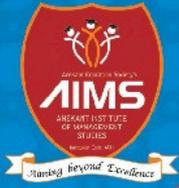


ISBN : 978-81-925257-0-9

Volume - I



Anekant Institute of Management Studies (AIMS)

In association with Savitribai Phule Pune University
under Quality Improvement Program

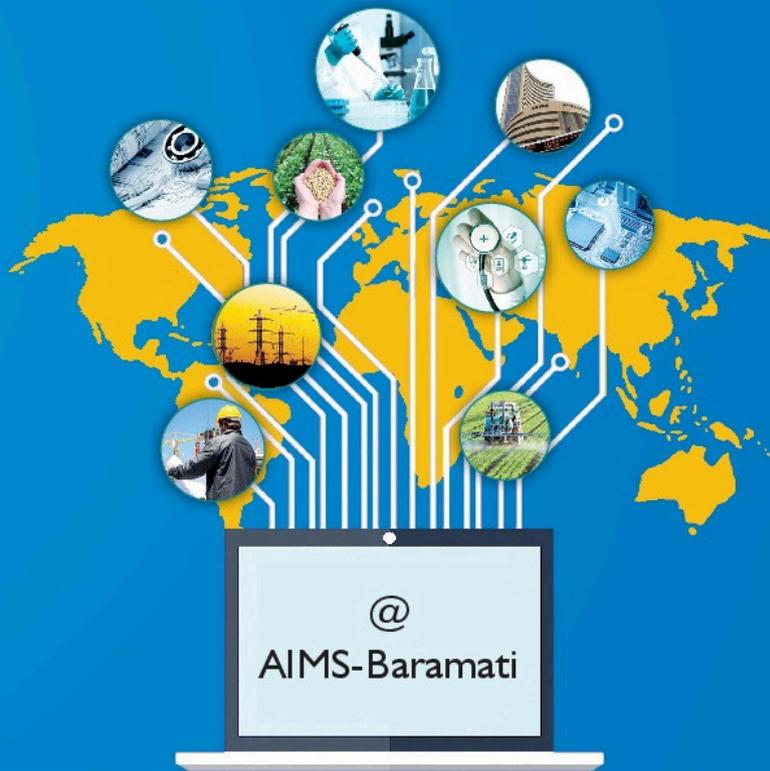


5th National Conference

on

**“Management Perspectives on
Changing Socio-Economic
Environment: Vision & Challenges”**

7th and 8th October, 2016



AIMS

Anekant Education Society's

Anekant Institute of Management Studies

(Approved by AICTE, DTE & Affiliated to Savitribai Phule Pune University)

Baramati , Dist. Pune (M.S.) - 413 102. Phone: 02112-227299

| www.aimsaramati.org | director.aimsaramati@gmail.com |

ISBN : 978-81-925257-0-9

Volume - I



Conference Committee

Shri. Arahad Das Hirachand Shah (Saraf)

President, Anekant Education Society, Baramati

Shri. Jawahar Motilal Shaha (Wagholikar)

Secretary, Anekant Education Society, Baramati

Shri. Milind Rajkumar Shah (Wagholikar)

Secretary, AIMS, Baramati

Shri. Vikas Shashikant Shah (Lengarekar)

Joint Secretary, AIMS, Baramati

Dr. G. R. Krishnamurthy

Chairman, Advisory Board, AIMS, Baramati

Dr. Chandrashekhar V. Murumkar

Principal, T. C. College, Baramati

Dr. M. A. Lahori

Director, AIMS, Baramati

Chief Guest

Dr. Santosh V. Bhawe

Sr. Vice President (HR, IR & Admin)

Bharat Forge Ltd., Pune

Guest of Honour

Mr. S. B. Patil

Sr. Manager (HR & Admin),

Bharat Forge Ltd., Baramati

Convener

Prof. Umesh S. Kollimath – 9975562586

Review & Editing Committee

Dr. Chetan P. Panse

Prof. Sachin S. Jadhav

Registration Committee

Dr. Tanaji V. Chavan – 952345000

Prof. Manisha A. Vhora – 02112-227299

Presentation Coordinators

Dr. Dattatray P. More

Mrs. Priti Hanchate

Prof. Smita S. Khatri

Social Media Coordinators

Dr. Abhishek Y. Dikshit

Prof. Pravin V. Yadav



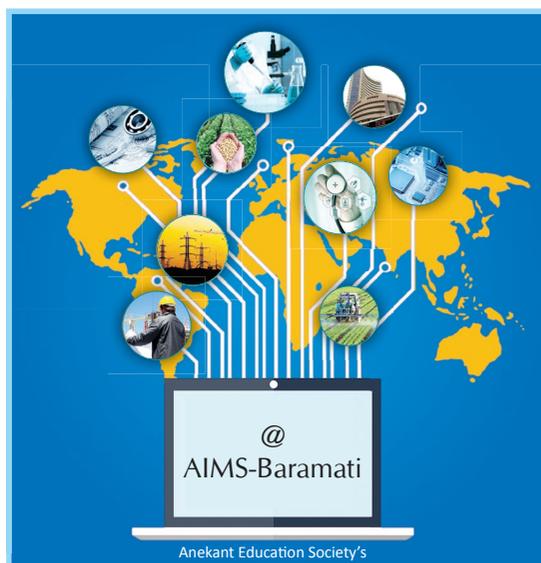
AES @ A Glance

Anekant Education Society (AES), established in 1961 under the dynamic guidance of Late Shri. Fulchandji Gandhi, former Education Minister of the Hyderabad State. Anekant is a Religious Minority (Jain Community) Institution having the reflection of "Anekantavad" in its name. AES founded renowned Tuljaram Chaturchand College (T. C.) in 1962, with more than 10,000 students and around 320 faculty members. T. C. College celebrated its Golden Jubilee in 2012. It also has another degree college i.e. Jaysingpur College, Jaysingpur, Dist. Kolhapur. AES added another feather to its cap by establishing Anekant Institute of Management Studies (AIMS), in June 2011 and Anekant English Medium School in 2012. Right from its inception, Society is providing quality education and in a period of five decades, the Society has made its mark on academic, cultural and social environment of Baramati.

Anekant Institute of Management Studies (AIMS)

AIMS, the modern temple of professional learning unfolds a golden career prospect to walk through the avenue of professional skills and managerial leadership that a student dreams always. Our performance is beyond excellence because we create visionary pioneers in management field and not only assist to get mere employment but also beyond that. The Institute is approved by AICTE, DTE and affiliated to Savitribai Phule Pune University, Maharashtra for two years Full Time Master in Business Administration (MBA) programme. Being the extended arm of the legendary T. C. College, it has already inherited a legacy of high repute at its birth itself.

AIMS has extensive Wi-Fi campus. It provides incredible infrastructure and facilities for the students. Boys' Hostel and Girls' Hostel, Computerized Library, Computer Labs and Well Equipped Seminar Hall, Amphitheatre, Placement Cell and Well Experienced Faculties from industry is the uniqueness of AIMS.



Objectives of Conference

- To identify emerging changes in the socio-economic environment concerning businesses.
- To deliberate upon the existing / imminent challenges and arrive at a generic vision.

Conference Theme

A management perspective on any subject matter typically begins with a vision of what a desirable future state of the world might be. Likewise, the present conference would bring academicians, entrepreneurs, and practicing managers on one platform to address the challenges and frame a vision to sustain rapidly changing socio-economic environment.

© **Editors**

No Part of this publication should be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording and/or otherwise without the prior written permission of the editors.

COPYRIGHT © Anekant Institute of Management Studies (AIMS), Baramati

Note

AIMS and Saptak Printers does not take any responsibility for any mistake/error incorporated in the articles of the Authors, either in setting, in any grammatical way, in formatting according to the contents given, in printing especially images or in any contents of topics, i.e., missing of paragraph or any repetition of paragraph, etc.

ISBN : 978-81-925257-0-9

Published by :

AES's Anekant Institute of Management Studies, (AIMS) Baramati

Printed by :

Saptak Printers, Kolhapur



From AES Secretary's Desk

I feel immensely proud to note that AIMS has been consistently organizing National Conferences. I believe such events provide platform for people from academics and industry to come together, discuss on relevant and burning issues, and arrive at a consensus.

There could have not been better time than this to hold a National Conference on "Management Perspectives on Changing Socio-Economic Environment: Vision & Challenges". We all are witnessing massive changes taking place in our Socio-Economic sphere. None of us are spared from the influences these changes may generate.

They say *prevention is better than cure*. Therefore, instead of waiting for the changes to fall upon us and then reacting, it is always critical to foresee the changes and be prepared for the same. In this context, the present conference shall bring much needed clarity to take the businesses, NGOs, entrepreneurs, and lot more to flourish and visualize their future strategies.

My best wishes to all !

A handwritten signature in black ink, appearing to be 'Jawahar Motilal Shaha'.

Shri. Jawahar Motilal Shaha (Wagholikar)
Secretary, Anekant Education Society, Baramati



From AIMS Secretary's Desk

Welcome to the 5th National Conference of AIMS !

Every year from its inception, AIMS National Conferences have been regularly providing cherishing memories to me; in terms of eminent resource persons, learned academicians, and enthusiastic students. Research articles have cascaded from various states, Universities and disciplines pertinent to the theme i.e., "Management Perspectives on Changing Socio-Economic Environment : Vision & Challenges". Resource persons from diverse walks of life have graced the occasion and deliberated on the theme and sub-themes, before meeting a logical conclusion.

The relevance of the present theme is underscored by the ongoing rapid changes taking place in the Socio-Economic Environment. The changes are so pervasive that they have started affecting advantageously or adversely almost all individuals, and institutions. Therefore, tracking these changes and assessing their impact on businesses is of paramount importance to industrialists, managers, and management researchers.

As a matter of tradition, AIMS team has put wholehearted efforts in materializing this grand academic extravaganza. I attribute this to the strong leadership of Dr. M. A. Lahori, Director, AIMS, coordination of the convener Prof. Umesh S. Kollimath, and individual contribution of all the faculty members of AIMS. An urge for perfection is visible in the efforts of Review Committee, Presentation Coordinators, Social Media Desk, and also the Registration Committee. Besides, the support of administrative staff and students is equally responsible for smooth execution of the National Conference. Last but not the least I must acknowledge Savitribai Phule Pune University for sponsoring the event.

I am sure, the participants as well as resource persons will have a mutually enriching discourse on the theme and carry the *Vision* to meet the imminent *challenges* at their respective concerns.

With Best Wishes !

Shri. Milind Rajkumar Shah (Wagholikar)

Secretary, Anekant Institute of Management Studies, Baramati



From AIMS Joint Secretary's Desk

At the outset I wish to reiterate AIMS tagline i.e. "Aiming beyond Excellence". I know AIMS follows this in letter and spirit. As far as our national conferences are concerned, AIMS team has always demonstrated its acumen to manage all the constraints such as distance, time, etc. Our National Conferences have been truly getting national representation.

In continuation of our reputation, AIMS has decided a very pressing issue as the theme of the National Conference 2016, i.e. "Management Perspectives on Changing Socio-Economic Environment : Vision and Challenges".

I would like to quote a Chinese proverb here : "Opportunities come riding on the storms". All socio-economic changes essentially create unrest and chaos initially. But, in the long run, many new opportunities emerge out of this. I am hopeful that the present conference would come out with many new possibilities for all.

Wishing a great success to this Conference !!!

A handwritten signature in blue ink, appearing to read 'Vikas Shah', written over a diagonal line.

Shri. Vikas Shah (Lengarekar)

*Joint Secretary,
Anekant Institute of Management Studies, Baramati*



From Director's Desk

My Majesty Participant !.....

AIMS is undoubtedly leap forwarding its tentacles of quality management education and employability skills since its inception (2011) in rural India (Maharashtra State, Baramati : Pune Dist). The rich and resourceful architect of AIMS is the Faculty, who are expert in their respective domain and quality of shouldering the responsibility and completing the work well before dead line - the main strength of AIMS. It goes without saying that, in entire process of AIMS, students are the primary stake holder, who gain and learn more about market and industrial practices.

I am pleased to re-write the Alumni Meet interaction had on 19th September, 2016 at our Institute one alumni by name Mr. Kiran said that, my Institute has groomed me and I got placed before my MBA result and I am happily leading my life and service. He said to the present students to be an integral part in Institutional events. And other alumni too eventually memoir our signature events such as, Collage competition, Convex, Intaglio, Intra-day trading, Mentorship program (very unique in nature) and lot more indoor and outdoor happenings. Believe me, such pristine environment and feel good culture, upgrades students morale which will have net result of learning and gaining more by creating better edge than others.

The title of the 5th National Conference, 'Management Perspective on Changing Socio-Economic Environment : Vision & Challenges' without saying has amalgamation with today's industrial policies, vision and mission. Precisely any business and industrial development need to have focus on socio-economic environment, which may lead to best well being of the human resources at large. As a matter fact the loveliness of the conference title has attracted about 65 research papers from 7 states namely, Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Jharkhand, UP and our own state Maharashtra; and due to overwhelming response my editing and review team publishing two volumes of Conference proceeding with different ISBN.

AIMS team indeed has inherent quality of workaholic culture, intrinsic affinity of the students. Besides, rocking support from all the participant has made this conference more memoirs day in and day out. I am confident that, the entire participants must have gained a lot and transformed their knowledge into applied research.

Applied Research – A Solution...

Dr. M. A. Lahori
Director, AIMS



Foreword

This is a comprehensive chronicle of the deliberations and reflections from the fifth National Conference organized by AIMS. This compendium has gathered expert inputs on the ongoing Socio-Economic changes and its impact on businesses so as to generate a shared sustainable vision for future. The Conference on “Management Perspectives on Changing Socio-Economic Environment : Vision & Challenges” to be held on 7-8 October, 2016 at AIMS campus, Baramati, is being organized in association with BCUD, Savitribai Phule Pune University. It is expected that two days Conference and deliberations will involve thought provoking sessions related to changing global business scenario and its impact on society, and business at large.

It is a matter of commendation that AIMS, Baramati has been organizing National Conferences right from its inception i.e., Year 2011. Indeed, the go-getter AIMS team under the guidance of Dr. M. A. Lahori, Director of the Institute, focused on providing an excellent forum for exchanging information and ideas on wide variety of research topics from creative educators, research scholars and student learners; is remarkable. He must be credited for keeping up the enthusiasm of his team.

The proceedings of AIMS National Conference 2016 is an excellent piece of work, having national importance as it has paper presentations from Karnataka, Kerala, Tamil Nadu, Maharashtra, A.P., and even from abroad. It is hoped that the readers will value the effort of the authors. The cohesiveness at work is reflected in the congenial approach of the Conference Committee headed by Shri. Jawahar Motilal Shaha (Wagholikar), Secretary AES, Shri. Milind Rajkumar Shah (Wagholikar) Secretary AIMS, Shri. Vikas Shashikant Shah (Lengarekar) Joint Secretary AIMS, Dr. G. R. Krishnamuthy, Chairman, Advisory Committee, AIMS, and Dr. Chandrashekhar V. Murumkar, Principal, T. C. College in organizing the conference and is praiseworthy. In toto, Shri. Arhatdas Shah, President, Anekant Education Society deserves special applause for his relentless support. My compliments to the entire team for their co-ordinated efforts.

The extraordinary efforts taken by the Convener Prof. Umesh S. Kollimath for making this conference more fruitful deserves praise. The conscientious review and editing done by Dr. C. P. Panse and Prof. S. S. Jadhav is noteworthy. The meticulous planning and execution of registration committee by Dr. T. V. Chavan, and Prof. M. A. Vhora was excellent. Dr. D. P. More, Prof. S. S. Khatri, , Prof. P. D. Hanchate, handled Stage Committee attending to every minute detail. Social Media desk was well managed by Prof. A. Y. Dikshit, Prof. P. V. Yadav, Mr. Vijay Shinde and Mrs. Sayali Beldar offered an excellent hospitality. Last but not the least; I would like to extend my best wishes to all the scholars, participants, organizers for making this conference a splendid success.

Dr. Santosh Bhave

Senior Vice President : H.R., I.R., & Admin.
Bharat Forge Ltd., Pune 411 036. santosbbhave@bharatforge.com



Guest of Honour's Message

Honorable Guests, Ladies and Gentlemen,

It is with the greatest pleasure that I welcome delegates and guests to the fifth National Conference of AIMS, titled "Management Perspectives on Changing Socio-Economic Environment: Vision & Challenges" being organized on 7th and 8th October, 2016.

AIMS is not new to me and I carry highly cherishing memories of the institute, its students and faculty members, from my previous visit to the campus a couple of years of back.

The fact that AIMS has been organizing National Conferencessince inception is a clear indication ofthe importance that the institute places on research, particularly research which is multi-disciplinary and having far fetching influences on business management. I personally believe that research is one of the keys to the maintenance of the high quality learning and support environment that an institute offers to itsstudents.

It is a pleasant surprise for me to note that AIMS, in spite of being located in Baramati, has networked with many Institutes and Universities of repute and thereby mobilizes quality research papers from all over the country as well as abroad. It shows the kind of efforts that have been taken in organizing this National Conference.

I am sure, with this kind of spirit, AIMS can achieve the unachievable and prove to beexemplary to the surrounding institutes of higher learning.

With great satisfaction of being part of the National Conference 2016 and warm regards !

Mr. SadashivPatil,
Head HR and Admin,
Bharat Forge Ltd., Baramati

Volume - I

Contents

Sr. No.	Title	Author/s	Page No.
*	<i>Key Note Address</i>	<i>Dr. G. R. Krishnamurthy</i>	1
Track A : General Management			
A1	Management Perspectives on Changing Socio-Economic Environment : Vision and Challenges	Dr. Shashikant Thakur	5
A2	Special Economic Zones at Aurangabad : Some Realities	Dr. Satish D. Jagtap Prof. Mangesh P. Waghmare	10
A3	Socio-Economic Importance of Rubber Wood-A Study	Haridasan P. V.	13
A4	Entrepreneurship Versus Intrapreneurship : A Comparison	Prof. Arjun. K. R.	17
A5	Socio- Economic Status and Village Artisans Business : A Role Model for Industrial Development	Dr. Ramdas N. Bolake Dr. Shrikrishna S. Mahajan	22
Track B : Banking, Finance & Insurance			
B1	Green Banking-Way to Sustainability Development	Dr. Pratibha Ajit Jagtap	29
B2	The FIs and Their Role in Financial Intermediation in India - A Review of the Recent Trends	Dr. Sukanya N.	33
B3	A Complete Study of Banking Credit Risk Management	Dr. Murari Premnath Sharma	37
B4	A Study on Investment Policy of Selected Mutual Funds	Prof. Anil Arun Poman Dr. Jadhav S. J.	44
B5	The Relationship Between Stock Prices and Prices of Real Goods in the Indian Economy : An Analysis from a Historical Perspective	Subrahmanya Kumar N. Dr. Puttanna K.	49
B6	A Study of Investment Behaviour of Individual Households in Mumbai	Prof. Ishtiyag Chiplunkar	52
B7	A Study on Advisory Services and Equity Market	Mrs. Manisha C. Phate A. K. Vishwakarma C. K. Sharma	54
B8	Business Intelligence in Banking	Anoop Jayaprakash Prof. Usha. P. M.	59
B9	Impact of Bank Credit Disbursement on Industrial Sector With Special Reference to Radhanagari Taluka	Dr. A. G. Suryavanshi Prof. Kuldeep S. Pawar	63

Sr. No.	Title	Author/s	Page No.
Track C : Human Resource Management			
C1	A Study on Strategic Human Resource Management Practices in Service Organizations With Special Reference to Accounting Firms in India	Ashish Vijay Rao Dr. A. Y. Dikshit	67
C2	Emerging Issues in Human Resource Management	Dr. Gite M. V.	72
C3	Impact of Workplace Environment on Performance of Employees in Manufacturing Industries : Literature Review	Prof. Shriram S. Badave Dr. Avinash J. Ganbote	74
C4	The Impact of Employees Smiling and Positive Behavior on Customers' Satisfaction With Reference to Selected Banks in Baramati	Mr. Limbore N. V Dr. Khillare S.K	81
C5	Handle With Care: Employee Retention Strategies and Review of Best Practices among the Corporates	Ms. Ashitha Amin Mr. Guru Prasad Rao	85
C6	Work-life Balance and Stress Management (With Special Reference to College Teachers)	Prof. Delisha D'souza	87
C7	Growth, Employment Opportunities and Human Resource Requirement in Food Processing Industries in India	W. A. Khan G. S. Patil	92
C8	A Study of Training & Development as a Tool for Competency Development for Managerial Personnel in HR Department at ARAI, Pune	Prof. Ashish K. Vyas Dr. Mohan V. Uchgaonkar	98
Track D : Production & Operations Management			
D1	Challenges of Supply Chain Management with reference to Handloom Sector	Alok Babelay	103
D2	MUSIC 3D : Multi Unit Selective Inventory Control 3 Dimensional Paradigm Shifts in Supply	Jimmy Joy Joseph	106
D3	Six Sigma : A Tool to Achieve Perfection	Ms. Shraddha Adhik Shinde	112
Track E: Information Technology			
E1	Role of Technology in Pradhan Mantri Jan Dhan Yojana	Dr. Sudhir V. Mane Patil Anand S	115
Track F : Marketing & Services			
F1	E-Commerce Growth and Development	Dr. K. Kumaravel	119
F2	Changing Retailing Scenario and its Impact on Consumers' Preferences for Local Unorganized Apparel and Footwear Retailers in Twin Cities of Hyderabad and Secunderabad	Dr. Vishal Kutchu Dr. Atmaram Palnitkar	123
F3	Impact of Marketing Strategies on Indian Rural Market	Dr. Mohammed Siham	129
F4	Customer's Attitude Towards Fast-Food (Western Food) in Rural Areas With Special Reference to Uttar Kannada District, Karnataka	Mr. Aheed Mohtisham Mr. Mohammed Abrar	133
F5	Marketing DOs and DON'Ts : Challenges and Opportunities	Dr. M. A. Lahori	136



KEY NOTE

Economic Liberalization and Socio-cultural Transformation in India

(A Management Perspective on Changing Socio-Cultural Scenario in India)

Dr. G. R. Krishnamurthy

Chairman, Advisory Board, AIMS, Baramati
& Professor of Eminence
directoradvinstmgt@gmail.com

Abstract : 1991 was turning point in Indian economic development. It was the year in which the P.V.N.Rao government through Dr.Manmohan Singh, the finance minister then, has launched the economic liberalisation programme (through the budget of 1991). Liberalisation programme was based on 3 planks: privatisation, de-regulation and globalization. Earlier to this, Indian economy had literally stagnated, for all most 45 years through the limping growth rate of 3% per annum, the so called Hindu growth rate. Since launching the economic liberalisation programme in 1991, India has shown an impressive growth rate of 6% to 7% per annum, for past 25 years (until 2016 from 1991). As a result, Indian economy has grown tremendously from per capita income of around 60000 during the year 2000 to around 180000 per capita during the year 2015, literally showing 300% increase in per capita. Same way, in 25 years of liberalisation programme (1990-2015), Indian economy has grown to be around 2 lakh crore dollars. In turn, India has become the 7th richest country in the world in 2016 (as per new-world wealth survey based on the people's wealth only and excluding the government wealth). In addition to this, Information Technology explosion (IT revolution) has taken the Indian economy to pinnacle by literally contributing to 50% of GDP of the whole country! What are the consequences of this economic growth? What are its social and cultural implications for Indian society? As a result of liberalisation programme the middle class has emerged as the largest bracket of population in India. In turn, the middle class and the rich are the largest beneficiaries of the fruits of economic growth and IT revolution. As per NCAER(National Council of Applied Economic Research) survey, the middle class comprises roughly 267 million Indians. On the other, unofficial surveys put the figure of middle class, somewhere between 450 million to 500 million population. In other words, every third Indian belongs to the middle class and rich bracket. What are the consequences of the huge economic growth and widening of middle class bracket? Who are the largest brackets of consumers of all good things of life? What are the social and cultural implications, from the emergence of the middle class consumers on Indian society, Indian culture, Indian ethos and Indian way of life? All is not well! This paper attempts to portray some of the consequences and implications of the un-equal economic growth and uncontrolled and market driven consumerism and blows the whistle for the necessary action by the policy makers and governments.

Keywords : Liberalization; Social & Cultural Transformation; Indian Ethos; Economic Growth;

I. INTRODUCTION

This Year 1990-1991 was a turning point in Indian history. It was the year in which the economic liberalization programme was launched by the most moderate leader/ prime minister P. V Narasimha Rao and the professional economist Dr Manmohan Singh, then finance minister. By that time, the Indian economic scenario was dismissal,

galloping unemployment, unyielding inflation and nearly bankrupt foreign exchange resources; then no dignitary traveler could travel abroad with comfortable foreign exchange!

India suffered for almost 45 years since independence with the limping economic growth rate of around 3% (the so called Hindu growth rate)



Nehruvian statist and mixed economy policy had failed miserably to land India in the great economic stagnation. Of course reasons are many for this.

It is in this scenario, the new economic programme was launched by PVN Rao and Dr Manmohan Singh duo. The liberalisation programme was essentially based on 3 planks: de regulation, privatisation and globalization. Some describe the policy as LPG (liberalization, privatization and globalization). For the first time in independent India, many dormant forces of growth were unleashed by this policy.

The policy was simple and humble .but silent miracle began to happen, thanks to information technology revolution. At the same time, India became a leader, a prominent player in the global IT scenario, through IT services market.

As the service sector including IT showed a great promise, up to now stagnant industries in India including elephantine public sector units also began to perform and show the results. Unbelievably, the services sector particularly and including I.T sector had come to contribute around 50% of GDP during the late 1990's and the first decade of 21st century (2000-2010).

Registered motor vehicles have gone up from around 2 corers to 16 corers during (1991-2011) the initial 2 decades of liberalization. Of course the agriculture sector heavenly suffered in this process about which we shall write separately.

The liberalization programs ushered in a silent revolution including the explosion of information technology. In this process, a new class has emerged nay widened in its bracket, the middle class which was estimated to be around 300 million prior to 1990's has widened itself, to account to be around 450 to 500 million people (50 corers) by around the year 2015.

In short, every third person in India has come in some way or other under the bracket called “middle class”. This in other words, constituted the largest bracket of consumers market anywhere in the world including China (in the capacity of purchasing power). As a result, the whole world began to look at India as a destination for FDI.

As a result of liberalization program, India now boasts of using 40 core T.V sets 900 channels and more than 100 crores cell phones.

The average economic growth rate during 1990's and during 2000-2010 was around 6.5% to 7% The share of India in the world trade has gone up 3 times more. Per capita income of Rs. 7,000 prior to 1991-1992 has gone up to Rs 93,000/- by 2,000 (literally14 times increased). Bank account holders swelled from 35 corers to 120 corers (increase of 4 times).

Telephone network has increased unbelievably from

around two percent (1991) to 80% population. Savings rate has increased from below 20% to above 30% during the 2 decades Since 1991.

Service sector contribution to GDP has reached up to 50% In short, the liberalisation program along with IT revolution has created the strong and largest bracket of population in India that is the middle class This class in turn is the largest bracket of consumers of all good things of life. On the other, this class is also the largest beneficiary of the information technology. All most all IT jobs with high salary and spending power are with this class.

Foreign trade share of India in world trade market has increased from 11% to 30% during the period. In nutshell, in 25 years of liberalisation program 1990- 2015 Indian economy has grown to be around 2 lakh crore dollars in the world economy, Now standing as 7th richest country in the world.

To be graphic, IT : cell phones, social networks, Utubes, watsapp along with 24/7 T.V channels numbering to thousand have seized the Indian population, particularly the middle class. Cell phones have become inseparable part of the daily life in India. High school children to teenagers, from disabled to patients, from Dalits to tribals, from construction workers to house wives, cell phones occupy their considerable time [most of the time!]. Officials in the office / professionals on the Job become more busy because of cell phones!

What is happening?! All of a sudden India became too busy & too restless; a society of chatters and gossipers on the cell phones!

A husband using the cell in the bed room nonstop, while the poor wife yawning and waiting for his attention, A teen ager immersed using the phone in the class room while the teacher helplessly stares, Auto/Car driver using the cell and driving!! (Cell using and driving is as dangerous as drink and drive).

What is happening to India? Recently done international study shows that, right now, India is the most cell phone abusing/overusing country in the world!

In brief, economic liberalization program created / strengthened the Indian middle class. The middle class are the largest beneficiaries in the use of the Information technology including mass media. Amazingly per capita income of India which was around Rs 85,000 in 2000 has gone up to Rs 1,80,000 in 2015, literally 200% increase, thus making India 7th richest country in the world. Much of the economic growth and its benefits are clustered in the hands of the rich and middle class; not reached other segments.

What are the consequence rather implications of the liberalization and economic development for social and cultural change and transformation in our country?



II. SOCIAL & CULTURAL TRANSFORMATION

It is in this economic backdrop and I.T scenario, a new way of life has emerged in India. All of a sudden, India found herself too busy and restless. Cell phones, networks, UTube(s), Whatsapp have all of a sudden made Indians too busy and restlessly busy. No time to stand and stare and life is full of stress, not knowing why! As has been said, a house wife on the cell phone in the bed room while the poor husband eagerly waits for half an hour for attention or vice versa. A domestic servant using the cell and forgetting to stop the gas in the kitchen: A construction worker on the cell in the middle of the work and slipping from the 6th floor of the building. An auto driver and a busy executive using the cell and driving and meeting the accident, have become common features in our society.

Alas! Cell using and driving is as dangerous as ‘the drink and drive’! Right now, India is the number one country which abuses and misuses the cell phone day and night. A society of endless chatters and loose talkers! Needless to say here, over use of cell phones leads to health hazards and effects on eyes, ears, brain and sexual organs of the users. Unfortunately terrorists are using cell and I.T technology more effectively than our Police (to sabotage our developmental efforts).

In this too busy a society of chatters online, no time for anything even for nature calls like leisurely bathing and leisurely family dining.

Relationships are killed! No time for personal relationship, no family bondage, no time for fellowship. Being busy on line, all the time or most of the time no time for personal warmth or human touch. Only virtual reality, no reality at all. On line relationships (through face book) are replacing the real warm family/community relationships. Girls and boys are being booked through the face book without seeing the face!

All of a sudden India became an impersonal society, too fast and de humanizing. A warm, humane and highly personal relationships based family bondage society, that was India even 30 years ago. Thanks to the so called liberalization and globalization policy, the Indian society became so impersonal!

In the impersonal society of online relations, no time for personal sharing and caring. As a consequence family bonds have become thinned. A disastrous effect of this is, the social security network is lost. At one time, Indian family was the best social security for the old people, destitutes, widows, sick and children.

Now, as the result of impersonal relations in Indian society, urban India’s children are in the kinder gardens, no elderly care, no grandparents in the homes, old people are in the old age homes, and asilums, no family shelter

to them. Senior citizens (above 60’s) are more than 10% in Indian population. Their problems are going to be a major concern and challenge to governments in India, thanks to globalization policy and I.T revolution in a way!

India being a country of huge population, government alone cannot and could not provide social security net to majority of the people except the pensionable employed class.

The phenomenal economic growth during 1990-2015, has led to concentration of wealth in few clusters of population i.e. higher middle class and rich class. As a result consumerism has grown tremendously among these classes, consuming all good things of life from cars to air conditioners, from pizzas to lingerie! India became all of a sudden the world biggest consumer market, exceeding even the China in certain products sale. Shopping became a national hobby of the rich and the privileged. Alas! What a great change/transformation in such a short time of 20/30 years. Is it a great fall! a society of few wants in which Mahatma Gandhi lived and propagated simple living and high thinking and family based caring society. What a change?!

Consumerism nay vulgar consumerism has led to highly materialistic values, culture and way of life. Caring and sharing with others is no longer considered a virtue of social concern!

