31-40
- 6.7 % of the respondents belong to the age group of 41-50
- 13.3 % of the respondents belong to the age group of 50 and above.

Table-2

Table showing opinion of respondents towards marital status

Marital Status	Respondents	Percentage
Married	10	33.3
Single	20	66.67

Interpretation

From above table indicate following interpretation

33.3% of the respondents' married and 66.67% unmarried.

Table-3

Table showing opinion of respondents towards gender

Gender	Respondents	Percentage
Female	14	46.7
Male	16	53.3

Interpretation

The above table indicated that 46.7% of the respondents are female and 53.3% of the respondents are male.

Table- 4

Table showing opinion of respondents toward experience:

Experience	Respondent	Percentage
< 1	0	0
1-5	10	33.3
6-10	12	40
11-15	2	6.6
16-20	2	6.7
21-25	2	6.7
25 <	2	6.7
Total	**30**	**100**

Interpretation

The above table indicates that

- 33.3 % faculties have 1 to 5 years of experience
- 40% respondents have 6 to 10 years of experience
- 6.7 % respondents have 16 to 25 years of experience
- 6.6% respondents have 11 to 15 years of experience.

Table-5

Table showing of respondents towards monthly salary

Monthly salary	Respondent	Percentage
<1	10	33.3
1-5	10	33.3
6-10	2	6.6
11-15	2	6.6
16-20	2	6.6
21-25	2	6.6
25<	2	6.6
Total	30	100

Interpretation

The above table reveals that :-

- 66.6% of the respondents feel that the group of less than 5 years
- 6.7% of the respondents belongs to the group of 6-19 years experience
- 26.7% of the respondents belongs to the group above 10 years experience.

Chi-square test

The Chi-square test is used to make compare observed data with data would expect to obtain with specific hypothesis. It is used because to measures how well the observed distribution of data fits with the distribution that is expected if the variables are independent. In this study age is considered as independent variable where as training and development, promotion, physical facilities, support from superior and colleagues and monthly salary are dependent variable. The detail of the Chi-square study which has given below:

a) Chi-square test is conducted to extend the relationship between training and development on job satisfaction

H_0- There is no significant relation between training and development at universities employees and age of employees.

H_1- There is significant relation between training and development at universities employees and age of employees.

Table -6

O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
6	6	O	0	0
18	13	5	10	0.76
2	3	-1	1	0.33
2	5	-3	6	1.5
2	3	-1	1	0.33
6	6	0	0	0
8	13	-5	10	0.76
4	3	1	1	0.33
8	5	3	6	1.5
4	3	1	1	0.33
TOTAL				**5.84**

Chi-square 5% for 4 d.f. = 9.48

Tabulated value of Chi-square for 4 degree of freedom at 5 % level of significance is 9.48. Since calculated value of X^2= 5.84. Here alternative hypothesis is rejected at 5 % level of significance and Ho is accepted .So there is no significant relation between training and development at universities employees and age of employees.

b) Chi-square test is conducted to extend the relationship between age of

employee and promotion policies of university

H_0- there is no significant relationship between the age of the employee of universities and promotional policy

H_1- there is significant relationship between the age of the employee of universities and promotional policy

Table- 7

O	E	O-E	(O-E)²	(O-E)²/E
6	7	-1	1	0.14
18	13	5	25	1.92
2	3	-1	1	0.33
2	6	-4	16	2.66
2	1	1	1	1.00
8	7	1	1	0.14
8	13	-5	25	1.92
4	3	1	1	1.00
10	6	4	16	2.66
0	1	-1	1	1.00
Total				**12.77**

Chi-square 5% for 4 d.f. = 9.48

Since calculated value of Chi-square = 12.77 is greater than the tabulated value , viz. 9.48, it is significant and null hypothesis is rejected at 5 %level of significance. Hence it is conclude that there is significance relationship between age and promotion.

c) Chi-square test is conducted to extend the relationship between age of employees and physical facilities of university

H_0= There is no significant relationship between the physical facilities at the universities and age of the employees.

H_1= There is significant relationship between the physical facilities at the universities and age of the employees.

Table-8

O	E	O-E	(O-E)²	(O-E)²/ E
6	5	1	1	0.2
18	10	8	64	6.4
2	4	-2	4	0
2	5	-3	9	1.8
2	6	-4	16	2.6
4	5	-1	1	0.2
2	10	-8	16	1.6
6	4	2	4	0
8	5	3	9	1.8
10	6	4	16	2.6
TOTAL				17.2

Chi-square 5% for 4 d.f. = 9.48

Since calculated value of Chi-square = 17.2 is greater than tabulated value = 9.48, it is significance and null hypothesis is rejected at 5% level of significance. Hence it is conclude that there is relationship between physical facilities at the universities and age of the employee.

d) Chi-square test is conducted to extend the relationship between age of employees and support from superiors and colleagues.

H_0= there is no significant relationship between the age of employees and support from superiors and colleague on job satisfaction

H_1= there is significant relationship between the age of employees and support from superiors and colleague on job satisfaction

Table-9

O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
6	2.72	3.28	10.7	3.93
18	7.15	10.5	110.25	15.41
2	1.12	0.88	0.77	0.68
2	7.5	-5.5	30.25	4.03
2	11.59	-9.59	91.96	7.93
2	2.63	-0.63	0.39	0.14
0	6.92	-6.92	47.88	6.91
1	0.98	0.02	00	0
12	7.25	4.75	22.56	3.11
14	11.2	2.8	7.84	0.7
0	2.63	-2.63	6.91	2.62
3	6.92	-3.92	15.36	2.21
0	0.98	-0.98	0.96	0.97
8	7.25	0.75	0.56	0.07
18	11.2	6.8	46.24	4.12
TOTAL				**52.83**

Chi-square 5% for 6 d.f. = 12.59

Since calculated value of Chi-square = 52.83 is greater than tabulated value which is 12.59, it is significant that the null hypothesis is rejected at 5% level of significance. So it is conclude that there is significant relationship between the age of employees and support from superiors and colleague on job satisfaction

e) Chi-square test is conducted to find out the relationship between employee monthly salaries with compensation benefit on job satisfaction.

H_0= there is no significant relationship between employee monthly salary with compensation benefit on job satisfaction.

H_1= there is significant relationship between employee monthly salary with compensation benefit on job satisfaction

Table - 10

O	E	O-E	$(O-E)^2/E$
10	9	1	1
10	5	5	25
6	6	0	0
2	8	-6	36
2	2	0	0
8	9	-1	1
0	5	-5	25
6	6	0	0
14	8	6	36
2	2	0	0
TOTAL			124

Chi-square 5% for 4 d.f .= 9.8

Since calculated value of Chi-square = 124 is greater than tabulated value which is 9.8, it is significant that the null hypothesis is rejected at 5% level of significance. So it is conclude that there is significant relationship between the age of employees and support from superiors and colleague on job satisfaction

CHI-SQUARE ANALYSIS

- The analysis of the survey revealed that there is no relationship between training and development at universities and age of the employees
- The analysis of the survey revealed that there is significant relationship between age of the employee and promotion.
- The analysis of the survey revealed that there is significant relationship between the age of the employee and physical facilities.

- The survey prolong that there is significant relationship between the age of the employee and support from superior and colleague.
- Finally the survey explained that there is significant relationship between the employee monthly salaries with compensation benefit on job satisfaction.

CONCLUSION

The growth of strong internal relationship connects with organizations is an important role for successful faculties -college relations. By adopting relational approach to internal marketing is a meaningful way in which organization as well as employees can grow. In particularly to increase students strength and standard can possible through faculties satisfaction. In this study the age of the faculties is considered as a parameter to know about their satisfaction. It is found that training and development of universities the employees should given emphasis because most of the employees are dissatisfied for this provision. The other associated strength of internal relations is promotion, physical facilities while superior and colleague relationship becomes a more important determinant of faculty job behavior.

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VILLAGE COMMUNICATION THROUGH USO FUNDING : A STUDY OF VPT BY BSNL IN SUBARNAPUR DISTRICT, ODISHA

Mr. Pramod Kumar Pandia*

ABSTRACT

Telecommunication sector has a glorious history of more than 150 years starting form invention of point to point telephony in 1853 to today' 4G cellular system. During the revolutionary changes it has undergone, Indian Telecom sector has also accomplished the job of social responsibility by way of providing village communications through USO funding. Public payphones, such as traditional payphone booths, have been in use since the late 19th century. However, with growing telephone ownership, particularly of mobile telephones, demand for public payphones has experienced a decline in recent years, in both developed and developing countries. Despite this, provision of public payphones continues to be a part of universal service obligations in some South Asian countries. The present study focuses on the successful implementation of USO Funding in remote areas and underdeveloped district like Subarnapur in the state of Odisha. The study emphasizes the role of BSNL in accomplishing the social responsibility of providing VPTs in the District of Subrnapur. The findings shows that the performance of VPTs are affected by differenent important factors like, malfunctioning, improper location of VPTs, attitude of the VPT agents etc. This work can through a light on the steps to be taken by the department to improve the performance of VPTs.

Key Words : *USO Funding, VPTS, BSNL, Department of Telecom*

INTRODUCTION

The Telecommunication sector has a glorious history of more than 150 years starting form invention of point to point telephony in 1853 to today' 4G cellular system. To serve the nation in its vastness and diversity, modern telecommunication facilities to all the remote corners of this country will be facilitated with special focus on underserved areas in North-Eastern region and backward states. Just as construction of National Highways brought the nation together, provision of high speed Digital Highway to connect the nation and deliver Government services to every citizen is the vision of the Department of Telecom. But at the same time the Government is consistently focusing on Rural Telephony to provide communication to the remote villages through the different Telecom Service Providers. In this direction BSNL (Bharat Sanchar Nigam Limited) has been the leader to provide village telephones through different technology. BSNL, fully owned by Government of India, formed in October 2000, provides telecom services across the length and breadth of the country excluding Delhi and Mumbai. BSNL is providing all types of telecom services namely telephone services on landline, WLL and GSM mobile, Broadband, Internet,

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leased circuits and long distance telecom service. BSNL had a turnover of Rs 14125 crore and incurred a loss of Rs 3786 crore during the year 2014-15 (upto 30.09.2014). Rural telephony is one of its focus areas. BSNL also pays special emphasis on development of telecommunication facilities in North-Eastern region and in tribal areas.

This task is accomplished by BSNL through USO (Universal Service Ubligation) Funding. The USO Fund was established in 2002 with the fundamental objective of providing access to 'Basic' telegraph services to people in the rural and remote areas at affordable and reasonable prices. Subsequently the scope was widened to provide subsidy support for enabling access to all types of telegraph services including mobile services, broadband connectivity and creation of infrastructure like OFC in rural and remote areas. As per the Rules, the following services shall be supported by the Fund :

Stream-I: Public Telecom and Information Services

The aim of the scheme is to provide telecommunication facility to public through different technology.

Stream-II: Household telephones in rural and remote areas

The scheme emphasizes on telecom facility to every household in rural and inaccessible remote areas.

Stream-III: Creation of infrastructure for Mobile Services in rural and remote areas

The fund also takes care of creation of infrastructure like towers and BTSs to provide mobile service to rural people and people residing in remote areas.

Stream-IV: Broadband connectivity to villages in a phased manner

Stream-V: General infrastructure in rural and remote areas for development of

Telecommunication facilities

Stream-VI: New technological developments in the telecom sector in rural and remote areas.

PRESENT STATUS

The number of telephones increased from 933.02 million in the beginning of the financial year to 971.01 million at the end of December 2014.

Present Status of the Telecommunication Sector (as on December 31, 2014)

- Indian telecom network is the second largest in the world after China.
- The country has 971.01 million telephone connections, including 944.01 million wireless telephone connections.
- Overall tele-density in the country is 77.59%.
- Urban tele-density is 147.75%, whereas rural tele-density is 46.14%.
- The share of wireless telephones in total telephones is 97.22%.
- The share of private sector in total telephones is 89.15%.
- Number of Broadband connections is 85.74 million.

1.1 Objective of the Study

1. To study the village telephone service

provided by BSNL in the District of Subarnapur in the state of Odisha

2. To evaluate the performance of village telephones provided through different technology.

1.2 Importance of the Study: Coupled with other contextual factors, such as considerably higher poverty levels and lower standards of living compared with developed countries, such socioeconomic differences imply that public telephony may still, although to perhaps a lesser extent, play an important role in connecting people-particularly among low-income earners or the bottom of the pyramid (BoP) (Galperin & Mariscal, 2007; Zainudeen, Samarajiva & Abeysuriya, 2005).

i. Among telecom operators BSNL is having largest network and the only State owned Telecom service provider. Hence it is important to study the role played by BSNL in providing rural communication.

ii. Besides profit earning, every industry should focuss on corporate social responsibility. As a telecom service provider it is the duty of BSNL to give emphasis on social reponsiblity,of which providing village communication is one of them.

iii. Subarnapur District in the state of Odisha is not developed with regard to basic infrastructure like communication. Hence to study the provision of village PTs in the district of Subarnapur will definitely help Government to review its policy of providing VPTs.

1.3 Assumption of the Study: The following assumptions are taken to carry out the study;

i. BSNL is only Telecom service provider providing VPTs in the District of Subarnapur.

ii. The villages covered in the study rely mostly on VPTs for communications.

iii. They only use the voice communication through the VPTs.

1.4 Evolution of VPTs: Public payphones, such as telephone booths, have been in use since the late 19th century . Such phones have long served as a useful mode of communication, especially in times of emergency, travel, or the absence of household telephony. The ITU's definition of public telephones includes coin and card-operated phones, as well as public payphones in call offices and private places, as well as mobile public telephones. All public telephones, regardless of capacity, are counted. (ITU -2010). Public telephone system emerged in the following order.

i. PCO: Generally provided to Post offices / Branch post offices through Over head wire or cable were gradually extended to Gram Panchayat offices. Subsequently provided to private agents with some commissions. The PCOs on the basis of their media were divided as follows;

a. Long distance Over Head PTs(LDPT): They are provided through overhead wire made of cupper or Aluminum and were working up to a distance of 40 KMs from the Exchange. These were working till 1990 when the MARR(Multi Access Radio) were used to replace them.

b. Local PCO: These are provided within five KMs from the Exchange through the Cable and Drop wire or using overhead wires.

c. MARR PTs: This type of Public Telephones were provided through wireless media when it became difficult to maintain LDPTs. Initially a MARR sytem cater for 15 PTs through 02 Nos of Channel. Subsequently they were replaced by system catering 30 PTs through 04 channels.

ii. Village PTs: Government of India decided in 2002 to provide Public Telephones to all the villages as per 2001 census data through USO funding and there by the following type of PTs were used besides the local PTs.

a. WLL: This is called wireless in local loof(WLL). This is a part of CDMA(Code Division Multile Access) system. This type of VPT is provided through a wireless media.

b. DSPT: This is known as Digital Satellite Public Telephone. This type of VPTs are provided in remote, inaccessible areas and hilly areas. The telecom signal is sent through satellites.

c. GSM: This is very recent in the VPT history. It is provided through mobile technology. Though it is presently very popular, but people are not much benefited due to the attitude of the VPT agent.

1.5 Current Challenges

While universal service policies are well-grounded in the government's goodwill to provide equal access for all, installing and maintaining public payphones, particularly STD payphone booths, remains costly. Such modes of public telephony incur high sunk costs in installation, as well as in operation and maintenance, such as collecting coins, fixing broken equipment, and upgrading phones on a regular basis. In Chile, where cost-efficient payphone subsidy programs were successfully implemented, the average subsidy cost per payphone was US$3,600 per payphone, or US$10 per inhabitant served (Wellenius, 2002). The cost is likely to be higher in countries where rural populations are higher, or where subsidy programs are inefficiently managed. Despite high costs, however, some argue that the service can be profitable when alternative means of access are not available. For instance, Torero (2003) analyzed the willingness to pay for public telephony among rural population groups in Bangladesh and Peru, finding that respondents were willing to pay higher fees than they were currently charged; this suggests that a public payphone business can be profitable, even without the help of subsidy schemes. However, this study did not take full account of growing competition from mobile phones. With the rapid increase in mobile phone ownership levels, even in rural areas, a decline in demand for public payphones has forced many to downsize operations or close down altogether (Sey, 2008; Stern, 2003). In India, new reports published as early as 2003 highlight India's shrinking PCO industry, a result of mobile price wars that pushed tariffs down to levels even lower than those offered by PCOs (Kurup, 2008; Patnaik, 2003).

2.0 STUDY METHODOLOGY

The universe of the respondents have been decided on the basis of villages visited by the scholar randomly in different blocks of Subarnapur District in the month of January'15. The study conceptualizes to find out the performance of village telephones in Subarnapur District provided by BSNL through different technology. A Structured Questionnaire was framed and administered in the format of Likert scale. It was used for data collection. The collected data have been duly edited, presented through tables and graphs. On the basis of frequency observation the findings have been interpreted.

3.0 Data of Subarnapur District

Subarnapur is a newly formed Revenue District formed in the year 1993 comprising of two subdivisions and six nos of Tehsils. The district has a glorious history and is famous for its Handlooms and Temples. Though very small in size its litracy percentage is 74% and main cultivation is Rice and cereals. Hence communication plays a very important role in marketing the produce by the farmers. The administrative set up of the district is depicted in the following table.

Administrative setup of the District			
No. of Sub-Divisions :	2	No. of Tehsils :	6
No. of Municipalities/Corporation :	1	No. of N.A.Cs :	2
No. of Blocks :	6	No. of Police Stations :	9
No. of Gram Panchayats :	96	No. of Inhabited Villages :	829
No. of Uninhabited Villages :	130	No. of villages :	959

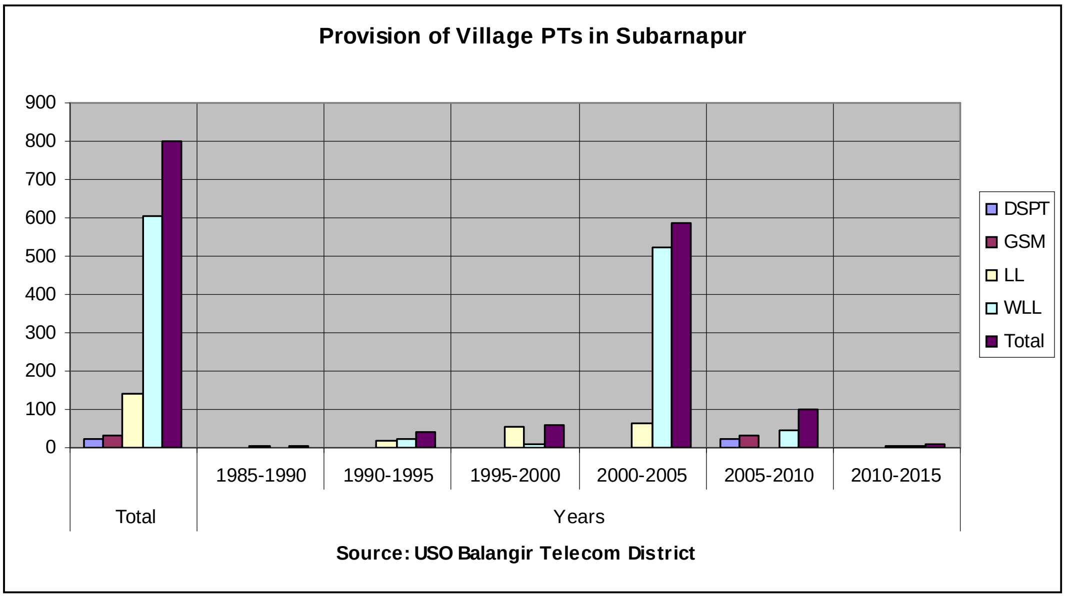
Source: http://www.ordistricts.nic.in/district_profile/dist_glance.php

3.1 Provision of Village PTs in Subarnapur Telecom District

The Nos of Village PTs provided in the district by BSNL through different technology is provided in the following Table;

Technology	Total	Years					
		1985-1990	1990-1995	1995-2000	2000-2005	2005-2010	2010-2015
DSPT	22	0	0	0	0	22	0
GSM	34	0	0	0	0	32	2
LL	142	4	18	53	63	1	3
WLL	604	0	25	7	524	44	4
Total	802	4	43	60	587	99	9

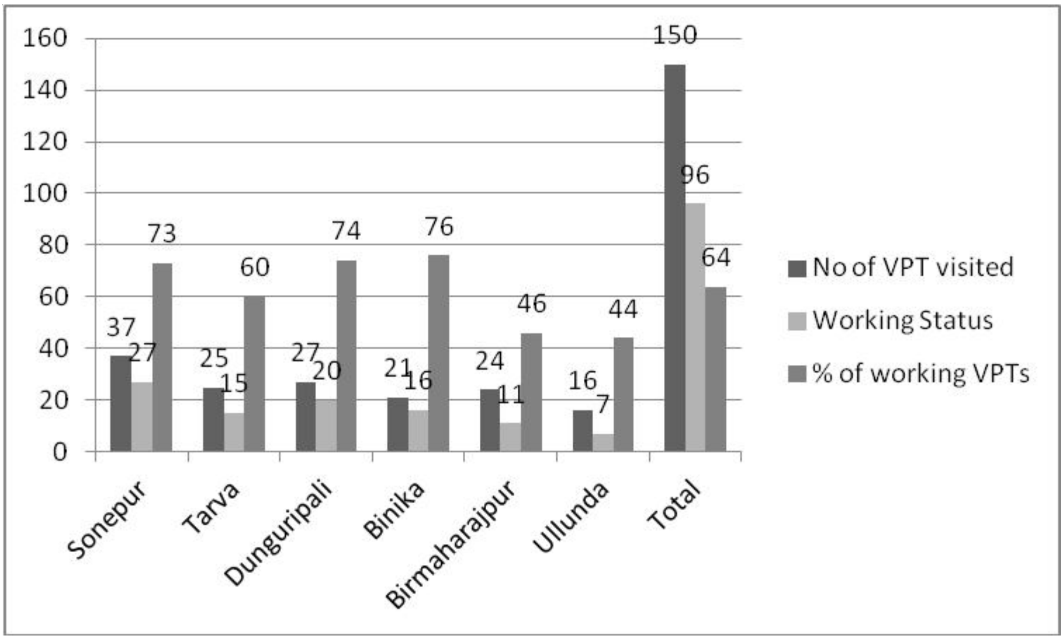
Source: www.odisha.bsnl.co.in/balangir



4.0 Data Analysis and Findings

4.1The distribution of VPTs visited according to geographic locations are given as follows.

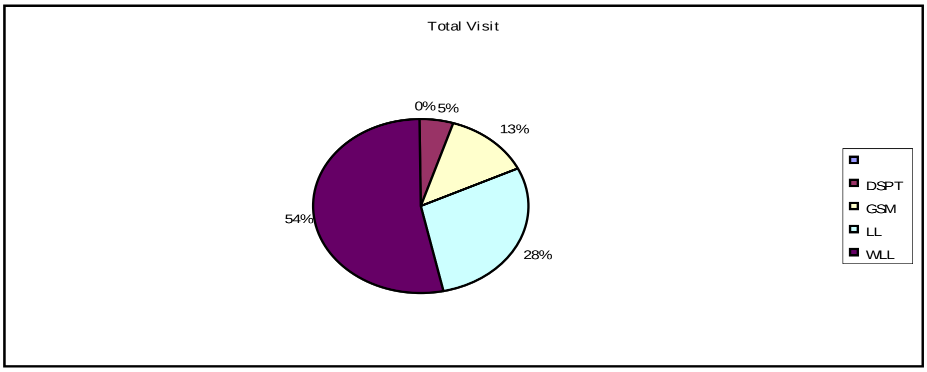
Sl. No.	Name of The Block	No of VPT visited	Working Status	% of working VPTs
1	Sonepur	37	27	73
2	Tarva	25	15	60
3	Dunguripali	27	20	74
4	Binika	21	16	76
5	Birmaharajpur	24	11	46
6	Ullunda	16	7	44
Total		**150**	**96**	**64**



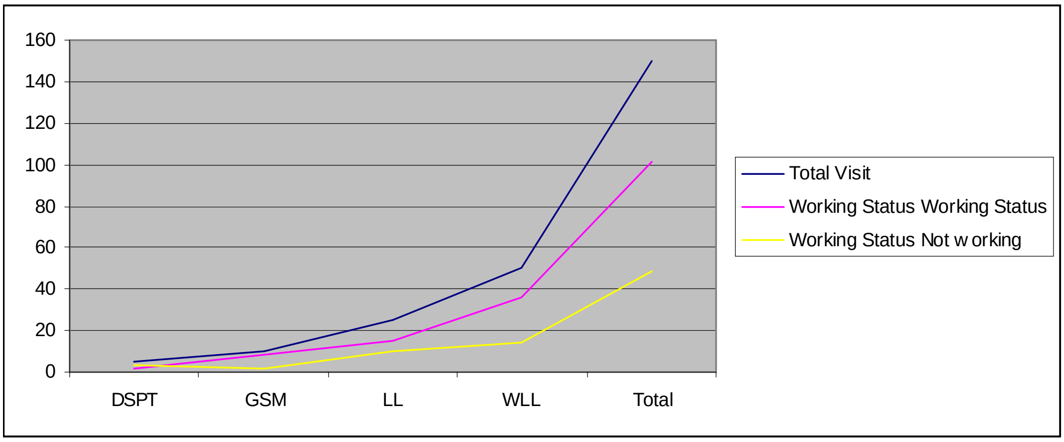
The distribution of VPTs visited and their working status are given below.