As the materialistic consumerism flooded Indians, with no personal relationships and no family bonds, quite many Indians including teenagers, children and senior citizens began to feel the loneliness and alienation in their lives. This led to psychological frustration and psychiatric problems.

Divorce rate is increasing more in educated couples that to within two years of marriage, due to adjustment problems! The problem of unwed mothers is on the rise. Crime rate and suicidal problems are phenomenally increasing. The whole Indian community is restless, unstable and too busy to know why these problems are! Added to these, unemployment is growing!

Our education system is producing unemployables. Unemployment is on the rise, not only due to lack of jobs but due to lack of skills in the graduates. As a result, youth are under tremendous stress, frustrated and alienated with a feeling of aimlessness in life!

As has been already mentioned, the economic growth though phenomenal since 1990 has not reached all sections of society proportionately. It is clustered in the hands of the rich and the middle classes (particularly higher middle class) Dalits, Tribals, woman and other marginalized sections of Indian society remained outside the purview of the economic growth.

‘Inclusive growth policy’, so called has not reached



larger sections of Indian population. As a result, now India is the home for the largest number of poor people in the whole world!

A frightening consequence of this split/division between the privileged and marginalized, between the rich and the poor, is the tremendous social unrest in India. Sabotaging movements and divisive tendencies are only the surface indices of the unequal and unjust economic growth!

Religions and rituals cannot contain these unjust developmental problems. The stability of the Indian society is at stake at large. The policy makers, leaders, planners, social scientists and economists including the administrators have to be seized with the reality and initiate measures for the real inclusive growth in India. Until then, the welfare measures and entitlements to all weaker sections and segments have to be continued.

More and more Indians have to be brought under the social security net. (Recent good example in this direction is crop insurance to farmers etc).

The governments at Delhi and different state capitals have to take stern measures in reaching the welfare benefits to the target groups by rooting out corruption. This is the only way to contain the bloody aimless revolution that is in offing in India, in the form of terrorism, Jihads, Naxalism and many other divisive movements of particular casts and creeds.

The liberalization and globalization policy launched in 1990/1991 has come a long way; undoubtedly it has resulted in impressive economic growth rate in India, making India the 7th richest country in the world. But alas! it has resulted in a distorted social transformation wrecking many good social institutions including the Indian family and village community. Unfortunately, the great Indian Ethos based ‘caring and sharing’ with others is at stake! The values of simple living, contentment, social concern, honesty, non-corruptibility, character, truth, sincerity and non-violence, all are at stake, leave alone little compassion to fellow beings.

India a land of Buddha, Ambedkar and Mahatma needs a different kind of social transformation than an American model or a European model. Certainly our economic growth has not resulted in the type of social transformation which is India-soul centered.

It is time that we introspect and initiate measures to achieve not only an inclusive growth society but also a sustainable growth model. Then only the real objective of liberalization and globalization comes to fruition by achieving the comprehensive and humane-social transformation and development in India.

REFERENCES

- [1] 1991 budget text in Indian Parliament by Dr. Manmohan Singh, then finance minister in P.V.N.Rao government of India, parliamentary archives.
- [2] The global game change by John Naisbitt and Doris Naisbitt, sage publications, New Delhi, 2016
- [3] National Council of Applied Economic Research (NCAER) report,2016
- [4] International annual wealth report, Indian section, by credits Sisue- 2016.
- [5] Social change and other essays by M.N.Srinivas, Oxford university press
- [6] Society in India: By David G. Mendet Baum. Popular prakshan sage text- 2016, New Delhi.
- [7] Social entrepreneurship..Towards greater inclusiveness-By Rama Krishna Reddy Kummitha -2016 sage books.
- [8] Towards inclusive development by Dr.A.K.Singh, Dr.G.R.Krishna et all. Serial publications-2011.
- [9] Indian ethos for modern management by Dr.G.R.Krishna- UBS publishers distributors Ltd. New Delhi,1999.
- [10] Contemporary social problems of India - by Biswanath Ghosh, Himalaya publishing house-Bombay- 1998
- [11] IT revolution- proceedings of the national seminar, AIMS, Baramathi,Pune-2015
- [12] Economic challenges for the contemporary world by Mousami Das et all-2016. Sage books
- [13] The India way by Cappelli, Singh et all. Harvard publication press -2010.



Management Perspectives on Changing Socio-Economic Environment: Vision and Challenges

Dr. Shashikant Thakur

Management Consultant, Pune
shashijthakur@gmail.com

Abstract : *The Author, the passionate student of Social Sciences coupled with his wide experiences and observations in variety of educational and business organization in India and abroad, strongly believes that: “Society in turmoil affects the balance in all aspects of functions of economic, educational, political institutions.” The history of the world was studied by different scholars in the field of social sciences, especially transformation of tribes into congregation of hutments, villages and small cities. There were many bases of social stratifications around the globe. Most of the societies were divided by the castes, religions, colors and statuses based on land-ownership and general wealth. Many societies were dominant in certain areas as Land owners leading to slavery. At this point, there was very little opportunity for citizen to affect any change in socio-economic environment. In theory, the vital points were based on unlimited wealth, understanding and exploitation of weaker section by various superior classes of administration in societies. Thus, the world was developed in different echelons, such as Progressive, Developed, Underdeveloped and Non-developed sections based on usage of available natural resources around. Thus, it can lead us in direction of International Marketing advantages and disadvantages. The person taking advantage of all available step-up opportunities to make a social-economic transition from lower stage to upper stage must pay attention to social responsibility and social sensitivity to maintain respect for other individuals in social and business transactions. Every day, in local, state, national and global levels, we read and watch news in all media about social disturbances in Middle Eastern, Southeastern, Western and Eastern countries and the conflicts among rich and poor population. During the struggles, properties are destroyed and poor population is displaced compelling citizens to migrate to nearby or any developed countries to look for better quality of life. The wider the gap between “haves and have-nots”, we can notice the struggle of “have-nots” to make a transition to upgrade the socio-economic status. The author strongly believes that the lower classes can break this iron wall by getting more holistic education in all fields to build professional careers to compete in open markets for better jobs. Population explosion is the main reason for social mobility for survival. Citizens wanted upward socio-economic movement for better standard of living and improve family status. Hindustan, as an undeveloped country status, was ruled by Britishers by breaking down the Feudalistic States into small regions. This was witnessed by the people of India with little or no resistance. Slowly, foreigners established their business centers in Hindustan by importing their goods and services to the masses of population. The foreign traders saw Hindustan as a large and controlled market place. The Independence idea was born in early 1660s and but very few citizens resisted the ruling party because of fear of severe punishment and imprisonment. The entire scenario was changed with the Independence Movements in Hindustan. However, few of social-political leaders gave away much valued part of undivided Hindustan to a group of another religious sect without the consent of population, thus weakening the strength of general population in the country. The modern societies progressed due to better socio-economic transformation by ease of mobility, economic activities like manufacturing of consumer goods necessary to upgrade the standard of living.*

Keywords : *Component; formatting; style; styling; insert*

I. INTRODUCTION

A management perspective of the subject matter will offer an opportunity to devise appropriate strategy in producing

and marketing products - goods and services - at all levels of society.

It is inherent dream of all citizens to move upwards in



society by any means to acquire comforts and luxuries. Often it is witnessed in the forms of social agitation, conflicts amongst the public and administrative authorities, social boycott of certain goods and services, thus, causing the disruption in social and economic orders.

The citizens who are on the border of poverty-line must have the strong desire to cross it for better life, facing many odds and adverse living conditions.

However, a tea stall owner, Chaiwala, from a small town in the State of Gujarat, well respected Mr. Narendra Modi, who rose to the higher office of Prime Minister of Independent India, by breaking all social obstacles and barriers. He strongly believed in himself and imbibed qualities like determination, discipline, and inner drive to cross over many socio-economic hurdles.

Similarly, many more personalities can be mentioned, such as former President Lal Bahadur Shastri, India's former Defence Minister and Chief Minister of the State of Maharashtra, Mr. Yashwantrao Chavan, Social Reformers, Mr. Mrs. Jyotiba and Savitri Phule, Marathi Drama and Cine actor, Mr. Nilubhau Phule, Educationist, Mr. K. D. Karve, Dr. Babasaheb Ambedkar and Karmavir Bhaurao Patil of Rayat Shikshan Sanstha.

There are many social, voluntary organizations, NGOs such as Rotary International, Red Cross Society and Lyons International who devised the programs to offer opportunities to upgrade the statuses of general and economically disadvantaged communities in the State of Maharashtra.

The author is familiar with Sakal daily Newspaper's Program of "Societal Transformation" under the banner of "Delivering Change Foundation" (DCF) founded by Chairman, Mr. Abhijit Pawar, the Marketing Director of Sakal Media Group.*1

This independent organization partners with governments and communities to accomplish Nation Transformation. DCF is committed to delivering socio-economic change through systematized programs that are fast and result oriented on a five-year timeline, yet intense and large scale for optimal last-mile impact.

India's P.M. Modi fought the opposition parties and reached directly to the citizen of India with his vision for India as a technologically innovative, progressive and a leader in global competition. This has given the impetus and opportunity for citizens to think and act in positive way to upgrade their socio-economic status.

In examining some parts of society, the majority of populations being of Hindu philosophy, the author found a considerable controversy of the question of whether its basic tenets are conducive or inimical to the economic growth of society. The negative and commonly held view is that the

basic value of Hinduism—fatalistic asceticism, fatalism and cyclical view of time, the cast system, etc., are enormous obstacles to economic development.*2

The author comes from a remote village in Nashik District in the State of Maharashtra with a strong primary education taught by devoted teachers who imprinted the basics of leading quality life with neighbors and economically disadvantaged sector of population.

With Author's personal philosophy of "Thanking Out of the Box", has been the strong foundation to understand the intricacies of self motivation, self-talk and his belief of "Chart Out Your Own Path to achieve your Goals in Life".

The author found a niche to move up in socio-economic ladder through education and an opportunity to study and work in a well- developed western country, the United States of America for over 35 years.

The author during his wide travel and visiting many tribal, famine-affected agricultural areas in the State of Maharashtra, observed the plight of farmers, their families with elderly and young members with lack of basic life amenities and specially, food.

The socio-economic imbalance disturbs the integration of social classes as seen in the plights of Tribes, lower classes in Indian class system and poor population. There seems to be a lack of political wish of various political party leaders to maintain the same status of this population to be treated as their vote-banks for them. The political leaders, just before the election, visit such habitats with big promises to upgrade their quality of life, which are never delivered.

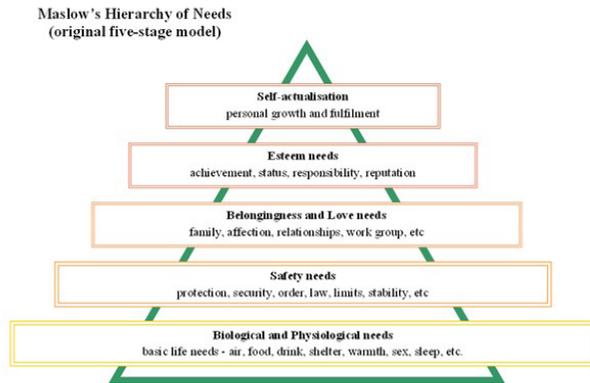
II. THEORETICAL BACKGROUND

The study of Management Perspectives on Changing Socio-Economic Environment: Vision and Challenges, encompasses and overlaps many areas of Social Sciences, such as, Sociology, Psychology, Cultural Anthropology, Economics, Politics, Civil Sciences and Logics.

Famous Social Scientist, Abraham Maslow put forth the findings of his longitudinal study in the field of Social Behavior, in the form of Pyramid, called "The Maslow's Theory of Pyramid of Need Analysis, showing the logical transition from basic need to self-actualization".

Following diagram illustrates his theory which has been widely accepted by many social scientist and economic institutions in past till today.

The Maslow's Theory of Pyramid of need Analysis, showed the logical transition from basic needs to self-actualization.*



III. TRANSITION OF SOCIETY

In traditional feudal system theory, the vital points were based on unlimited wealth, understanding and exploitation of weaker section by various superior class of administration in societies.

Thus, the world was developed in different echelons, such as progressive, developed, underdeveloped and non-developed sections based on usage of available natural resources around. Thus, it can lead us in direction of International Marketing advantages and disadvantages.

Socio-economic balance cannot be dictated and evaluated by introducing law and order in society. It entirely depends on the mental setup of the citizens and freedom to pursue their dreams. Today, we can still witness the authoritarian and communist regime in many nations on the planet Earth. Nevertheless, such regimes have their advantages also, as the rulers provide all necessities for life existence including food, shelter, safety and including free basic education to population to maintain law and order.

It is necessary for an individual to move up in socio-economic ladder, visualization of is goals is a necessary condition. “Visualization is the process of selecting the dream and then seeing them again and again at regular intervals. If one paints a dream with intensity and regularity, the brain will begin to feel that is the reality.”*3

Thus, the business organizations have very little control on offering their goods and services to citizens to upgrade their standard of living in such societies.

Whenever, social administration limits the population of their mobility to interact with other cultures for trade, share ideas and thoughts, citizens have fears of punishment and experience other atrocities.

As Norman Vincent Peale, an American Philosopher puts in proper frame of mind that “If you paint in your mind a picture of bright and happy expectations, you put yourself

into a condition conducive to your goal”.

IV. RESEARCH METHODOLOGY

The author expressed his “Out of Box” thoughts based on his personal exposure and experiences in variety of fields and country visits. He is eager to share the information with people in all spheres of lives in all institutions – social, economical, political, educational and other allied institutions.

The research is in descriptive nature. The author used exploratory and interdisciplinary approach. The data is obtained by referring many resources including his infield experience.

The author wants to share the struggle of an extraordinary boy, Mr. C.E. Potnis, born and brought up an orthodox family in older part of main city of Pune. This is a unique personal journey from rag to riches. In his book “Road to True Success”, he points out that “every relationship, experience, event, interaction, setback, failure and victory has been an excellent learning.”*4

The data is collected by personal visits and interviewing citizens at all levels of society in City of Pune and vicinity. It is just a sample of socio-economic data which can be referred to global environment. The author personally conversed with a minor samples of employees of local IT companies along with the Pav-Vada stand entrepreneurs, Tea stalls and fruits and vegetables young vendors from India’s North and Southeast States migrants to Pune area.

The author also visited few small tribal Padas and villages 10 to 25 kilometers around Pune City. The owners of small farm land transformed their life style with the funds acquired by selling small parcels of land to land developers and builders.

The author noticed that these farmers build small bungalows with ample parking for their new acquired autos and bicycles to exhibit their upward socio-economic status.

The feedback from this sample was very intriguing and interesting for the local small, medium and large department stores, family restaurants and famous fast-food and fruit-juice vendors, ready-made garments and fashionable clothes and foot-ware companies outlets, furniture and novelty retailers, small tour-travel and cab agencies, etc. to cater to the needs of Nuevo-rich population.

V. LIMITATIONS

The author used only major areas of Sociology and Economy to limit the scope of this study. Nevertheless, additional data would have produced volumes in each part of social sciences.

Also, the subject is very wide in nature. The author has emphasized only the environment in Indian context. The



basic beliefs of Indian social philosophy foundation, such as fatalistic approach to lead individual life, multiplicity of gods, diversified cultures in all parts of the Pune City and vicinity.

VI. CONCLUSIONS AND RECOMMENDATIONS

The author found many young, less educated entrepreneurs from out of State moved in Pune to find many opportunities to upgrade their socio-economic status. The socio-economic movement gave rise to many new avenues to inspiring young entrepreneurs in the fields of Physical fitness, Sports at all levels, Short-order food cooks, Communication, Taxi driver, Tour and Tourists' Guide, hotel-lodges, holiday resorts representatives, Security Guards and Watchmen at mushrooming housing societies in all parts of Pune, Fruit and Vegetable Stalls, Vocational Trades such as Auto Repair, Carpentry, Iron Fabrication, Painting, Construction, Cosmetology, Dramatics and Cinema world, TV program Production, multi-language interpreters, etc.

The current State and Central governments' political environment is not conducive to develop and administer many workable programs for youth. Given adequate liberal avenues in education and opportunity to enter entrepreneurial field, more skilled and unskilled labor can be employed to upgrade their socio-economic status.

The stable social-economical household demands better and improved goods and services from the businesses in all spheres of life. Thus, offering challenges to the business units to expand their vision to provide the best product mix to upgrade the quality of life of users.

The author strongly believes to witness the socio-economic status of the Indian population offering challenges to the business units in offering the best amenities to upgrade their standard of living. India is blessed with enormous strength of young population to take the country to much higher level in all fields.

Simultaneously, currently under Equal Rights, women are demanding and expecting equal status in family, business and industries, and all types of institutions in the society. The women want to upgrade their standard of living in society and receive equal honor in man's world.

The Founder and Chairman of Delivery Change Foundation, Mr. Abhijit Pawar, has created the “Tanishka Foundation” to promote the dignity and security of women in Maharashtra.*5

Any woman irrespective of her class, caste and in the age group of 24-65 years can be a member of Tanishka Foundation. It is an independent, inclusive and enabling network that helps women in the creation of forums of 20 members which are trained and empowered to run community level projects. These projects are being

conducted under various themes that affect women such as their land rights, crime, education, health, environment and many others.

The Most Reverend Desmond Mpilo Tutu of Anglican Archbishop Emeritus of Cape Town, South Africa valued education and knowledge as a means toward freedom and independence.*6

Thus, currently many women leaders like, Ms. Medha Patkar, Ms. Trupti Desai, Mrs. Sudha Murty, MPs like Dr. Mrunal Gore, Mrs. Vandana Chavan, Mrs. Meghatai Kulkarni and others are emerging in the society to upgrade the statuses of women in religious and economic institutions.

Also, the personal contribution of renowned social reformers like, Mr. Anna Hajare of well-developed village, Rale-Siddhi and Mr. Popatrao Pawar of Ideal Village concept along with many spiritual and religious leaders from all walks of religions and beliefs, is worth appreciation and gratitude.

Simultaneously, past and present world's richest philanthropic personalities like, Mr. Warren Buffet, Mr. and Mrs. Bill and Melinda Gates of the United States of America, Mr. R. Tata, Mr. Azim Premji and many such personalities and their foundations contributed to uplift illiterate rural, backward classes and economically disadvantaged citizen.

Mr. Abhijit Pawar has provided a platform for the youth in age the age group of 18-24 to collaboratively network with each other on a “project initiative based”*1 model theory thereby actively influencing policy formation and implementation via the Youth Inspirators Network (YIN). YIN was created to focus on the personal, professional and social growth of the youth. This network is currently based in Maharashtra.*7

The area of research was benefitted by their monetary contribution to bring out the necessary changes in low-cost housing, healthy and sound life style, offering necessary medical treatments with low-cost medicines through Public Health Clinics to citizens at bottom of society.

VII. RECOMMENDATIONS

The true extension of the title topics, the author strongly recommends some useful projects to minimize the difference in socio-economic conditions of citizens in society.

The author is well aware of current political and administrative offices not getting truly engaged in many well-meant Projects and Schemes to change the scenarios: There are many ways, means and social media can be used to bring out the change in socio-economic environment:

- Use of Mass Media as a strong weapon to drive away the imbalance of social strata. Mass media creating awareness amongst the social echelons about the atrocities of downtrodden citizens.



- Suggestions and implementation of various programs in education, entrepreneurship by administration at all levels without interference in daily activities by various agencies such, Village Improvement Scheme including Approach Road building and maintaining, Tribal Welfare and Resettlement by providing basic needs and Infrastructure, Smart and Clean Villages Schemes, Farmers Welfare and Financial Support Schemes to save lives from the atrocity of local village Loan Sharks, Police Protection at all levels.
- Social and Governmental measures to control Female Child and infant killings based on blind-faiths, black magic and rights and rituals by self-claimed angels of God.
- Strong and effective Legal and Court systems to protect the interest of citizens, especially women, children, elderly and physically handicapped.

VIII. THE SOCIO-ECONOMIC FACTORS AFFECTING SMALL BUSINESS OPERATIONS AND PLANNING

1) *Income:*

Income is the amount of money individuals earn from their daily economic activities, be it employment, business or investments. The availability of disposable income influences spending habits. The customers are likely to purchase, after meeting their basic needs, expensive or luxurious items whenever there is an increase in their disposable incomes. However, when income is limited, customers tend to restrict their spending of essential items.

Income fluctuations occur as a result of changes in the rates of economic growth. When the economy is doing well, employees earn pay hikes, businesses post record sales, financial markets thrive and mutual funds grow. The opposite happens during periods of economic declines.

2) *Education:*

Education equips member of society with the skills and knowledge they require to be employed in different jobs and professions. The standards of education in society depend on the availability and accessibility of educational amenities.

A society that has a well-educated population flourishes because individuals are employed in well-paying jobs.

The literacy levels in target markets also influence the scope of interaction with customers. Education, further, determines the availability of skilled workforce when seeking employees for small business, Armed Forces, Border Petrol and Railway Police Force, etc.

3) *Occupation:*

Occupation refers to the type of jobs people perform by virtue of their skills, experiences or choices. One may be self-employed or work as an employee of an individual or

organizational entity. The different types of occupations dictate the income earned by people in society.

High-salaried individuals are normally associated with skilled occupations such as doctors, engineers, lawyers and accountants. Self-employed individuals owning successful business also generate huge amount of income and prefer to associate with their counterparts in business by joining institutes and organizations such as Chamber of Commerce, Industries and Agriculture, etc. Unskilled occupations such as menial labor do not pay much. Therefore, the ability of customers in this class, prohibits them from buying different high-end products offered in market place.

4) *Bottom Line:*

It is important to consider the implications of these socio economic factors on small business. The owner's decision should be sensitive to the prevailing economic conditions when pricing and stocking products.

Customers tend to avoid expensive items during periods of economic decline. Moreover, customers in the different social classes have different tastes and preferences. You cannot afford to ignore the consequences of these socio-economic parameters.

REFERENCES

- [1] Pawar, Abhijit, "Delivery Change Foundation", Refer Web-site, www.deliverychangefoundation.org.
- [2] Thakur, Shashikant J., "Doctoral Dissertation", May 1979, page 25.
- [3] Potnis, C.E., Road to True Success, A Multimedia Publication, Pune, First Edition, 20 March, 2016, page
- [4] Potnis, C.E., Road to True Success, A Multimedia Publication, Pune, First Edition, 20 March, 2016, page
- [5] Pawar, Abhijit, "Tanishka Forum", March 27, 2015.
- [6] Tutu, Desmond, "The Words and Inspiration of Desmond Tutu, Believe, Blue Mountain Press, Boulder, Colorado, First Edition, 2007, page 14.
- [7] Pawar, Abhijit, "Young Inspirations Network", March 11, 2015.
- [8] Cole-Ingait, StudioD, "The Socioeconomic Factors Affecting Small Businesses", an article Published, [Apps.google.com/docs](https://apps.google.com/docs)



Special Economic Zones at Aurangabad : Some Realities

Dr. Satish D. Jagtap

Assistant Professor, New Arts, Commerce and
Science College, Ahmednagar
jagtapsatish@gmail.com

Prof. Mangesh P. Waghmare

Assistant Professor, New Arts, Commerce and
Science College, Ahmednagar
mpwaghmare@gmail.com

Abstract : *Special economic zones (SEZ) have emerged as an important but vibrant sector of Indian economy. SEZ has provided number of employment opportunities. Today, market scenario is changing very rapidly across the globe and the same is happening in India also. Government of Maharashtra positively responded to the policies framed by the central government and created the SEZs in various districts. Aurangabad is one of the district in which state has developed SEZ to remove the backwardness of Marathwada region. Recently Aurangabad has been included in the development of smart city yojana started by the central government looking its industrial growth. The paper aims to study the various SEZ nearby the city.*

Keywords : *Export, employment entrepreneur, export processing zones.*

I. INTRODUCTION

Special economic zones include Free Trade Zones (FTZ), Export Processing Zones (EPZ), Free Zones (FZ), and Industrial Estates (IE), Free Ports, Urban Enterprise Zones and others. A number of measures have been taken by the government of India to improve export performance and creation of employment opportunities. The SEZ policy was first introduced in India in April 2000. The aim is to attract large foreign investment in India. This policy intended to make SEZs an engine for economic growth. It is supported by quality infrastructure complemented by an attractive fiscal package, both at the Centre and the State level, with the minimum possible regulations. SEZs are duty free enclaves that are deemed to be outside the territory of customs of India for the purpose of carrying out export activities. The Special Economic Zones Act, 2005, was passed by Parliament in May, 2005 which received Presidential assent on the 23rd of June, 2005. The SEZ act and the SEZ Rules, 2006 were notified on 10th Feb. 2006.

A. The main objectives of the SEZ Act are:

- Generation of additional economic activity
- Promotion of exports of goods and services;
- promotion of investment from domestic and foreign sources;
- creation of employment opportunities;
- development of infrastructure facilities;

B. The SEZ Rules provide for:

- Simplified procedure for development, operation and maintenance of the Special

C. Economic Zones for setting up units and conducting business in SEZs;

- Single window clearance for setting up of an SEZ;
- Single window clearance for setting up a unit in a special economic zone;
- Single window clearance on matters relating to Central as well as State Governments;
- Simplified compliance procedures and documentation with an emphasis on self-certification

II. THE OBJECTIVES OF THE STUDY:

To study the present position of SEZ nearby Aurangabad City.

III. INDUSTRIAL DEVELOPMENT OF AURANGABAD

There is evidence to believe that Aurangabad was developed as a trading hub four centuries ago. It lies on a major trade route that used to connect north-west India's sea and land ports to the Deccan region. The city was a major silk and cotton textile production centre. A fine blend of silk with locally grown cotton was developed as Himroo textile. Much of the silk industry has vanished over time, but some manufacturers have managed to keep the tradition alive. Paithani silk saris are also made in Aurangabad. In the Jalna alone there were 9 cotton-ginning factories and 5 cotton-presses, besides two ginning factories at Aurangabad and Kannad, and one oil-press at Aurangabad. The growth started when the Maharashtra Industrial Development Corporation (MIDC) began acquiring land and setting up industrial estates. Aurangabad is a now classic example of efforts of a state government towards the balanced



industrialization of the state. Major Industrial areas of Aurangabad are Chikalthana MIDC, Shendra MIDC and Walunj MIDC.

Many renowned Indian and MNCs have established themselves in the Industrial Estates of Aurangabad, Some of the other well-known names are : Audi India, Bajaj Auto, MAN Diesel, Skoda Auto, Wockhardt, Colgate Palmolive, Mahyco, Siemens, Garware, Ajanta Pharma, AMRI, Glenmark Pharmaceuticals, Lupin Limited, Wipro, Orchid pharma, Endurance systems, RuchaEng, Indo German Tool Room, Ceekay Daikin Ltd, Cosmos Films, NRB bearings, Hindalco-Almex Aerospace, Can-pack India, Varroc, Dagerfrost, Nath Seeds.

The Aurangabad - Jalna belt has some of the largest seed companies in India. Mahyco, Nath Seeds, Seminis seeds and Monsanto are some of the big names in the industry.

Many firms, in the sectors of automotive and auto components, pharmaceuticals and breweries, consumer durables, plastic processing, aluminium processing, agriculture and biotech, have their manufacturing bases in Aurangabad. Among pharmaceuticals there is Recombinant Insulin Manufacturing plant of Wockhardt (Wockhardt Biotech Park) in Aurangabad, which is Largest Biopharmaceutical plant in India.

Aurangabad has 5 star hotels like Welcomgroup, The Rama International, The Ajanta Ambassador, The Taj Residency, The Lemontree (formerly The President Park) and the Aurangabad Gymkhana.

The Shendra, Chikalthana and Walunj MIDC Industrial Areas are prominent industrial zones on the outskirts of the city, with various major multinational groups having set up manufacturing or processing plants in and around the city. There are five *Special Economic Zones* (SEZs) which have been approved by central government for this city and these are, in automotive (Bajaj Auto), in pharmaceuticals (Inspira Pharma SEZ and Wockhardt), one in aluminium (Hindalco Aluminium) and yet another is Inspira Renewable Energy SEZ. Recently Aurangabad became the third city in Maharashtra (after Pune & Nashik) to host an auto cluster namely Marathwada Auto Cluster(MAC). Electrical goods major Siemens has set up a plant for manufacturing of train coaches including superior quality bogies for locomotives, electric multiple units and metro coaches at Shendra MIDC Aurangabad.

Modern Retail Industry has made its presence felt in the forms of Malls. Prozone Mall spread over 1 million square feet is the biggest in the region. The industry is a big employment generator. Prozone alone created direct employment opportunities for 4000 people.^[6]

IV. FINANCIAL SERVICES

Almost all public sector and private banks have opened up branches including the State Bank of India, Bank of Maharashtra, City Bank, Deutsche Bank, ICICI Bank, Bank of India, HDFC Bank, etc.

V. INDUSTRIAL ZONES

Historically Aurangabad had been an important trade hub, primarily due to its strategic location. It was a premiere silk, cotton and textile manufacturing and trade centre. Textiles, embroidered finery and various kinds of beads made in nearby Paithan were exported to the markets of Greece, Rome and Egypt. Though over the period, the silk industry has diminished, it enjoys an important place as a manufacturing centre being next only to Mumbai and Pune.

It is mainly due to the efforts of MIDC having balanced economic growth in the region that the industrial growth in the city has picked up. An industrial township Waluj has been set up by the MIDC. It is a 15-minutes drive from Aurangabad city, about 18 kms from the Chikalthana airport, and 8 kms from the city railway station. Chikalthana and Shendra are the other two industrial townships set up by the MIDC.

Presently, the industrial development around Aurangabad has taken place in Chikalthana, Waluj and Shendra. Pharmaceuticals, steel recycling, auto parts manufacturing, and beverages production (soft drinks and beer in particular) are the main industries. Among the major multinationals that have set up their manufacturing units in the city.

1. Bajaj Automotive SEZ at Waluj

Bajaj Auto and MIDC (Maharashtra Industrial Development Corporation) are developing product specific SEZ for automobile and related activities. The proposed SEZ is located at Waluj Industrial Estate and is spread over an area of 118 ha. With an estimated investment of about 33 million USD, it would generate an employment of around 20,000-30,000. This SEZ is already approved. The employment generation caused by setting up of SEZ would trigger the housing demand in the western region of the city.

2. Wockhardt Pharma SEZ at Shendra

Wockhardt is planning to establish Single product Pharmaceutical SEZ at Shendra Industrial Estate. It already has an operational plant at Chikalthana Industrial Area with around 1500 employees. The proposed SEZ is spread over an area of 101 ha. The expected employment generation is 3,000- 4,000. In this SEZ, Wockhardt intends to put up two plants and thus increase its production and hence the exports. Wockhardt SEZ has got the in-principle approval and it is awaiting the formal approval.



3. Ajanta Bio-Tech and Pharma SEZ

Two single-sector specific SEZs, pharmaceutical and biotechnology, are also being developed. The Bio-tech SEZ would encompass an area of 10 ha, while the pharmaceutical SEZ would have a spread of 100 ha. The road layout and infrastructure would be completed within a period of five years from the date of commencement of the project. These projects have been formally approved.

4. Rajiv Gandhi IT SEZ

Located on the Paithan road, this single sector Rajiv Gandhi IT Park Co-operative Society Ltd. is promoting IT/ITeS SEZ. This belt is already witnessing lot of development activity and with the coming up of the SEZ it is likely to further enhance the same. This SEZ is presently yet to be approved. It is spread over an area of 270 acres, of which 2.2 million sq.ft. of office space would be constructed in the first phase.

5. MIDC Aluminium SEZ at Shendra

There is already a significant presence of aluminium industry in Aurangabad. To further strengthen this, MIDC is planning aluminium SEZ at Shendra Industrial Estate. The total area of 118.13 ha. 64.90 ha are marked for the processing zone and the remaining 53.23 ha has been earmarked for the non-processing zone. The 8.0 ha. Plot has been allotted to Hindalco.

6. Videocon SEZ

Videocon Realty and Infrastructure Limited is developing a 2763 ha multi-product SEZ at Gandeli on Beed Highway. Presently this SEZ has secured an in-principle approval from statutory bodies. The completion of this SEZ would provide the much-needed boost to the growth and development of Beed Highway, which is lacking behind prominent regions like Paithan Road in terms of development.

7. MIDC Biotechnology SEZ

MIDC has taken another initiative to launch single sector specific SEZ, Bio-technology SEZ spread over an area of 100 ha. The road layout and infrastructure would be completed within a period of three years from the date of commencement of the project. This project has secured an in-principle approval.

8. Shendra- Bidkeen Mega Industrial Park

Like the Delhi-Mumbai Corridor industries, Shendra-Bidkeen Mega Industrial Park is going to be developed with help of Japan Government. For this project 8,240 Hecter Land & 2,500 Hecter Land is going to be acquired in the respective area. In this mega park IT park with 2 big industries will be established, with 5 star Hotel, Residential, Hospital, School, College, & many more. The project will be established with help of Japanese government & Maharashtra State Government in next 3

year. This mega park will create employment for more than 50,000 people.

VI. CONCLUSIONS

The policies of central government and state government regarding SEZ have benefited at large scale to Aurangabad. It has created lot of employment opportunities in the Marathwada region. Most of the entrepreneurs have started their small and medium scale enterprises. SEZ have been developing entrepreneurial culture in the region. Most of the engineers passing from the nearby educational institutes are fulfilling the demands of the industries. Infrastructural facilities have been improved in and around the Aurangabad. The SEZ at Aurangabad have contributed in the economic growth of India and increased GDP and National income from time to time.

REFERENCES

- [1] Bala,N,(2007), Economic Reforms and Growth of Small Scale Industries , Deep & Deep Publication, New Delhi.
- [2] <http://www.sezindia.nic.in/index.asp>
- [3] <http://www.doingbusinessinmaharashtra.org/ITES.aspx>
- [4] <http://www.credaiaurangabad.com/index.php?r=site/places&key=industry>
- [5] https://en.wikipedia.org/wiki/Economy_of_Aurangabad,_Maharashtra
- [6] <http://seepz.gov.in/docs/download.html#>
- [7] <http://www.doingbusinessinmaharashtra.org/Agriculture.aspx>



Socio-Economic Importance of Rubber Wood-A Study

Haridasan P. V.

Managing Director, RUBCO Kannur, Kerala
pv_haridasan@yahoo.com

Abstract : *The British introduced cultivation of natural rubber in India. Although the experimental effort of growing rubber on a commercial scale in India were initiated as early as 1973 at the Botanical Gardens, Calcutta. The first commercial Itevea plantations in India were established at Thattekadu in 1902. The government during the Second World War period realized the importance of rubber production in India as a strategic security reason. After the war there were growing demands from the growers for setting up a permanent organization to look after the interest of the Industry. Hence at this instance the existence of Rubber Board took place. The Rubber Board is a statutory body constituted by Government of India under the Act of 1947, for overall development of Rubber industry in the country.*

Hitherto till 1980 the Rubwood had been used as fire wood and industrial packing purpose, due to the modern technology and intrinsic properties of the rubber wood has given edge over the other wood and started using in various applications like home and office furniture such as chair, dining table, wardrobes, cots, doors, office table, study table, computer table, garden chair, kitchen cabinet, shoe rack etc.

Keywords : *Rubwood alternative solid wood, better properties than other wood, price competitive and durable.*

I. INTRODUCTION

The *Origin of Rubber Plantations (in Southeast Asia)* Henry Wickham has been credited to be responsible for the introduction of the rubber tree, *Hevea brasiliensis*, from the Amazon forests of Brazil to South East Asia. In 1876 he shipped rubber seeds to Kew in United Kingdom from which 2,700 were successfully germinated. From Kew some seedlings were then shipped to Sri Lanka (then called Ceylon) in the same year and planted in the Botanical Gardens. Fifty of these seedlings were sent to the Singapore Botanical Gardens, but these did not survive. In 1877 another 22 plants were shipped from Sri Lanka to the Singapore Botanical Gardens. Nine of these plants were then transported to Kuala Kangsar in Peninsular Malaysia. Rubber plantations are now found in more than 30 countries around the world confined to the tropical and subtropical regions. The total area of plantations worldwide is approximately 9 million hectares with almost 90% located in Asia.

The British introduced cultivation of natural rubber in India. Although the experimental effort of growing rubber on a commercial scale in India were initiated as early as 1973 at the Botanical Gardens, Calcutta. The first commercial Itevea plantations in India were established at Thattekadu in 1902. The government during the Second World War period realized the importance of rubber production in India as a strategic security reason. After the war there were growing demands from the growers for setting up a permanent organization to look after the interest of the Industry.

Hence at this instance the existence of **Rubber Board** took place. The Rubber Board is a statutory body constituted by Government of India under the Act of 1947, for overall development of Rubber industry in the country.

Rubber Scenario in India:



Rubber Tree -Latex

India is the fourth largest producer of the natural rubber (NR) in the world next to the following countries.

- Thailand
- Indonesia and
- Malaysia

As per the Rubber Board, in India the total land under cultivation of rubber was 5,97,000 hectares and it produced



8,03,000 metric tonnes of latex. The average annual growth rate in consumption of rubber was 6%. Kerala accounts for 92% of total rubber production in India but less than 15% of such production is commercially consumed in the State.

II. OBJECTIVES

This study is more focus on rubber wood and its utility in Indian market the primary objectives of the study are-

- To study the importance of Rubber Wood as an alternative wood for furniture.
- To examine the comparative properties of Rubber Wood on other wood.
- To analyze the socio-economic significance of Rubber Wood in Indian environment.

III. STATEMENT OF THE PROBLEM

It is noticed that, most of the people in general and more particularly furniture manufactures are not aware of utilities of Rubber Wood and its properties. Hence Rubber Wood have been using as fire wood and industrial packing purpose. Rubber Wood is a homogenous material suitable for the production of panel products such as particleboards; MDF and wood-fiber cement boards. These products are expected to be one of the future growth areas of utilization based on the total world demand and production of these products. The economical and optimal utilization of this resource is a logical consequence of the projected depletion of the supply of logs from the natural forests. Therefore future growth areas in utilization would also focus on technologies which allow for more efficient processing, product utilization and in harvesting. The modern technology and intrinsic properties of the rubber wood has given edge over the other wood and started using in various applications like home and office furniture's such as chair, dining table, wardrobes, cots, doors, office table, study table, computer table, garden chair, kitchen cabinet, shoe rack etc.,

IV. OUTLINE OF THE STUDY

This study is blend of market experience of Rubber Wood and inputs from RUBCO Rubber Wood unit. The author of this paper is associated with RUBCO as Managing Director; hence it is more of empirical study. All my data are secondary but applicable to solve the customers' problems in the primary market. This study academically may be called as descriptive as well as explorative, but in market and for industry it is applied study. I have used chart, diagram and other mathematical and statistical tools to analyze the data, wherever required.

This study mainly done in RUBCO at Kannur Kerala and it Rubber Wood unit namely **Rubco Huat (Rubwood)**. To capitalize the richness of rubber wood, Rubco engaged in

production of processed rubber wood panels and furniture in technical collaboration **with M/S. Long Huat Group Berhad of Malaysia**, a well known name in rubber wood processing technology. Rubco Huat has an annual production capacity of 40,000 metric tonnes. The unit is situated at Thalasserry, Kannur district. The unit produces domestic and office furniture out of treated rubber wood and mainly targeted at the export market. The product range covers domestic and office chairs, tables, computer tables, cot, sofa, futon etc. The product of rubber wood, which is the most Eco-friendly wood in the world and is abundantly available in Kerala and the major products of rubber wood are shown below,





over other wood, the favorable qualities and Rubwood is homogenous with a pale light cream color with fairly straight grains. The natural color of Rubwood is one of the principal reasons for its popularity. It has good overall wood-working and machining qualities for sawing, boring, turning, nailing and glueing. It takes finishes and stains well. Its strength and mechanical properties are comparable good than the traditional timbers used for furniture making and wood working.

The marketing system in Rubco for the Rubwood Panel Board and Furniture is in 2 Tier system. The domestic/local market where the consumer/customer is the end user the 2 Tier marketing system is adopted. Direct selling from the Rubco to the Institutional Sale (all government departments and other bulk order) is encouraged to cater their needs fully in the direct supervision of Rubco. Rubco has “Effective Dealer Network Management” in all most all area/market, as on date Rubco has 250 Dealers network on all India base. Dealers have very attractive showrooms on the vantage point and efficient floor/sales staff. The main strength is after-sales-service and interaction of Company’s representative with the Dealers and customers. Overall Rubwood is in high demand due to its price competitiveness and better quality. A view of Rubco Rubwood unit –

V. IMPORTANCE OF THE STUDY

Rubber wood has firmly established itself as one of the major timbers mainly for the production of furniture and other furniture components within a period of about 10 years. Basically Rubber Wood being a timber obtained from sustainably managed and renewable plantations is acceptable by government, NGO’s and other concern authorities. It is without doubt that rubber wood will be an important timber resource supporting the timber and wood-based industry. The comparative chart –

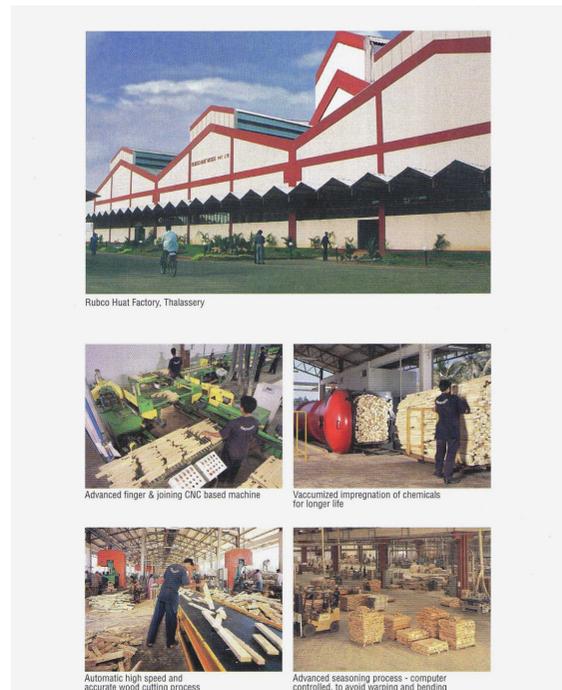
Comparative Rubber Wood Properties Chart

Type of wood	Specific gravity	Overall performance	Ease of working index	Working quality	Comparative performance (turning)
Teak	0.604	100	100	100	100
Rubber wood	0.557	194	100	131	101
White Cedar	0.665	185	73	110	93
Sissoo	0.721	113	79	90	81
Neem	---	113	93	100	114
Sirls	0.574	131	79	96	76
Sal	0.792	139	84	102	81
Mango	0.590	89	100	96	110
Jamun	0.690	74	104	94	105
Deodar	0.497	91	96	94	105
Babul	0.712	79	87	84	77

In the above chart is seen that, Rubber Wood has more properties than other wood even better than teak wood. Hence Rubber Wood can be used in all home furniture and office furniture as well as industrial use.

VI. DISCUSSION

In this discussion Rubber Wood will read as ‘Rubwood’. As we know the Rubwood has better properties and quality



VII. FINDINGS

Without any doubt certainly Rubwood is the alternative solid wood for home and office furniture since the natural properties of Rubwood over other wood is very good and easy to work on it. The beauty of Rubber Tree is, it generally gives latex from 5th year of its plantation to twenty five years



later on its wood can be used for commercial purpose and renewable plantations, and hence it has socio-economic significance. The other findings of the study are as follows-

- a) The inherent shortcoming of rubbwood is the high glucose contents which attract bugs to eat it. This makes rub wood not feasible for making furniture. Hence used as firewood in the yesteryear's. Now boron treatment has get ridden this peculiar defect of rubber wood and now commonly used for home and office furniture.
- b) The process is highly labor intensive. Logs are sawn in to pieces then manually sorted to avoided tap mark, pith, branching and other defects . Then it is joined using finger joining and side glueing technologies to make solid beam and panel board of required sizes. Hence it is costly and poses a danger to the Rubwood industry, as labor is dear and costly year after year.
- c) Procurement of raw material is another major hurdle. As said above this wood is prone to insect attack. So it needs to process immediately after felling. Preferably with in 2-3 days. else the log will become useless. So main raw material cannot be procured and stored. So meticulous planning and deployment of labor is required to avoid idle manpower when felling of tries by farmers is disrupted in any way. which is a major challenge to the industry.
- d) Up till now there was an orientation of customers to MDF. Due to its cost effectiveness an easy to work. This has affected the market demand of solid wood. But now the customer preference is again asking to solid wood though bit costly due to the chemical presence and other physical properties of MDF.
- e) Due to the above lacuna RUBCO has pending order for 4 to 5 months as an average, otherwise the lead time for execution of order would be 5 month and because of this domestic scenario the export order are being affected drastically and literally almost no export of Rubwood.

VIII. CONCLUSION

The entire demand of the Rubwood in general and more particularly Rubco products are on growth path. The availability of products during the festive period will fetch much more sales. However, getting of raw rubber wood is always a problem and even price has also on very fluctuation from time to time. It is ascertained that the reasons for the customer's choice of Rubco products because of quality and the durability. The study shows that the intrinsic strength of Rubwood is the artisan and handcrafted work with the natural finish.

One of the problems faced while procuring quality rub wood is the high price. Sometimes, non-availability of

quality and required wood and delay in supply of wood also pose problems. The high price of wood is the main concern in the sector, because the more the price of wood, the more is the price of the finished products, which gives rise to serious marketing problems for the entry level customer. And the supply of wood is sluggish mostly during rainy season June to September to some extent during October- December.

REFERENCES

- [1] Barlow C. 1978. The Natural Rubber Industry. Its Development, Technology and Economy in Malaysia, Oxford University Press, K.L. 500 pp.
- [2] Hong L.T. & Sim H.C. Eds. 1994. Rubberwood - Processing and Utilization. Malayan Forest Records No. 39, Forest Research Institute Malaysia, 249 pp.
- [3] Wengert, Gene. “Rubberwood”. FDMC Magazine. Retrieved 11 February 2015.
- [4] S. Salamah; J. Mohd Dahlan (2008). “VACUUM-PRESSURE TREATMENT OF RUBBERWOOD (HEVEA BRASILIENSIS) USING BORON-BASED PRESERVATIVE” (PDF). *Journal of Tropical Forest Science*. **20** (1). Retrieved 11 February 2015.



Entrepreneurship Versus Intrapreneurship : A Comparison

Arjun K. R.

Assistant Professor, Calicut University, SNES IMSAR, Calicut, Kerala
arjunkr3@gmail.com

Abstract : *This paper provides a view on the concepts of entrepreneurship and intrapreneurship, pinpointing the similarities and differences between them. Entrepreneurship continues to thrive in almost all corners of the world. Entrepreneurs are reshaping the business environment, creating a world in which their companies play an important role in the vitality of the global economy. But there is not always necessary to establish a company in order to implement new ideas. A great potential lies in applying business principles within existing organizations.*

Keywords : *Entrepreneurship, intrapreneurship, motivation*

I. INTRODUCTION

Entrepreneurs and intrapreneurs suddenly more important today than before. An explanation to this statement would be that the world is changing nowadays more rapidly under the influence of new technologies. The increasing competition hinders our work. It does not suffice anymore to stand before our competitors simply driven by our will of competing; we have to bring something new to the market. Entrepreneurs and intrapreneurs play a decisive role as they help the company (newly established or existing) to engage in new business and enter new markets

Intrapreneurship represent the initiation and implementation of innovative systems and practices within an organization, by some of its staff under the supervision of a manager who takes the role of an intrapreneur, in order to improve the economical performance of the organization, by using a part of its resources, namely those that previously have not been used in an appropriate manner. Intrapreneurship improves the economical and financial performance of the company, by applying a more efficient use of the resources and by using a suitable motivational system for its employees.

It's high time to discuss between these two concepts and draw a conclusion regarding which one of the two is having the signs of an extra mileage than the other or else to know whether both are coinciding with each other in some juncture.

II. WHAT IS MEANT BY ENTREPRENEURSHIP?

The concept of entrepreneurship was first established in the 1700s, and the meaning has evolved ever since. Many simply equate it with starting one's own business. Most economists believe it is more than that.

To some economists, the entrepreneur is one who is willing to bear the risk of a new venture if there is a significant

chance for profit. Others emphasize the entrepreneur's role as an innovator who markets his innovation. Still other economists say that entrepreneurs develop new goods or processes that the market demands and are not currently being supplied.

In the 20th century, economist Joseph Schumpeter (1883-1950) focused on how the entrepreneur's drive for innovation and improvement creates upheaval and change. Schumpeter viewed entrepreneurship as a force of "creative destruction." The entrepreneur carries out "new combinations," thereby helping render old industries obsolete. Established ways of doing business are destroyed by the creation of new and better ways to do them.

Business expert Peter Drucker (1909-2005) took this idea further, describing the entrepreneur as someone who actually searches for change, responds to it, and exploits change as an opportunity. A quick look at changes in communications—from typewriters to personal computers to the Internet—illustrates these ideas.

Most economists today agree that entrepreneurship is a necessary ingredient for stimulating economic growth and employment opportunities in all societies. In the developing world, successful small businesses are the primary engines of job creation, income growth, and poverty reduction. Therefore, government support for entrepreneurship is a crucial strategy for economic development.

As the Business and Industry Advisory Committee to the Organization for Economic Cooperation and Development (OECD) said in 2003, "Policies to foster entrepreneurship are essential to job creation and economic growth." Government officials can provide incentives that encourage entrepreneurs to risk attempting new ventures. Among these are laws to enforce property rights and to encourage a competitive market system.

The culture of a community also may influence how



much entrepreneurship there is within it. Different levels of entrepreneurship may stem from cultural differences that make entrepreneurship more or less rewarding personally. A community that accords the highest status to those at the top of hierarchical organizations or those with professional expertise may discourage entrepreneurship. A culture or policy that accords high status to the “self-made” individual is more likely to encourage entrepreneurship.

III. WHAT MAKES SOMEONE AN ENTREPRENEUR?

There is no one definitive profile. Successful entrepreneurs come in various ages, income levels, gender, and race. They differ in education and experience. But research indicates that most successful entrepreneurs share certain personal attributes, including: creativity, dedication, determination, flexibility, leadership, passion, self-confidence, and “smarts.”

- **Creativity** is the spark that drives the development of new products or services or ways to do business. It is the push for innovation and improvement. It is continuous learning, questioning, and thinking outside of prescribed formulas.
- **Dedication** is what motivates the entrepreneur to work hard, 12 hours a day or more, even seven days a week, especially in the beginning, to get the endeavor off the ground. Planning and ideas must be joined by hard work to succeed. Dedication makes it happen.
- **Determination** is the extremely strong desire to achieve success. It includes persistence and the ability to bounce back after rough times. It persuades the entrepreneur to make the 10th phone call, after nine have yielded nothing. For the true entrepreneur, money is not the motivation. Success is the motivator; money is the reward.
- **Flexibility** is the ability to move quickly in response to changing market needs. It is being true to a dream while also being mindful of market realities. A story is told about an entrepreneur who started a fancy shop selling only French pastries. But customers wanted to buy muffins as well. Rather than risking the loss of these customers, the entrepreneur modified her vision to accommodate these needs.
- **Leadership** is the ability to create rules and to set goals. It is the capacity to follow through to see that rules are followed and goals are accomplished.
- **Passion** is what gets entrepreneurs started and keeps them there. It gives entrepreneurs the ability to convince others to believe in their vision. It can't substitute for planning, but it will help them to stay focused and to get others to look at their plans.
- **Self-confidence** comes from thorough planning, which reduces uncertainty and the level of risk. It also comes from expertise. Self-confidence gives the entrepreneur the ability to listen without being easily swayed or intimidated.
- **Smarts** consists of common sense joined with knowledge or experience in a related business or

endeavor. The former gives person good instincts, the latter, expertise. Many people have smarts they don't recognize. A person who successfully keeps a household on a budget has organizational and financial skills. Employment, education, and life experiences all contribute to smarts.

Every entrepreneur has these qualities in different degrees. But what if a person lacks one or more? Many skills can be learned. Or, someone can be hired who has strengths that the entrepreneur lacks. The most important strategy is to be aware of strengths and to build on them.

IV. WHY BECOME AN ENTREPRENEUR?

What leads a person to strike out on his own and start a business? Perhaps a person has been laid off once or more. Sometimes a person is frustrated with his or her current job and doesn't see any better career prospects on the horizon. Sometimes a person realizes that his or her job is in jeopardy. A firm may be contemplating cutbacks that could end a job or limit career or salary prospects. Perhaps a person already has been passed over for promotion. Perhaps a person sees no opportunities in existing businesses for someone with his or her interests and skills.

Some people are actually repulsed by the idea of working for someone else. They object to a system where reward is often based on seniority rather than accomplishment, or where they have to conform to a corporate culture.

Other people decide to become entrepreneurs because they are disillusioned by the bureaucracy or politics involved in getting ahead in an established business or profession. Some are tired of trying to promote a product, service, or way of doing business that is outside the mainstream operations of a large company.

In contrast, some people are attracted to entrepreneurship by the advantages of starting a business.

These include:

1. Entrepreneurs are their own bosses. They make the decisions. They choose whom to do business with and what work they will do. They decide what hours to work, as well as what to pay and whether to take vacations.
2. Entrepreneurship offers a greater possibility of achieving significant financial rewards than working for someone else.
3. It provides the ability to be involved in the total operation of the business, from concept to design and creation, from sales to business operations and customer response.
4. It offers the prestige of being the person in charge.
5. It gives an individual the opportunity to build equity, which can be kept, sold, or passed on to the next



generation.

6. Entrepreneurship creates an opportunity for a person to make a contribution. Most new entrepreneurs help the local economy. A few through their innovations—contribute to society as a whole. One example is entrepreneur Steve Jobs, who co-founded Apple in 1976, and the subsequent revolution in desktop computers.

Some people evaluate the possibilities for jobs and careers where they live and make a conscious decision to pursue entrepreneurship.

No one reason is more valid than another; none guarantee success. However, a strong desire to start a business, combined with a good idea, careful planning, and hard work, can lead to a very engaging and profitable endeavor.

V. WHAT IS INTRAPRENEURSHIP ?

A. Intrapreneurship

Is the act of behaving like an entrepreneur while working within a large organization. Intrapreneurship is known as the practice of a corporate management style that integrates risk-taking and innovation approaches, as well as the reward and motivational techniques, that are more traditionally thought of as being the province of entrepreneurship

B. Definition

Pinchot (1984) defined intrapreneurs as «dreamers who do. Those who take hands-on responsibility for creating innovation of any kind, within a business». In 1992, *The American Heritage Dictionary* acknowledged the popular use of a new word, intrapreneur, to mean «A person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk-taking and innovation». Koch (2014) goes further, claiming that intrapreneurs are the «secret weapon» of the business world. Based on these definitions, being an intrapreneur is considered to be beneficial for both intrapreneurs and large organisations. Companies support intrapreneurs with finance and access to corporate resources, while intrapreneurs create innovation for companies.

The intrapreneur is not to be confused with the “innerpreneur”, a person who aims at personal fulfilment more than at economic gains when creating a business. Employee entrepreneur:

“Intrapreneurship refers to employee initiatives in organizations to undertake something new, without being asked to do so.” Hence, the *intrapreneur* focuses on innovation and creativity, and transforms an idea into a profitable venture, while operating within the organizational environment. Thus, intrapreneurs are *inside entrepreneurs* who follow the goal of the organization. Intrapreneurship is an example of

motivation through job design, either formally or informally. Employees, such as marketing executives or perhaps those engaged in a special project within a larger firm, are encouraged to behave as entrepreneurs, even though they have the resources, capabilities and security of the larger firm to draw upon. Capturing a little of the dynamic nature of entrepreneurial management (trying things until successful, learning from failures, attempting to conserve resources, etc.) adds to the potential of an otherwise static organization, without exposing those employees to the risks or accountability normally associated with entrepreneurial failure. Another characteristic of intrapreneurs is their courage and flexibility to think outside of the box, which allows them to work on ideas that may change strategic direction. Even though many managers are afraid of radical changes, they are often the only way to help companies grow.

C. How to develop Intrapreneurs?

As collaboration increases, the capability to collaborate leads finally to organizational learning as part of non-routine work processes. Many firms not only empower managers, but also enable employees to become more innovative and flexible even in the course of their daily activities and routine tasks. Through empowerment, employees become owners of their tasks. Described on a larger picture we can talk about identity building. In other words, employees require opportunities to make informed choices. They must accept personal responsibility for their actions and its consequences as traditional entrepreneurs across markets would do.

For creating sustained value through building intrapreneurship into the organization, a strong management commitment is essential. The management of the firm is eventually responsible for providing the conditions that facilitate individual intrapreneurial attitude with the aim of opening the employee’s minds.

VI. SIMILARITIES AND DIFFERENCES BETWEEN ENTREPRENEURSHIP AND INTRAPRENEURSHIP

Unlike the entrepreneur, the intrapreneur acts within an existing organization. The intrapreneur is the revolutionary inside the organization, who fights for change and renewal from within the system. This may give rise to conflicts within the organization, so respect is the necessary key in order to channel these conflicts and transform them into positive aspects for the organization. Even though intrapreneurs benefit from using the resources of the organization for the implementation of the emerging opportunities, there are several motives why innovation is more difficult to implement in an existing organization, such as:

- **The size:** the bigger the organization the more difficult it



is to have an overview of the actions of every employee

- **Lack of communication:** Specialization and saration, help in concentrating on the areas of interest, but hinder communication.
- **Internal competition:** Internal competition amplifies the problem because instead of sharing the knowledge with others it borders the knowledge sharing. Everyone wants to keep the information for themselves
- **Feedback received in case of success/mistake:** Costs in case of failure are too great and the reward for a successful outcome too small. Intrapreneurs must be allowed to commit mistakes, because such mistakes are an inevitable part in the entrepreneurial process. The recognition of success is also very rare. No company provides payment in advance for what an entrepreneur might accomplish, but a lot of them like to talk about the concept of intapreneurship and expected their employees to get involved and assume their risk. But finally, when motivated employees get involves and has success their only reward is a small bonus.
- **Dullness:** Many companies are slow and reluctant to change. Intrapreneurs bump many times into the well known sentence “We always did it this way”, which leaves little or no space to creativity. The willingness to try new things appears only when the company’s shortcomings become apparent, but even so they don’t give room to an innovative leadership.
- **Hierarchies:** Organizational hierarchies compel employees to ask permission for actions that fall outside their daily duties. The more complex the hierarchy the more difficult it is to impose change. Hierarchies have also tended to create a short-term thinking. Employees on lower hierarchical levels have a “Victim-Mentality” due to a reduced area of action and reduced responsibilities.

D. Key traits for entrepreneurship and intrapreneurship

Both entrepreneurs and intrapreneurs sell ideas, set a path instead of following someone or something, and concentrate on results rather than processes. Since both seek the same objective, they require similar characteristics and traits to succeed. The key traits required are:

- Conviction, passion, and drive to perform well
- Creativity, originality, and self-confidence to implement ideas
- Strong appetite for taking risks
- Ability to think out of the box
- Ability to see the wider picture
- Sharp mind to conjure up and try unconventional ideas

- Temperament to remain at ease in uncertainties and fluid situations
- Ability to handle pressure

Limiting factors which may clip an entrepreneur’s wings are non-availability of funds, lack of skills or ability to gather the required resources, and lack of expertise or know-how to put ideas into action. An intrapreneur may also be restrained by such factors, but with the backing of a large corporation, rarely so. Intrapreneurs may, unlike entrepreneurs, rather face obstacles from within the company as owners and other employees feel threatened, co-workers resent the rise of the intrapreneur, the workforce tries to protect the status quo, and a general resistance to change surfaces.

The general factors that influence entrepreneurship also affect intrapreneurs. Generally, an entrepreneur, especially with personal or unencumbered funds at disposal, remains the arbiter of his own destiny and can make speedy and even instant decisions. An intrapreneur has considerable autonomy and leeway compared to an executive managing a normal process of a company, but would still need to seek advice and justify actions, especially when requesting funds.

The organizational constraints make it imperative for the intrapreneur to build, nurture, and carry along a team. In contrast, entrepreneurs encounter difficulty in persuading top talent to join untested and unknown start-ups, and as such very often work solo and adopt a highly centralized set up, especially during the initial stages.

The entrepreneur has no choice but to connect his rewards with the success of the company he starts. For an intrapreneur, this is a desirable characteristic but not essential, as the company may still reward the effort.

VII. WHICH IS BETTER?

In comparing the work and responsibilities of an entrepreneur vs. an intrapreneur, intrapreneurship offers the best of both worlds-the freedom to seize opportunities without the restrains of organizational rules and regulations and without placing personal assets at risk. Very often intrapreneurs also gain access to the company’s reputation and a ready-made platform to launch their ideas, two crucial factors that shape success and which remain out-of-bounds for an entrepreneur.

The success of the intrapreneur, however, depends on the patronage and support of the company on a sustained basis, and companies usually support only such ventures that they benefit from. Entrepreneurs, in contrast, have a free run with their vision limited only by the extent of funds at disposal.

VIII. CONCLUSION

Comparing entrepreneur vs. intrapreneur, both transform dreams or ideas into profitable commercial ventures by



applying innovation and creativity. Entrepreneurs do so by starting their company, whereas intrapreneurs do so while remaining within the corporate environment. Entrepreneurship is the act of creating or unlocking value by bringing together various resources such as human resources, capital, and technology to start a process and make a product or offer a service. The entrepreneurial process involves putting dreams or ideas into action, usually through innovation and experimentation, and results in seizing latent opportunities that fulfil wants, needs, and desires to reap rich commercial rewards.

Working in an established company usually means being stifled by rules, regulations, and precedents. Most corporate employees follow a set course of action to reach predetermined objectives. At times, however, corporations require a different approach. For instance, a company staring at bankruptcy with its business model having broken down may need to start afresh, or the company may simply plan to diversify into a new product line. In such cases, the company may empower an in-house executive to indulge in the necessary innovations and experimentation, without the commonly applicable rules and regulations serving as an impediment. Intrapreneurs are such “internal entrepreneurs,” and they very often emulate the company’s founder’s path and methods.

REFERENCES

- [1] Levesque, M. & Minniti, M. (2006). The effect of aging on entrepreneurial behaviour”, *Journal of Business Venturing*, 2006.
- [2] Malek, M. & Ibach, P. K. (2004). *Entrepreneurship. Prinzipien, Ideen und Geschäftsmodelle zur Unternehmensgründung im Informationszeitalter*, dpunkt.verlag, pp. 105-113
- [3] Merrifield, D. B. (1993). „Intrapreneurial corporate renewal”, *Journal of Business Venturing*, pp. 383-389
- [4] Molina, C. & Callahan, J. L. (2009). „Fostering organizational performance. The role of learning and intrapreneurship”, *Journal of European Industrial Training*, 33(5), pp. 388-400.
- [5] Nicolescu, O. & Nicolescu, C. (2008). *Intreprenoriatul și managementul întreprinderilor mici și mijlocii*, Editura Economică, pp. 52-59
- [6] Arenius, P. & Minniti, M. 2005. Perceptual variables and nascent entrepreneurship, *Small Business Economics* 24 (3), 233-247.
- [7] Baumol, W.J. 1990. Entrepreneurship: productive, unproductive, and destructive, *Journal of Political Economy* 98 (5), 893-921.
- [8] Boettke, P. & Coyne, C. 2003. Entrepreneurship and Development: Cause or Consequence?, *Advances in Austrian Economics* 6, 67-88.
- [9] Bosma, N. 2009. *The Geography of Entrepreneurial Activity and Regional Economic Development. Multilevel analyses for Dutch and European Regions*, PhD Thesis, Faculty of Geosciences, Utrecht University, Utrecht.