Technology	Total Visit	Working Status	
		Working Status	Not working
DSPT	9	3	6
GSM	24	18	6
LL	51	27	24
WLL	96	78	18
Total	150	96	54

Table Showing Distribution of Sample VPT



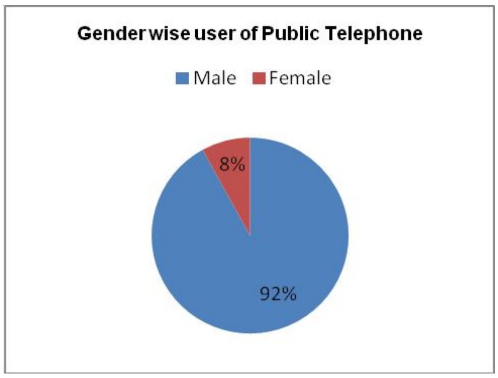
Graph of % of technology wise VPT Sample



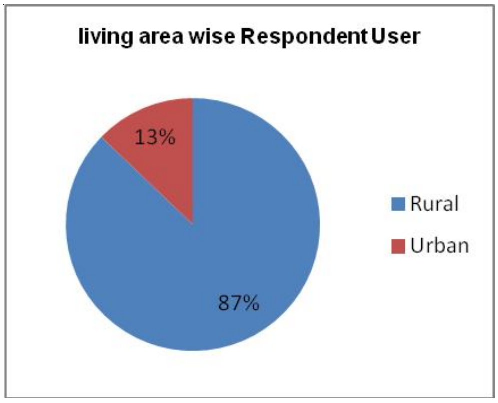
Graph showing the working status of Sample VPTs

4.2 Who Are the Public Payphone Users?

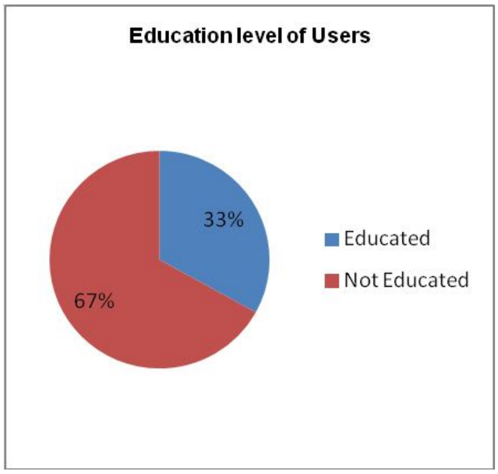
Although dependence on public payphones is declining in general, some demand for public payphones, even among phone owners, still exists. Males tended to be more frequent users (92%) of public payphones than females, Graph4.2(a). Respondents who cited the public payphone as their most frequently used phone tended to be rural dwellers (87%), Graph4.2(b); the majority also had either primary or no formal education (67%), Graph4.2 (c) and did not own a mobile (97%), Graph 4.2 (d). Among non-owners, the primary reason for not using public payphones was due to a lack of other options.



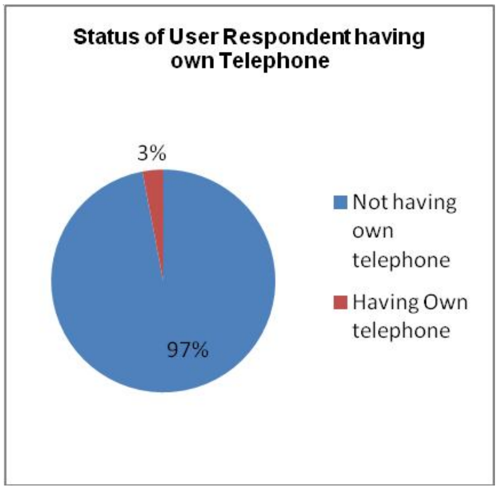
Graph 4.2 (a)



Graph 4.2 (b)



Graph 4.2 (c)



Graph 4.2 (d)

4). Other reasons included lower costs and accessibility at any time. Interestingly, the study found that some mobile owners also used public payphones when their mobile was not available due to low credit or battery and coverage issues.

2.2 Villagers' Satisfaction on VPTs of BSNL:

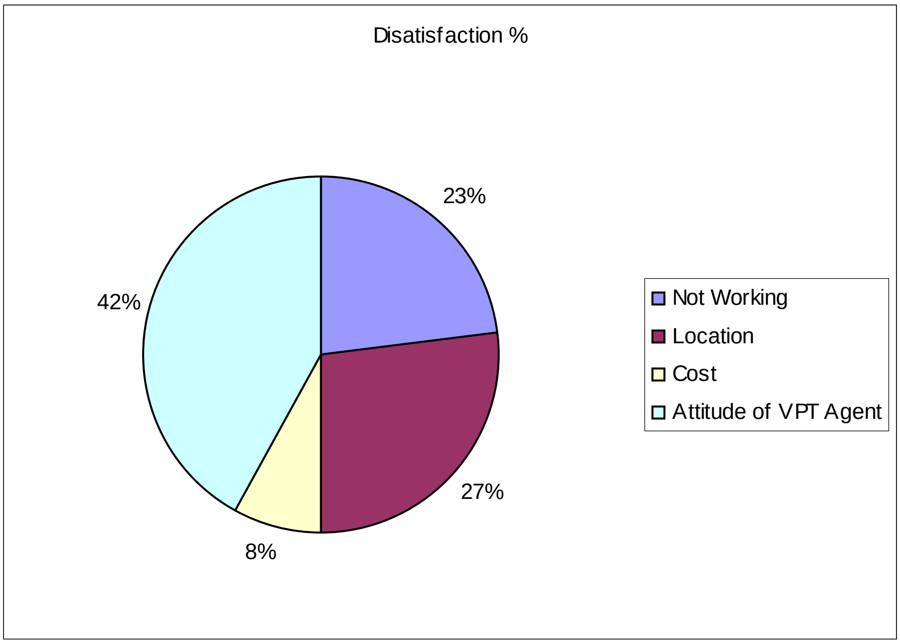
The data were collected from 200 respondents on a random basis and the following are the classifications of the different categories of respondents;

Sl No	Type of VPTs	Total	Highly Satisfied	Satisfied	Cannot Say	Dissatisfied	Highly Distasfied
1	DSPT	10	2	1	1	1	5
2	GSM	30	5	6	10	7	2
3	Landline	70	13	5	5	32	5
4	WLL	100	16	25	8	22	29
	TOTAL	200	36	37	24	62	41

The above table shows that 51.5% (103 out of 200) are dissatisfied with the performance of village telephone provided by BSNL during the period of study. Hence the scholar analyses the reason of dissatisfaction which revealed the following facts.

Reason of Dissatisfaction

Reason	Disatisfaction %
Not Working	23
Location	27
Cost	8
Attitude of VPT Agent	42
Total	100



The above data reveals that 42% peoples are not satisfied with the performance of VPTs due the attitude of VPT agents, 27% are not satisfied due to the to wrong location of the VPTs i.e people cannot access to the VPTs, 23% are not satisfied because of the malfunctioning of the VPTs and though very small 8% of the users are not satisfied due to the cost factor.

FINDINGS AND CONCLUSION

The present study comes out with amazing and most interesting results which can be summarized as follows;

Universal service obligation was implemented with the idea of providing communication to rural mass for which Govt of India is funding the telcos to meet the cost incurred by people making calls in their emergency. BSNL being the state owned company has been given the scope of providing village communication in the state of Odisha side by side getting an opportunity to accomplish its social responsibility. But the study reveals that the purpose is not at all achieved due to poor maintenance, wrong selection of VPT agents, improper location of the VPTs and indifferent attitude of the VPT agent.

Hence BSNL should look into the above factors seriously and take necessary steps to improve performance of VPTs

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MERGERS AND ACQUISITIONS IN INDIAN BANKS AND ITS IMPACT ON PROFITABILITY: A CASE STUDY OF ORIENTAL BANK OF COMMERCE AND INDIAN OVERSEAS BANK

Ganesh Prasad Panda*

ABSTRACT

The financial services industry particularly the banking industry plays a very pivotal role in the economic arena of any country. Indian banking industry has undergone a significant transformation due to the impact of globalisation and deregulation. An important aspect of this process has been consolidation of commercial banks. This consolidation or merger and acquisition takes place when two formerly independent banks become a single controlled entity. The motives may be to sustain in the competitive world, to increase profit or to strengthen the acquiring bank. This study analyses two banks i.e. Oriental Bank of Commerce with Global Trust Bank and Indian Overseas Bank with Bharat Overseas Bank by focusing about the profitability of these two banks before and after the merger on the basis of various ratios. Independent T-test has been used for testing the statistical significance.

Key Words : *Banking, Globalisation, consolidation, profitability, T-test*

INTRODUCTION

Banking is the backbone of any economy. In today's marketplace, banking industries have greatly expanded the scope and complexity of their activities and facing an ever changing and dynamic regulatory environment. It has been realized globally that M&A is only way for gaining competitive advantage domestically and internationally. The banks in India are looking for strategic acquisitions within India and abroad. Today, the banking industry is regarded among the rapidly growing industries in India. In the last two decades, there has been a paradigm shift in banking industries. A relatively new dimension in the Indian banking industry is accelerated through M&A. In order to attain the economies of scale and also to combat the cut throat competition, Consolidation has been a significant strategic tool and has become a worldwide phenomenon. M&As have become a buzzword in the Indian banking sector where generally the weaker banks are being acquired by the healthier banks in order to confess the global competition.

REVIEW OF LITERATURE

1. **Goyal K.A. & Joshi Vijay (2011)** in their paper entitled "Mergers in Banking Industry of India: Some Emerging Issues" gave an overview on Indian banking industry and highlighted the changes occurred in the banking sector

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after post liberalization.

2. **Aharon David Y et al., (2010)** analyzed the stock market bubble effect on Merger and Acquisitions and followed by the reduction of pre bubble and subsequent, the bursting of bubble seems to have led to further consciousness by the investors.
3. **Kemal Mohammad Usman (2011)** finds the post merger profitability of the Royal Bank of Scotland and from the accounting ratio analysis it is proved that RBS merger proves to be a failure in Banking Industry.
4. **R Srivassan et al, (2009)** gave the views on financial implications and problems occurring in M&A highlighted the case for consolidation and discussed the synergy based merger which emphasised that merger is for making large size of firm but no guarantee to maximise profitability on a sustained business and there is always a risk of improving performance after merger.

RESEARCH GAP:

It seems from the above review that various studies have been made on Merger and Acquisitions in the Indian Banking Industry, but these studies provide mixed result and not adequately explore the other varied dimensions of M&As. The present study would go to investigate the details of M&As with greater focus on acquiring bank in the Indian Banking sector. This study will also discuss the Pre merger and Post merger performance of acquiring banks.

OBJECTIVES OF THE STUDY :

1. To study the trends of Merger and acquisitions in Indian banking sector.
2. To study the profitability of acquiring banks by comparing its pre and post M & A performance.

SCOPE OF THE STUDY :

The current study is confined to only 2 banks which are merger of Global trust bank with Oriential bank of commerce and another one is merger of Bharat Overseas bank with Indian overseas bank. The financial performance of these two banks has been evaluated taking in to consideration 3 years pre and post merger.

HYPOTHESIS :

1. H_0 (Null Hypothesis) = There is no significance difference between the Pre merger and Post merger Profitability.
2. H_1 (Alternative Hypothesis) = There is significance difference between the Pre merger and Post merger Profitability.