Socio-Economic Status and Village Artisans Business : A Role Model for Industrial Development

Dr. Ramdas N. Bolake

Assistant Professor, Yashwantrao Chavan School of Rural
Development, Shivaji University, Kolhapur
ramdasbolake@gmail.com

Dr. Shrikrishna S. Mahajan

Professor & Head, Department of Commerce & Management,
Shivaji University, Kolhapur
ssm_commerce@unishivaji.ac.in

Abstract : *Indian economy have been witnessing throughout changes after 1990's. As Indian Government decided to open the door of its economy to the world, with the adoption of new economic policies. It resulted into relaxation of various government rules and regulations, including licensing and investment policy. With the advent of Liberalisation, Privatisation and Globalisation the competition for domestic Indian businesses has been increased. Hence, at that time it was said that Indian businesses will not survive in competition, in front of financial and technological strength of foreign companies. With reference to rural India, it is said that India lives in its villages, occupying more than 60 per cent of its population currently, which may be vulnerable to change in economic conditions. Hence in order to understand impact of the new economic policy especially on the rural part of India, and on rural businesses and to test, whether the new economic policy is really benefitting the rural India this study was necessary.*

Keywords : *Village Artisans, LPG, NEP.*

I. INTRODUCCION

In rural India, rural artisans are considered as an important part of social structure, apart from farmers. These rural artisans like potter, carpenter, black smith, cobbler, shepherd, weavers, gavandi, burud and tailor etc. are involved in doing their traditional businesses, involving use of traditionally inherited skills. These artisans contribute greatly to the economy and self-sufficiency of the villages, and are an important source of self-employment. Considering nature of their business, these artisans mostly use traditional tools and machines in their business and mostly fulfill the local needs, also their requirements related to the finance is also limited. The new economic policy has brought both challenges and opportunities for this part of the society in the form of large scale production, low cost of products, aggressive marketing, planned business strategies etc. by medium and large scale businesses on one side and availability of better infrastructural facilities, educational and training facilities etc. on the other side.

II. RURAL ARTISANS

In rural areas the class of artisans form an integral part of the village community. They have existed since the ancient periods contributing to the general self-sufficient image of an Indian villages. Some of these are like the Potter, Carpenter, Black Smith, Cobbler, Shepherd, Weavers, Gavandi, Burudand Tailor etc. Not all villages had stayed families of these artisans but under the Jajmani

system, sometimes a family of these occupational castes served more than one village. 'Some social mobility existed in the pre-British period but, generally, these artisans work did not experienced much changes. Due to the advent of the British in India, this relatively static existence of the artisan's caste suffered a radical change. Indian economy became subordinate to interests of the British trade and industry (Babujam, 1984).

III. REVIEW OF EARLIER STUDIES

This present study is review of the literature of the studies on relevant aspects. The review of literature includes different sources which may be classified as research project, government report, theses, dissertations, books research papers etc.

Ahmad (2013) analysed the handicrafts marketing strategies of artisans in Uttar Pradesh and its implications. At present the rural producers are struggling to market their products and services due to various reasons. The success of handicrafts depends on how well the artisans can produce the article and introduced in the market in keeping with the tastes and preferences of consumers. Industrialisation in any kind of arts and crafts must be recognised by the market of consumers through the exchange of commodities in order to make the artistic and ethnic value with a touch of innovation.

A study carried out by All India Artisans and Craft Workers Welfare Association (2010) revealed that, the



handicraft sector in India occupies an important position in the country. It also is a repository of the culture heritage of the nation. The workers mainly inherent the skills from their parents and become experts in it. The sector, however, remains largely unorganised and dependent on market fluctuations and the workers were faced with several challenges in the practice of their craft.

Amjad (2004) reviewed the major policies and programs concerning rural industrialisation and its impact on employment in Pakistan. However, since the Government has never really had on rural industries are not available, focus attention on two major aspects of development programs which seems to have had some impact on rural industries, directly or indirectly. The finally important conclusion emerging from this exercise is that there was little understanding of the problems of small- scale industries and their employment potential.

Choubey, R. B. (1978), focussed a study entitled Problems and Prospects of weavers co-operative in Behar. Acute financial crisis was observed to be the main problem for the establishment of a separate wing in the central co-operative bank for providing financial assistance to these societies.

Rao G. (1991), in their book ‘Rural Unemployment and Rural Industrialization pointed out that the growth of handicrafts has many benefits as they are labour intensive and offer employment to village artisans employing local resources. They laid stress on the necessity of giving special training in export oriented crafts of hand knotted woollen carpets, art metal- ware, hand printed textiles and wood ware.

IV. OBJECTIVES OF THE STUDY

1. To study the socio-economic status of artisans in Indian economy.
2. To study the importance of artisans in rural economy.
3. To examine the impact of new economic policy on business volume.

V. HYPOTHESES OF THE STUDY

1. There is an adverse impact of new economic policy on the business of rural artisans.
2. There is no social support to artisans.

VI. RESEARCH METHODOLOGY

This is exploratory study. Purposive Quota sampling method was adopted for this present study. Data for the study have been collected from both Primary and Secondary sources.

1.6.1 Primary Data :

The primary data related to micro level study were

collected personally through intensive field work, questionnaire and personal discussion with the village artisans.

1.6.2 Secondary Data :

Secondary data includes Census Report, Plan documents of Central and State Government, Financial Institutions, District Industries Centre (DIC) and Statistical Abstracts, Published Reports, Periodicals, News Papers and web-sites etc.

1.6.3 Sample Design :

The present study covers all ten major artisans’ categories prevailing in Kolhapur district, which includes Potter, Carpenter, Black Smith, Cobbler, Goldsmith, Shepherd, Weavers, Gavandi, Burud and Tailors. Total 480 artisans is the sample size for the study confined to 10 categories in 12 talukas of Kolhapur district.

The formula for determining sample size in case of, infinite population is used to arrive at a representative number of respondents as given below : (Godden, 2004).

Sample Size =

Where,

SS = Sample Size for infinite population (More than 50,000)

Z = Z Value (e.g. 1.96 for 95 per cent level of confidence)

P = Population Proportion (expressed as decimal) assumed to be 50 per cent i.e. 0.5

M = Margin of Error at 5 per cent (0.05).

Sample Size =

Sample Size =

Sample Size =

Sample Size = **384.16**

Adequacy of sample size has been calculated by Godden, 2004 formula, which scored 384. Hence, more than adequate 480 artisans have been selected. The total sample size of 480 is comprised of 40 respondent artisans from each taluka, of which each category of artisan contributes to the sample size of 4 each.

1.7 ANALYSIS OF DATA :

1.7.1 Data Processing:

The collected data were processed with the help of statistical tools and techniques, such as classification, editing, coding, tabulation, use of software’s such as SPSS and MS-Excel.



1.7.2 Data Presentation:

Data are presented in the form of various tables and charts for information relating to aspects in research such as Personal information, business information, marketing, new economic policy, business resources, income level labour intensity and aesthetic satisfaction etc.

1.7.3 Data Analysis:

Data were analysed by the using statistical tools, like various tables, various graphs, and charts and with the help of simple statistical techniques such as average, percentage etc. The researcher has used one sample t-test for the purpose of testing of hypothesis.

1.7.4 Data Interpretation:

Finally, researcher has interpreted the data on the basis of analysed data provided by the respondent artisans.

1.8 SCOPE OF THE STUDY :

1.8.1 Geographical Scope of the study

The geographical scope of the present study is restricted to Kolhapur district.

1.8.2 Analytical Scope of the study:

The data have been analyzed by using descriptive statistical techniques like percentage, average and presented by using tables, bar charts, pie charts formulate. The researcher has used one sample t-test for the purpose of testing of hypothesis.

1.8.3 Topical Scope of the study

The topical scope of the study is limited to the ‘Impact of New Economic Policy on the Business of Village Artisans with special reference to Kolhapur District’.

1.8.4 Functional Scope

The functional scope of the study covers the role of the artisans in Indian economy, role of artisans in rural economy, it also covers the assessing impact of new economic policy on rural artisans business.

1.9. ANALYSIS AND INTERPRETATION OF DATA :

1.9.1 Analysis of Socio- Economic Status of Artisans

Table 1

Distribution for Socio- Economic Status of Artisans

Sr. No	Parameter	Classification	Frequency	Percentage
1	Age	21 to 30	13	2.70
		31 to 40	66	13.80
		41 to 50	144	30.00
		51 to 60	224	46.60
		above 61	33	6.90
2	Gender	Total	480	100
		Female	29	6.00
		Male	451	94.00
		Total	480	100
3	Education	Illiterate	310	64.60
		Primary	41	8.50
		Secondary	75	15.60
		Higher Secondary	52	10.80
		Graduate	2	0.40
		Total	480	100
4	Religion	Hindu	455	94.80
		Muslim	22	4.60
		Bouddh	3	0.60
		Total	480	100
5	Category	General	44	9.20
		OBC	327	68.10
		SBC	2	0.40
		VJNT	46	9.60
		SC	55	11.50
		ST	6	1.30
		Total	480	100
6	Caste	Potter	52	10.80
		Carpenter	65	13.50
		Lohar	60	12.50
		Chambhar	58	12.10
		Sonar	48	10.00
		Dhangar	46	9.60
		Maratha	40	8.30
		Shimpi	43	9.00
		Mang	13	2.70
		Burud	39	8.10
		Muslim	8	1.70
		Total	480	100
7	Marital Status	Unmarried	6	1.30
		Married	471	98.10
		Widowed	3	0.60
		Total	480	100
8	Family Type	Joint	309	64.40
		Nuclear	171	35.60
		Total	480	100



9	Family Annual Income	Up to 50,000	255	53.10
		50,001 to 1,00,000	140	29.20
		1,00,001 to 1,50,000	60	12.50
		1,50,001 to 2,00,000	20	4.20
		More than 2,00,001	5	1.00
		Total	480	100
10	Family Size	1 to 3	20	4.20
		4 to 6	284	59.20
		7 to 9	76	15.80
		10 to 12	84	17.50
		13 and above	16	3.30
		Total	480	100

Source: Field Survey

Age : Table 1 shows age wise distribution of respondent artisans. Only 2.7 percent of artisans were in the age group of 21 to 30 years and the age group 51 to 60 shows the higher 46.6 per cent of artisans. While age group of 41 to 50 and 31 to 40 is showing 30 per cent and 13.8 per cent respectively. This table reveals that the numbers of young artisans are less in numbers, while the age group from 41 to 50 and 51 to 60 is having highest number of artisans' percentage comprising of almost more than 75 percent. Considering the share of age group from 21 to 30 and 31 to 40 it can be interpreted that the young generation of artisans is not getting attracted towards their inherited business.

Gender: It shows that the selected sample size for the study is having majority (94 per cent) of male artisans than the female artisans. The above table clearly indicates the major role of male members in the artisan's family in the conducting this business the male artisans are comprising 94 per cent, while females are having just 6 per cent contribution in their business.

Education: It is seen that education wise distribution of artisans. Majority of the artisans are illiterate (64.6 per cent), nearly 15.6 per cent artisans have completed secondary level education, and 8.5 per cent artisans have taken education up to primary level. Out of total sample just 10.8 per cent of artisans have completed higher secondary level education. While number of graduate artisans was found very less i.e. 4 per cent. From above tables it can be seen that a vast level of illiteracy is still prevailing in the said artisan's society. As we can see more than 50 per cent of sample size is illiterate they are not well positioned to identify the impact of external environmental effects on their business. Also the primary and secondary level of education will not lead to any specific skill or knowledge improvement for them. As we can see the percentage of graduate persons is only 0.4 per cent which may probable seek alternate better jobs they will not be of any use to their inherited business. So, there is a need of proper education, which will build a confidence among the artisans to make proper decisions in business.

Religion : It is shows the religion wise classification of respondents artisans. Nearly 94.8 per cent artisans are Hindu, while percentage of Muslim and Bouddh is 4.6 per cent and 0.6 percent respectively. This table indicates that most of artisans (94.8 per cent) are Hindus.

Category : It is reflected that the majority of artisans are from OBC category consisting almost 68.1 percent which is more than total of all remaining categories which comes to 31.9 percent. In the above data we can see that the share of SBC and ST category is very less as compared to all other categories which is 0.4 percent and 1.3 percent respectively. The contribution of General, VJNT and SC category on an average is near to 10 percent of share. So we can interpret that OBC is the major type category prevailing in the artisans business.

Caste : It is reveals the caste wise classification of artisans. It is clear that artisans business is mostly dominated by potters (10.8 per cent), carpenter (13.5 per cent), lohar (12.5 per cent), chambhar (12.1 per cent), sonar (10 per cent), Dhangar (9.6 per cent), Maratha (8.3 per cent), shimpi (9 per cent) and Burud (8.1 per cent), while the share of mang (2.7 per cent) and muslim (1.7 per cent) is found very less comparing with others. So we can conclude that excluding the caste of muslim and mang uniform proportion nearing to 10 per cent can be seen in above classification as no caste is having a dominating portion of per cent.

Marital Status : It is seen that the 98.1 per cent artisans are married. 1.3 per cent artisans are unmarried and 6 per cent of them are widowed.

Family type : It is identifies that the data based on family structure. The 64.4 per cent artisans are joint family members and remaining 35.6 per cent artisans were belonging to nuclear family. Table shows that a proportion of joint family is higher than the nuclear family. As the artisans business is mostly traditional, these results were as expected.

Family Annual Income : It is reveals the distribution of annual income of artisans' family. Highest number of 255 artisans i.e. 53.1 per cent are having annual income up to 50,000, followed by 140 artisans i.e. 29.2 percent having annual income from Rs. 50,001 to Rs. 100,000. of these 60 artisans i.e. 12.5 percent are having annual income between Rs. 1, 00,001 to Rs. 1, 50,000. It is seen that only 5 artisans or 1 percent of sample is having annual income above Rs. 2, 00,001. So we can conclude that majority of the artisan are from lower income group and are living in poor conditions, failing to maintain any proper standard of life. It was seen that as these artisans are living in rural areas their income generating capacity is restricted due to the rural economic conditions and traditional form of doing business. Due to such lower level of income these artisans fails to save and invest any money or additional fund which can be utilized



for the development of their business.

Family Size : It is seen that most of artisans family are having 4 to 6 members of family size i.e. 59.2 per cent followed by 10 to 12 members i.e. 17.5 per cent , 7 to 9 members i.e. 15.8 per cent, 1 to 3 members i.e. 4.2 per cent and 13 to 15 members i.e. 3.3 per cent respectively. From the above data we can see clearly that the highest percentage of family size is contributed by category of 4 to 6 member’s family size. If we consider also family size of 1 to 3 members we can concludes that the nuclear family type is dominating one. As compared to family size of 7 to 9 and above this can be considered joint family type.

1.9.2 CLASSIFICATION OF ARTISANS ACCORDING TO VIEWS ABOUT ECONOMIC POLICY

The economic policy plays an important role in an enhancement of the business. The researcher through some question tried understand the effects of new economic policy on the artisans business.

Table 2

OPINION ABOUT IMPACT OF NEW ECONOMIC POLICY

Sr. No	Responses	Yes (%)	No (%)	Total (%)
1	New economic policy affected	446 (92.9)	34 (7.1)	480 (100)
2	Infrastructural facility	432 (90.0)	48 (10.0)	480 (100)
3	Difficulty to get capital	431 (89.8)	49 (10.2)	480 (100)
4	Difficulty to market the product	415 (86.5)	65 (13.5)	480 (100)
5	Difficulty to get bread and butter	368 (76.7)	112 (23.3)	480 (100)
6	Created cut-through competition	347 (72.3)	133 (27.7)	480 (100)

Source: Field Survey

When asked about the impact of new economic policy on business 446 artisans (92.9 per cent) felt that the new economic policy has affected lot their business while only 34 artisans (7.1 per cent) felt that it has no such impact on their business.

Regarding the development of infrastructural facilities, it shows that 432 artisan (90 per cent) artisans feel that the infrastructural facilities been developed due to the new economic policy of the government, while only 48 artisans (10 per cent) do not feel so.

Regarding availability of capital, It shows that 431 artisan (89.8 per cent) feel that the new economic policy has

made it difficult for them to get capital easily, while only 49 artisans (10.2 per cent) do not feel so.

Regarding the availability of the market, it shows that 415 artisans(86.5 per cent) feel that due to new economic policy it has become difficult to get market for their product easily, while only 65 artisans(13.5 per cent)thinks that it has not impacted them regarding availability of market.

When asked about fulfillment of basic livelihood needs, such as bread and butter. The table shows that 368 artisans (76.7 per cent) feel that the new economic policy has made it difficult for them to get bread and better easily, while only 112 artisans (23.3 per cent) do not feel so.

Regarding the cut-throat market competition, the table shows that 347 artisans (72.3 per cent) feel that the new economic policy has created cut-throat competition for doing their business while 133 artisans (27.7 per cent) think that the competition for their business has not increased.

The lack of management skills, financial problems, old production techniques and low productivity along with increasing cost of raw material, cost of production and lack of marketing skills with increasing competition are the major reasons for the low profit margin for rural artisans in the Kolhapur district.

It is seen that, the economic policy implemented by Government of India in, 1991 greatly affects the business. The costs of capital, marketing, research and development, advertisement have increases and created the cut-through competition in artisan business. But, at the same time the infrastructural facilities have improved. So, artisans need to concentrate on this positive out-coming of the new economic policy. Artisans have to adapt to the changing conditions and change in business considering the present condition. The government should help artisans to cope up with changing conditions. Due to new economic policy 1991, it is also possible that the impact might be negative (Closure of business) or positive (Starting new business units). This study intends to measures both negative and positive impact of economic reforms on the business units started by the rural artisan in Kolhapur district.

1.10.1 HYPOTHESIS 1

1. (H0) There is an adverse impact of new economic policy on the business of rural artisans.

$$H_0 \mu = 3$$

$$H_1 \mu \neq 3$$

Note : Here, the basic data from Table 2 have been used for testing this hypotheses

For, ‘1’ is taken, if response is ‘Yes’



‘0’ has been taken, if response is ‘No’

6 factors are considered for measuring impact of new economic policy on the business of rural artisans, which are (1) New Economic Policy affected, (2) Infrastructure facility, (3) Difficulty to get capital, (4) Difficulty to get market, (5) Difficult to get bread and butter, (6) Created cut-through competition etc.

Expected value for full impact is 6 hence, 50 per cent of it. i.e. 3 has been taken as test value.

It means, if value is 3 equal to 3 or above 3, there is impact of new economic policy.

Table 4

Analysis of one Sample T-Test For adverse Impact of NEP

Hypothesis	Paired Differences			t	Test Value	df	Sig. (2-tailed)	Result
	Mean	S. D.	Std. Error Mean					
Hypothesis 1	5.08	1.461	.067	31.219	3	479	0.000	H ₀ - Accepted

S. D = Standard Deviation, df = Degree of Freedom.

It is seen whether the mean value of sample difference 5.08 is significant from a population mean. The one sample t-statistic is 31.219, where the significant value is 0.000, which is less than the table value (the level of significance 0.05 with the degree of freedom 479). The null hypothesis is accepted and alternative hypotheses is rejected i.e. There is an adverse impact of new economic policy on the business of rural artisans.

1.10.2 HYPOTHESIS 2

2. (H₀) There is no social support to artisans.

$$H_0 \mu = 5$$

$$H_1 \mu \neq 5$$

Note: Here, the basic data from Table 3 have been used for testing this hypothesis

For, ‘1’ is taken, if response is ‘Yes’

‘0’ has been taken, if response is ‘No’

10 factors considered for measuring social support for artisans, which (1) Are you doing the business only because to caste, (2) Family suggestion, (3) Investing money, (4) Family suggestion of business expansion, (5) Relatives and friends, (6) Expansion of business, (7) Co-operation, (8)

Inspiration of government, (9) Growth and development, (10) Inspiration of government for running the business.

Expected value for full impact is 10 hence, 50 per cent of it. i.e. 5 has been taken as test value. It means, if value is 5 equal to 5 or above 5, there is no social support for artisans.

Table 5

Analysis of one Sample T-Test for No Social Support to Artisans

Hypothesis	Paired Differences			t	Test Value	df	Sig. (2-tailed)	Result
	Mean	S. D.	Std. Error Mean					
Hypothesis 2	6.59	1.660	.076	20.920	5	479	0.000	H ₀ - Accepted

S. D = Standard Deviation, df = Degree of Freedom.

The above table shows that the mean value of sample difference 6.59 is significant from a population mean. The one sample t-statistic is 20.920, where the significant value is 0.000 .which is less than the table value. (The level of significance is 0.05, with the degree of freedom 479). The null hypothesis is accepted and alternative hypothesis is rejected. i.e. there is no social support to artisans.

1.11 SUGGESTIONS :

1. Government should help to artisans by giving the loans at lower rate of interest to improve their business.
2. Awards, prizes and Certificates should be given to those artisans who produce maximum and quality products and to those who are having frequent publications of various posters, booklets, write ups in leading news-papers, columns related to artisans products in local as well as domestic news-papers to encourage them.
3. It is a necessary to develop, encourage and register a specific brand of artisan’s product such as ‘Kolhapuri Chappal’ by fixing geographical indication (GI) and promote it for domestic as well as international market accessibility.
4. In order to inspire the village artisans, they should be provided training at local level. For that purpose, the training programmes, workshops, conferences and seminars should be arranged in frequently through trainings institutions such as KVIB, MKVIB etc.
5. To avoid malpractices and corruption in the distribution of subsidies by the central and state government, the government should provide financial assistance to village artisans immediately with simple process of loan sanction.
6. For the development of artisans, the related websites



should be updated regularly with new information and coherent statistical database.

7. In order to attract foreign tourists and understand their needs and expectations to serve them better, artisans should develop a good relationship with the tourists.

8. The government should encourage wide publicity of the village artisan's products, through newspapers, radio, social media etc.

9. Government should encourage new generation of artisans to enter in this industry by Supplying raw material at affordable price.

10. For capturing a big market and the increasing demand for artisan's products. There should be a strong marketing as well as export channels.

11. For the manufacturing of the quality products and capturing the national and international market use of modern machineries is essential.

12. Village artisan should give up their regular livelihood “attitude” towards their business. They should be flexible enough to cope with changing business activities in this global era, and they should apply advanced production and modern technology, marketing techniques to enhance the quality of their products.

13. Village artisans should keep on updating knowledge and skills as well as they should enhance their competencies with the help of formal training.

14. Special events like training programmes, workshops seminars etc, are to be arranged frequently in collaboration with ITI's and local Universities, at district level as well as taluka level for enhancing level for enhancing their skill competencies and their existing knowledge with regards to production, marketing, finance and human resource management etc.

15. Adequate and timely guidance should be provided to artisan through separate mechanism for effective marketing of their products with prior declaration of minimum support price.

CONCLUSION :

The artisans business is mostly traditional due to illiteracy, lack of awareness about modern techniques and their tendency to live in villages. The business is mostly conducted by old age artisans and entry of the new ones is at low level because the artisan business demands hard work, unsophisticated nature of work, low income, low social status and other attractive options. Most of the artisans are not benefited by Government schemes due to lack of awareness about Government Schemes, illiteracy, limitations on the

reach of the Government schemes in rural areas , corruption , delay in loan sanction, lengthy process of loan sanction and complexity of the documents. LPG policy launched in 1991 made a whole turnaround nationwide. The artisans are no different. Our findings and suggestions will help the artisans as well as the government policy makers and researchers and institutions to improve the artisans business.

REFERENCES

- [1] Ahmad, W. (2013), Study of handicraft marketing strategies of artisans in Uttar Pradesh and its implications, Research journal of management science, 2 (2), 23-26 , ISSN 2319-1171.
- [2] All India Artisans and Craft Workers welfare (2010), Environment, occupational Health and Safety in the Craft Sector in India: Baseline study of Selected Craft Clusters”, Association New Delhi.
- [3] Babujam K. V. (1984) Poverty Alleviation through Rural Industrialization, Kurukshetra (India's Journal of Rural Development) 33, (1).
- [4] Brahmananda Narayana, Kallapp (1987), Dimensions of Rural Development in India, Himalaya Publishing House, Bombay. pp.241.
- [5] Choubey R. B. (1978), Problems and Prospects of Weavers Co-Operative review, Bombay 15(3).
- [6] Godden W. (2004), Market Research and Strategic Planning, Chicago, IL
- [7] Rao R. V. (1986), the role of cottage and small Industries, Deep and deep Publications, New Delhi, 1986, pp. 27.



Green Banking :Way to Sustainable Development

Dr. Pratibha Ajit Jagtap

Assistant Professor, Rajarambapu Institute of Technology,
Dept. of Management Studies, Rajaram nagar, Dist. Sangli
pratibha.jagtap@ritindia.edu

Abstract : Green is eco-conscious symbol which focuses for moving towards green economy and becoming more environmentally sensitive .Green word indicate prosperity, growth. “Go Green” is the buzz word now in each and every aspect of business. Business sector is towards the wave of change with all business activities focusing not only on profit but on people and planet also. One such area is Green Banking. Banking sector plays an important role in promoting eco-friendly sustainable investment. Banks cannot be directly called as polluters but they are involved in providing finance to projects- polluters or could be in future. Environmental effects of banks are not directly or physically related to the banking activities but with its customer’s activities. This paper highlights the concept of Green Banking, Products of Green Banking.,

Keywords : Green Banking, Environment

I. CONCEPT-GREEN BANKING

Green Banking is not a separate bank .It is like a normal bank which considers all the social and environmental factors. It is also known as ethical bank or sustainable bank. Green banking concept firstly implemented in the year 2009 in Mt. Dora, Florida, United States. These banks aim to protect the environment and conserve the natural resources. Thus, these banks ensure environment friendly practices and thereby reducing internal and external carbon footprints. So, green criteria should be followed more while lending to different industry. Generally banking sector is not considered as polluting industry. But it is involved in increasing energy consumption through use of lighting, air conditioning and paper consumption.

According to Indian Banks Association (IBA, 2014) “Green Bank is like a normal bank, which considers all the social and environmental / ecological factors with an aim to protect the environment and conserve natural resources”.

Institute for Development and Research in Banking and Technology (established by RBI) defines Green Banking as-“Green Banking is an umbrella term referring to practices and guidelines that make banks sustainable in economic, environment, and social dimensions. It aims to make banking processes and the use of IT and physical infrastructure as efficient and effective as possible, with zero or minimal impact on the environment.”

IDRBT has introduced green rating standards for Indian banks, which are known as ‘Green Coin Ratings’. Accordingly, banks are judged on the basis Carbon Emission, Green Building, Paper Work, Green Investment, Reuse/ Recycle / Refurbish, Green Rewards,

So, Green Banking covers two aspects i.e. One is proper

use of all natural as well as physical resources, energy and reducing carbon footprints and second is encouraging and financing only environment friendly investment...

Green Banking promotes recycling, forest preservation, water conservation, low-cost farming practices, eco-tourism etc.

II. AVENUES OF GREEN BANKING

Avenues of Green banking categorized as processes, products and strategies of Green Banking-

A. Green Products and services-

- Mobile Banking
- Green Saving Accounts
- Green Deposits
- Green Credit Cards
- Green Reward Checking Accounts
- Green Mortgages and loans
- Remote Deposits
- Green Money Market Accounts
- Green CDs
- Social Responsibility Services

B. Green Strategies-

Green Strategies explains to its stakeholder’s environmental values, setting policies and communicating.

- Go online
- Use of Power saving equipment’s
- Save Paper



- Green Building
- Use of Solar and Wind Energy
- Paper-Less Banking
- Energy Consciousness
- Using Mass Transportation System

C. *Green Process-*

Green Process involves implementing undertaking such activities which involves of eco-friendly concept.

- Using Online Communication tools for maintaining good customer relation
- Paperless transactions
- Offering banking products with less environment impact

III. GREEN BANKING IN INDIA

In India, Green Banking concept is at still infant level. Some of the public sector and private sector banks have started implementing green banking concept.

D. *State Bank of India*

In India, firstly, in the year 2010, State Bank of India introduced green banking concept by launching Green Channel Counter (GCC) facility at their branches to replace the traditional way of paper based banking. Bank supports the construction of wind farms in India .Bank is lending such green building projects which are maintaining green standard including utilizing natural lighting and recycled water it has promoted online money transfers between United States and India from branch banks.

E. *ICICI Bank*

ICICI Bank has started Internet banking which provides consumer convenience of anytime anywhere banking through Internet banking, i-Mobile banking, IVR Banking. Bank offers Vehicle Finance with 50% waiver on processing fee on car models which uses alternate mode of energy. The models are Maruti's LPG version of Maruti 800, Hyundai's Santro Eco, Civic Hybrid of Honda, Omni and Versa, Reva electric cars, Tata Indica CNG and Mahindra Logan CNG versions. Regarding to Home Finance, bank charge low processing fees for the customers who purchase homes under 'Leadership in Energy and Environmental Design' (LEED) certified buildings Punjab National Bank (PNB)

Punjab National Bank (PNB) is conducting Electricity Audit of offices as an energy conversation initiative and maintained a separate audit sheet for assessing the impact of green initiatives taken by them. More than 290 Tree Plantation Drives had been organized by the bank. Green building practices are also initiated such as printing on both

sides of paper, mater censors for lights, fans energy efficient lights, immediate repair of water leakage etc. 'Green Pledge' concept is also implemented under Ministry of New and Renewable energy.

F. *Bank of Baroda –*

This bank is giving preference to eco-friendly green projects such as windmills, biomass and solar power projects which help in earning the carbon credits. It also promotes use of internet banking, mobile banking, paperless banking and installation of ATM's. It had made obligatory for industries to get 'No Objection Certificate' from the Pollution Control Board and also they are not lending finance to environmental hazardous industries using ozone depletion substances such as halos-1211,1301,2402 used in foam products, cholorofluoro carbon CFC 11,12,113, solvents in cleaning and aerosol products

G. *Canara Bank –*

Canara bank also started providing high-tech banking facilities like internet banking, mobile banking, , solar powered biometric operations, pass book printing kiosk, ATM, online trading, tele-banking and cash/cheque acceptor. The bank had implemented e-governance for HRM function and several other administration areas to reduce the paperwork. In terms of Lending policy, they are giving due preference and weightage to projects which can earn carbon credits like solar energy projects, windmills, etc. The bank is also not extending any finance to the units which are producing ozone depletion substances such as cholorofluoro carbon, carbon tetrachloride, aerosol products, solvents etc. While appraising any project, the organization insists the manufacturing units which are emitting toxic

Pollutants, to install water treatment projects to process such pollutants and they also ensure that the borrower to obtain No Objection Certificate (NOC) from central or state pollution control board.

H. *HDFC Bank Ltd –*

The bank is boosting employees for paper-less transactions ,communicating through electronic media with their high net worth customers and replacing conventional lighting with CFL, switching off all the lights after 11 pm at all the branches.

I. *Axis Bank Ltd. –*

Bank had initiated the process of collecting all the dry waste generated from the corporate office and recycle it to notepads, notebooks and envelopes. They are also encouraging their customers to use e-statements and other electronic communications to reduce paper consumption Annual reports are being sent through emails .Green Building concept is also initiated by this bank.



J. Kotak Mahindra Bank –

‘Think Green’ slogan is profounded by this bank ,Under this customers are motivated for signing e-statements and also they have become partners with ‘Grow-Trees.com’ to plant one sapling for every e-statement on behalf of its customers. ‘Social, Environmental Management System Plan’ (SEMSP) is implemented to assess the environmental and social risk of borrowers which is based on an IFC sustainable framework and performance standards. Bank gives to its members e-annual report .The rain water harvesting tank has been installed in the premises.

Some advantages of introducing green products or services are as follows-

- Environmental awareness and benefits
- Improved market share
- Customer acquisition and loyalty
- Higher employee satisfaction and retention
- Reputational benefits (improved brand image)
- Increased profits
- Positive media attention
- Improved license to operate
- Strengthened relationships and partnerships with external stakeholders

IV. REVIEW OF LITERATURE

Dr Bibhu Prasad Sahoo and Amandeep Singh (Aug 2016) found through their study that young generation is more inclined towards green banking products than middle and senior age groups. Educational qualification has nothing to do with usage of green banking products but more need to create awareness about green banking products for middle and senior age group.

Manpreet Kaur (Jun 2016) highlighted benefits, products and challenges of green banking in present times. He concluded that Indian banks are still at infant stage. Initially green practices will cause huge financial commitments but in long run it will give maximum advantages. Awareness can be created by constructing websites, road shows, event meeting, bank newsletters, and weekly green news on internet. Imparting education, innovative financial solutions to incorporate environmental perspective. Introducing green funds for customers who are interested in investing environmental friendly projects .Carbon footprint must be reduced by energy consciousness and by mass transportation.

Neyati Ahuja (2015) attempted to highlight that there is lack of awareness and education about green banking concept. Public sectors are keener in adopting green practices as compared to private banks. Proper training and educational program by banks for green initiatives will

actually make green banking a success.

Geetika Jaggi (Jun 2014) has studied initiative taken by SBI and ICICI bank for green banking. There is tidal wave of change is now found in banking sector align with their investment decision making with the triple bottom line concept.

K.J.Sunmista and T Sathan (2014) tried to find out the attitude of employees towards the green banking initiative of public sector commercial banks in India. So he concludes that bank employees must consider green banking as a necessity rather than desirability.

Ashish Kumar (2014) in his research paper revealed that Green banking is really a good way for people to get more awareness about global warming; each businessman will contribute a lot to the environment and make this earth a better place to live. Green bank avoid as much paper work as possible and rely on online transactions. When loan is granted, the interest of that loan is comparatively less with normal banks because green banks give more importance to environmental friendly factors-ecological gains. Natural resource conservation is underlying principle in green bank while assessing capital or operating loans to extracting or industrial business sector.

According to Vikas Nath, Nitin Nayak and Anikt Goel concluded in their research paper (April 2014) that bank should change routine operations through adoption of paperless banking, online banking, green card, mass transportation. Concept of LEED certified green building should be adopted. Bank should start investing in low carbon technologies. Bank should adopt environmental standards for the lending and financing principles.

Ms. Neetu Sharma, Sarika K and R. Gopal in their study concluded that green banking is a multi-stakeholders Endeavour where banks have to work closely with govt., NGOs, IFIs, IGOs, Central bank, consumers. Green initiative like communication through press, bank environmental policy, concession on energy saving, solar ATMs, Green CDs should be done.

Kanak Tara, Saumya Singh, Ritesh Kumar provoked that adoption of green approach is more than just becoming environmental friendly as it is associated with lot of benefits like reduction in risk as well as the cost of the bank, enhancement of bank reputations and contribution to the common good of environmental besides enhancing just reputations.

Ravi Meena (2013) made an attempt to enumerate effective methods for green banking. He said that up to the year 2020, it provides tremendous opportunities for Indian banks from funding sustainable projects offering innovative products and services in the areas of green banking. The survival of banking sector in inversely proportional to the



level of global warming.

Dr. Sarita Bahl highlighted the means to create awareness in internal as well as external sub system among target groups and impart education to attain sustainable growth through green banking. She suggested that there should be website designed to educate through banks intranet and public website communicate through press, disseminate information through leaflets, carbon footprint reduction by energy consciousness and by mass transportation, e-learning programs.

Nishikant Jha and Shraddha Bhome (2013) tried to check awareness about green banking among general public and consumers and bank employees. Green banking not only will ensure the greening of industries but it will also facilitate in improving the asset quality of banks in future.

V. CONCLUSION

Green banking is a smart way of thinking for environment sustainability .It is road map for creating awareness about global warming among the society and inculcating eco-friendly attitude among community at all levels .Green Banking avoids as much paper work .It adopts and implement environmental standards for lending. Natural conservation is possible though this green policy .Thus Green Banking serves commercial as well as corporate social responsibility objective of bank. Still there is need of conducting education programs and training in perspective of proper implementation of this concept and its adoption by the community.

REFERENCES

- [1] Vikas Nath,Nitin Nayak and Ankit Goel,”Green Banking Practices-A review”,Internationsl Journal of Reserach in Business Management,ISSN(E)2321-886X,Vol.2 ,Issue-4,Apr-2014,45-62
- [2] Ms.Neetu Sharma,Ms Sarik k.,Dr.R.Gopal,: A study on customer’s awareness on green banking initiatives in selected public and private sector banks with special reference to mumbai”,IOSR Journal of economics and finance,e-ISSN:2321-5933,Pg-28-35
- [3] Kanak Tara*, Saumya Singh, Ritesh Kumar”Green Banking for Environmental Management: A Paradigm Shift
- [4] Mrs.Dipannita attacharjee, Green Banking And Its Practices In Bangladesh
- [5] Dr. Bibhu Prasad Sahoo, Amandeep Singh, Adoption of Green Banking in India: Challenges and Prospects , International Journal of Science and Research (IJSR) ISSN (Online): 2319-7064 Index Copernicus Value (2013): 6.14 | Impact Factor (2015): 6.391 Volume 5 Issue 8, August 2016
- [6] Neyati Ahuja,” Green Banking in India: A review of literature, Internationsla Journal for Research in Management and Pharmacy,Vol.-4,Issue-1, January 2015,(Pg.11-16)
- [7] Manpreet kaur,” Green Banking –Need of Hour” International Education & Research Journal [IERJ] E-ISSN No.2454-9916,Vol.2,Issue-6,June 2016, (Pg-46-47)
- [8] Ravi Meena,”Green Banking:As initiative for sustainable development” ,Global Journal of Management and Business Studies,ISSN2248-9878,Vol.3,(PP1181-1186)
- [9] Dr.Sarita Bahl,”The role of green Banking in sustainable growth”,International Journal of marketing ,Financial Services and management Research,Vol.1No.2,Feb 2012,ISSn 2277 3622(PP-27-35)
- [10] Dr.Nishikant Jha and Shraddha Bhome,”A study of Green Banking trends in India”,International Monthly Referred Journal of Research in Management and Technology,ISSN-2320-0073,Vol.II,May 2013,(PP127-132)
- [11] Report of UNEP Finance Initiative,”Green Financial Products and Services:Current state of play and future Opportunities,(October 2007)(PP 1-7)
- [12] www.greenbank.com
- [13] www.wikipedia.org
- [14] green.wikia.com
- [15] www.quora.com
- [16] admin.indiaenvironmentportal.org.in
- [17] www.bankrate.com
- [18] www.nblbd.com
- [19] www.combank.lk
- [20] www.academicjournals.org



The FIs and Their Role in Financial Intermediation in India : A Review of the Recent Trends

Dr. Sukanya N.

Lecturer in Economics, Sri Ramakrishna College, Mangaluru, Karnataka
sukanya130176@gmail.com

Abstract : *Among the many financial institutions that undertake monetary or financial intermediation in the country, by collecting the savings of the people and lending them to the investors for investment purposes, the national level financial institutions, the NABARD, the EXIM Bank, the NHB and the SIDBI play a significant role. This paper is an attempt at analysing the role of these institutions in India in mobilising resources for productive purposes in the country by studying the volume and trend of the resources mobilized by these institutions in the country in recent years.*

Keywords : *Financial intermediation; Banks and non-banks; Financial institutions.*

I. INTRODUCTION

Monetary or financial intermediaries are financial institutions and individuals who mediate between the savers and investors. They collect the savings of the people as deposits by paying interest and lend the money so collected to the borrowers and investors who use such borrowed funds for investment purposes and thereby help in the process of capital formation and economic development of the country. Financial intermediaries, thus, play an important role in the economy in accelerating the level of investment, business and commercial activity in the country and the rate of its economic development.

Among the many financial intermediaries functioning in India, the four Financial Institutions (FIs), the NABARD, the EXIM Bank, the NHB and the SIDBI play an important role in mobilising domestic as well as external resources for productive investment purposes in the country. The objective of this paper is to make a brief review of the role of these institutions in mobilising resources for investment in the country during the period 2004-05 to 2012-13. The required data for the analysis are gathered from the annual reports of the Reserve Bank of India on Trend and Progress of Banking in India and the annual Economic Survey reports of the Government of India.

II. TYPES OF FINANCIAL INTERMEDIARIES-BANKS AND NON-BANKS

The monetary or financial intermediaries functioning in an economy are divided into two broad groups: i) banks, and ii) non-banks or non-banking financial institutions or non-banking financial intermediaries, though both the categories of financial institutions mediate between the savers and the investors in an economy.

The characteristic that distinguishes the banks from the non-banking financial institutions or non-banking financial intermediaries is the ability of the banks to create money in the form of credit or in the process of lending. While banks have the ability or privilege of creating money in the form of credit, called credit money, in the process of lending, non-banking financial institutions do not have such ability. This differing ability of the two types of monetary institutions to create money rests on the fact that while the cheques drawn on bank deposits or bank-liabilities act as means of payment, like currency or legal tender money, for business transactions, the liabilities of non-banking financial institutions do not act as means of payment for business transactions.

However, non-banking financial institutions, NBFIs, (RBI-2013) play a significant role in the process of financial or monetary intermediation in an economy and in mobilising the savings of the people for productive investment and thereby contribute to the growth and expansion of productive activity and the level of employment in the economy. They play an important and complementary role, along with the banks, which play the predominant role in the financial system of a country (RBI-2009), in mobilising resources for productive purposes in an economy by financing the medium and long-term credit needs of productive undertakings in the country. A variety of financial institutions, such as Development Finance Institutions, insurance companies, non-banking financial companies, primary dealers and capital market intermediaries such as mutual funds constitute the non-banking financial institutions in the Indian economy (RBI, 2009a).

This view of the complementary role of the non-banking financial institutions in an economy with the banks stands



in contrast with the traditional view of competition between the two groups of institutions, and the threat to the efficacy of monetary policy that such competition poses (Gurley and Shaw, 1960). It may be pointed out that it is the series of regulations on the functioning of the NBFIs, initiated in recent years, that have resolved the competition between the two groups to a considerable extent and have highlighted their complementary role in the economy. This also points out, incidentally, to the fact that the activity and functioning of financial institutions in a country have to be closely controlled and regulated by the monetary authority of the country so that their functioning sub-serves the socio-economic objective and priorities of the country.

III. TYPES OF NON-BANKING FINANCIAL INTERMEDIARIES IN INDIA

Though a variety of financial institutions come within the group of Non-banking financial intermediaries, termed Non-Banking Financial Institutions (NBFIs) in India, they are grouped into three broad groups: i) the Financial Institutions (FIs); ii) the Non-Banking Financial Companies (NBFCs); and iii) the Primary Dealers (PDs), (RBI-2013a). As is observed by the Government of India (2015), the NBFCs have acquired a significant role in the banking/financial system of the country as financial intermediaries that cater, in particular, to the credit needs of the small-scale and retail sectors of the economy accounting for 13.1 per cent of the total assets of the banks and 0.2 per cent of their total deposits as at the end of March 2014.

The NBFCs are further divided into (i) Deposit-taking NBFCs and (ii) Non-Deposit Taking NBFCs, (RBI-2013b) both of which play a significant role in the Indian economy in financial intermediation and in mobilising savings for productive purposes, particularly by financing the credit requirements of the small scale manufacturing units and the retail traders, (Gov. of India, 2013). While the deposit taking NBFCs take deposits from the public, the non-deposit taking NBFCs are forbidden from taking deposits from the public.

IV. THE NON-BANKING FINANCIAL INSTITUTIONS (NBFIS) IN INDIA

The four NBFIs (RBI, 2013c) of a national character, called Financial Institutions (FIs), functioning in the country, as at the end of March 2013, are: i) The Export-Import Bank of India (EXIM Bank), ii) the National Bank for Agriculture and Rural Development (NABARD), and iii) the National Housing Bank (NHB), and iv) the Small Industries Development Bank of India (SIDBI). These four institutions are national level institutions and are regulated by the Reserve Bank of India (RBI). While the EXIM Bank is fully owned by the Government of India, the NHB is fully owned by the RBI. The NABARD is owned by the Government of India and the RBI, and the SIDBI is owned

by the Public Sector Banks, Insurance Companies, Financial Institutions and Others (RBI, 2013d).

V. MOBILISATION OF FINANCIAL RESOURCES BY THE FIs IN INDIA

The FIs, the EXIM bank, the NABARD, the NHB and the SIDBI, mobilise both domestic resources and foreign currency resources for productive investment purposes in the country.

The data presented in Table-I show the amount of resources mobilised by these institutions from 2004-05 to 2012-13. The data show that the total amount of resources mobilised, annually, by these institutions increased from an amount of Rs. 21,859 crore in 2004-05 to an amount of Rs. 1,330 billion or an amount of Rs. 13,30,000 crore in the year 2012-13, an increase of 507.81 per cent, which is indicative of the growing role of the FIs in financial intermediation in the country. However, there were fluctuations in the amount of resources mobilised, caused evidently, by fluctuating economic conditions in the country and the consequent changing need for the financial assistance from these institutions.

VI. TERM-WISE RESOURCES MOBILISED BY FIs

The FIs mobilise both long-term and short-term resources, and the relative volumes of long-term and short-term resources mobilised by them, during the period under review, can also be seen from the data presented in the Table. While long-term resources mobilised by these institutions formed 76.9 per cent of the total in 2005-06, as against 73.87 per cent of the total in the previous year, the share of long-term resources in the total tended to decrease thereafter, and was only 27.25 per cent in 2008-09. The share of long-term resources increased thereafter and formed 45.39 per cent of the total in 2011-12 and fell to 35.34 per cent in 2012-13.

The share of short-term resources was only 8.03 per cent of the total in 2005-06 and tended to increase since then and touched a high ratio of 64.07 per cent in 2008-09. The share of short-term resources tended to decrease since then and stood at 49.55 per cent in 2012-13.

The share of foreign currency resources mobilised by these institutions was fluctuating from year to year, from a low of 4.92 per cent of the total in 2011-12 and a high of 15.11 per cent of the total in 2012-13.

The outstanding amount of resources mobilised by the FIs increased from Rs. 73464 crore at the end of March 2005 to an amount of Rs. 2016 billion at the end of March 2013, an increase of 160.4 per cent over the figure at the end of March 2005. This highlights the increasing role of the FIs in mobilising resources for productive purposes in the country.



VII. RELATIVE ROLES OF THE DIFFERENT FIs IN FINANCIAL INTERMEDIATION

The relative roles of the four FIs in the mobilisation of domestic resources, as revealed by the shares of the four FIs in the total volume of domestic/internal resources mobilised by them during the period, in the country can be gauged from the data contained in Table-II and Table-III. While Table-II contains the shares of the FIs in long-term resources mobilised by them, Table-III presents the data pertaining to the shares of the FIs in the total short-term resources mobilised by them.

Table-I

Resources Mobilised by Financial Institutions (FIs) in India
(Amount in Rs. crore)

Year	Long-term	Short-term	Foreign Currency	Total	Amount outstanding, end March
2004-05	16148 (73.87)	3494 (15.99)	2217 (10.14)	21859 (100.00)	73464
2005-06	16696 (76.90)	1743 (8.03)	3273 (15.07)	21711 (100.00)	68534
2007	24365 (66.83)	7602 (20.85)	4490 (12.32)	36456 (100.00)	81800
2007-08	26654 (60.06)	12079 (27.22)	5645 (12.72)	44378 (100.00)	96324
2008-09	16198 (27.25)	38091 (64.07)	5161 (8.68)	59450 (100.00)	105059
2009-10	28937 (38.94)	39188 (52.74)	6180 (8.32)	74305 (100.00)	106215
2010-11	38388 (37.45)	51813 (50.54)	12309 (12.01)	102510 (100.00)	126091
2011-12	961 (45.39)	1052 (49.69)	104 (4.92)	2117 (100.00)	2016
2012-13	470 (35.34)	659 (49.55)	201 (15.11)	1330 (100.00)	1913

Source: RBI-Report on Trend and Progress of Banking in India, different issues.
Notes: i) Figures within brackets indicate percentage shares in total
ii) Percentage figures are computed.
iii) Figures for 2011-12 and 2012-13 are in Rs. billion.

VIII. RELATIVE SHARES OF THE FIS IN MOBILISING LONG-TERM DOMESTIC RESOURCES

The data presented in Table-II show that the NABARD mobilised the highest share in total long-term domestic resources mobilised by the FIs in 2004-05, with a share of 65.9 per cent of the total of an amount of Rs. 16148 crore of long-term resources mobilised, the NHB mobilised 14.98 per cent of the total, while the SIDBI and the EXIM banks mobilised 9.95 and 9.17 per cent respectively of the total amount of long-term resources mobilised by the FIs in the country in 2004-05.

Table-II
Shares of the Different FIs in Long-term Domestic Resources Mobilised
(Amount in Rs. crore)

Year	EXIM Bank	NABARD	NHB	SIDBI	Total
2004-05	1480 (9.17)	10642 (65.9)	2419 (14.98)	1607 (9.95)	16148 (100.00)
2005-06	3260 (19.53)	8195 (49.08)	2631 (15.76)	2610 (15.63)	16696 (100.00)
2007	3212 (13.18)	10899 (44.73)	9682 (39.74)	572 (2.35)	24365 (100.00)
2007-08	6825 (25.61)	12198 (45.76)	3100 (11.63)	4531 (17.00)	26654 (100.00)
2008-09	3197 (19.74)	4252 (26.25)	3124 (19.29)	5625 (34.72)	16198 (100.00)
2009-10	8150 (28.16)	16 (0.06)	7518 (25.98)	13253 (45.8)	28937 (100.00)
2010-11	11132 (28.99)	9741 (25.38)	7538 (19.64)	9977 (25.99)	38388 (100.00)
2011-12	88 (9.16)	179 (18.63)	555 (57.75)	139 (14.46)	961 (100.00)
2012-13	111 (23.62)	174 (37.02)	87 (18.51)	98 (20.85)	470 (100.00)

Source: RBI-Report on Trend and Progress of Banking in India, different issues.
Notes: i) Figures within brackets indicate percentage shares in total
ii) Percentage figures are computed.
iii) Figures for 2011-12 and 2012-13 are in Rs. billion.

The relative share of the NABARD in the total long-term resources mobilised tended to decrease since 2004-05 and touched a negligible percentage of 0.06 per cent in the year 2009-10. Its share in total long-term resources mobilised tended to rise since then and reached 37.02 per cent of the total in 2012-13, thereby regaining its predominance in mobilising long-term resources in the country. The EXIM bank mobilised 23.62 per cent of the total, and the SIDBI and the NHB had a share of 20.85 per cent and 18.51 per cent respectively of the total long-term resources mobilised by the FIs in the country in 2012-13.

IX. FLUCTUATING SHARES OF THE INSTITUTIONS

The data show the fluctuating shares of the four institutions in the total amount of long-term domestic resources mobilised in the country.

Taking the Range as the simple measure of the extent of these fluctuations, it can be seen that while the share of the NABARD exhibited the highest degree of fluctuations, with a range of 65.84, the EXIM bank had a range of 19.83, the NHB had a range of 46.12 and the SIDBI had a range of 43.45 in the fluctuations in their shares in the total long-term resources mobilised by these institutions during the period included in the analysis.



Table-III

Shares of the Different FIs in Short-term Domestic Resources Mobilised
(Amount in Rs. crore)

Year	EXIM Bank	NABARD	NHB	SIDBI	Total
2004-05	1632 (46.71)	-	1063 (30.42)	799 (22.87)	3494 (100.00)
2005-06	1124 (64.49)	-	199 (11.41)	420 (24.10)	1743 (100.00)
2007	3249 (42.74)	-	3079 (40.50)	1274 (16.76)	7602 (100.00)
2007-08	2180 (18.05)	1422 (11.77)	8016 (66.36)	461 (3.82)	12079 (100.00)
2008-09	8905 (23.38)	3494 (9.17)	16881 (44.32)	8811 (23.13)	38091 (100.00)
2009-10	5052 (12.89)	12330 (31.46)	10306 (26.30)	11500 (29.35)	39188 (100.00)
2010-11	1538 (2.97)	18532 (35.77)	29458 (56.85)	2285 (4.41)	51813 (100.00)
2011-12	55 (5.23)	90 (8.55)	827 (78.61)	80 (7.61)	1052 (100.00)
2012-13	59 (8.95)	85 (12.90)	466 (70.71)	49 (7.44)	659 (100.00)

Source: RBI-Report on Trend and Progress of Banking in India, different issues.

Notes: i) Figures within brackets indicate percentage shares in total

ii) Percentage figures are computed.

iii) Figures for 2011-12 and 2012-13 are in Rs. billion.

X. RELATIVE SHARES OF THE FIs IN MOBILISING SHORT-TERM DOMESTIC RESOURCES

Table-III presents the data pertaining to the relative shares of the FIs in the total volume of short-term resources mobilised by them during the period of analysis. The data show that it is the NHB that mobilised the highest share of the total volume of short-term resources mobilised by the FIs in the country during the period, mobilising an average of 47.28, being the simple average of the annual percentage rates, percent of the total volume of short-term resources mobilised by these institutions during the period, followed by the EXIM Bank with an average share of 25.05 per cent, and the NABARD and the SIDBI with an average share of 18.27 per cent and 15.5 per cent respectively in their shares in the total volume of short-term resources mobilised by these institutions during the period.

There were fluctuations in the annual rates of short-term resources mobilised by the institutions, just as the fluctuations in the annual rates of long-term resources mobilised by them. SIDBI recorded the highest range of fluctuations of 67.2, followed by the EXIM bank with a value of 61.52, the NABARD with a value of 27.22 and the NHB with the smallest value of the range of fluctuations of 25.53 in its annual percentage shares in the total volume of short-term resources mobilised by it during the period of analysis.

XI. CONCLUSION

The above analysis reveals the important and growing role of the FIs in the mobilisation of domestic and external resources for long-term as well as short-term productive investment purposes in the country. However, there were fluctuations in the volume of resources mobilised from year to year. Since the availability of investment resources has to be certain for encouraging productive investment activity in the economy, appropriate measures have to be adopted to avoid such fluctuations so as to make institutional finance a certain source of finance for investment activity in the country.

REFERENCES

- [1] Govt. of India (2013)- *Economic Survey, 2012-13*; P. 116.
- [2] Govt. of India (2015)- *Economic Survey, 2014-15*, P.46.
- [3] Gurley, John G. and Shaw, Edward S. (1960)- *Money in a Theory of Finance*; The Brookings Institution; Indian Print (1968), Motilal Banarsidas, Delhi.
- [4] RBI (2009)- *Report on Trend and Progress of Banking in India 2008-09*, P.191.
- [5] RBI (2009a)- *Report on Trend and Progress of Banking in India 2008-09*, P.191.
- [6] RBI (2013)-*Report on Trend and Progress of Banking in India, 2012-13*, P.118.
- [7] RBI (2013a)- *Report on Trend and Progress of Banking in India 2012-13*, P. 118.
- [8] RBI (2013b)- *Report on Trend and Progress of Banking in India 2012-13*, p.123.
- [9] RBI (2013c)- *Report on Trend and Progress of Banking in India 2012-13*, P.118.
- [10] RBI (2013d)- *Report on Trend and Progress of Banking in India 2012-13*, P. 118.



A Complete Study of Banking Credit Risk Management

Dr Murari Premnath Sharma

Associate Professor, Institute of Business Management and
Rural Development, Ahmednagar
murarigsharma@yahoo.com

Abstract : *Credit risk is created when there is absence of proper planning or management. The concept of credit risk boils down to a single question or whether the loan is not paid as scheduled. Some say "Default Risk" is synonymous with "Credit Risk". Bank covered part of their non-payment risk by taking guarantee from wherever found eligible. Generally banks cover part of their risk by taking guarantees from personal guarantees or credit guarantee corporations. The problem of non-payment is tackled through legal methods, but it takes long time and money. However, with the introduction of intelligent principle (prudential norms) banks have come to realize the impact of credit risk on their profits and profitability. The foremost concern of bank today is to reduce the share of non-performing advances to total advances and the level of non-performing advances. Non-performing advances reduce income levels and also make it difficult for banks to offer fine prime lending rates. This credit risk is primarily related to the loan portfolio. The heart of the banking business is assessing credit risks. Non-performance and non-payment need to be tackled for improving management efficiency in banking sector and in applying appropriate techniques of credit risk measurement.*

Keywords : *Credit risk; Z Model; Y Model;*

I. MEANING OF CREDIT RISK

Meaning of credit risk can be explained in different types but the central theme is the same. It is the risk that banks and financial institution will not get back the lent money (loan) invested. Or, it can be defined as the risk of erosion of value due to simple default or non-payment by the borrowers.

With explanation, Credit risk is the possibility that difficulties could develop that would either delay or prevent the payment of interest and loan instalment. Or the loan holder will fail to pay loan amounts within the time period or will fail to perform an obligation to the bank or financial institutions will not get back the money they lent or invested.

Or, It means there is possibility of non-payment of loan or difficulties to recover in time or delay or prevent the payment of loan instalment and interest amount.

In depth meaning, it is the risk of default or delayed or fragmented repayments lending to an additional cost element to the lender and making the loan become non-recoverable, or it is the risk that banks and financial institutions will not get back the money they lent or invested.

II. IMPORTANCE OF CREDIT RISK MANAGEMENT

This risk decreases the value of assets due to simple default or non-payments by the borrower therefore its management is very important for banking sector. The most obvious risk in banking is the credit risk. There is the

possibility that loan will not be repaid or that instalment will make worse in quality or go into default with consequent loss to the bank. The risk of default between borrowers and lenders dates to the origin of banking.

III. OBJECTIVES OF THE STUDY

- 1) To study the different types of credit risk management tools and techniques apply in the banking sectors.
- 2) To study General techniques and special techniques of risk measurement methods.
- 3) To study the challenges and difficulties of credit management in banking sector.

IV. RESEARCH METHODOLOGY

This study is based on secondary and primary data. General techniques, difficulties and challenges have been collected from primary data and tools have been studied from the secondary resources.

V. GENERAL TECHNIQUES OF CREDIT RISK MANAGEMENT APPLIED

- i. To increase power of branch manager in view of the need for branches to effectively face the competitions.
- ii. Implementation of proper policy and reviewing periodically if necessary for the various areas like economy, risk factors, prospects, monetary, credit and fiscal policy.
- iii. Bank may increase their lending to industries based



on their outlook & prospects.

iv. Bank should improve recovery in regard to Non Performing Assets.

v. They should make intelligent lending decisions so that the expected risk of borrowers is accurately assessed.

vi. They should diversify across-section of borrowers so that credit losses are not concentrated on time and

vii. They should engage third party guarantees or credit issuance in their transactions. Thus, default risk will entirely or partially shift away from the borrowers to their guarantors.

Therefore as a prudent banker, it is imperative that risk analysis of any credit decision should at least look for some major forms of risk that influence repayment directly and considerably.

Besides loaning, other transactions may include commitment to lend interest rate swaps or forward rate agreement. Bank has to understand both expected levels of loss. In the new environment, developing quantitative skills and techniques going beyond traditional credit management activities may be necessary.

Bank is familiar mainly with non-payment risk due to failure of venture or due to wilful default of the borrowers associated with the management of credit. Bank should start effective compromises to tackle the problem of recovery of dues, in the case of failure of applying various methods and techniques of recovery of loan. If there is wilful default, banks should recover the dues through legal means by filing suits or execution of decrees. Besides, banks should be familiar with non-performing risk relating to income recognition, asset classification and provisioning.

Banks are now fully realising the impact of the non-payment risk associated with credit portfolio on the profit or profitability of the banks.

The foremost concern of banks today is how best to not only increased income levels of banks, but also make it possible for them to quote finer prime lending rates (PLR). Banks saddled with higher share of NPAs are forced to charge higher PLR. PLR related interest rates and thereby attract high risk borrowers that, in turn, may result in higher level of non performing advances in future. Few bankers ever knowingly make poor loans or investments. It is what occurs after a loan or investment is made that causes it to deteriorate in quality. Such adverse circumstances may sometimes be foreseen, as when obvious credit weakness is overlooked or ignored. However many risks are enforceable (Not think before). One cannot extend credit successfully on the premise of a major economic downturn in the foreseeable future. No body can predict the impact of war or threats of war and the economy. No body can even predict, very far ahead, changes in consumer demand that may affect the business of a borrower or even the business of an entire

community. These risks to the quality of bank credit are ever present.

The protection against the risks of lending and investing consists in maintaining high credit standards, appropriate diversification, intimate knowledge of the borrower's affairs, are of prime importance, alert collection procedures. These principles apply to various kinds of loans and investments.

VI. CHALLENGES BEFORE THE BANKS

In the light of changing profile of business and the transformation of the banks' role, the major challenges facing banks today are

1. An economy undergoing transformation with significant volatility in key segments (e.g. industry, foreign trade)
 2. De-regulation.
 3. Increased competition in deposit and credit product groups.
 4. Need to harmonise social lending with commercial orientation.
 5. Increased customers choice and expectations.
 6. Inadequate management information system.
 7. Large overheads and payment of employee.
- Burden of previous NPA levels.
9. Low labour productivity
 10. The need to restructure organisation to become adequate and responsive to market needs.

VII. DIFFICULTIES IN CREDIT RISK MANAGEMENT

1. Government rules are so lengthy means time and money consuming.
2. Improper decision of previous officers makes it difficult to new officers.
3. Political interference in recovery.
4. Management interference in recovery.
5. In co-operative sector there is double control system.
6. Economic poverty and bankruptcy.
7. Fraudulent customer.
8. Peoples negative behaviour.

VIII. CREDIT ANALYSIS

After collecting the credit information of particular customer, the lending officer analyses its creditworthiness of the applicant and to determine whether he/she is capable to return the particular loan of the bank. The analysis of his creditworthiness is called as credit analysis. If the creditworthiness has been properly evaluated it will reduce



the potential risk. It requires detailed investigation of the five “C” of credit – 1. Character, 2. Capacity, 3. Capital, 4. Collateral and 5. Conditions. Credit Character refers to reputation, moral and mental qualities of integrity, fairness, responsibility, temperance, trustworthiness, industry and the like. Credit character is a relative matter. We can’t identify who is honest and be willing to repay the debt when his business run smoothly and earn sufficient profit. Inversely, if the borrower is willing to pay honestly but his business run in difficult position and earn low profit he may be said to be a person with high credit character. We can’t measure the person credit character by any formula. Bankers’ positive motivation will help to convert their attitude from negative to positive. At times customers that bankers treat as negative will convert their positive attitude into negative.

The person’s credit character should be judged on the basis of his performance in bad condition. Capacity refers to ability to repay the debt, when it falls due. This is a very important variable of analysis. The ability depends upon the earning capacity of the customers. The earning capacity depends upon the earning source, which may be service or business.

If he is salaried person the gross salary, net salary, less expected expenses thus the balance to paying loan is his capacity.

In the case of businessman these points are consider. The purpose of his present loan, his previous and present loan structure, related income, if the income from sale of the goods which depends upon one product of the sale of

goods or services, factories location, tax structure, location of the plant, store and market, quality of the goods or services, advertising, distribution method, competition, modernization, goodwill and public relation effects the business profitability.