RESEARCH METHODOLOGY:

DATA COLLECTION:

For the purpose of analyzing the profitability of acquiring banks after Merger and Acquisitions various financial and accounting ratios are undertaken. Data of operating performance ratios for up to 3 years prior and 3 years after the Merger and Acquisitions were collected from the financial statement of company's extracted from the website of money control.

METHODOLOGY:

With the help of Independent sample t-test the pre merger spanning for 3 years and post merger 3 years financial ratios have been compared. The t- distribution is as follows:-

The t- distribution formula is as follows:-

$$t = \frac{\overline{X1} - \overline{X2}}{S} \sqrt{\frac{n1\,n2}{n1 + n2}}$$

Where $\overline{X1} = \frac{\sum x1}{n1}$ and $\overline{X2} = \frac{\sum x2}{n2}$

Where $\overline{X1}$ is the mean of pre merger ratios of acquiring bank $\overline{X2}$ is the mean of post merger ratios acquiring bank, n1 and n2 are the number of observations of 1st and 2nd series respectively. S is the combined standard deviation.

$$S = \sqrt{\frac{\sum(X1 - A1)^2 + \sum(X2 - A2)^2 - n1(\overline{X1} - A1)^2 - n2(\overline{X2} - A2)^2}{n1 + n2 - 2}}$$

RATIOS

Gross Profit Margin Ratio:
Gross Profit / Sales x 100

Net Profit Margin Ratio:
Net Profit / Sales x 100

Operating Profit Margin Ratio:
Operating Profit / Sales x 100

Return on Capital Employed:
Net Profit / Total Assets x 100

Return on Equity:
Net Profit / Equity Capital x 100

THE INDIAN BANKING INDUSTRY: AN OVERVIEW

Commercial banks in India play a very catalytic role in its economic development. It is a strong mechanism upon which our economy rests. Coming to its structure India banking system has a wide mix- comprising of public sector banks, private sector banks, foreign Banks, Exchange Banks, Post-Office Saving banks etc. At the top of the Indian banking system is the central bank of India known as Reserve Bank of India .the Reserve bank of India is responsible for the Indian banking system since 1935. Table no.1 provides a brief detail of the structure of Indian commercial banks as on March 2016.

Table 1: Share in banking space

TYPE OF BANKS	NO. OF BANKS
PUBLIC SECTOR BANKS	27
PVT. SECTOR BANKS	20
FOREIGN BANKS	41
REGIONAL RURAL BANKS	56
TOTAL	**144**

(*Source:* RBI website)

TRENDS OF MERGER OF BANKS IN INDIA:

The financial services industry, particularly the banking industry, has undergone significant transformation all over the world since the early 1980s under the impact of technological advances, deregulation and globalisation. An important aspect of this process has been consolidation as a large number of banks have been merged, amalgamated or restructured. The Indian banking sector has not remained insulated from the global forces driving M&As across the countries. M&A activity in the Indian banking sector is not something new as it took place even before the independence. The Banking system of India started in 1770 and the first Bank was the Indian Bank known as the Bank of Hindustan. Later on, some more banks like the Bank of Bombay-

1840, the Bank of Madras-1843 and the Bank of Calcutta-1840 were established under the charter of British East India Company. These Banks were merged in 1921 and took the form of a new bank known as the Imperial Bank of India. For the development of banking facilities in the rural areas the Imperial Bank of India partially nationalized on 1 July 1955, and named as the State Bank of India. The Indian banking sector can be divided into two eras, the pre liberalization era and the post liberalization era. In pre liberalization era government of India nationalized 14 Banks on 19 July 1969 and later on 6 more commercial Banks were nationalized on 15 April 1980. In the year 1993 government merged The New Bank of India and The Punjab National Bank and this was the only merger between nationalized Banks, after that the numbers of nationalized Banks reduced from 20 to 19. Licenses mses were issued to the private banks, which lead to the growth of Indian Banking sector. The second Narasimham Committee (1998) had suggested mergers among strong banks, both in the public and private sectors. The facts and figures of mergers in Indian banking sector is as follows. During pre-nationalization period from 1961 to 1968, 46 mergers have taken place, in the nationalized period from 1969 to 1992 the number of mergers were 13. During the post reform period i.e. starting from 1993 to 2006, 21 mergers have taken place out which 13 were forced mergers, 5 were voluntary merger, 2 were convergence of financial institution in to bank and 1 was due other regulatory compulsions. Very recently ING vysya bank acquired.

Reasons for Bank Merger:

1) ***Merger of weak banks:*** Practice of merger of weak banks with strong banks was going on in order to provide stability to weak banks but Narsimhan committee opposed this practice. Mergers can diversify risk management.

2) ***Increase market competition:*** Innovation of new financial products and consolidation of regional financial system are the reasons for merger. Markets developed and became more competitive and because of this market share of all individual firm reduced so mergers and acquisition started.

3) ***Economies of scale:*** Capability of generating economies of scale when firms are merged.

4) ***Skill & Talent:*** Transfer of skill takes place between two organisation takes place which helps them to improve and become more competitive.

5) ***Technology, New services and Products:*** Introduction of e- banking and some financial instruments / Derivatives. Removal of entry barrier opened the gate for new banks with high technology and old banks can't compete with them so they decide to merge.

6) ***Positive Synergies:*** When two firms merge their sole motive are to create a positive effect which is higher than the combined effect of two individual firms working alone. Two aspects of it are cost synergy and revenue synergy.

CASE ANALYSIS:

Table 2: List of selected banks merger for study

Sl. No.	Name of Transferor bank	Name of Transferee bank	Date of merger
1	Global trust bank	Oriental bank of Commerce	August 14, 2004
2	Bharat overseas bank	Indian overseas bank	April 3 2007

(*Source:* self compiled)

CASE 1: MERGER OF THE ORIENTAL BANK OF COMMERCE (ACQUIRER BANK) AND GLOBAL TRUST BANK (ACQUIRED BANK) ON AUGUST 14, 2004.

In order to analyze the financial profitability of Acquiring Banks after the merger the Financial and Accounting ratios like Operating Profit Margin, Net Profit Margin, Return on Net Worth & Return on Capital Employed have been calculated.

Table 3: Pre merger ratio analysis of oriental bank of commerce for the years 2000 to 2003 financial ratios (in percentage)

Years	Operating Profit margin	Net profit margin	Return on equity	Return on capital employed
2001	71.8403	11.33495	13.101	0.74943
2002	71.17057	10.54277	19.79033	0.99355
2003	69.33823	13.86928	21.66317	1.34445

(*Source:* compiled from www.Moneycontrol .com)

Table 4: Post merger ratio analysis of oriental bank of commerce for the years 2005 to 2011 financial ratios (in percentage)

Years	Operating Profit margin	Net profit margin	Return on equity	Return on capital employed
2005	66.51977	20.32727	21.82349	1.34284
2006	71.03755	13.52684	10.77516	0.94534
2007	75.96332	11.24532	10.37103	0.78555

(*Source:* compiled from www.Moneycontrol .com)

ANALYSIS AND INTERPRETATION:

Tables: 3 and 4 show the Pre-merger and the Post-merger financial performance of acquiring bank (Oriental Bank of Commerce) in terms of above ratios.

Pre merger :

The Pre merger financial performance appraisal of the acquiring bank (Oriental Bank of Commerce) on the basis of ratio analysis is done. The operating profit margin for the year 2001 was 71.8403 percent. The net profit margin was 11.33495 percent with Return on equity 13.101 & ROCE at 0.74943 percent. The operating profit margin decreased slightly at 71.17057 percent in 2002 with net profit margin also show a negative growth at 11.33495 percent. The Return on equity & ROCE signified a positive growth and reached at 19.79033 and 0.99355 percent respectively. In 2003 operating profit margin decreased to the extent of approx.2 percent which is 69.33823. but all the other three profitability indicators i.e. net profit margin, return on equity and ROCE showed a very good positive growth and were at 13.86928, 21.66317 and 1.34445 percent respectively.

Post-merger:

Post-merger performance appraisal of acquiring bank (Oriental Bank of Commerce) for the very next year declined in terms of operating profit margin at 66.51977 percent but the net profit margin amount at 20.32727 percent. The Return On equity & ROCE remain unchanged at 21.82349 and 1.34284 percent in the year 2005. The operating profit margin has improved in the year 2006 with 71.03755 percent however the net profit margin, Return On equity & ROCE reduced at 13.52684, 10.77516 percent and 0.94534 percent. The operating profit margin has increased in the year 2007 at 75.96332 percent but the other ratios like net profit margin & Return on equity remain unchanged except the return on capital employed show declined with 11.24532, 10.37103 and 0.78555 percent. at 74.36245, 8.71017, 9.48775 & 0.65256 percent.

Table 5: Mean and median of the pre merger and post merger ratios of acquiring bank (oriental bank of commerce)

	MEAN		STANDARD DEVIATION		T VALUE	P VALUE
	PRE	POST	PRE	POST		
OPERATING PROFIT MARGIN	70.7830	71.1735	1.2953	4.7232	-0.138	0.9023 (NS)
NET PROFIT MARGIN	11.9157	15.0331	1.7376	4.7246	-1.073	0.344 (NS)
RETURN ON EQUITY	18.1843	14.3232	4.5012	6.4986	0.846	0.445 (NS)
RETURN ON CAPITAL EMPLOYED	1.0291	1.0245	0.2991	0.2869	0.019	0.986 (NS)

(*Source:* Researcher's compilation based on tables 3 and 4, at 5% level of significance)

N.B. (NS) refers to not significant

Table 5 shows T-test analysis of case I (the Global Trust Bank Ltd with the Oriental Bank of Commerce). The analysis indicates that the mean of operating profit margin (70.7830 vs 71.1735) and t-value of -0.138 which leads to the conclusion that there is improvement in the Operating Profit Margin after the Merger but not significant statistically, the results also indicate that the mean of Net Profit Margin (11.9157vs 15.0331) and t-value of -1.073 which shows the performance in terms of net profit margin of oriental bank of commerce improved but not significant statistically, it is found that there is increase in the mean of Return on Equity (18.1843 vs 14.3232) and t-value 0.846. It seems to have declined so it is considered that it is not affected by merger therefore it is not significant statistically. The mean value of Return on Capital Employed (1.0291 vs 1.0245) and t-value 0.019 which leads to the conclusion that the performance of bank in terms of return on capital employed has declined. so it is not significant statistically. So Here null hypothesis (H0) is accepted.

CASE 2: MERGER OF THE INDIAN OVERSEAS BANK (ACQUIRER BANK) AND BHARAT OVERSEAS BANK (ACQUIRED BANK) ON APRIL 3, 2007.

Table 6: Pre merger ratio analysis of Indian Overseas bank for the years 2004 to 2006 financial ratios (in percentage).

Years	Operating Profit margin	Net profit margin	Return on equity	Return on capital employed
2004	58.7574	13.6586	94.1189	1.0836
2005	57.3971	16.4858	119.5595	1.2818
2006	58.9277	17.7778	143.7849	1.3197

(*Source:* compiled from www.Moneycontrol.com)

Table 7: Post merger ratio analysis of Indian Overseas bank for the years 2008 to 2010 financial ratios (in percentage)

Years	Operating Profit margin	Net profit margin	Return on equity	Return on capital employed
2008	77.0069	15.0891	220.6938	1.1803
2009	73.9548	13.7510	243.3535	1.0950
2010	68.2796	6.9000	129.7650	0.5392

(*Source:* compiled from www.Moneycontrol .com)

ANALYSIS AND INTERPRETATION:

Tables: 6 and 7 show the Pre-merger and the Post-merger financial performance of acquiring bank (Indian Overseas bank) in terms of above ratios.

Pre merger: The Pre merger financial performance appraisal of the acquiring bank (Indian Overseas bank) on the basis of ratio analysis is done. The operating profit margin for the year 2004 was 58.7574 percent. The net profit margin was 13.6586 percent with Return on equity 94.1189 & ROCE at 1.0836 percent. The operating profit margin decreased to 57.3971 percent in 2005 with an increase in net profit margin to 16.4858 percent. The Return on equity & ROCE signified a positive growth and reached at 119.5595 and 1.2818 percent respectively. In 2006 operating profit margin again increased slightly to the extent of approx.1 percent which is 58.9277 percent. Similarly all the other three profitability indicators i.e. net profit margin, return on equity and ROCE signified a positive growth and were at 17.7778, 143.7849 and 1.3197 percent respectively.