Capital represents the general financial position of the customer. Capital includes Equity capital plus Reserves are equal to net worth. The large amount and continuous increasing in net worth indicate the strong financial position of the lenders. Profitability ratio indicated the capital position of the business. Collateral represents side-by-side assets that may be offered as a pledge against the loan. In easy language it is mortgage assets and its valuation. It is a cushion, shock or loss absorber if one or first three are insufficient to give reasonable support of repayment of the loan on maturity.

The condition refers to the business economic that affect the borrowers capacity to pay loan. Economic condition depends on process of production, distribution and consumption. A study of the growth rate of the firm over the past few years and its comparison indicate the economic condition of the business.

Technique of Credit Analysis

- | | |
|-------------------------|--------------------------|
| a. Ratio Analysis | b. Cash Flow Projection: |
| c. Funds-Flow Statement | d. Credit Scoring |
| e. Supervision of loans | f. Continuous feedback |

a. Ratio Analysis: - It is an important tool available to a lender to judge the liquidity, leverage, Activity, profitability and funds management capacity of the credit applicant. It is the process of determining and presenting in arithmetical terms the relationship between figures and groups of figures in financial statements.

b. Cash Flow Projections:- In considering the loan application of a firm, a banker wants to know whether borrowing firm would have adequate cash & earnings to repay the loan requested for.

c. Fund Flow Analysis:- Another technique, which has come to be increasingly used by bankers to evaluate creditworthiness of the borrowing firms, is the funds flow analysis. This analysis undertakes to highlight changes in the financial condition of a business concern over a given period of time.

d. Credit Scoring:- After determining the creditworthiness of the applicant, the lending officer has to decide whether or not credit facilities should be provided to him. The creditworthiness of the applicant should be matched against the credit standards set out in loan policy.

e. Supervision of Loans:- In order to ensure the end-use of the loan, it is necessary for the bank to keep track of the loans outstanding. It keeps in touch with the borrowers during the life of the loan. The supervision of the loan is the responsibility of more than one department of the bank. The outstanding loans are supervised in the following ways.

- Regular Inspections at site and finds out the customer’s affairs and development.
- Checking of deposit balances.
- Checking new and other creditors.
- Checking the monthly, half yearly and yearly financial position.
- Checking the target of budgetary reports.

f. Continuous Feedback: It is important technique of credit risk management, which party will pay, if there is proper feedback.

IX. TOOLS OF CREDIT RISK MANAGEMENT

The instruments and tools, through which credit risk management is carried out, are below.

i. Exposure Ceilings

Prudential limit is linked to Capital Funds- say 15% for individual borrower entity, 40% for a group with additional



10% for infrastructure projects undertaken by the group, Threshold limit is fixed at a level lower than Prudential Exposure; Substantial Exposure, which is the sum total of the exposures beyond threshold limit should not exceed 600% to 800% of the capital Funds of the bank (i.e. six to eight times)

ii. Review/Renewal

Multi-tier Credit Approving Authority, constitution wise delegation of powers, Higher delegated powers for better-rated customers; discriminatory time schedule for review/renewal, Hurdle rates and Bench marks for fresh exposures and periodicity for renewal based on risk rating, etc. are formulated.

iii. Risk Rating Model

Set up comprehensive risk scoring system on a six to nine point scale. Clearly define rating thresholds and review the rating periodically preferably at half yearly intervals. Rating migration is to be mapped to estimate the expected loss.

iv. Risk Based Scientific Pricing

Link loan pricing to expected loss. High-risk category borrowers are to be priced high. Build historical data on default losses. Allocate capital to absorb the unexpected loss.

v. Portfolio Management

The need for credit portfolio management emanates from the necessity to optimise the benefits associated with diversification and to reduce potential adverse impact of concentration of exposures to a particular borrower, sector or industry. Stipulate quantitative ceiling on aggregate exposure on specific rating categories, distribution of borrowers in various industry, Business group and conduct rapid portfolio reviews. The existing framework of tracking the non-performing loans around the balance sheet date does not signal the quality of the entire loan book. There should be a proper & regulator on-going system for identification of credit weaknesses well in advance.

vi. Loan Review Mechanism

This should be done independent of credit operations. It is also referred as Credit Audit covering review of sanction process, compliance status, review of risk rating, pick up warning signals and recommendation of corrective action with the objectives of improving credit quality.

It should target all loans above certain cut-off limit ensuring that at least 30% to 40% of the portfolio is subjected to LRM in a years so as to ensure that all major credit risks embedded in the balance sheet have been tracked. This is done to bring about qualitative improvement in credit administration. Identify loans with credit weakness. Determine adequacy of loan loss provisions.

Ensure adherence to lending policies and procedures.

The focus of the credit audit needs to be broadened from account level to overall portfolio level. Regular, proper and prompt reporting to Top Management should be ensured. Credit Audit is conducted on site, i.e. at the branch that has appraised the advance and where the main operative limits are made available. However, it is not required to visit borrowers factory office premises.

X. TOOLS OF CREDIT RISK MEASUREMENT

10.1 Z-score Model

The oldest and celebrated Z-score model is that developed by Altman Taftler in 1983 and even Ram Avathar and Howard Tisshaw have suggested this model for credit measurement of the customer. This model is called as bankruptcy risk.

$$Z = 0.717 X_1 + 0.847 X_2 + 3.10 X_3 + 0.420 X_4 + 0.998 X_5$$

X_1 = Working capital / Total assets. (Liquidity ratio)

X_2 = Retained earning / Total assets (Measure of reinvestment earning)

X_3 = Earning before interest and tax / Total Assets (Profitability measure)

X_4 = Book value of equity/ Book value of total debts (Measure of leverage)

X_5 = Sales/ Total assets (Measure of sales generating ability of assets)

Z = Over-all index.

If Z = >3.00 good and it is below 2.09 it is risky. In between >2.09 but <3.00 is called a “grey zone”. Where additional analysis is necessary.

10.2 Y score Model

In 1986 Yadav the Indian Analyst developed a scoring model to measure the liquidity and bankruptcy risks and came out with a Y score model as under.

$$Y \text{ score} = 19.8927 X_1 + 0.0047 X_2 + 0.07141 X_3 + 0.4860 X_4$$

X_1 = Earning before interest and tax / Total tangible assets. (Measure of productivity of assets)

X_2 = Current Assets / Current Liability (Liquidity ratio)

X_3 = Net sales / Total tangible Assets (Measure of assets turnover ratio)

X_4 = Defensive assets/ Total operating expenses (Defensive interval ratio)

Defensive asset = Quick asset = (Current asset – Inventory)

A Y – Score of 1.52 and more indicative of sound health of the company less than 1.33 indicate high risk and 1.33 to 1.52 is called an area of ignorance or uncertain, where



further analysis is necessary.

10.3 LOGIT Approach

The third method of measuring Liquidity/ bankruptcy risk is a model suggested by Chesser and Delton based on the probability of repayment.

In this case the default or non-compliance encompasses not only default in repayment but also any work out (rescheduling that might have been arranged resulting in a settlement of the loan less favourable to the lender than the original agreement. The statistical technique used here is called as LOGIT and is similar to MDA and considers the following six variables.

$$X_1 = \text{Cash and Marketable securities} / \text{Total assets.}$$

$$X_2 = \text{Net Sales} / \text{Cash and Marketable securities}$$

$$X_3 = \text{Earning before interest and tax} / \text{Total Assets (Profitability measure)}$$

$$X_4 = \text{Total debt} / \text{Total assets.}$$

$$X_5 = \text{Fixed assets} / \text{Net worth}$$

$$X_6 = \text{Working capital} / \text{Net sales}$$

From the variable Y, which is a linear combination of the independent variables, including intercept is derived as under.

$$Y = 2.043 + (-5.24) X_1 + 0.0053 X_2 + (-6.6507) X_3 + 4.4009 X_4 + (-0.791) X_5 - 0.1020 X_6$$

According to Chesser, under his LOGIT model, the probability of non compliance P, and can be computed using the formula.

$$P = \frac{1}{1 + e^{-y}}$$

Exponential e is = 2.71828 if P > 0.50 assign it to non-compliance group, and if it < 50 assign it to compliance group.

10.4 Coleshaw Approach

Another important indicative tool (which may be suitably altered to suit the individual needs of the banks) is the working worth and balance sheet rating model suggested by Coleshaw. According to him the working worth of a company can be computed as under.

$$\text{Working Worth} = \frac{\text{Working capital} + \text{Net worth}}{2}$$

This is a measure of the size of a company not in terms of turnover, but in relation to the levels of working funds and its paper value' i.e. the level of finance up to which credit risk is within bank's acceptable level.

$$\text{Balance sheet rating} = X_1 + X_2 - X_3 - X_4 \quad \text{Where,}$$

$$X_1 = \text{Current Assets} / \text{Current Liability (Liquidity ratio)}$$

$$X_2 = \text{Current Assets} - \text{Stock} / \text{Current Liability (Liquidity ratio)}$$

$$X_3 = \text{Current Liability} / \text{Net worth.}$$

$$X_4 = \text{Total liabilities} / \text{Net worth.}$$

Ratios X_1 and X_2 are the common current and quick liquidity measure, which ratio X_3 and X_4 are common gearing ratios. A decision matrix of balance sheet strength versus working worth is used for arriving at a credit decision. According to him, the scale can be adjusted based on experience and corporate policies of the lender. Such a measure can also act as a benchmark for fixing limits and thereby paves way for a uniform judgement in credit appraisal.

10.5 Project Risk Analysis Model.

In case of project risk (Projrisk), in addition to the default and liquidity risk, additional care has to be taken as this covers usually a longer time period ranging from five years and upwards. For this using the sensitivity analysis or what if analysis we can create a number of probabilistic scenarios, most of which being pessimistic, so that from the distribution of these project scenarios, we can compute the standard deviation of the cash flow, from discounted cash flows, we have to compute the net asset value for various time periods and if the same are positive even after adjustment of the standard deviation of the cash flow, then we can say that the borrower will have enough to repay the bank's instalments. In other words, instead of arbitrarily assigning a value for the risk factor, under this technique, we try to logically quantify the same.

10.6. Minimal Risk Approach

The minimal risk approach to credit risk management attempts to separate loans securities and other assets into two groups. The first group includes credits in which there is no reasonable doubt that the asset will be redeemed at face value, or in the case of equity investment, no reasonable doubt that the investment will provide a significant return over a period of year. The other group includes all assessments of credit risk where it appears that a credit might not be redeemed or an equity investment might not provide a good return. The minimal risk approach relies on the three "C" Credit character, Capacity, and Capital.

Good character is the record of whether a person or management or corporation or a government have regularly paid their commitment without difficulty.

Credit worthiness is the capacity to repay a loan or debt or the capacity of an equity investment to show a good future return for that test all the financial ratio calculation is required. It looks at the business aspect of credit risk, cash flow projections and seeks such information a where there is sufficient market for a product, whether the operations of the borrower are efficiently run, or whether a municipality



has stable tax based. In critical condition bank require considerable advisory services of a bank, reduction or postponement in interest income, or a write-off the loan if the borrower becomes bankrupt.

The credit worthiness is capital, which refer to shareholders’ equity of a business concern. Capital is represent funds placed at risk for the benefit of an organization. The servicing of a loan or an investment is important in making the minimal risk approach work successfully.

The minimal risk approach to credit risk requires that bankers act as a helpful friend, a consultant and an advisor who uses firm persuasion when necessary. This approach is applicable in old business area; in new area this approach is not useful.

In this approach these ratio are useful

a. The Ratio of Loan Losses to Average Loans: The ratio of net loan losses to average loan serves as the most basic measure of a bank’s credit risk policy. Net loan losses are loan losses adjusted for recoveries from loan that had been previously charged off. A ratio of net loan losses to average loan shows an indication of the quality of bank’s loan portfolio. A high or rising ratio could indicate a low-quality loan portfolio.

b. Risk Adjusted Margin:- The risks adjusted margin represents a measure of whether a bank has successfully practiced a risk-adjusted policy. Its calculation begins with a bank’s net interest margin and subtracts the ratio of net loan losses to assets. The remainder is risks adjusted margin, which represents the net interest margin and loan and securities after losses have been taken into account.

If the bank holds securities that involve major discounts because of questions about whether they might be redeemed, an adjustment would also be made for these securities.

c. Non-performing Loan Ratios:- Another approach in viewing credit risk policy is through non-performing loan. These loans include loan where the borrower is not fulfilling the terms of the original agreement, they includes non-accrual loans renegotiated loan & the category of other real estate.

10.7 Price Risk Approach

The risk pricing approach looks at all degrees of risk as a normal part of the banking business. In effect it views the assets of the bank-loans, securities and investment in various shades of white and grey and accept all of them as legitimate, worthwhile assets.

Assets of greater credit risk involve greater risk of loss, but these assets expected to be priced to earn enough more interest income to offset their credit risk with a profit for the bank. Assets of little credit risk involve low risk of loss

these assets are expected to earn lower interest rates and also earn a profit for a bank. If risk pricing is done properly assets of all types of credit risk should show approximately the same profit to a bank.

The risk pricing approach requires three conditions. 1. Large number of assets 2. Bank needs a staff with considerable analytical skills. Banks need to posses an outstanding forecasting capability. The accurate assumptions concerning the future conditions of credit markets, business activity, attitudes of debtors, and even the likelihood of war and peace.

XI. SYSTEMATIC METHOD OF RUNNING CREDIT RISK CALCULATION

Generally banking credit risks are calculated in RBI Prescribed methods. This study present here very simple credit risk calculation method. From this calculation the decision making process becomes easy in highly risky advances.

Example No.

- 1. ABC bank sanction loan to customer Rs. 100000 for the period of five year the rate of interest is @ 12% P.A. They kept security as a 100000 Govt. Bond as a security which rate of interest is @ 8%.

Calculates 1. Total risk 2. Secured risk 3. Net risk 4. Risk of every instalment and, 5. Total risk percent that if he did not pay three instalments.

Total payable amount within five year = 100000+(100000*12*5/100)

Total payable amount = 100000+60000 = 160000

Total payable amount = 160000

It means the total risk is 160%

Total security cost = 100000

The cost of security rate = 100000(100000*8*5/100) = 140000

The secured risk = 140%

The difference risk =160-140 = 20%

Difference of risk b/t advance and security = 200000 = 20%

The 20% risk divided by 60 = 20/60 = 0.333% is actual risk per month, If he did not pay regular three instalments only risk collected to 0.33 x 3= 1%

This risk is not so dangerous. In this case the amount is not necessary to transfer to NPA within 90 days of non-payment.

- 2. ABC bank sanction loan to customer Rs. 100000 for the period of five year the rate of interest is @ 12% P.A. They kept security as a land worth Rs. 100000.



Calculate the risk 1. Total risk percent 2. Secured risk 3. Net risk 4. Every instalments Risk and 5. If he does not pay three instalments than find out the risk percentage.

Total payable amount within five year = $100000 + (100000 * 12 * 5 / 100)$

Total payable amount = $100000 + 60000 = 160000$

Total payable amount = 160000

It means the total risk is 160%

Total security cost = 100000

The secured risk = 100%

The difference risk = $160 - 100 = 60\%$

Difference of risk b/t advance and security = $60000 = 60\%$

The 60% risk divided by 60 = $60/60 = 1\%$ is actual risk per month, If he did not pay regular three instalments only risk collected to $1 \times 3 = 3\%$

This risk is so danger.

The risk of 3 month non payment is equal to 3% it is the equivalent with nine month non payment of the above risk. In practical bank must careful about these semi-secured and non-secured loans.

3. If this loan is unsecured the risk of the three month is equal to $2.66 \times 3 = 8\%$

It is so danger but Example number one has low risk second has medium and third have high risk.

XII. FINDINGS

- 1) There are various tools and techniques and methods are used to measure the risk all are equally important in different situation
- 2) General techniques are collected from the experts interviews form the different bank managers.
- 3) Two examples is given for general understanding.

XIII. CONCLUSION

Credit risk management is very critical in prim facia but if management are honest and identified the customer intention, analysis customer with honestly and continuous followup can help to minimised the credit risk.

REFERENCES

- [1] Tracy G. Herrick, “Bank Analyst’s Handbook”, John Wiley & Sons, Inc. California USA.
- [2] K. Ram Mohan Reforms, “Credit management” Edited by K. Subramani & T.K. Velayudham, “Banking reforms in India managing change” Tata McGraw Hill publication Ltd. New Delhi Pp. 339
- [3] www.rbi.org.in



A Study on Investment Policy of Selected Mutual Funds

Prof. Anil Arun Poman

Assistant Professor, Research Scholar
ZIBACAR, Narhe, Pune
anil.poman@zealeducation.com

Dr. Jadhav S. J.

Head, Department of Commerce
Shri Datta Art's & Commerce College, Nanded
anil.poman@zealeducation.com

Abstract : *Mutual Fund is one of the major financial instruments of the economy. Performance of the Mutual Fund Industry is always the main issue in the front of regulators & ultimately common investors. The Performance is output of Investment Policy adopted by the fund manger to reap the amount invested by the common investors in schemes of the Mutual Fund. This research paper is attempts to study & analyses the Investment Policy of selected schemes of the Mutual fund. Researcher has identified some criteria to measure the Investment Policy of Mutual Fund.*

Keywords : *Mutual Fund, Investment Policy of Mutual Fund, Performance of Mutual Fund*

I. INTRODUCTION

Mutual Funds (MFs) are specialized financial institutions which by pooling in droplets of savings of many individuals accumulate a fairly large and well diversified portfolio of investment. MFs are ideally suited to a developing economy like India. This is because there are a large number of small investors who have the ability to save and also willingness to enter into the capital market. Instead of making direct purchase of shares and debentures either through original subscription or stock exchanges, they do so through MFs route by depositing with them their savings. The capital market is greek to small investors and its vagaries and vicissitude scare them and they do not venture into it. MFs help the investors to diversify and reduce the unsystematic risk. MFs, thus, mobilize small savings and channelize these in the avenues demanding funds. The savings pooled together are invested largely in corporate securities to finance long term business requirements mostly by way of direct subscription to their capital. The objective, thus, is to offer the individual small investors, the advantage of the efficient management of the investment portfolio, viz. expertise of portfolio management, spread of risk, diversification of portfolio, automatic investment of dividends, capital gains and freedom from work involved in the maintenance of investment . This medium has been a well balanced combination of the three criteria like returns, safety and liquidity which are considered crucial for mobilization and employment of savings.

Mutual funds gradually emerged and have become an integral part of the India's capital market assuming a dominant role in the securities market throughout the country. As a result, the number of financial institutions engaged in MF operations, the number of investors, the

total assets and various MFs operated by banking and non-banking institutions have shown a tremendous increase. This upward trend in the pattern and size of investment in MF products has made a remarkable increase from almost every part of the country. The Indian capital market experienced a remarkable change after the present liberalization policy announced by the Government of India in early 90's to further promote the development of MFs by widening the canvas also for private sector operations. The opening of MFs to the private sector has been a harbinger to tougher competition, better service to the investors and launching of varied products more suited to the specific needs (income, growth, tax saving, etc.) of the investors. Panigrahi (1996) examined that a significant component of the capital market reforms has seen the shift in focus from individual to institutional investors. With the current economic reforms and liberalization continuing, the investible resources of MFs are expected to grow rapidly. A number of banks and government corporations, besides UTI in the public sector as well as, some leading business houses in the private sector have started their MF operations offering a number of products to the investing public, in the formation and working of MFs various key players involved are - Sponsors, Trustee, Asset Management Company (AMCQ and Custodian. MF industry is regulated by Securities and Exchange Board of India (SEBI). Association of Mutual Funds in India (AMFI) is a self -regulatory organization (SRO) setup by Mutual Funds.

II. LITERATURE REVIEW

A thorough survey and review of the literature available on the subject gathered from relevant sources like books, periodicals journals, research dissertations etc. highlighting the development and working of



Indian MFs is detailed as under:

The launching of MF in India witnessed a number of financial analysts coming up with their conceptual and empirical studies.

Researchers like Sanghvi (1984), Gupta (1989), Vidyasagar (1990), Batra (1991), Jahamb (1991), Sarkar (1991) Sadhak (1991), Agarwal (1992), Gandhar (1992), Romola (1992), Vengopalan (1992), etc. explained the concept, characteristics, growth, importance, changing patterns and developments made in MFs in Indian capital market. Fortune (1991) and Jaiswal (1994) discussed offshore and Money Market Mutual Funds respectively. Barua (1991), Bhatt (1992), Vengopalan (1992), and Sahu, et al (1992) highlighted the importance and issues relating to the MF regulations on the eve of public sector banks' entry in the MF sector in 1987. Kumar (1994), Kably (1995) and Jaydev (1995) assessed the significance of uniform valuation of net asset value (NAV). Ansari (1993) studied investment pattern of MF products. The individual investor has little knowledge to guide him and take prudent MF product investment decisions. To meet this challenge a variety of works have been attempted to study the conceptual and contextual understanding of MFs. Accordingly, Lai and Sharma (1991) emphasized MFs in India act as a catalytic agent for economic growth and foster the interest of the investors at large. Sahu and Panda (1993) highlighted the need, role and future prospects of MFs in India as a financial services tool. The study finally concludes that Indian economy has been undergoing a silent revolution towards integration with the global markets. Kulshrestha (1994) attempted a conceptual analysis of MFs to help investor understand the fundamental concepts of MF operations. The study considerably deals with conceptual discussion of the various types of MF products. Though meant essentially for the individual investors, this work has enough food for thought for fund managers and policy makers as well.

Sahadevan, et al (1997) presents a detailed discussion on the evolution, growth and status of MFs in India with a focus on the investor problems and prospects. The study also provides a critical analysis of MF regulations in India and pin points certain inadequacies of the regulatory framework under SEBI (MF) Regulations, 1993. Srivastava (2000) has devoted a complete chapter in his study to Mutual Funds and an attempt has been made to acquaint with the concept, types and significance of MFs. A brief account of MF operations with regard to savings mobilization and investment patterns has also been covered in the study. Bhalla (2000) in his study addressed to the concept of open ended and close ended companies, SEBI guidelines for MFs, money market MFs etc. The study, however, is perspective in nature.

The operations of MFs have been analyzed in different studies Bansal (1995, 1996) made an income analysis and

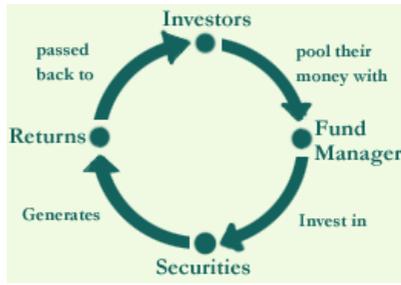
studied income and expenses ratios of MFs. Sadhak (1997) assessed the trends in income and expenses for UTI and other MFs for the four year period (1991-94). Sahadevan, et al (1997) presented detailed data and evaluation of income generated and expenses incurred by MFs. It analyzed the income and expenses of MF industry as a whole and the fund organizations separately for the period 1991- '95. The source-wise income and expenses have also been analyzed in respect of MFs operating in private and public sector during the aforesaid period. Jayadev (1998) analysed the MF operations by selecting the ratios like (i) Ratio of operating expenditure to investible funds; (ii) Ratio of operating expenditure to gross income; and (iii) Ratio of Surplus to Gross Income based on the data available with income and expenditure statements of MF schemes for the period 1990-94.

The performance of MF products has been evaluated by employing risk adjusted measures like Sharpe Index (1964), Treynor Index (1966), Jensen Index (1968) and Fama measure (1972). Barua and Verma (1991) examined the performance of 'Master Shares' using aforesaid portfolio measures suggested in the literature. The study was concluded from the perspective of fund managers, large investors holding the scheme only as a part of a portfolio and from the stand point of small investors who chose the same as the principal vehicle for investment in equity. Finally, the study concluded that any MF product such as 'Master Share' ought to serve small investors. However, its inadequate performance was a matter of concern. Sahadevan and Thripalraju (1997) compared the average returns of 13 UTI schemes and 32 schemes of four public sector MFs; viz. BOI MF, CanBank MF, GIC MF and Ind Bank MF with the return on BSE National Index. The study covered a period of four years (1992-96) and concluded that some schemes have outperformed the market as against others yielding significantly higher returns than the index.

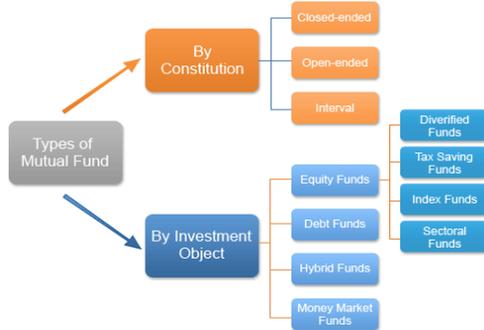
III. THEORETICAL BACKGROUND OF THE MUTUAL FUND

Concept of a Mutual Fund

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized are shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The flow chart below describes broadly the working of a mutual fund:-

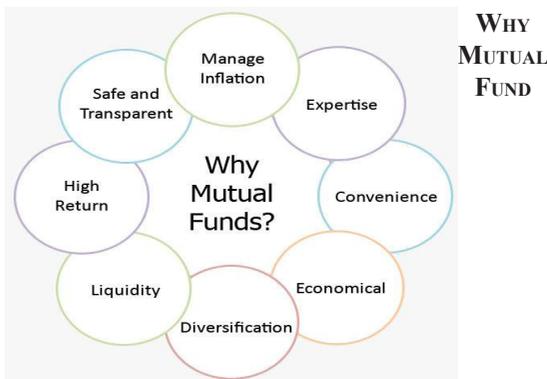


Savings form an important part of the economy of any nation. With savings invested in various options available to the people, the money acts as the driver for growth of the country. Indian financial scene too presents multiple avenues to the investors. Investment goals vary from person to person. While somebody wants security, others might give more weightage to returns alone. Somebody else might want to plan for his child’s education while somebody might be saving for the proverbial rainy day or even life after retirement. With objectives defying any range, it is obvious that the products required will vary as well.



TYPES OF MUTUAL FUNDS

This various type of schemes of Mutual Fund caters diverse need of the investors and also make available different options for investment. Based on your goals and your investment horizon, Mutual Funds give you the option to invest your money across various asset classes like equity, debt and gold. This allows you to diversify your investments and strive to reduce your portfolio risk.



V. OBJECTIVES OF THE STUDY

The broad objectives of the present study are as under:

1. To understand concept of Mutual Fund.
2. To assess Investment Policy with reference to sector wise allocation of selected Equity Debts Schemes of Mutual Funds
3. To assess Investment Policy with reference to asset allocation of selected Equity & Debts Schemes of Mutual Funds
4. To probe into the lacuna, if any and offer suggestions where necessary for the improvement of Mutual Fund operations.

VI. RESEARCH METHODOLOGY OF THE STUDY

The main problem focus of this study was to understand Investment policy of fund manager to develop portfolio, because performance is depend on the investment policy of schemes. The analytical study conducted on secondary data of Mutual Fund for the period April 2012 to March 2016. The population for the this study is 45 Mutual fund Asset Management Company (AMC) among which 10 AMC’s has been selected on the basis of highest asset under management, in addition to that Equity & Debts schemes has chosen as sample unit for the study.

The study focuses asset allocation & sector wise allocation investment policy of fund manager of selected schemes of mutual fund. However For generating finding /observations sector wise asset allocation holding less than 50% in top 5 sectors has been considered diversified & More than 50% in top 5 sectors has been Considered Conservative, however For Asset Allocation Above 80 exposure in equity considered as Aggressive Investment Policy, 50&-80% exposure in equity considered as Balanced Investment Policy and Less 50% exposure in equity considered as Conservative Investment Policy. The criterion has been considered with prior discussion & consultation with the academicians & industry experts for the effective analysis of the schemes.

VII. OBSERVATIONS/FINDINGS

An analytical Study has been conducted to understand the Investment Policy of the Schemes with reference to asset allocation & sector wise allocation of the schemes. Following observation has been noted related to adopted investment policy of the selected schemes of the Mutual Fund.

**ASSET ALLOCATION (EQUITY SCHEMES)**

Sr. No.	Scheme Name	Scheme Type	Asset Allocation Investment Policy
1	Birla SL Tax Savings Fund	Equity Scheme	Aggressive Equity
2	DSPBR Tax Saver Fund-Reg	Equity Scheme	Aggressive Equity
3	Franklin India Tax shield	Equity Scheme	Aggressive Equity
4	IDFC Tax Saver	Equity Scheme	Aggressive Equity
5	HDFC Long Term Adv Fund	Equity Scheme	Aggressive Equity
6	Kotak Tax Saver Scheme	Equity Scheme	Aggressive Equity
7	L&T Tax Saver Fund	Equity Scheme	Aggressive Equity
8	Reliance ELSS Fund-Inconsistent	Equity Scheme	Aggressive Equity
9	SBI Magnum TaxGain'93-Reg	Equity Scheme	Aggressive Equity
10	Birla SL Tax Relief 96	Equity Scheme	Aggressive Equity

SECTOR WISE ALLOCATION (EQUITY SCHEMES)

Sr. No.	Scheme Name	Scheme Type	Sector Wise Fund Allocation Approach of Investment Policy
1	Birla SL Tax Savings Fund	Equity Scheme	Diversified Approach
2	DSPBR Tax Saver Fund-Reg	Equity Scheme	Diversified Approach
3	Franklin India Tax shield	Equity Scheme	Diversified Approach
4	IDFC Tax Saver	Equity Scheme	Diversified Approach
5	HDFC Long Term Adv Fund	Equity Scheme	Diversified Approach
6	Kotak Tax Saver Scheme	Equity Scheme	Diversified Approach
7	L&T Tax Saver Fund	Equity Scheme	Diversified Approach
8	Reliance ELSS Fund	Equity Scheme	Concentrated Approach
9	SBI Magnum Tax Gain'	Equity Scheme	Diversified Approach
10	Birla SL Tax Relief Fund	Equity Scheme	Diversified Approach

DEBT SCHEMES

Sr.No	Scheme name	Scheme Type	Asset Allocation Investment Policy
1	Birla SL Cash Plus	Debt Scheme	Balanced Approach
2	DSPBR Liquid	Debt Scheme	Conservative Approach
3	Franklin India TMA	Debt Scheme	Conservative Approach
4	HDFC Liquid Fund	Debt Scheme	Balanced Approach
5	ICICI Pru Liquid Fund	Debt Scheme	Conservative Approach
6	IDFC Cash A	Debt Scheme	Conservative Approach
7	Kotak Liquid Fund plan	Debt Scheme	Conservative Approach
8	L&T Liquid Reg	Debt Scheme	Conservative Approach
9	Reliance Liquid	Debt Scheme	Conservative Approach
10	SBI Premier Liquid	Debt Scheme	Conservative Approach

DEBT SCHEMES

Sr.No	Scheme Name	Scheme Type	Sector Wise Fund Allocation Approach of Investment Policy
1	Birla SL Cash Plus(DAP)	Debt Scheme	Concentrated Approach
2	Franklin India TMA(G)	Debt Scheme	Concentrated Approach
3	HDFC Liquid Fund(G)	Debt Scheme	Concentrated Approach
4	ICICI Pru Liquid Plan-Reg(G)	Debt Scheme	Concentrated Approach
5	IDFC Cash-A(G)	Debt Scheme	Concentrated Approach
6	Kotak Liquid Fund - Plan A(G)	Debt Scheme	Concentrated Approach
7	L&T Liquid-Reg(G)	Debt Scheme	Concentrated Approach
8	Reliance Liquidity(G)	Debt Scheme	Concentrated Approach
9	SBI Premier Liquid Fund	Debt Scheme	Concentrate Approach
10	DSPBR Cash Merg	Debt Scheme	Concentrate Approach

VIII. OBSERVATIONS OF ASSET ALLOCATION

Asset allocation reflect the fund managers approach to have exposures to instruments of Equity, Debts & cash & cash exposures etc in the portfolio. It has been observed that all equity schemes have adopted aggressive approach of Investment policy as all schemes have more exposure to equity instruments. Same time Debts Schemes has less exposure to equity instruments and more exposure is in Debts instruments which show the conservative approach of investment policy.

IX. OBSERVATIONS

Sector wise allocation reflects the investment policy of the schemes that how fund manager has taken approach to design the portfolio. This to be attempts to found dose fund manager focus on specific sector or not? It has been clearly observed from the analysis of the information of selected equity & debts schemes of mutual fund. Equity Mutual funds has adopted diversified approach of investment as equity schemes has shown exposures in various sectors, equity schemes has not concentrated on specific sectors only. Out of 10 equity schemes 9 schemes has shown diversified approach investment policy.

The same time approach of Debts mutual funds is totally different they focus on the specific sectors only, out of 10 debts schemes all schemes has shown concentrated approach of Investment Policy.



X. SUGGESTIONS

The present study is helpful to various stakeholders of the industry. Following are some valuation suggestion from this study to the stakeholders:

- **AMC:** Fund manager need to ensure optimum asset allocation of Debt & Equity & profitable sector wise fund allocation in various sector. Trustee member ensure proper regulation and whether fund manager is applying adherent rules and regulation while making investment.
- **Unit Holders:** Unit holders can shift their investment as per performance of the scheme. Changing dimension and scenario of investment related environment head to understand by unit holders& accordingly shifting, redemption transfer decision need to exercise by unit holders.
- **New Investors in MF:** Before making investment investors need to ensure objectives & Investment Policy, past performance of the scheme.
- **Regulatory Bodies:** tax liability (Exit Tax & long term capital gain tax) of MF should be decreased. This will increase more investment in mutual fund.

XI. CONCLUSIONS

This study creates awareness that the mutual funds are worth investment practices. The various schemes of mutual funds provide the investors with a wide range of investments options according to his risk bearing capacities and interest. Besides they also give a handy return to the investors.

In India Mutual funds are playing important role. The mutual fund Companies pool the savings of small investors and invest those collected huge amount of funds in different sectors of the economy. They are performing like intermediary between small investor and the Indian capital market. In recent years many mutual fund companies are established. Through this competition is increased among the companies. To encounter the competition the different companies are introducing different types of mutual fund schemes with attractive returns and low risk. So it is an advantage to the investors.

REFERENCES

- [1] Bansal, L. K. (1996). “Mutual Fund Investors Taken for Granted by AMCs”, Chartered Secretary, Vol. 26(4), 365-366.
- [2] Barua, SK and Varma, JR (1991). “Master shares: A Bonanza for Large Investors”, Vikalpa, Vol. 16(1): 29-34.
- [3] Batra, G.D. (1991). Growth and Performance of Mutual Funds in India”, Indian Management Studies (Punjab University), Vol. III (1 &2), 97-102.
- [4] Bhalla, V.K. (2000). Investment Management: (Security Analysis and Portfolio Management). Sultan Chand & Co.Ltd. New Delhi, 90-107.
- [5] Bhatt, NM (1992). “Mutual Funds: Some Regulatory Issues”, The Economic Times, Bangalore (ed.) January 7.
- [6] Ujiie, Junichi (2002). *Japanese Financial Market*. England: Woodhead Publishing Limited. UTI Institute of Capital Markets. (1995). *Mutual Funds in India 1964-1994 Fact Book* (First Edition). New Bombay: UTI Institute of Capital Markets.
- [7] Vashist, A.K., & Gupta, R.K. (2005). *Investment Management and Stock Market*. New Delhi: Deep & Deep Publications Pvt. Ltd.
- [8] Seth C, Anderson., & Ahmed, Parvez. (2005). *Mutual Funds: Fifty Years of Research Findings*. IFMI: Springer Media Inc.
- [9] Rao, Mohana P. (1998). *Working of Mutual Fund Organisations in India*. New Delhi: Kaniska Publishers.
- [10] Reilly, Frank. K., & Brown, Keith. C. (2006). *Investment Analysis and Portfolio Management*. New Delhi: South-Western Cengage Learning.
- [11] Sharma, Meera. (2008). *Management of Financial Institutions: With Emphasis on Bank and Risk Management*. New Delhi: Prentice Hall of India Private Limited.
- [12] Sharpe, William F., Alexander, Gordon J., & Bailey, Jeffery V. (2008), *Investments*. New Delhi: PHI Learning Private Limited.
- [13] Singh, Balvinder. & Singh, Jaspal. (2005). *Securities Market: Operation and Reforms*. New Delhi: Deep & Deep Publications Pvt. Ltd.
- [14] Singh, Jaspal (2006). *Mutual Funds: Growth, Performance and Prospects*. New Delhi: Deep & Deep Publications Pvt. Ltd.
- [15] Sinha, Madhu (2008). *Financial Planning: Ready Reckoner*. New Delhi: Tata Mc-Graw Hill Publishing Company Limited.



The Relationship Between Stock Prices and Prices of Real Goods in the Indian Economy – An Analysis from a Historical Perspective

Subrahmanya Kumar N.

Assistant Professor – Senior Scale, Department of Commerce,
Manipal University, Manipal, Karnataka
ns.kumar@manipal.edu

Dr. Puttanna K.

Assistant Professor, Department of Business Administration
Mangalore University, Mangalore, Karnataka
ns.kumar@manipal.edu

Abstract : *The general assumption that stock market should reflect the economic buoyancy indicated by the changes in the prices of real goods in the economy may not be true in reality. The present study aims to analyse, from historical perspective, the relationship between the agriculture and manufactured goods' prices on one hand and stock prices on the other. This is done by analyzing the changes in Price Index of Agricultural Products and Price Index of Manufactured Products as explanatory variables, representing economic prosperity of the country, and the changes in the values of S&P BSE SENSEX as the explained variable representing the changes in stock prices by assuming a linear relationship between the two sets of variables. The results indicate that, though plausible relationship exists between the explanatory and explained variables, the relationship is not significant and the changes in S&P BSE SENSEX does not readily reflect the economic conditions prevailing in the economy.*

Keywords : *Stock market, regression coefficient, S&P BSE SENSEX*

I. INTRODUCTION

The stock market returns is assumed to be the reflection of the performance of the economy as a whole. When the business organizations are in a position to earn more, their stock prices should rise, leading to higher returns and vice versa. Price index of manufactured products measures the changes in the effective price received by the manufacturers for their output. When there is rise in the price index of manufactured products, therefore, we can understand that the manufacturing sector has received higher prices for their output and therefore have better opportunities to generate higher profits. This should get reflected in the stock market return significantly because the stock prices should reflect the profit opportunities of the business organizations.

Similarly, agriculture is the backbone of the Indian economy and the success and failure of the agricultural sector generally influences all other sectors in the economy. Rise in the price index of agricultural products indicates prosperous agricultural conditions and the stock indices should reflect this accordingly. Similar should be the effect in the case of general index of wholesale prices which reflects the prices of a basket of commodities including both manufactured products and agricultural products.

II. OBJECTIVE

The objective of this paper is to analyse, from historical perspective, the relationship between the agriculture and manufactured goods' prices on one hand and stock prices on the other. This is done by analyzing the changes in Price Index of Agricultural Products and Price Index of Manufactured Products as explanatory variables, representing economic prosperity of the country, and the changes in the values of S&P BSE SENSEX as the explained variable representing the changes in stock prices by assuming a linear relationship between the two sets of variables. The period of study is 1994-95 to 2013-14. The data used are taken from the Economic Survey 2015-16 published by the Government of India and from the website of Bombay Stock Exchange (www.bseindia.com).

III. CHANGING ECONOMIC CONDITIONS : THE INDICATORS

The price indices represent market conditions for the concerned products. Rising prices of manufactured products is an indication of bullish sentiment or conditions in the market for manufactured products. Rising prices of manufactured products indicate increasing prosperity of the manufacturing sector of the economy. This will have spillover effects on the other sectors of the economy through



increasing employment in the sector, higher wages and bonuses paid to the employees and the consequent rising trend in the general market. It indicates increasing levels of income and expenditure of the individuals benefiting directly from the prosperity of the sector either as employees or as suppliers of raw materials or the distributors of the manufactured products.

Similar are the effects of rising prices of agricultural products and prosperity of agricultural sector and their impact on the general economic conditions of the country. Hence, prosperity of these sectors indicated by rising prices of the products will have an increasing effect on the prices of stocks of different companies which should be reflected by rising values of S&P BSE SENSEX. Hence, it plausible to argue that the values of S&P BSE SENSEX and the indices of prices of Manufactured products and agricultural products should have a positive relationship.

IV. THE MODEL

The linear regression model used in the study is as follows;

$$y_i = a + b_1x_1 + b_2x_2 + u_i$$

Where,

- y_i is value of indices “i” varying from 1 to 20 corresponding to the period 1994-95 to 2013-14
- b_1 and b_2 are the parameters of the model or regression coefficients
- a = Intercept
- x_1 and x_2 explanatory variables; x_1 representing the rate of change in Price Index of Manufactured Products and x_2 representing rate of change in Price Index of Agricultural Products
- u = random error term

V. THE DATA

The data used in this analysis are presented in Table 1 and Table 2. Table 1 shows the annual values of indices; namely, General Index of Wholesale Price, Price Index of Manufactured Products and Price Index of Agricultural Products. Table 2 shows the annual rates of change in theses indices and that of S&P BSE SENSEX. Rate of change in the values of indices used is calculated using the relationship;

$$C_i = \frac{I_i - I_{i-1}}{I_{i-1}}$$

Where, C_i measures the rate of change in the index, I_i is the value of the index in year ‘i’ and I_{i-1} represents the value of the index in the year previous to year ‘i’.

Table 1: Index Numbers of Wholesale Prices

Year	General Index of Wholesale Price	Price Index of Manufactured Products	Price Index of Agricultural Products
Weight (Base: 1993-94)	100	63.75	21.54
Weight (Base: 2004-05)	100	64.97	18.59
(Base : 1993-94 = 100)			
1994-95	112.6	112.3	116
1995-96	121.6	121.9	126
1996-97	127.2	124.4	136.4
1997-98	132.8	128	140.3
1998-99	140.7	133.6	157.2
1999-00	145.3	137.2	159.1
2000-01	155.7	141.7	163.7
2001-02	161.3	144.3	169.5
2002-03	166.8	148.1	175.3
2003-04	175.9	156.5	182.9
2004-05	187.3	166.3	186.7
(Base : 2004-05 = 100)			
2005-06	104.5	102.4	103.4
2006-07	111.4	108.2	112.5
2007-08	116.6	113.4	121.5
2008-09	126	120.4	133.5
2009-10	130.8	123.1	151
2010-11	143.3	130.1	176.6
2011-12	156.1	139.5	190.4
2012-13	167.6	147.1	209.6
2013-14	177.6	151.5	233

Source: Government of India Economic Survey 2015-16

Table 2: Rate of Change in Index Numbers of Wholesale Prices and S&P BSE SENSEX on year on year basis

Year	S&P BSE SENSEX	General Index of Wholesale Price	Price Index of Manufactured Products	Price Index of Agricultural Products
1994-95	-0.13708	0.126	0.123	0.16
1995-96	0.032398	0.079929	0.085485	0.086207
1996-97	-0.0017	0.046053	0.020509	0.08254
1997-98	0.15825	0.044025	0.028939	0.028592
1998-99	-0.03925	0.059488	0.04375	0.120456
1999-00	0.337255	0.032694	0.026946	0.012087
2000-01	-0.27931	0.071576	0.032799	0.028913
2001-02	-0.03746	0.035967	0.018349	0.035431
2002-03	-0.12124	0.034098	0.026334	0.034218
2003-04	0.833753	0.054556	0.056718	0.043354
2004-05	0.161382	0.06481	0.06262	0.020776
2005-06	0.737298	0.045	0.024	0.034
2006-07	0.158878	0.066029	0.056641	0.088008
2007-08	0.196781	0.046679	0.048059	0.08
2008-09	-0.37943	0.080617	0.061728	0.098765
2009-10	0.805405	0.038095	0.022425	0.131086
2010-11	0.109395	0.095566	0.056864	0.169536
2011-12	-0.10496	0.089323	0.072252	0.078143
2012-13	0.082254	0.073671	0.05448	0.10084
2013-14	0.188498	0.059666	0.029912	0.111641

Source: Computed using data from Table 1

VI. THE REGRESSION RESULTS

The results based on the regression analysis of the above the data presented in Table 2 using the model stated above are presented in Table 3

Table 3: Results of Multiple-Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Probability
Price Index of Manufactured Products (x_1)	-3.678765	3.312368	-1.110615	0.2822
Price Index of Agricultural Products (x_2)	0.095444	10858267	0.051362	0.9596
C	0.302759	0.173598	1.744019	0.0992
R-squared	0.081333	Durbin-Watson Statistic	2.262501	

The Durbin-Watson statistic value is found to be greater than the R^2 value in the regression results. This indicates that plausibility of regression model and suggests that non-



spurious relationship exists between the independent and dependent variables. The coefficients of the independent or explanatory variables are, however, not significant. This indicates that the explanatory variables are not able to explain the changes in dependent variable effectively. When the above results are presented in the standard linear form, we get the following, with the standard errors of estimates given respectively below them within brackets.

$$\hat{y} = 0.302759 - 3.678765x_1 + 0.095444x_2 \quad R^2 = 0.081333$$

(3.312368) (1.858267) (n=20)

The result shows that explanatory variables have very low explanatory effect on the explained variable. The value of R^2 being 0.08, implies that the explanatory variables can explain only 8% of the changes in the S&P BSE SENSEX, explained variable. The rest are explained by the factors other than the factors considered in this analysis.

VII. CONCLUSION

It is generally assumed that the change in the values of S&P BSE SENSEX is a reflection of the general economic conditions in the economy. This implies that as there is economic prosperity, generally, the indices should go up. The empirical analysis above shows that there is no such strong relationship between general economic prosperity, as reflected by rising prices of manufactured products and of agricultural products, and the values of the S&P BSE SENSEX. Therefore, rising values of S&P BSE SENSEX cannot be taken as a reliable indicator of general economic prosperity in the country. Upward movement in the S&P BSE SENSEX, or variation in the S&P BSE SENSEX, is explained by factors other than general economic prosperity or otherwise. Such factors may be speculative activities in the stock market, announcement effects and their impact on stock prices, investor sentiments, mob mentality of the investors, follow the market attitude and irrational behaviour of investors.

However, this analysis has used the annual data. The effect of the changes in the prices of manufactured goods and agricultural products on share prices might get absorbed in durations shorter than one year period. Hence, a study using data pertaining to shorter time duration may be able to give improved results giving scope for further study in the area.

REFERENCES

- [1] Government of India, Economic Survey 2015-16
- [2] www.bseindia.com



A Study of Investment Behaviour of Individual Households in Mumbai

Prof. Ishtiyaq Chiplunkar

Research Scholar

Tolani College of Commerce, Andheri, Mumbai

ishtiyqs@tcc.tolani.edu

Abstract : In the current market scenario of highly unpredictable market place, various opportunities for investment in gold are creating the confusion among Investors. As per various studies 20000 tonnes of gold over Rs. 52 lakh crore is lying idle with households and temple in the country (DNA News Paper - 20th November, 2015). There are various alternatives available for investment in gold like ETF, E-Gold, Gold Bond Scheme etc. The present study “A Study on awareness of alternative investment options in gold among investors in Mumbai” tries to study the awareness level of peoples living in Mumbai about various alternative of gold. The objectives of the study is to understand the various investment options for investors, investors need to be aware of alternative investment options available and to assist investors in creating awareness about various other investment options. For the purpose of study the primary data and Secondary data has been collected. Primary data consists of questionnaire and secondary data through website, research papers, news papers and magazines. Based on the research it is found that many investors still prefer jewelry, gold coins and gold bullion bars as a form of investment considering an easy form of investments. Investors are either not aware of other investment options or they give less preference to other investments like Paper Gold (Gold Bond Scheme, ETF, E-Gold Etc.)

Keywords : Individual Households, Gold, Investments

I. INTRODUCTION

The main research objective of this research was to examine the investment behavior of individuals in Mumbai. In Mumbai most of the investors invest in gold in the form of jewelry which consists of many constraints like high making charges, loss of value storage charges etc. The present study creates awareness among investors in investing in paper gold or e-gold as an alternative investment.

II. OBJECTIVES OF THE STUDY

- To study the awareness level among individual household about various options available for investors other than physical gold.
- To study the return on investment in gold and other investment options.
- To assist in creating awareness among investors about alternative investment options (e-gold, ETF, Gold Bond Scheme).

III. SUMMARY OF RESEARCH THAT HAS BEEN REVIEWED

The present study is descriptive study in nature. In this study my objective is to study various options available for investors other than physical gold and to create awareness among investors about alternative investment options.

In order to get required information, the information was gathered from the Primary and Secondary sources. Primary data consists of questionnaire and secondary data consists of information sourced through various websites, research articles. For the purpose of study data has been collected from 50 respondents in Mumbai and the convenience sampling has been used.

IV. DATA ANALYSIS

Table 1-Table showing respondent gender information

Gender	No. of respondent	Percentage
Male	30	60.00
female	20	40.00
Total	50	100.00

Description: Above table shows 60 per cent respondents are males and 40 per cent are females.

Table 2 -Table showing most preferred invest

Gender	No. of respondent	Percentage
Gold	44	88.00
Gold Bond Scheme	4	8.00
E-Gold	1	2.00
ETF	1	2.00
Total	50	100.00



Description: Based on above table 88 per cent of investors prefer to invest in gold than Gold Bond Scheme, E-gold, and ETF.

Table 3–Table showing investment in gold

	No. of respondent	Percentage
Yes	40	80.00
No	10	20.00
Total	50	100.00

Description: 40 respondents i.e. 80 per cent of investors willingness to invest in gold and only 10 respondents i.e. 20 per cent investors not willing to invest in gold.

Table 4 – Table showing investment in other investment options

	No. of respondent	Percentage
Yes	11	22.00
No	39	78.00
Total	50	100.00

Description: 39 respondents i.e. 78 per cent of investors don't invest in other investment options and only 22 per cent respondents invest in other investment options.

Table 5 – Table showing Return on Investment in gold

	No. of respondent	Percentage
Yes	0	00.00
No	50	100.00
Total	50	100.00

Description: 100% investors agree that return on investment in gold is NIL

Table 6 – Table showing Return on Investment from other investment option

	No. of respondent	Percentage
Yes	11	100.00
No	0	00.00
Total	11	100.00

Table 7 – Table showing level of agreement for the following items.

7.1 Investment in Physical Gold is better than investments in Paper or E-Gold

	No. of respondent	Percentage
SD	5	10.00
D	4	8.00
N	1	2.00
A	30	60.00
SA	10	20.00
Total	50	100.00

7.2 I am confident in investing in physical gold

	No. of respondent	Percentage
SD	7	14.00
D	3	6.00
N	0	0.00
A	33	66.00
SA	7	14.00
Total	50	100.00

7.3 I am interested in investing more in physical gold

	No. of respondent	Percentage
SD	6	12.00
D	4	8.00
N	0	0.00
A	35	70.00
SA	5	10.00
Total	50	100.00

7.4 I don't like to take risk

	No. of respondent	Percentage
SD	5	10.00
D	4	8.00
N	0	0.00
A	35	70.00
SA	6	12.00
Total	50	100.00

V. CONCLUSION

In the current market scenario of highly unpredictable market place, various opportunities for investment in gold are creating the confusion among investors. As per various studies 20000 tonnes of gold over Rs. 52 lakh crore is lying idle with households and temple in the country (DNA News Paper - 20th November, 2015). There are various alternatives available for investment in gold like ETF, E-Gold, Gold Bond Scheme etc. The present study “A Study on awareness of alternative investment options in gold among investors in Mumbai” tries to study the awareness level of peoples living in Mumbai about various alternative of gold. The objectives of the study is to understand the various investment options for investors, investors need to be aware of alternative investment options available and to assist investors in creating awareness about various other investment options.

Based on the research it is found even though there is no return on investment from gold investors prefers to invest in gold and not in other investment options which gives some returns on investment. Many investors are not even aware of other investment options. Investors don't want to take risk on investments they feel secure by investing in physical gold and therefore they prefer to invest in gold.

REFERENCES

- [1] Maloney, Michael (2008). Guide to Investing in Gold and Silver – Protect Your Financial Future. Business Plus 2008.
- [2] JalpaThakkar, “An empirical study on gold investment rage among the professionals”- a comparative analysis of gold, etf, egold and gold fund, ASM's international e journal, 2013.
- [3] Mr. P. Arulmurugan, Dr. K.Balanagaguruthan, “A Study on Investment Behavior of Professors Towards Gold with Special Reference to TamilnaduState”, Vol 2, Issue 2, Feb 2013.
- [4] “About Gold-ETF”. nsegold.com.
- [5] “Gold: A commodity like no other”, World Gold Council. Gold.org
- [6] Tiddie.com, An Introduction To Gold As An Investment, 26th May 2013
- [7] http://gold.approximity.com/gold_FAQ.html
- [8] DNA News Paper



A Study on Advisory Services and Equity Market

Mrs. Manisha C. Phate

Asst. Prof. SKN Sinhgad School of
Business Management, Pune
manishaphate.sknsbm@sinhgad.edu

A. K. Vishwakarma

Asst. Prof. SKN Sinhgad School of
Business Management, Pune
akvishwakarma1j@gmail.com

C. K. Sharma

Asst. Prof. SKN Sinhgad School of
Business Management, Pune
chandansharma4646@yahoo.in

Abstract : *Equity markets are the meeting point for buyers and sellers of stocks. The securities traded in the equity market can be either public stocks, which are those listed on the stock exchange, or privately traded stocks. Often, private stocks are traded through dealers, which is the definition of an over-the-counter market. The market in which shares are issued and traded, either through exchanges or over-the-counter markets, Also known as the stock market, it is one of the most vital areas of a market economy because it gives companies access to capital and investors a slice of ownership in a company with the potential to realize gains based on its future performance. The main objective of the research is to study about role of advisory services in equity market and also identify the factors affecting advisory services and how these services helps to the investors for investing their money in to the equity market. Collection of data methodology used only secondary data. These secondary data collected thorough reference book, previous research papers, internet, etc. This paper empirically assesses the role of advisory services among the different investors. This study is based on the secondary data.*

Keywords : *Equity market; stock market*

I. INTRODUCTION

To make money in Indian stock market is not very easy as Indian market is very unstable in nature. Many people got huge losses due to lack of knowledge of stocks and commodities. To earn guaranteed and substantial money, one needs to have depth knowledge about the Indian stock market along with good experience and insights. Initially, it is suggestible to discuss with some recognized stock trading companies. where they have an experienced and dedicated team of experts to look after individual investments. These guys will guide through the investment procedure as in when to sell, when to buy, what to buy, and for how long to keep based on ones financial goal.

In the city of Pune, as reflected the interested number of people who wants to invest in equity market is low because of less knowledge of share market.

Nowadays taking stock tips is essential to escape from getting huge loss. When you are thinking to invest in the stock market and confused on your decision then you need to go for a professional stock market advisory service. A stock trading company like this gives stock tips based on BSE and NSE because they are in the Stock Market since many years so they have a lot of experience and they can predict better about when market will be up or down.

There is a huge opportunity to make money from share and commodity market. This is possible only if you trade very carefully and understand the scenario.

In the equity market, investors bid for stocks by offering a certain price, and sellers ask for a specific price. When these two prices match, a sale occurs. Often, there are many investors bidding on the same stock. When this occurs, the first investor to place the bid is the first to get the stock. When a buyer will pay any price for the stock, he or she is buying at market value; similarly, when a seller will take any price for the stock, he or she is selling at market value.

Companies sell stocks in order to get capital to grow their businesses. When a company offers stocks on the market, it means the company is publicly traded, and each stock represents a piece of ownership. This appeal to investors, and when a company does well, its investors are rewarded as the value of their stocks rise. The risk comes when a company is not doing well, and its stock value may fall. Stocks can be bought and sold easily and quickly, and the activity surrounding a certain stock impacts its value. For example, when there is high demand to invest in the company, the price of the stock tends to rise, and when many investors want to sell their stocks, the value goes down.

This market can be split into two main sectors: the primary and secondary market. The primary market is where new issues are first offered, and stocks and bonds are issued directly from the company. Any subsequent trading takes place in the secondary market, in which proceeds from the stock go to the investors, not the company directly. Stock exchanges, such as NYSE or NASDAQ, are examples of secondary markets.



II. HISTORY OF INDIAN STOCK EXCHANGE

Indian Stock Market is one of the oldest Stock Market in Asia. East India Company used to transact Loan Securities by the end of 18th Century. In the 1830s, trading on corporate stocks and shares in Bank and Cotton presses took place in Bombay.

➤ BSE (BOMBAY STOCK EXCHANGE)

Few informal groups of Stock Brokers organized themselves in 1875 and were formally organized as Bombay Stock Exchange (BSE). In 1956, the Government of India recognized the **Bombay Stock Exchange** as the first Stock Exchange in the country under the Securities Contracts (Regulation) Act.

But still there was no means to measure the overall performance of the exchange. So, in 1986, Bombay Stock Exchange developed **BSE Sensex (Sensex = Sensitive Index)**, an index of top 30 companies, which gave a means to measure the overall performance of the Exchange.

➤ SEBI (SECURITIES AND EXCHANGE BOARD OF INDIA)

Until late 1980s, BSE ran with low transparency and an unreliable clearing and settlement systems. Towards the end of the 1980s, new economic forces, the economic growth and currency crisis emphasized the need for modernization of the financial system. Government created the **Securities and Exchange Board of India (SEBI)** in 1988.

➤ NSE (NATIONAL STOCK EXCHANGE)

In April 1992, Bombay Stock Exchange crashed due to Harshad Mehta Scam. Finance minister Mr. Manmohan Singh urged the need of other Stock Exchange in competition to BSE. He tapped the Industrial Development Bank (IDB) to take the lead of the project of creating competition for BSE.

In November 1992, **NSE (National Stock Exchange)** was established as the first electronically traded Stock Exchange in India. After a few years of operations, the NSE has become the largest stock exchange in India.

BSE also automated the systems in 1995 but it never caught up with NSE Spot Market turnover.

Three segments of the NSE trading platform were established one after another. The Wholesale Debt Market (WDM) commenced operations in June 1994 and the Capital Market (CM) segment was opened at the end of 1994. Finally, the Futures and Options segment began operating in 2000. Today the NSE takes the 14th position in the top 40 futures exchanges in the world.

In 1996, the National Stock Exchange of India launched S&P CNX Nifty. **CNX Nifty (Nifty = National Fifty)** is a diversified index of 50 stocks from 25 different economy sectors.

In 1998, the National Stock Exchange of India launched its web-site and was the first exchange in India that started trading stock on the Internet in 2000. Today, NSE has roughly 66% of equity spot turnover and roughly 100% of equity derivatives turnover.

III. LITERATURE REVIEW

MS. ANJU BALA (2013): “Indian stock market - review of literature” In this research researcher find that Stock Market is the mitigation of risk through the spreading of investments across multiple entities, which is achieved by the pooling of a number of small investments into a large bucket. Stock Market is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost.

GOPIKRISHNA SUVANAM & AMIT TRIVEDI: “Imbalances Created because of Structured Products in Indian Equity markets” This study examined about different products of share market with their prices. It also examined about risk factors involved with the share market and how it affects investors as well as economy. This research also concern about new products of the market and risk associated with each of product.

IV. OBJECTIVES

More specifically, the study aims to:

- To study about role of advisory services in equity market.
- To identify factors affecting advisory services.
- To analyse willingness of investors to pay for advisory services.
- To analyse how much investors have trust on advisory services.

V. RESEARCH METHODOLOGY

- 1) **Primary Data:** Questionnaire: Researcher made a semi structured questionnaire for respondent. Questionnaire was used because it allows the coverage of all topics crucial to the study as well as it gives the freedom to the respondent to express their view. 150 respondent from different professions around Sinhgad road (pune) were gave their opinion.
- 2) **Secondary Data:** Secondary data was used for this research paper. This data was collected through the internet, books and existing literature available on the subject.

A. SAMPLE SELECTION METHOD:

Researcher used random sampling method to conduct



their survey.

B. SAMPLE SIZE: 150

C. SAMPLE ANALYSIS:

- 1) Percentage
- 2) Bar Diagram

VI. SCOPE

Geographical coverage considered for study is Sinhgad road (pune) when second; the profession covered in this study are Businessman, Lawyers, Corporate Employees, Builders, Professors and Others.

VII. LIMITATION

1. Limited sample size i.e. 150 respondent.
2. Area covered is very limited.
3. May be biased responses are given by the respondent.

VIII. DATA ANALYSIS & INTERPRETATION

1. YOUR OCCUPATION

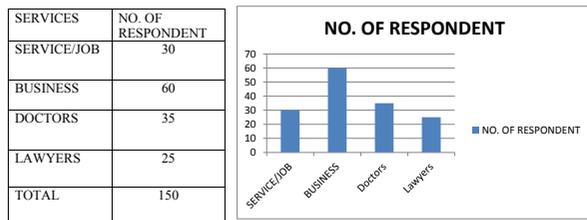


Table no. 1

Graph no. 1

Interpretation:

Through our research we found that businessman is more interested in stock market than other occupation like job, doctors, and lawyers etc.

2. EXPERIENCE IN STOCK MARKET

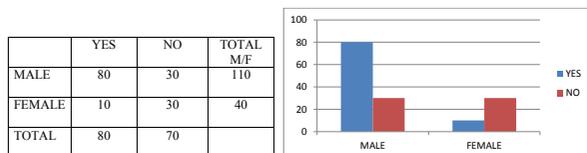


Table no. 2

Graph no. 2

Interpretation:

Male has more experience of stock market than female.

3. REGULAR INVESTOR

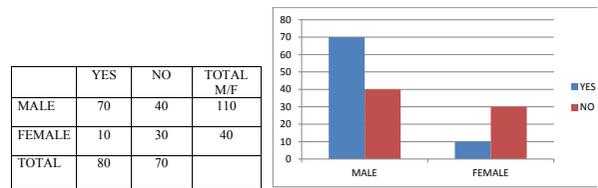


Table no. 3

Graph no. 3

Interpretation:

Male are regular investors than female.

4. PERIOD OF INVESTMENT

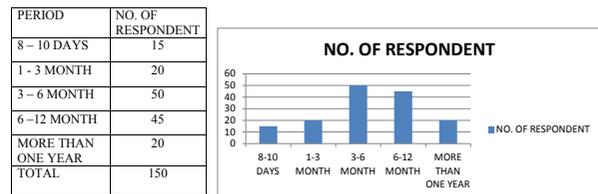


Table no. 4

Graph no. 4

Interpretation:

We found that people are mostly interested in short term investment rather than long term or medium term.

5. PREFERENCE FOR ADVISORY SERVICES FOR INVESTMENT

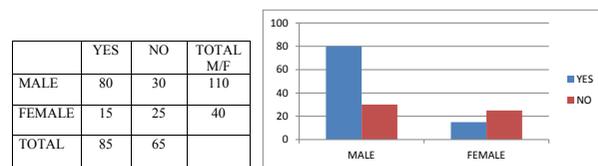


Table no. 5

Graph no. 5

Interpretation:

Most of the male prefer advisory services for investment than female

6. RELIABILITY ON ADVISORY SERVICES

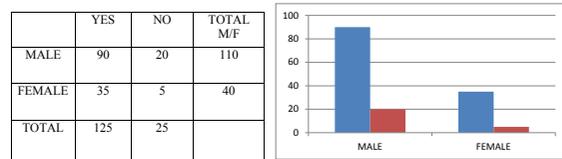


Table no. 6

Graph no. 6

Interpretation:

Most of the respondents think that advisory services are reliable.