Post merger: Post-merger performance appraisal of Indian Overseas bank for the very next year increased in terms of operating profit margin at 77.0069 percent but the net profit margin showed a negative trend of 15.0891 percent. The Return On equity & ROCE also positively increased and reached at 220.6938 and 0.5392 percent in the year 2008. In 2009 the operating profit margin, net profit margin and ROCE decreased than previous year and stood at 73.9548, 13.7510, and 1.0950 respectively but only Return on equity increased to 243.3535. In the year 2010 the operating profit margin again decreased to 73.9548 percent. Beside that the other three ratios i.e. Net Profit Margin, Return on equity and ROCE show a negative growth and decreased to 6.9000, 129.7650 and 0.5392 respectively.

Table 8: Mean and median of the pre merger and post merger ratios of acquiring bank (Indian Overseas Bank)

	MEAN		STANDARD DEVIATION		T VALUE	P VALUE
	PRE	POST	PRE	POST		
OPERATING PROFIT MARGIN	58.3607	73.0804	0.8389	4.4289	-5.656	**0.005***
NET PROFIT MARGIN	15.9740	11.9133	2.1067	4.3929	1.444	0.222
RETURN ON EQUITY	119.1544	197.9374	24.8355	60.1163	-2.098	**0.104***
RETURN ON CAPITAL EMPLOYED	1.2283	0.9382	0.1268	0.3481	1.356	0.247

(*Source:* Researcher's compilation based on tables 3 and 4, at 5% level of significance)

N.B. * refers to significant at 5 % significance level.

Table 8 shows T-test analysis of case II (Bharat overseas bank with Indian Overseas bank). The analysis shows that that the mean of operating profit margin (58.3607 vs.73.0804) and t-value of -5.656 which leads to the conclusion that there is improvement in the Operating Profit Margin after the Merger and it is significant at 5% significant level statistically, the results also indicate that the mean of Net Profit Margin (15.9740 Vs. 11.9133) and t-value of -1.444 which shows the performance in terms of net profit margin of Indian Overseas Bank declined and so it is not significant statistically. It is found that there is increase in the mean of Return on Equity (119.1544 vs.197.9374) and t-value is -2.098. It seems to have increased and it is considered that it is significantly affected by merger therefore it is significant statistically at 5 % significance level. The mean value of Return on Capital Employed (1.2283 vs. 0.9382) and t-value 1.356 which leads to the conclusion that the performance of bank in terms of return on capital employed has declined. So it is not significant statistically. finally except two ratios others are not statistically insignificant So Here we can say null hypothesis (H0) is also accepted.

MAJOR FINDINGS:

From these two cases it is found that;

In case of Oriental bank of Commerce;

i) Before merger, operating profit was showing a negative trend but after merger it was increasing but it is not statistically significant.

ii) The net profit margin was still decreasing after merger of GTB.

iii) Return on Equity was increasing before merger but after merger of GTB, it show a decreasing trend.

iv) ROCE is relatively constant and some what it was showing a decreasing trend.

In case of Indian Overseas Bank;

v) Operating profit in three years was approximately same but after merger of Bharat Overseas Bank it increased in the immediate next year but show a declining trend in the subsequent years. But the overall increment was positive and significant statistically.

vi) Net profit margin was increasing before merger but declined after merger.

vii) Return on Equity has shown a significant increase after merger of Bharat overseas bank.

viii) ROCE has shown approximately constant year to year since it has not significantly changed.

ix) The profitability of both acquiring banks has not improved after the merger, therefore Null Hypothesis is accepted and Alternative Hypothesis is rejected. The results say that though Merger is helpful for expansion and growth but no guarantee for improving the profitability of acquiring banks.

SUGGESTIONS:

1) Banks should work towards a synergy based merger plan with minimisation of technology-related expenditure.

2) Banks should remember that merger or large size is just a facilitator, but no guarantee that profitability will be increased.

3) Importance should be given on improving risk management capabilities, corporate governance and strategic business planning.

4) The Government should not go for M&As as a means of bailing out of weak banks. The strong banks should not be merged with weak banks, as it will have adverse affect upon the asset quality of the stronger banks.

5) The strong banks should be merged with strong banks to compete with foreign banks and to enter in the global financial market.

CONCLUSION

Merger is the useful tool for growth and expansion in Indian Banking Sector. It is helpful for survival of weak banks by merging into larger bank. This study shows that impact of merger on financial performance of Indian Banking sector. It is clear from the analysis that the only hypothesis set for the validation has been accepted. Both the acquiring banks (Oriental Bank of Commerce & Indian Overseas Bank) have not created positive difference after the merger in terms of profitability. For comparing the accounting ratios like, Operating Profit Margin, Net Profit Margin, Return on Net worth etc of the Pre and Post merger the t-test is applied. After the merger we see that the various financial parameters of the bank performance have not improved in both cases, the profits are not visible but it may be possible that improved performance of merged Bank will show in subsequent years. The size of the bank may increase but no guarantee to increase net profitability after merger.

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SKILL DEVELOPMENT IN BUSINESS EDUCATION- A NEED BASED CHALLENGE

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ABSTRACT

The impact of Skill in present business context is very much influential. India is witnessing as a youth base country in the world as its majority population belongs to the age group of below 35 years. Instead of depending on the jobs, country should try to create the jobs by empowering the youth to be an entrepreneur. Despite the main focus on education and training, there is heavy shortage of skilled manpower which is the needs and demands of the present economy. We should adopt some steps to protect the youth mass from unemployment crisis by empowering them through Re-Skill (mean teach new skills to a person, especially an unemployed person) and Up-skill (teach an employee the additional skills and New skill). Government of India has adopted Skill Development as a national priority over the next 10 years. The Government of India has taken up some steps to gear up the skill based training to enhance the entrepreneurship ability in the youth mass of the country. Skills and knowledge management are the driving forces of economic growth and social development in developing economies. Persons with appropriate, adequate and better skills adjust more effectively to face emerging challenges and seize work opportunities for better development. Skill development initiative focusing on specific needs of rural youths is the key to help them self-employed or make them employable or promising entrepreneurs in the changing socio-economic scenario. Finally, Skill development is the need of the hour for the development of the economy.

Key Words : *Skill Development, National Policy, Skill Parameter, Entrepreneurship*

INTRODUCTION

"Live as if you were to die tomorrow. Learn as if you were to live forever."- Mahatma Gandhi

"Education is more important but skill is most important!!"

India is at the edge of becoming the world's most populous country with its population estimated to increase to 1.45 billion by 2028, surpassing that of China. While many argue that most of India's challenges arise due to its large population base, the flipside is that more than 60% of its current population is in the age group of 15 to 59 years; which makes India home to the largest employable manpower base. The demographic dividend indicates a tremendous supply of the working age population. However, the real question for India's business houses and the government is: "Is this manpower really skilled to be employable?" In order to steer India towards higher economic growth, it has become imperative to utilise this

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demographic dividend through skill development and increasing employability.

2. STATEMENT OF PROBLEMS

During the last few years Technical and Vocational Sectors have witnessed a rapid advancement throughout India. Availability of quality employment oriented education ensures an increase in the working capability, productivity and employability of the people of the country. Education and Training are both strategic necessities that deliver employment enhancing skills, in turn increasing productivity and accelerating the future of economic growth of India.

The Planning Commission of India has estimated that around 500 million skilled persons are required by 2022while the current capacity of the skill development program is 3.1 million. Considering issues like population growth, unplanned rural-urban migration causing urban poverty, high school dropout rates, India is likely to witness a deficit of 5.25 million employable graduates and vocationally trained workforce in next few years. In a few states, it has been observed that the economic progress of the state is directly related to the development of Technical and Vocational Education System. Those states, where good progress has been made in the field of skill development, have attracted higher Private Investments as well.

The available of white collar jobs are inadequate to absorb our youths after graduation/ higher study from colleges, which leads to increase in the rate of unemployment in the country. The mass unemployment situation has led to series of crimes. India is witnessing as a youth base country in the world as its majority population belongs to the age group of below 35 years. Instead of depending on the jobs, country should try to create the jobs by empowering the youth to be an entrepreneur.

Inspite of existence of large working youth group, we are unable to mobilise them into productive ways due to shortage of skills based education. India spends only 3.3 % of its GDP on education compared to an average 5.8 % in developed countries. The large number of Indian youth is moving towards overseas study due to lack of standard institution which can provide need based education. The number of Indian students is going overseas to study rising day by day. One of the main reason depression or stress in today's youth is, they are not able to recognise their talents and passion and end up doing jobs they are not made for.

In the opinion of the several national level industrial organisations, the man-power currently being trained by the Technical / Non-Technical Educational Institutions is not as per the demand of the market and industry. Although there has been a sharp increase in the technical educational institutions offering graduate and post-graduate level courses in various states, the number of institutions, the number of courses, availability of seats and intake capacity has not increased in the same proportion.

3. BACKGROUND OF THE STUDY

Skills and knowledge are the driving forces of economicgrowth and social development for a nation. Countrieswith higher and better levels of education and skills aremore likely to adjust effectively to the challenges andopportunities of the world. In recent years, India has gradually emerging as a knowledge-based economy due to the existence of capable and qualified human capital. India has a created a special image in the world market due to the immense opportunities to establish its distinctive position in the world. However, India should develop and empower the human capital to ensure its global competiveness. Despite the main focus on education and training, there is heavy shortage of skilled manpower which is the needs and demands of the present economy.

The need to equip the workforce with technical capabilities and varied skills, consistent with the demands of the industry has been recognised by the Planning Commission also. The Eleventh Five Year Plan laid out the framework to move towards a sustainable long-term skills development initiative. The National Skill Development Policy (NSDP) announced in 2009attempts to address the skills mismatch in the economy from the larger perspective of the vision of 'inclusive growth'. Under this policy, the government having recognised that skill development will play a vital role in transforming India into an economic super power in the future has set a target of skilling 500 million people by 2022. To complement the achievement of this ambitious target, it has to be ensured that there is corresponding creation of employment opportunities forthe youth, to enable them to participate and contribute to the growth. While the economy may be on a steady track of growth, data on social indicators indicate wide disparities and inequalities across the country. Further, the Twelfth Five Year Plan goals of "faster, more inclusive and environmentally sustainable growth", also indicates that skill development in India is critical for both the growth, on the one hand and for providing decent employment opportunities to the growing young population, on the other hand.

If our education system is effective, then there is question arising that 'Does the curriculum allows a student to find his passion in his study time? And 'Does the education is able to provide the human capital as per need based requirement in the industry? We should impact the knowledge on Life Management Skill, which will deal to enhance his inner and outer personality. So the main reason behind this is the ineffective educational policy in higher education and skill based training and vocational education to cater the employability. We should adopt some steps to protect the youth mass from unemployment crisis by empowering them through Re-Skill (mean teach new skills to a person, especially an unemployed person) and Up-skill (teach an employee the additional skills and New skill.

At present, the Indian Government is taking initiatives to achieve and empower the present youth mass through Higher education and vocational education and skill training through dedicated agencies. Government has also created an independent ministry as "Ministry of Skill Development & Entrepreneurship" in the government. National Policy on Skills (2009) is exist with an objective to expand on outreach, equity and access to education and training, which it has aimed to fulfill by establishing several industrial training institutes (ITIs), vocational schools, technical schools, polytechnics, sector-specific skill development, training for self-employment and etc.. In addition, the private sector has also recognized the importance of skill development and has begun facilitating the same. Economic growth can be enhanced by creating a sizeable number of jobs, which should be skill based.

4. OBJECTIVES

1. To examine the skill expected from business education and present institutional support to enhance skills among business students.
2. To develop a strategy for skills development by matching today's capabilities and tomorrow's skills needs.

5. SKILL DEVELOPMENT- A LITERARY OVERVIEW

Venetia Saunders and Katherine Zuzel (2010) in their study they found a strong correlation between employer and graduate student perceptions of the relative priorities amongst employability skills.

Yorke (2006), this study shows that beyond the subject knowledge in higher qualification, the employer expects students to have well developed skills, so that they can make some contribution to the workplace when recruited.

An OECD report on Skills Development Pathways in Asiaalso finds that developing countries like India in Asia commonly face a lack of skills development in SMEs, especially internal training. This phenomenon has not been effectively addressed in donor partnerships either. The report advocates the development of local skills ecosystems that bind organizations, institutions and firms in a certain local area or labor market in area-based partnerships for training and skills development. There are many advantages in putting more emphasis on devolving more responsibility and resources for partnership development to the local level. The one hand, the scale of investments for skills development in the informal sector needs to match the need of the sector. On the other hand, innovative and alternative routes to traditional training are also required.

The 2012 Global Monitoring Report on Education says that, 'People need foundation skills to stand a chance of getting jobs thatpay decent wages and becoming a productive force in the economy'. It argues that these skills are best acquired through formal education and policies and practices should encourage young people to stay longer in formal education. Foundation skills usually refer to language literacy and numeracy.

In developing countries in Asia, the lack of adequate foundation skills makes vocational training less effective. As per UNESCO, in East Asia and the Pacific, over 28 million people aged 15 to 24 have not even completed primary school and need alternative pathways to acquire basic skills for employment. It is well known that South Asia is home to the world's largest numbers of adult illiterates. When the attainment levels of the work force are below secondary or even primary education, skills development institutions are challenges to remedy the lack of adequate foundation skills. This is not only a matter of concern for developing countries.

Yet, strengthening foundation skills are not included as an important priority in skills development institutions. This despite findings in skills audits that the technical skill associated with a vocation is rarely more than half of overall skill requirements required, both in terms of effective performance in the work place, and with regard to what employers are looking for when recruiting.

Lack of adequate of foundation skills combined with poor life skills (referred to in a number of ways such as transferable skills, 21st century skills, soft skills - problem solving skills, creativity, work ethics, inter-personal skills and ability to work in teams and so on) further impede skills development on a continuum and at the work place. Specific examples of the types of attributes in high demand among employers include, the ability to think critically and creatively, process information, make decisions, manage conflict, and work in teams. Furthermore, in many vocational and professional contexts, competences associated with the following are gaining ground in importance - management, leadership, information and digital technology management, negotiation, selling, marketing and public relations.

An Asia Society Report on partnership for global learning suggests that students are not learning 21st century skills because they are not explicitly taught, the traditional method of teaching is not suited for teaching such skills and adequate methods to assess learning of 21stcentury skills are not universally available.

6. GAPS IN THE EXISTING BUSINESS EDUCATION SYSTEM

In India, employment growth is almost exclusively concentrated in the informal economy, where more than 90 per cent of India's workers are employed at low levels of productivity and income. Half of the country's population over the age of 25 has had no education and an additional third have at best primary schooling. Four out of five new entrants to the workforce have never had any opportunity for skills training. While enrolment in business education institutions has increased (from 1.1 million in 2000 to some 2.8 million in 2012), there is a very high drop-out rate in these institutions. There is a huge shortage of teaching faculty in these colleges. At the same time, significant skills shortages are reported throughout the formal economy. The major gap experienced in the existing business education system to match the expectations of the employers are summed up as follows:

1. Seating capacity

- The available data on seating capacity clearly underscores the requirement to scale up the capacity of business schools in the country.

2. Business Education System

- The under-utilisation of the capacity for Master in Business Administration examination indicates a need to reform the stream to make it more relevant to the needs of the students like option for vertical mobility etc.
- Non - availability of courses in new and emerging areas.

- Inadequate infrastructure facilities and obsolete equipment.
- System unable to attract quality teachers
- Inadequate financial resources

3. Management and Governance

- Presence of multiple authorities like universities, AICTE etc. in business education system leading to overlapping of authority and duplication in efforts.
- It has been expressed that the affiliation process is slow and hence the responsiveness of the trade offered to the demands of the industry is low. Moreover, the role of the state is very limited in the current system.
- The financial and academic autonomy at the institute level is low which needs to be relooked, especially for IIMs or Universities, which are being positioned as Centres of Excellence. The private institutions are not engaged in effectively in administrative decision making and enjoy much less autonomy in aspects like admissions, examinations, course development etc.
- The quality of delivery of training in private institutions may be compromised due to low fee structure, due to governmental interferences.

4. Faculty Development

- The current system of Faculty development requires a systemic intervention as no mandatory training and development programs or Industrial orientation is being offered to the trainers. The private institutions receive no support from the Government on this front.
- No minimum qualification prescribed for the faculty / trainers with respect to the industrial experiences.
- Inadequate or non-existence of policies for training and retraining of faculty and staff.
- Lack of flexibility and autonomy to the institutions with respect to HR issues.

5. Industry participation

- No adequate Industry participation in the field of curricula development, training of instructors and other aspects of business educations.
- Inadequate industry-institute interface
- Lack of Research and Development in technician education
- Antiquated Curricula basing on classroom teaching only

The challenges are immense and in order to achieve the goals there has to be substantial expansion of quality technical / vocational education and training for raising employability and productivity. The skills provided have to be attuned to:

1. New business requirements;
2. Improving quality of education and trainings at all levels; and
3. Make business education system more flexible and inclusive for sustainable growth.

7. DIFFERENT SKILL PARAMETERS REQUIRED BY THE EMPLOYERS

Different analysis of recent requirements of Corporate and public sector has given an importance to different skill, which is a challenge before the business education.

The organisation is also conducting different programmes, which should help the employees to identify the competency through Competency development programmes and help employees to implement in the work life. On the basis of that some of the parameter has been discussed as below:

- Technical skill-This skill is judged by the technical acumen of a person who shows or exhibits technical skill sets. It shows the efficiency in the work place.
- Problem solving skill-This skill is how problem is being solved. This skill is important to solve critical problems in jobs. It shows the leadership quality.
- Communication skill-This skill is important in articulation and interpretation of information provided. Skill in persuasion and convincing. It also says how much is displayed in language. It able the employee towards the better communication in the work place. Again, The person's ability to showcase the skill of reading and writing. Information can be transferred by verbal and nonverbal communication. Both are necessary, but nonverbal communication is more important in an organisation. So the employee should be able to understand the nonverbal / written communication, which is essential.
- Team work -This shows how a person is cooperative in behaviour and is a team player. An employee should be in a team, when he is in work place. So he should know, how to work in a team.
- Management skill-Skill which helps to manage all functions through proper management.
- Supervisory skill-This skill helps one to have supervisory quality and inculcate in the person the supervision quality.
- Basic Employability-The person's employability is judged in this quality and can be found the basic employable nature in the person.
- Learning, capture & flexibility skill-This skill helps one person to learn, capture and flexible nature adaptation while in job, or in profession.
- Creative, discovery, innovation skill-This skill is important in creativity and innovation while in job or doing some work. This quality is important in today's changing and fast growth environment.
- Computer / latest devices skill- This skill is to know different ways required while doing jobs in computer and latest gadgets etc. The IT knowledge is important in today's fast requirement of business.

8. TOP TEN SKILLS IN A PROFESSIONAL WORKPLACE

1. **Commercial awareness:** knowing how a business or industry Works and what makes a company sick and how it competes in its marketplace.
2. **Communication:** covers verbal and written communication, and listening. It's about being clear, concise and focused; being able to tailor your message for the audience and listening to the views of others and How to impress the audience with your communication skills.

3. **Teamwork:** Every employee has to prove that he is a team player. It shows the ability to manage and delegate to others and take on responsibility. It indicates towards the positive working relationships, which help everyone to achieve goals and objectives of business. Employee should know to use teamwork skills to get success.

4. **Negotiation and persuasion:** about being able to put forward your way, but also being able to understand where the other person is coming from so that you can both get what you want or need and feel positive about it.

5. **Problem solving:** Employee needs to display an ability to take a logical and analytical approach to solving the problems and resolving issues. Employee has to show employers about problem solving skills from different angles.

6. **Leadership:** It does not refer to a manager, butone need to show potential to motivate teams and other colleagues that may work for them. It is about assigning and delegating tasks well, setting deadlines and leading by good example. It shows the leadership potential in job applications

7. **Organization:** It is about to show that the employee can priorities, work efficiently and productively, and manage time well and deciding about the importance to focus on and get done, and meeting deadlines.

8. **Perseverance and motivation:** Working culture presents many challenges and need to show employers that person who will find a way through, even when the going gets tough... and stay cheerful

9. **Ability to work under pressure:** it is about keeping calm in a crisis and not becoming too overwhelmed or stressed. Decisions should be taken under cool and calm mentality.

10. **Confidence:** Every employee should keep themselves as a confidence one not arrogant, and also create the confidence in other colleagues and the company

9. FRAMEWORK FOR SKILLS DEVELOPMENT - MEETING TODAY'S AND TOMORROW'S SKILLS NEEDS

International experience shows that countries that have succeeded in linking skills development to gains in productivity, employment and development have targeted skills development policy towards three main objectives:

- Matching supply to current demand for skills: - This is about the relevance and quality of training. Matching the provision of skills with labour market demand requires labour market information systems to generate, analyse and disseminate reliable sectoral and occupational information, and institutions that connect employers with training providers. It is also about equality of opportunity in access to education, training, employment services and employment, in order that the demand for training from all sectors of society is met.

- Helping workers and enterprises adjust to change: - It is about easing the movement of workers and enterprises from declining or low-productivity activities and sectors into expanding and higher productivity activities and sectors. Learning new skills, upgrading existing ones and lifelong learning can all help workers to maintain their employability and enterprises to adapt and remain competitive.
- Building and sustaining competencies for future labour market needs: The third objective calls for a long-term perspective, anticipating the skills that will be needed in the future and engendering a virtuous circle in which more and better education and training fuels innovation, investment, technological change, economic diversification and competitiveness, and thus job growth.

Issues for consideration	Possible Strategies	Expectations
Addressing the pressing challenges of jobs and skills for development in India	a) Skills policies linked with labour market and social protection policies b) Affirmative action to overcome obstacles to workforce participation	a) Increased training opportunities and improved employment prospects b) Reduced vulnerability and informality of employment
Addressing the paradox of skills mismatch with employer needs	a) Training courses based on an assessment of "right skills" required for the workforce, with a mix of high, medium, and basic skills levels. b) Incentives for skills development for high-technology industry employers	a) Reduced skills mismatches to jobs and reduced graduate unemployment b) A highly skilled workforce supports technology absorption and moving up the value chain
Leveraging skills training to improve competitiveness	a) Matching skills development priorities with economic and industrial priorities	a) Well-conceived and systematic skills training frameworks can support the overall economic growth aspirations and global competitiveness of nations
Ensuring industry-led systems for skills training	a) Conducive regulatory framework for the private sector. Employer representation on governing boards of training institutions and employer program advisory committees. b) Industry representation in sector skills councils and in accreditation of skills	a) Availability of "work-ready" human resources and" certified" employees b) A responsive and diversified skills training system aligned to industry needs and focused on applied learning
Ensuring recognition of skills training and certification but setting realistic expectations from national qualifications frameworks	a) Developing national qualification frameworks. b) Industry led occupational standards and their use in training. c) Establishment of a" qualification corridor"	a) Certification, accreditation, and recognition of qualifications and training improve market orientation and confidence in learning outcomes

Increasing the prestige of skills training and rebranding TVET	a) Policy framework blending skills training with higher education. b) Introduction of associate degrees and applied bachelor's degree programs	a) Horizontal and vertical mobility in learning without dead ends b) Increased opportunities to upgrade skills and improve education qualifications
Strengthening foundationalskills	a) Using tools for direct measurement of skills such as the Program for International Assessment of Adult Competencies in Asia. b) Strengthening non routine cognitive skills	a) Better assessment of actual skills b) Improve foundational skills that help advance skills development.
Mainstreaming soft skills into technical skill straining systems	a) Incorporation of soft skills development, particularly critical thinking, communication, and collaboration, into training programs	a) Application of technical skills at the workplace is improved with good soft skills, and productivity is increased
Complementing skill straining with employment services	a) Complementing skill straining with employment services b) Linking employment services such as career guidance, placement services, internships, and apprenticeship programs with training programs	a) Training leads to jobs; work force participation is improved. b) There is better utilization of skills

10. GOVERNMENT INITIATIVES IN SKILL DEVELOPMENT

As per the World Bank, India is one of the few countries in the world where there is working age population is more than their dependent and this will continue for at least three decades till 2040. This is an indication towards the strengthening the national economy by providing and upgrading the skills of the population in the working age group. Government of India has adopted Skill Development as a national priority over the next 10 years. The Government of India has taken up some steps to gear up the skill based training to enhance the entrepreneurship ability in the youth mass of the country. Mr. Modi, Hon'ble Prime Minister of India, has taken a step towards in this regards by launching 'Skill India' and 'Make in India' mission. In Union Budget 2015, paved way for the launch of a much awaited National skills Mission to complement Skill India and Make in India effort. There is a challenge of adding 12 million people adding the workforce every year where 4% have ever received any formal training is the concern for the government. Thus a concrete Road map is required in analyzing this grave situation. Nonetheless, Indian Government is spending thousands of crores every year on skill development schemes through 18 different central government ministries and state governments. But the lack of resource mobilization and systematic finding solution is the main concern area for development of skilled manpower. Some of the major initiatives of the Government towards the skill development have been discussed in below paragraphs.

1. **National Skill Development Agency (NSDA):** The Government of India has setup the National Skill Development Agency (NSDA) as an autonomous body

which will coordinate and harmonize the skill development efforts of the Government and the private sector to achieve the skilling targets of the 12th Plan and beyond. The Central Ministries and National Skill Development Corporation will continue to implement schemes in their remit. The NSDA will anchor the National Skills Qualifications Framework (NSQF) and facilitate the setting up of professional certifying bodies in addition to the existing ones. NSDA has subsumed the three earlier bodies of Office of Advisor to PM on Skill Development, National Council of Skill Development and National Skill Development Coordination Board.

2. **National Skill Development Corporation (NSDC):** The National Skill Development Corporation (NSDC) is a one of its kind, Public Private Partnership in India. It aims to promote skill development by catalyzing creation of large, quality, for-profit vocational institutions. It provides viability gap funding to build scalable, for-profit vocational training initiatives. Its mandate is also to enable support systems such as quality assurance, information systems and train the trainer academies either directly or through partnerships. Its objective is to contribute significantly (about 30%) to the overall target of skilling / up skilling 500 million people in India by 2022, mainly by fostering private sector initiatives in skill development programmes and providing viability gap funding. NSDC is a not-for-profit company set up by the Ministry of Finance, under Section-25 of the Companies Act. It has an equity base of Rs. 10 crore, of which the Government of India accounts for 49%, while the private sector has the balance 51%.

3. **National Skill Development Policy:** The National Skill Development Policy is aimed at empowering all individuals through improved skills, knowledge and internationally recognized qualifications to enable them to access decent employment, to promote inclusive national growth and to ensure India's competitiveness in the global market. NSDP covers:

   a) Institution-based skill development including ITIs / ITCs / vocational schools / technical schools / polytechnics / professional colleges, etc.

   b) Learning initiatives of sectoral skill development organised by different ministries / departments.

   c) Formal and informal apprenticeships and other types of training by enterprises

   d) Training for self-employment / entrepreneurial development

   e) Adult learning, retraining of retired or retiring employees and lifelong learning

   f) Non-formal training including training by civil society organisations

   g) E-learning, web-based learning and distance learning.

Incuding the above intitives, Government of India has also taken a major step by implemnting skill development program in various activities of different ministries and created a separate ministry named as 'Ministry of Skill Development & Entrepreneurship' to give special focus on skill development. The progrms like Soft Skill Development Council (SSDC) is also conducted to upgrade the skill. Indian government started 'Prime Minister Kaushal Vikas Yojna' to enhance the skills in rural areas in 23 sectors and to make success Skill India. Not only India, the foreign countries i.e. Australia, Germany,United Kingdom, Singapore have also taken some intiatives for Skill development in their respective countries to development the skill. In present context of competitive market, Skill Development is playing an important role towards the growth of the economy in the world.

CONCLUSION

Skills and knowledge management are the driving forces of economic growth and social development in developing economies. Persons with appropriate, adequate and better skills adjust more effectively to face emerging challenges and seize work opportunities for better development. Skill development initiative focusing on specific needs of rural youths is the key to help them self-employed or make them employable or promising entrepreneurs in the changing socio-economic scenario.

A skilled workforce in the current century is a sine qua non for India's vibrant rural livelihood strategy. India has yet to put in place a comprehensive result-oriented skill development programme for unemployment sector on lines as being done in other sectors of the economy.

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THE NEW DYNAMICS OF CORPORATE SOCIAL RESPONSIBILITY : A COMPARATIVE STUDY OF NALCO & VEDANTA LTD.

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ABSTRACT

Since its inception, idea of Corporate Social Responsibility has evolved with time. From the initial moral obligation of business houses, it went on to become a mandatory contribution by big industries with the Companies Act of 2013. Now in its new avatar, CSR has emerged as a strategic part of business logistics that can be leveraged to ensure both profits and long term sustainability. With a growing awareness among consumers and stakeholders about the positive and negative impact of industries, companies are framing policies in line with the new mantra of 'profit, people and planet'. As sustainable development becomes the new buzzword of the business world, the role of CSR becomes pivotal for the growth and goodwill of the corporate sector. In the light of these latest developments, this paper aims to study the dynamically changing notions about CSR and its implementation through the social activities undertaken by NALCO. This research paper will also analyse how CSR is a two way bridge that can help both- the corporate and the community.

Key Words : *Corporate Social Responsibility, Corporate Governance, NALCO Foundation, Companies ACT, Triple Bottom Line, Periphery Development, RPDAC.*

INTRODUCTION

'If you want to walk fast, walk alone. If you want to work far, walk together.' This quote by Ratan Tata, the chairman of the Tata Group, sums up the new spirit of doing business in India. Both large and small business organizations have acknowledged importance of social responsibility being an essential part of long term sustainability of business. According to Liz Maw, the CEO of the non-profit organization Net Impact, CSR is becoming more and more mainstream as forward-thinking companies embed sustainability into the core of their business operations to create shared value for business and society.

The concept of CSR has come a long way from being a mandatory contribution to the society to being the cornerstone for integrating business with community development. The earlier notion that business only has to be 'seen doing good' has evolved into the the belief that doing good is the first step to be 'seen doing good'. Business houses have realized that CSR's potential to contribute to the social, environmental and economic objectives can also be leveraged to increase business competitiveness.

In India, particularly, CSR's intertwining relationship with long term sustainability has been widely acknowledged. It has

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become an integral part of business strategy to ensure that profit allocation enhances sustainable development. Due to inadequacy of public services in the country, this greatly contributes to the local and peripheral development over and above the immediate wealth and employment creation by the business. From business' point of view, it helps in mobilising the local resources to the fullest extent, thereby cutting costs and risks and improving the efficiency and effectiveness of the organization.

This evolutionary concept of CSR involving 'profit, people and planet'is an emerging field that needs to be thoroughly studied by business experts and scholars alike. For the purpose of such study, this paper analyses the various aspects and intricacies of the aforesaid, by taking up 'NALCO story of social responsibility and sustainable growth through CSR' as the subject matter for research. The emphasis is on the idea of supportive CSR networks among business houses with common vision, shared information, and recognition of standardized benchmarks in business practices.

LITERATURE REVIEW

Windsor (2001), article examined the prospects of CSR in the long run. The researcher aimed to find out whether the society and the organization will become closer to each other or vice-versa in the coming years. With a huge amount of research and analysis, 3 emerging alternatives were stumbled upon - Conception of Responsibility, Global Corporate Citizenship, and Stakeholder Management Practices

In 2003, James Shyne had conducted a study entitled CSR, public policy and Oil industry of Angola on the ten major oil companies operating there. The study presented a basis for discussion of the role of the public sectors in the improvement of CSR. It urged a descriptive inquiry of investment in CSR in accordance to business values and the impact on the intended recipients. The study also detailed the present role of the public sector in the enhancement of CSR activities and analyzing potential public sector roles that would help, broaden and deepen the efforts of the corporation. It had been found that the representatives of the surveyed companies were widely familiar with the current issues relating to CSR and, above that, they intend to recognize and accept the ethical and practical imperative for their organizations to work in a safe, socially responsible, and environmentally greener manner.

Arora and Puranik (2004) gave a review to the contemporary CSR trends in the Indian subcontinent. It was concluded that the corporate sector of the country had enhanced immensely due to the liberalization and privatization process and its change from the philanthropic mindsets to CSR, which had been the cause of its lag behind its successful financial growth.

Buchholtz (2006), in his research on CSR, a Corporate Social and Financial Performance: an empiric study on a Japanese Company tested the relationship between CSP and CFP through quantitative analysis. This research was carried on with 295 other companies, one-tenth of the total number of enlisted companies in the country of Japan. The end product showed a deep relationship among CSP, Equity Capital ratio, and the number of working employees.

Samuel Odowu and PapasplomouLoanna (2007) conducted a research on twenty companies present in the UK and proclaimed that the UK companies had now become ethical in the content of Socially responsibility as they disclosed its CSR with a look of public welfares, Government pleads, and provide information to Stakeholders because the companies believe that the modern century stakeholders are far better educated as that compared to the past.

Gond, Crane (2008) paper inquired the decrease in the importance of CSR. It also recommended some methods to further the study related to Corporate Social.

Vasanthi Srinivasan (2010) in his study on CSR and Ethics in MSMEs of India attempted to draw from the present body of Information from both the academic and famous literature in the country in order to know the CSR practices and build up an inquiry agenda for responsible business methods in the small-medium enterprises in India. The final results highlighted that majority of the studies conducted in India had mostly been qualitative and discovery-type in nature. The study also revealed the fact that since the small and medium enterprises contributed a lot to the economy and are geographically scattered across the country, the acceptance of CSR and its practices is necessary for a balanced growth. There was a scarcity of academic investigation in this area and thereby, the investigator opines that a study of the intra-country similarities and differences in the acceptance of CSR practices in MSMEs could be valuable for policy framers.

Shah, Bhaskar (2010) took a case study of PSUs like Bharat Petroleum Corporation Ltd. Where it was discussed that there is a deep relationship of mutual benefit between the organization and the society.

Prasenjit Maiti (2011) on his paper titled "Is it Politics or even Compassion? Unravelling the Motivation for Corporate Citizenship" tried to study theoretically the intentions of Corporates before their CSR initiatives. The study found that CSR had a relation with the profits, competent plays, political-legal equation, situation of Market Flux, responsible images, humane concerns, and other principled dynamics.

Hartman (2011) article "Corporate Social Responsibility in the food sector" studied the relevance of CSR in the food sector, especially regarding the big and popular branded companies. These companies were more skillful than MSMEs and were given more preference by the consumers as they gave more preference to CSR activities and gave good products and services.

Borogonovi, Veronica (2011) article stated that the concept of CSR differed from company to company as there are no compulsory guidelines to regulate these activities and sort out the troubles. The article also talked about the views of the Government and their plan of action regarding the CSR.

Mallen Baker (2012) in his article "Four emerging trends in Corporate Responsibility" tried to exemplify three basic things about the trends of CSR that had substituted from the past years. First, business and society have been neighboring more and more because of the problems relating to the environment and the society existing around. Second, the plan of action of the businessman to improve his business also had a big impact on the society as the freshly thought ideas, concepts, and developments also packed the CSR management that reflected in their products and services. Third, and the last one, the changes in the CSR also had an impact on other parties like outside agencies and the firm's own goals that interfered the firm's activity.

Harish Kumar (2012) in his article threw light on four different types of approach of companies towards CSR - Good Governance, Ruinous CSR, Discretionary CSR, and Deceptive CSR. He also tried to put light to the argument against CSR and its driver. It was found that there were eight factors that drove the initiatives of CSR - Philanthropic Attitude, Governmental Actions, Environmental Concerns, Principled Consumerism, Crisis and Calamities, Globalization and Market force, Social Consciousness and Education, and Social Expectation.

Bansal, Parida Kumar (2012) article in KAIM journal of Management and research had studied 30 companies of 11 different sectors listed in BSE. By taking into account the areas of investment by these companies, it was finally concluded that they are not only doing their business for the sole intention of earning profit but also for the benefits of the society.

Dr. M Ramana Kumar (2013) tried to study the activities of CSR followed by the Private and Public Companies of India and also the Policies and Programs of CSR by the Government of India. It was found that the more efforts were needed to be put in by the Private Sectors in CSR activities.

Sharma (2014) concluded that social involvement of business would ensure in a better relationship between the business and the society, as CSR promotes Goodwill of a company.

Kumar (2014) studied the CSR status in India and found that companies have started to realize the value of CSR and have been initiating steps towards it.

Objectives of the Study

This paper has the following two specific objectives.

- Two study CSR approach and CSR disclosure of National Aluminum Company Ltd. & its comparison with VEDANTA Ltd.
- Two measure the impact of CSR on financial performance of NALCO.

Research Methodology

The data for the study have been taken from secondary source which are on public domain like annual reports, sustainability reports and NALCO website. Data have been analysed by trends and percentages to draw meaningful inferences.

COMPANIES ACT 2013

The Companies Act, 2013 through section 135, had introduced necessary outlines for CSR as applicable on selective classes of companies. These include:

1. Companies that come under any of the following criteria mentioned shall have

to necessarily follow the provisions of Section 135:

a) Having a minimum net worth of Rs. 500 crore;

b) Having a minimum turnover of Rs. 1000 crore; and

c) Having a minimum net profit of Rs. 5 crore.

2. Companies falling under either of the above mentioned criteria shall have to form a CSR Committee of the Board having a minimum of three directors, out of which one shall have independent powers.

3. The Roles of the committee shall be as follows:

a) To formulate and recommend a CSR policy to the board;

b) To suggest amount of expenditure to be incurred on CSR activities; and

c) To monitor the implementation of CSR policy of the company periodically.

4. Roles of the Board formed of three directors shall be as follows:

a) To approve the CSR policy suggested by the committee and reveal the contents of such policy in its report and put it up on its website;

b) To make sure that the CSR activities are carried out by the company;

c) To ensure 2% spending on such activities;

d) To inform about CSR activities in Board's report and reveal any disagreements with the CSR provisions; and

e) The rough sketch of CSR rules provide the format in which all qualifying companies shall inform the details of their CSR undertakings in the Director's report and on the company's website.

5. Sections 135 has made it compulsory that the Board should spend at-least 2% of the average net profits made during three immediate preceding years should be invested in CSR activities, and the net profits should be calculated as per Section 198 of the Companies Act, 2013.

6. Schedule VII of the Act clearly mentions the list of activities which may be put forward by companies in their CSR policies:

a) Removing hunger, poverty, and malnourishment, Promoting preventive health care and sanitation, and providing safe drinking water;

b) Boosting education, including special education and improving vocal skills for employment purposes among children, women, elderly, and differently-abled along with life-enhancing tasks;

c) Ensuring gender equality, empowering women, building up of houses and hostels for women and for the orphaned; setting up old age homes that provide good services for the old, and bringing about ways of eradicating the inequality problems often faced by the backward classes;

d) Making sure of better sustainability of the environment, maintaining an ecological balance, preserving flora and fauna, animal welfare, agroforestry, protection and preservation of natural resources, and maintaining a good quality of soil, water and the air;

e) Preservation of Natural heritage, art and culture which include the restoring of historical buildings and artifacts, setting up of public libraries, and advancement in the fields of traditional arts and handicrafts;

f) Measures to improve the life of the armed forces vets, widows of war and their dependents;

g) Provide training to bring about development in the field of sports, be it rural or Olympic;

h) To Contribute to the Prime Minister's National Relief Fund (PMNRF) or any such kinds of fund as set up by the Central Government of our country and contribute to the advancement of the Scheduled Castes, Scheduled Tribes, and Other Backward Classes, minors, and women;

i) Contributions to Technological incubators found within the Universities approved by the Central Government;

j) Contributions to the various projects undertaken for the development of the Rural Areas of our country.

7. It has been enforced, under Section 135, that the companies shall prioritize their local area of operation and the areas around it more than the other areas, for spending the necessary amounts of money.

8. Multiple disclosures that have been specified in the Companies Act, 2013 are as follows:

   a) Under Section 134(3), the CSR committee's composition shall be fully revealed in the report of the Board of Directors;

   b) If due to some reasons, the committee is not able to fully utilize the required amount for CSR related activities, then the specific reasons have to be disclosed in a report by the Board as specified under Section 134(3).

Company Introduction

Incorporated in 1981 by the Government of India, NALCO is Asia's sixth largest integrated aluminium complex encompassing every part of aluminium production from bauxite mining to power generation to rail and port operations. It was founded as a PSU in collaboration with the Aluminium Pechiney of Trance to top the large bauxite deposits that had been discovered along the east coast of the country.

Centered primarily in the state of Odisha, its main units are situated at Damanjodi and Angul, while it is headquartered in Bhubaneswar.

As of present, it is employing new projects with its ongoing second phase of expansion that is set to make it the sixth largest metal producer in the globe. The Company received Indira Priyadarshini Vrikshamitra Award from Government of India for its pioneering contributions in afforestation and wasteland development efforts. The company had also set up a 1200 MW thermal power plant for which it was awarded with the Indira Gandhi Paryavaran Puraskar for the year 2000 for 'outstanding contributions in the field of environmental management.' Besides, the company has also received various national, state and institutional awards for excellent standards of safety and environment management by its units.

NALCO and CSR

Back in 1981, when the concept of CSR did not exist, the company used to do its part of moral obligations to the society. After 1998, when charity was formalised into a responsibility, NALCO made it a policy to contribute 0.5% of its net profit towards developmental and social activities. This percentage doubled to 1% between 2002 and 2003 due to the efforts by the Rehabilitation and Periphery Development Advisory Committee (RPDAC) set up by union government comprising of the revenue divisional commissioner as its chairman and collectors, MLAs, MPs and people's representatives as other members.

As CSR started gaining relevance as an important part of business strategy, between 2010-11, NALCO decided to create separate provisions for CSR activities. An additional 1%, over and above the initial 1% was allocated out the net profits towards projects undertaken for CSR. As of 2014-15, the company has allocated more 221 crores (excluding contributions to PM's national relief fund and CM's relief fund) towards periphery development and other foundation projects.

Educational and Healthcare Initiatives

Even before the concept of CSR had come into being, NALCO, as a part of its moral responsibility, had taken up initiatives in the field of education and healthcare. The company's hospitals in Angul and Damanjodi and its four schools the in same region are evident of the same.

Besides providing quality education to children of employees, it has opened up similar facilities at a subsidised rate for the majority of local students belonging to the socially and economically backward areas. It has also started remedial schools in the tribal region in and around its area of operation which have helped more than 224 drop outs be reintroduced into the formal education system. Many of these institutions, especially in the Bhubaneswar region, are residential in nature, which helps in drawing children from the most infused tribal dominated areas to the capital where they can have access to qualitative facilities, the costs of which are covered by the Foundation.

Apart from that, the company's endeavours in the field of health and medicare have yielded results with mobile health units operational in more than 43 villages in Angul and 142 villages in Damanjodi. These health units, alongside providing primary health services and free medicines to the villagers, also create awareness among them about health and proper sanitation.

The company also lead a successful campaign under the Swacha Vidyalaya Abhijan of the government by constructing 364 toilets in 202 schools across Angul and Koraput districts of Odisha and Vishakhapatnam district of Andhra

Pradesh. Despite these regions being Maoist infested with a deep paucity of skilled labour, the company not only completed the work on time but also constructed an additional 79 toilets catering to the ground reality and requests from the school authorities.

Steps Towards Renewable Energy

With governments and big corporations acknowledging the urgent needs for environmental actions, the emphasis on renewable energy has grown. Keeping this in mind, the company has undertaken different initiatives in the field of solar and hydro power.

To fulfil its vision of rural electrification, the company has installed solar lighting facilities in more than 18 villages in Damanjodi. Besides, it has conceptualised and implemented a unique water supply system under its Gravity Feel Water Supply project. Under this the company trains and provides the local people with tools for repair and maintenance of the water systems, with extensive voluntary labour covering upto 21% of the cost. About 900 households have been covered under this program in the Veedhimandal region of Vishakhapatnam.

COMPARATIVE ANALYSIS OF CSR OF NALCO AND VEDANTA LTD.

	NALCO CSR				VEDANTA CSR			
YEAR	**CSR AMOUNT (Rs. in cr.)**	**TREND (%)**	**PROFIT AFTER TAX (Rs. in cr.)**	**CSR % ON PAT**	**CSR AMOUNT (Rs. in cr.)**	**TREND (%)**	**PROFIT AFTER TAX (Rs. in cr.)**	**CSR % ON PAT**
2009-10	11.28	100	814.22	1.38	31.18	100	277.33	11.23
2010-11	26.77	237	1069.30	2.50	12.79	41.02	(359.12)	______
2011-12	34.22	303	849.50	4.02	9.69	31.08	(1687.79)	______
2012-13	30.99	275	592.83	5.22	6.19	19.85	(1317.87)	______
2013-14	29.00	257	642.35	4.51	3.18	10	(847.60)	______
2014-15	19.31	171	1321.85	1.46	9.89	31.72	(563.57)	______

Source: Annual Report of Nalco and Vedanta Ltd. From 2010 to 2015

Keeping the base year as 2009-10, where the trend was considered 100%, we can see sharp differences between NALCO and VEDANTA Ltd., where there has been a steady rise in the Trend of Nalco's spending on CSR, there has been a steady decline in the spending of Vedanta's spending on the same.

In 2010-11, NALCO spent more than twice the amount than the preceding year, thereby seeing the increase in the trend by more than 2 times. For the same year, there was a sharp decrease from the side of Vedanta Ltd., from 31.18 cr. To 12.79 cr., which is less than half of the amount of 2009-10, mainly due to the huge loss suffered by the company.

In 2011-12, we see more than a three-fold increase in the spending of CSR activities by NALCO as compared to the base year, but a steep drop in the spending of the same by almost 4 times as that of the base year by Vedanta Ltd., again, owing to the huge loss experienced by the company. One thing that could be noted from the above table, is that although the company suffered the maximum loss in this period between the given years of comparison, it still donated a huge amount for CSR activities, which shows that the losses suffered by the company would not be an obstacle for it to contribute to a good cause.

2012-13 is the year where we see small setbacks from both NALCO and Vedanta Ltd, as compared to their previous years contribution, and the decrease in the trends as well. Vedanta is still seen to be running on a loss but still contributing huge amounts to CSR activities. NALCO, which has been running on a profit all along, is still contributing huge chunks of bucks, although there has been a decrease compared to the previous year.

The setback saga continued for the year 2013-14, where we find some very interesting figures. NALCO, when compared to the base year, has contributed more than twice the amount of the same, and has seen more than double the rise in trend when compared to the trend of the base year. Vedanta Ltd, on the other hand, when compared to the base year, contributed just a tenth of the amount, and a decrease to just 10% in the trend of the same. Even here, we can see Vedanta Ltd. Running on a big loss, which might have been one of the main factors to such a rapid fall in the contributions.

In 2014-15, we see a twist in the tale. NALCO had a sharp decline in the contribution amount as compared to the previous year, and a decrease in the trend of almost half of the same of 2013-14, whereas, Vedanta Ltd. Contributed more than thrice the amount that it had contributed in 2013-14 and more than 3 times the rise in the trend when compared to the previous year, although it still suffered a huge loss in the same time period. This year saw a massive fall in trend of NALCO and a rise in the trend of Vedanta Ltd. As compared to the trend % of both of the preceding years.

Suggestions

NALCO should take necessary steps to reduce the pollutions and harmful waste in order to provide good environment in nearby locality. Though CSR of companies is mandatory NALCO should disclose it's CSR expenses in detail. From the study it is clear that contribution to CSR of NALCO has been increased as compared to past. The increase in CSR is not very fast, so the company should increase the amount of its CSR expenses for improved good will, higher turnover, higher profit & healthy environment.

CONCLUSION

CSR has come a long way from being a mandatory moral obligation to a dynamic part of business strategy and sustainability. The deliberate inoculation of public interest into corporate responsibility has turned into a boon both forthe business and its beneficiaries. With an alarming rate of increasing environmental degradation and the consequent fall in the quality of natural living and natural resources, business houses must take the brunt of expanding industries. It is imperative that they not only adhere to the prudential standards, but endeavour to create a 'green value' to their business and production. This is only for the betterment of the community but serves as a two-way bridge that helps to bring both sides together by integrating business profits with community progress.

In this light, the results of the CSR efforts carried out by NALCO are not only positive but also progressive in nature. By doubling its CSR funds, it increased its social obligations at a rate higher than its financial performance. This creates a strong image of reliability in the minds of the shareholders while at the same time, ensuring long term sustainability for the business as a whole. By playing a significant role in the social and economic development o the region through its programs on rehabilitation, employment generation, infrastructure development and environmental care, it has established its own brand of goodwill and recognition in the lives and minds of the people of Odisha. This only goes on to highlight the vitality of Corporate Social Responsibility and its essential dynamics in ensuring both corporate success and societal progress.

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