7. ADVISORY SERVICES ARE PROFITABLE

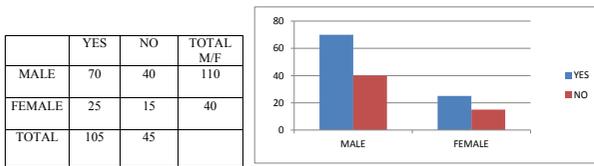


Table no. 7

Graph no. 7

Interpretation:

Most of the respondent thinks that advisory services are profitable.

8. DURATION OF INVESTING IN THE STOCK MARKET WITH THE HELP OF ADVISORY SERVICES

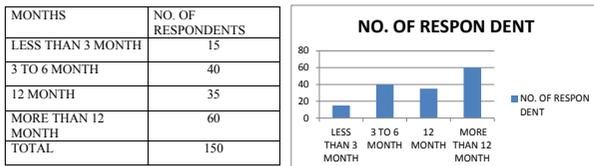


Table no. 8

Graph no. 8

Interpretation:

Most of the respondents investing in stock market for long period of time with the help of advisory services

9. PERCENTAGE OF YOUR INCOME, YOU INVEST IN STOCK MARKET

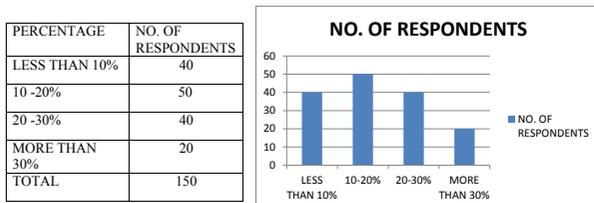


Table no. 9

Graph no. 9

Interpretation:

Most of the respondents invest 10-20% of their income in to the stock market.

10. RELY ON ADVISORY SERVICES WHILE INVESTMENT

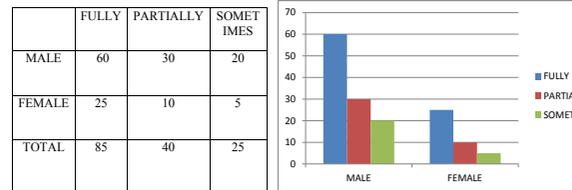


Table no. 10

Graph no. 10

Interpretation:

Male are more rely on advisory services than female.

11. EXPERIENCE OF LOSS THROUGH ADVISORY SERVICES IN STOCK MARKET

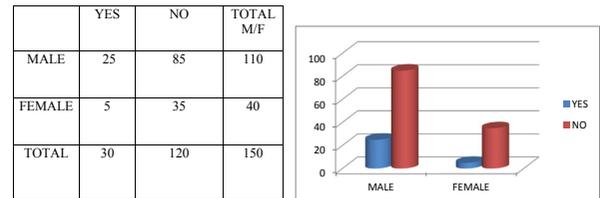


Table no. 11

Graph no. 11

Interpretation:

Very less respondent lose their money through advisory services

12. ADVISORY SERVICES PLAYS AN IMPORTANT ROLE IN ADVISING PEOPLE REGARDING STOCK MARKET INVESTMENT

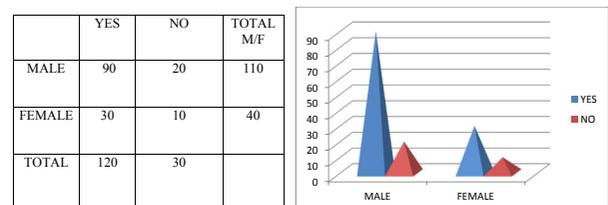


Table no. 12

Graph no. 12

Interpretation:

Most of the respondents think that an advisory service plays an important role in advising people regarding stock market investment.

IX. FINDINGS

1. People are not much aware about stock market.
2. Among the entire occupation businessman are more



interested to invest in stock market.

3. Subscription charge is of advisory services are very high; people don't have that much of amount.
4. Most of the people rely on advisory services and they also think that advisory services are more profitable.
5. People don't have patience, they want profit as soon as possible and sometimes it causes loss of the capital.
6. Investors prefer more to invest in short term rather than long term investment.
7. Potential of investing in stock market is more in male and less in female. Male investors are more responsible for growth of stock market and for increasing the market potential.
8. Most of the respondents earn profit through advisory services, only few investors experienced loss.

REFERENCES

- [1] https://www.nseindia.com/content/research/res_217_completed.pdf
- [2] www.tarj.in/images/download/AJMMR/.../7.6,%20Ms.%20Anju%20Bala.pdf
- [3] <https://www.nseindia.com/>
- [4] <https://www.bseindia.com/>
- [5] <http://www.sebi.gov.in/sebiweb/>

X. CONCLUSION

People are aware about stock market and its benefits. People are ready to pay extra for the advisory services but the charges of these types of services are very high. From this analysis it is evident that people do prefer to take advisory services even its cost is high because they think with the help of advisory services they can earn more. Researcher used primary and secondary both type of data for the research. Main area covered by the researcher is Sinhgad Road (pune). From this research researcher finds that most of the respondent are aware about the stock market and ready to pay extra for the advisory services but the major problem is the cost of these types of services are not affordable.



Business Intelligence in Banking

Anoop Jayaprakash

Assistant Professor

SNES Institute of Management Studies and Research, Kozikode, Kerala

anoop.jaya@gmail.com

Usha P. M.

Associate Professor

pmusha.72@gmail.com

Abstract : *Every action in this fast paced life creates a technical shadow which gets imprinted on some servers. Tackling and interpreting these saved actions is what turns out to be the new key of success. The imprints are just not the casual momentary occurrences but when interpreted bursts open the behavioral pattern of people. Rather than pushing the products blindfolded, the new pattern of approach is to seek the user and sell. This strategy finds its hit spot with the interpretations that flows from data analysis. Every action of the user has an underlying behavior which when analyzed and understood tells a story, a story of what the person craves, and the job that is left is just to write the lines of story. The capacity of the banks and financial institutions in analyzing large volumes of data opens up avenues of massive growth potential and spheres of prosperity*

Keywords : *Business Intelligence, OLAP, Data Warehouse, Customer Relationship Management, Asset Liability Management*

I. INTRODUCTION

The ability to analyze the data flows is what provides an opportunity for survival whether it is business or banking sectors. Every action in this fast paced life creates a technical shadow which gets imprinted on some servers. Tackling and interpreting these saved actions is what turns out to be the new key of success. The imprints are just not the casual momentary occurrences but when interpreted bursts open the behavioral pattern of people. Rather than pushing the products blindfolded, the new pattern of approach is to seek the user and sell. This strategy finds its hit spot with the interpretations that flows from data analysis. Every action of the user has an underlying behavior which when analyzed and understood tells a story, a story of what the person craves, and the job that is left is just to write the lines of story. The capacity of the banks and financial institutions in analyzing large volumes of data opens up avenues of massive growth potential and spheres of prosperity. Business intelligence is the buzz word of the time, a word which has a calibrated approach in speeding up the pace of growth that these institutions are to couple with.

Nowadays, BI is regarded as a separate discipline encompassing elements of information technology, strategy, managerial accounting, corporate analysis and marketing. It enables gathering, analyzing, disseminating and acting based on the business information, aimed at facilitating the resolution of management problems and making the best business decisions. A business intelligence system does not exist as a final product; its producers offer technological platforms and knowledge for their implementation. The banking system is known to be the technology leaders in such aspects and thus this concept of BI remains a favored area for them. Modern banks are known to be among leaders in the

area of adopting new technologies and knowledge, which is exactly why they are the fertile soil for implementing such an infrastructure. A special type of databases, referred to as data warehouses (DW), are generated to meet the needs of these systems, where data is organized in a manner convenient for conducting analytical processes on large data sets. A data warehouse contains a copy of data isolated from operational databases and structured specifically for reports and analyses. Data warehouses and Online Analytical Processing (OLAP) form the informational basis for applying business intelligence. Data mining and knowledge discovery are also important segments of business intelligence, dealing with complex statistical analyses and discovering hidden relationships between data and forecasting the behavior trends of business systems remain the core areas of this approach.

As financial services companies embark on a journey to gain a better understanding of customers and their household preferences in order to provide effective and differentiated services, the amount of data grows, data collection occurs more frequently, and data variety becomes more complex.

Today, these data sources can include:

- » **Traditional enterprise data from operational systems related to customer touch points such as:**
 - ATMs
 - Call Centers
 - Web-based and mobile sources
 - Branches / Brokerage units
 - Mortgage units
 - Credit cards



- Debt including student and auto loans
- Volatility measures that impact the clients’ portfolios
- » **Financial business forecasts from various sources such as:**
- News
- Industry data
- Trading data
- Regulatory data
- Analyst reports (internal and competing banks)
- Alerts about events (news, blogs, Twitter and other messaging feeds)
- » Other sources of data such as:
- Advertising response data
- Social media data

As the rate of these data is generally increased, business analysts who crave such data rapidly consume it. Information discovery tools enable them to rapidly combine various data sets leading to better insight. They often want more data to be ingested at higher rates and stored longer, and want to analyze the growing data volumes faster. “Big Data” solutions help financial services and banking institutions respond to these requirements.

II. AREAS ENCOMPASSED BY BUSINESS INTELLIGENCE IN BANKS

Business intelligence solutions for banks should provide the decision makers of all business segments of the bank with the ability to manage and exploit the information potential of multitude internal and external data resources

Business intelligence covers many areas of banking business, the most important being:

- Analytical Customer Relationship Management;
- Bank Performance Management;
- Enterprise Risk Management;
- Asset and Liability Management; and Compliance.

Accurate analysis of customer base is what that gives added edge to the banks and this process of technological collocation ensures the same.

A. ALM(Asset liability management)

Bank asset and liability management (ALM) is a process of managing a bank’s liabilities and receivables, aimed at establishing profit and risk balance, establishing a relation between the liabilities and receivables, and controlling the impact of risk on the bank’s operations and financial results. Business intelligence solutions for ALM should enable generating a complete set of internal reports – starting from

balance sheets, liquidity analysis and cash flow, down to maturity and interest rate structure. In addition to these, they also include income structure analyses and analyses of long-term syndicated loan agreement analyses.

Risk management is a process in which a bank methodologically manages all the risk processing phases (identification, analysis, measurement, control and reporting) posing a threat to the achievement of its goals and individual business activities, so that the achieved risk level should not endanger the bank’s safe and stable operation. Some of the risks faced by banks include credit risks, market risks, interest rate risks, foreign change risks, liquidity risks, operational risks, reputational risks, etc.

Credit risk is defined as the possibility that the client will not repay the loan taken from the bank within the terms agreed by contract. This risk can be defined more broadly – as a probability that the bank’s credit portfolio will lose its value. The purpose of banking risk analysis solutions is to enable analyzing credit risk analysis depending on how loan losses affect variations in the bank’s profit. They include credit risk analysis, credit risk assessment and credit risk mitigation assessment. The solution should offer the possibility for setting measures for risk mitigation, i.e. identification of market segments, portfolio segments, transactions and clients. It also warns about the need for changing the limit, activating instruments for protection against risks and/or changing the strategic orientation in a market segment, a client, a business process or a product.

Analysis of BI solutions for credit risk management support offers:

- Collections Analysis
- Credit Risk Assessment
- Credit Risk Mitigation Assessment
- Customer Credit Risk Profile
- Debt Restructure Analysis
- Involved Party Exposure
- Non Performing Loan Analysis
- Outstanding Analysis
- Portfolio Credit Exposure
- Security Analysis

Within their performance management tasks, managers monitor key business performance indicators through scorecard reports, used for continuous monitoring of the current balance with defined objectives. Score carding support solutions should provide users (notably managers) with rapid and efficient access to scorecards showing the key performance indicator values, alert them when these values exceed the allowed limits, and facilitate drill-down. In addition to the above mentioned reporting system, meeting



performance management methodology requirements also requires providing an infrastructure to support the planning and budgeting process. This means that the system should support the possibility of defining the target values across of all dimensions of business operations (clients, products and organizational units), considering the time dimension.

III. BUSINESS INTELLIGENCE SYSTEM ARCHITECTURE IN THE BANKING INDUSTRY

The architecture of a bank's business intelligence system is very heterogeneous and comprises several layers

- Operational database and external data
- The data integration and transformation layers
- The data warehouse layer
- The data access layer (applications, OLAP, data mining, etc)
- The front end (layer for access to information).

Operational (transactional) databases are created to meet the needs of day-to-day operation.

The bank's transactional data processing system, i.e. Online Transaction Processing (O LTP) is the bank's basic information system. Its role is to support daily business transaction activities (entering and processing payment orders, entering and processing deposit and loan contracts, recording transactions, commission processing and interest rate transactions, etc.).

The data integration and transformation layer includes processes transforming data from operational and external sources into a form suitable for database storage. They are referred to cumulatively as Extract Transform and Load (ETL) processes.

A data warehouse (DW) is an analytical database used as the basis for BI systems, designed for large amounts of data in a manner enabling simple and efficient data management for purpose of creating information required in the decision-making process.

The term OLAP (Online Analytical Processing) refers to the category of software technology enabling users (such as analysts, managers etc) to gain insight into data in a quick, consistent and interactive way. OLAP is the database's interface and a form of data processing which enables the user to extract data quickly and easily, and translate them into information in an almost unlimited number of ways. OLAP reports may take the form of regulatory status reports or multidimensional analyses, but they can also be presented in particularly effective formats such as key performance indicators (the Balanced Scorecard).

Data mining (DM) is the process of exploring and analyzing meaningful stacks and rules. Data mining uses techniques and algorithms from the areas of statistics and

artificial intelligence to find significant hidden stacks in large data sets. Data mining can be very useful in the banking industry and there are numerous instances of their application. For example, based on the clients' characteristics, the bank may forecast which of them could use certain services and target their marketing campaign at this narrow segment, thus reducing costs and increasing customer loyalty. In addition, based on historic data, a bank may define characteristics of clients who are unlikely to repay the loan and thus reduce operational risks. It is certain that a bank already has developed methods for earmarking clients who could use additional products, as well as methods of detecting potential bad debtors

The layer for access to information interacts directly with end users. In essence, this layer contains applications used daily by the end users. As technology develops, these tools tend to become increasingly sophisticated and offer numerous opportunities for drawing patterns of analysis and interpretations.

IV. AREAS TO BE TAKEN CARE OF BY BUSINESS INTELLIGENCE

B. Wealth Management

As financial institutions seek to expand into new geographies and provide differentiated services to enhance a wealth management portfolio, they need a comprehensive view of customers, customer households & networks, and need to develop personalized solutions that can support growth.

Portfolio managers usually receive news alerts about companies in their holdings. In order to respond, the portfolio manager then needs to shift through massive amounts of data to determine if a shift in allocations is warranted. They would like to (1) detect changes in financial conversations about companies in the portfolio, (2) investigate the conversations to determine source of information, (3) compare social information with internal information, and (4) identify all funds containing the companies and also identify the allocations. These types of analytical capabilities can be gained quickly through Big Data and related solutions.

C. Improving Customer Intimacy

Banks and financial services companies seek to differentiate themselves by developing and delivering unique products and services for their customers. However in this very competitive industry, successful products are often copied and the customer's barrier to exit is very low. Ten years ago, a person was more likely to have a long term relationship with a bank enabling the bank to dictate the terms for current accounts, savings accounts, and mortgages. That person might have had another relationship with a discount brokerage, where the brokerage would have controlled the



fee structure, the margin requirements and CD rates. The suppliers were at the center of these relationships. Today, this individual likely has multiple transient relationships with a number of banks, including an account at a bank that charges no fees, accounts in banks that offer the highest interest on savings, and mortgage loans from banks offering the lowest mortgage interest rate. The customer is now the center of attention, with the financial institutions being transient nodes.

D. Improving Fraud Detection

Fraud detection and prevention is facilitated by analyzing transactional data and interdicting an incoming real-time stream of transactions against a well known set of patterns. Big Data technologies enable correlation of data from multiple sources or incidents to determine fraud. The individual incidents by themselves may not signal a fraudulent event. An example of suspicious activity might occur when a trader consistently sends an email or calls a telephone number within a few minutes of making a large trade. Adding new data points such as geo-location data can enhance fraud prevention – an ATM card being used in New York to withdraw cash while the mobile device of the customer is active in London is an indication of a likely fraudulent event. Modern self-adaptive machine learning algorithms can learn and track behaviors of customers and devices enabling identification of fraud early.

V. WHERE TO FIND BUSINESS CASES THAT JUSTIFY PROJECTS

Many existing business capabilities can be enhanced when more and varied data becomes part of the Information Architecture. IT organizations at banking and financial services companies typically work with their lines of business to build solutions that deliver the following when defining Big Data projects:

1) Enterprise Modeling and Analytics Platforms

Banks are building data reservoirs as places to store data extracts from all operational and non-traditional data sources. Business users and analysts explore the data in the data reservoir and develop analytic business models in a self-service environment. Big Data technologies have been applied successfully in a number of financial services use cases, but the enterprise level use of Big Data for firm-wide analytic problems remains a challenge. Building an enterprise analytics platform gives users controlled access to all the data to explore it, build models, and deploy the models.

2) Mobility and Location based Services

As credit card interchange fees come under fire, banks are trying to offer value added services to merchants. Banks have an incredible amount of information available about the buying behavior of their customers. When combined with the location of the customer, it is possible to drive the customer

to visit a merchant location. For example, a time bound offer for a local restaurant that has a relationship with the bank can be made to a customer via their mobile device as they walk into a movie theatre.

3) Increased Customer Wallet Share

Understanding the life cycle of a customer enables more services to be sold to the customer over time. The value of the customer continues to grow as more and more services are sold to them. Social media can be a good source of data to get a head start on life events including, graduation, first job, engagement, weddings, college costs and retirement. This insight can enable more products to be sold by getting the right product in front of the consumer at the right time.

4) Customer Intimacy

Every engagement with the customer can be a selling opportunity. Better understanding of the customer, their traits, how they like to communicate, services they consume, and their value to the business enables the right product to be positioned to the customer at the right time for the right price.

5) IT operational efficiency

Not unique to banking and financial services companies and rarely driven from the lines of business (but a possible reason for embarking on extended architectures that include Hadoop) is the need to move data staging and transformation to a schema-less platform for more efficient processing and leveraging of IT resources. IT operational efficiency is often difficult to prove but is sometimes an initial justification that IT organizations gravitate toward when deploying these types of solutions

VI. CONCLUSION

The Banking sector is in a path of progress and up gradation of each and every aspect compels upon alterations in the existing system of operations. Business intelligence is a new wave of light that assures prosperity factor to be encompassing the realms of banking world. Understanding and adoption of this new mode of interpretation is surely going to open up avenues of massive growth potential to the enterprise. What needs to be added is the enhancement of the ability to forecast the behavioral pattern of consumers. Once predictions are possible preparations for managing the sudden change can be done upon effectively. The movement from user friendly to user predictability is what that is going to make the scope of this concept important.

REFERENCES

- [1] Asset - Liability Management System in banks - Guidelines. (n.d.). Retrieved February 10, 2011, from RBI: <http://rbidocs.rbi.org.in/rdocs/pressrelease/pdfs/3204.pdf>
- [2] Turban, Efraim; Sharda, Ramesh; Delen, Dursun, Decision Support and Business Intelligence System, 9th Edition



Impact of Bank Credit Disbursement on Industrial Sector With Special Reference to Radhanagari Taluka

Dr. A. G. Suryavanshi

Assistant Professor, The New College, Kolhapur
suryavanshi.a.g@gmail.com

Prof. Kuldeep S. Pawar

RadhanagariMahavidyalaya, Radhanagari, Kolhapur
kuldeppowar7255@gmail.com

Abstract : Industry sector is largest employment generation sector in India. Livelihood of more than 10 crore involved in Industry sector. Industry sector are playing vital role in economic development of rural and urban area by mobilizing rural resources, generating the standard of living of rural and urban people. This paper aim checking credit disbursement by Bank of India and Growth of Industry sector for the study researcher has selected targeted areas along with relevant parameter. The research paper restricted to Radhanagari Talukas in Kolhapur district. The total beneficiaries are 165 in Radhanagari Taluka, hence as per convenience random sampling method 10% beneficiaries from 165.

Keywords : Credit disbursement, growth, turnover, expansion, employment generation.

I. INTRODUCTION

The small, medium and large enterprises contribution to economic growth and development has been recognized globally. They believe that interest on small, medium and large Industry would contribute to creation of job, reduction in income disparity production of goods and service in the economy as well as providing a fertile ground for skill development. The financial distress of Industry sector is most debatable issue in India in recent year. The industry sector such as sugar factory, spinning mill, handloom, furniture, leather, foundry etc. have contributed significantly to the socio economic development since the attainment of independent. Industry sector is main source of employment generation and raising living of standard livelihood of more than 10 crore employee involved in industry sector.

In Radhanagari Taluka 4 branches of Bank of India. In financial year 2012-13 bank provide rupees to industry sector. It indicates the ratio of credit disbursement is increased. Foundry, Engineering, Textile, Leather and silver are main industrial activities in the district. Textile industries through co.op. spinning and weaving mill and small size loom unit have been developed in around Bhogavati, Radhanagari, Kolhapur Chappal, Kolhapur jaugery and Kolhapur silver works are famous in the country for its specialty.

Bank of India is lead bank of Kolhapur District. This Bank has 44 branches in Kolhapur district. The Bank of India has provided loan on large scale to the industrial sector. So it helped for overall development of Kolhapur district. Bank of India had provided financial assistance towards the no beneficiaries in Radhanagari Taluka. The researcher has come across the beneficiaries in Kolhapur District.

II. REVIEW OF LITERATURE

Dr. D. Ganesan and R. Santhangkrishnan (2013) in their entitled “Non-performing Assets : A study of State Bank of India”. A truly pointed out those banks plays in important role in economic development of a country. Bank is growth – driver and banking business is exposed to various risks.

N. A. Mujumdar (1998) in his article entitled “credit support to priority sector : A Macro Perspective” studied the trend of credit by commercial banks to priority sector they further pointed out that the small scale industry sector which contribute more than 40 percent of the value added in manufacturing sector.

Jyoti Gupta and Suman Jain (2012) in their research paper entitled “A study on co-operative banks in India with special reference to lending practice” observed the customer satisfaction as well as efficiency of co-operative banking in respect of lending practice. They stated that the role of co-operative bank in promoting tiny and rural industry is very significant than public sector banks. The role of co-operative bank in development of S.S.I. and Tiny Industry is also very crucial.

Rakesh Mohan (2004) in his comprehensive research article on “Finance for Industrial Growth” started from the beginning of industrialization in India. He also presented changing pattern of industrial finance over a period of time. He concluded that the Indian financial system needs to look at new ways of doing business, in terms of Knowledge – based banking and better management of information. It is necessary to tailor the new institutional funds to long term investments.



Robert Cull and et.al. (2005) in their research paper entitled “Historical Financing of small and medium size Enterprises ” observed historical background of small and medium size firms Industrial finance. The main purpose of this paper was to explore the role that access to finance played in generating this distribution of firm sizes – that is, the role it played in enabling firms to form at scales that were efficient for their industries and market segments and in enabling them to grow and take advantage of new technological developments and of increases in the size and scope of markets.

III. STATEMENT OF PROBLEM

The main focus of this research study is to know the problem or difficulties before the beneficiaries while sanctioning the industrial credit this research is related to the loan sanctioned by Bank of India, to its beneficiaries of Kolhapur District during the year from 2005 to 2014. It also related to how loan is sanctioned, disbursed to the beneficiaries. It also focuses on how the credit utilized in proper manner for the purpose. Further it studies the performance of beneficiaries for the better prospect.

IV. OBJECTIVE

- To review the past experience on credit disbursement
- To Study Industrial credit policy by Bank of India.
- To Study Growth and performance of beneficiaries in Industrial Sector.

V. HYPOTHESES

There is association attribute between industrial credit disbursement by Bank of India and growth of Industry sector.

VI. RESEARCH METHODOLOGY

The present study and mainly depend on Secondary sources of data. Four Bank of India branches selected from Radhanagari Taluka’s of Kolhapur district and selected credit beneficiaries select of Bank of India using convenience sample method. The both primary and secondary sources for collection of have been used. The primary source is restricted to personal discussion only. The secondary data collected from Annual Report, District Credit Plan, Magazine, different website Researcher used pie chart, graph, chi square ‘T’ test for data analysis. The examine Industrial Sector has been studied for period of 10 years from 2005-2014. There are 165 beneficiaries in Radhanagari Taluka who have obtained loan from Bank of India. as per convenience sample method 10% beneficiaries selected from 165 beneficiaries.

VII. ANALYSIS AND INTERPRETATION

The following table will reveal the analysis and interpretation of collected data

Table - 1
Loan Disbursement

Size of firm	Loan disbursement	No. of Beneficiaries
Tiny	9,63,600	2
small	80,44,700	8
Medium	96,47,350	6
Large	1,00,70,000	1

Table - 2
Interest Received

Size of firm	No. of Beneficiaries	Interest Received
Tiny	2	147,600
small	8	13,67,599
Medium	6	16,88,286
Large	1	17,64,250

It has been seen from table no.1 the total loan disbursement amount to selected business unit is Rs. 28,725,650 during the period under consideration. it has been also seen that the highest loan has received by the large scale industry (i.e. 35%) followed by medium (33%) and small scale industry (25%) the tiny industries are received very meager loan from bank of India. The interest rate amount is notable increase and medium scale industries.

Table -3
Recovery of Loan

Percentage of Loan Recovery	Large scale (1)	Medium scale (6)	Small scale (8)	Tiny scale (2)
1-25	0 (0)	0 (0)	0 (0)	1(50)
26-25	0 (0)	0 (0)	2(25)	1 (50)
51-75	0 (0)	3(50)	2 (25)	0 (0)
76-100	1(100)	3 (50)	4(50)	0 (0)

The recovery of loan according size of the firm it is clear from the data that 100 percent of large Industries are playing their loan almost 76- 100 percent the loan recovery large scale industry is appreciable on the country is not appreciable in case of medium small and tiny industries as they have more so percent of the total industries units are follows between 50 percent loan recovery range.



Table - 4
Defaulter Entrepreneur

Defaulter	Frequency	Percentage
Yes	2	11.76
No	15	88.24
Grand Total	17	100.00

The Defaulter customer means the nonpayer of credit. In other words it is cheater customer. Defaulter rate of industrialist's customer of Bank of India has been presented in table 4. Out of the total debtor industrialist's customers of Bank of India 88.24 percent non – defaulter and 11.76 are defaulter customers.

Table - 5

Rate of Interest of Loan

Rate of Interest	Frequency	Percentage
5 to 10	1	5.88%
10 to 15	16	94.12%

(Source – District Credit Plan of Bank of India)

Rate of Interest means the amount paid by creditor for the use of credit to the Bank. The rate of interest is depending on the term of loan. Almost 95 percent industrialist argued that the rate of interest on loan is between 10 to 15 percent.

Table –6

Terms of Loan

Loan Term	Frequency	Percentage
Short-Term	2	10.76%
Medium Term	9	50.00%
Long Term	7	40.24%

(Source – District Credit Plan of Bank of India)

The term of loan is nothing but the period of loan. Generally it has been classified into three heads i.e. short term, medium term, long term. It has been seen that almost 50 percent industrialist have taken medium term loan. The 40.24% and 10.76% percent industrialist have taken long term and medium term loan respectively. Thus in brief it can be stated that in an average the majority of the industrialist were interested in medium term and long term.

Table- 7

Credit Impact on Firm

Credit Impact on Business	Frequency	Percentage
Expansion in Business	6	33.33%
Increase Capital Stock	0	00.00%
Profit Increased	7	41.17%
Turnover Increased	5	29.41%

(Source – Field Survey)

The 33.33% industrialist agreed that there is increase in profit due to credit. The 41.17 and 29.41% percent entrepreneurship reported that there is increase in profit and turnover due to credit of Bank of India. There is positive co-relation between the credit supply and the growth of the firm. Thus it is clear from empirical data that there is positive association between credit supply and growth of the firm.

VIII. HYPOTHESIS TESTING

H₁ : There is an association attribute between industrial credit disbursement by Bank of India and the growth of the industry.

H₀ : There is no association attribute between industrial credit disbursement by Bank of India and growth of the industry.

In order to test this hypothesis has used chi-square test and association attribute. The statistical result is as below:

$$H_0 : O_i = E_i \quad \text{Vs.} \quad H_1 : O_i > F_i$$

O_i : Stand for observed frequency

E_i : Stand for expected frequency.

A. Statistical Result :

Calculated value of Chi-square statistic 67.077

Critical value of Chi-Square distribution 5.991

B. Association Attributes :

= Square root of (Chi-square calculated value / observation) = 0.4

IX. FINDINGS

1. Almost 94% industrialist argued that the rate of interest on loan is between 10 to 15 percent.
2. Only 6% Industrialist argued that the rate of interest on loan is between 5 to 10 percent.
3. It has found that almost 50 percent industrialist have taken medium term loan 40% and 10% industrialist long term and short term loan respectively.
4. The role of bank credit in industrial growth is note worthy. The study found that there is strong and positive co-relation between industrial finance by Bank of India and growth of the firm.

X. SUGGESTIONS

Major suggestions of present research task are as blow.

1. Bank of India is the district lead bank of Kolhapur. Hence, it is suggested that bank should prepared separate annual credit plan for industrial sector. No doubt, that every year Bank of India prepares annual credit plan, but that is not enough. Along with annual credit plan there should sub plan for industrial sector.
2. In the annual industrial sub plan credit priority should be



given to weak, small, tiny and rural industries.

3. The volume of Bank Credit should extended as per the requirement of the industry.
4. The loan to the weaker section and women entrepreneurs should provided at a concessional rate.

XI. CONCLUSION

The paper has Elaborated gross root level scenario of Industrial finance of Bank of India. The overall analysis reveal-industrial credit policy of Bank of India is working smoothly in the study area. The Bank is playing very crucial role in development of industry sector through its credit policy. The most of Entrepreneurs enjoying the fruits of growth due to only the credit policy of Bank of India.

REFERENCES

- [1] Ramchandra D. Patil (2011), “Situational Analysis of Banking Performance in Kolhapur District with Reference to Priority Sector Lending”, International Journal of Research in Commerce and Management Volume No.2 (2011), Issue No.8 (August), pp 120-124.
- [2] Dr.D. Ganesan and R.Santhanakrishnan (2013), “Non-Performing Assets : A Study of State Bank of India”, Asia Pacific Journal of Research, A peer reviewed International Journal, October 2013, Volume : I, Issue : X, pp 81-88
- [3] N.A. Mujumdar (1998), “Credit Support to Priority Sector : A Macro Perspective”, Economic and Political Weekly, Jan.24, 1998 pp 147-149.
- [4] Sankalpa Bhattacharjee and Debkumar Chakrabarti (2013), “Financial Liberalisation, Financing Constraint and India’s Manufacturing Sector”, Economic & Political Weekly (EPW February 9, 2013) vol. – Xlviii No.6, pp 61-67.



A Study on Strategic Human Resource Management Practices in Service Organizations With Special Reference to Accounting Firms in India

Ashish Vijay Rao

Lead Technician – Security Systems
Bank of America, USA
avraospeaks@yahoo.com,

Dr. A. Y. Dikshit

Asst. Professor
AIMS Baramati, Pune, India
aydsubmits@gmail.com

Abstract : *It is evidenced from the recent studies that strategic human resource management is a collection of tasks and processes shared jointly by line managers and human resources to solve business issues based on people. The research reported in this article examines how high performance work systems (HPWS) affect firm performance in professional service firms (PSFs). The research applies a novel practices-resources-uses-performance approach to explore the so called “black box” between human resource management practices and the firm’s performance. The main objective of this study was to examine how HPWS affects firm performance by identifying and testing the influence of a series of intervening variables between HPWS and firm performance. Based on an analysis of existing literature and considering the unique characteristics of PSFs (e.g. knowledge intensity, professionalised workforce), three pathways through which HPWS influences firm performance were identified as resources. These are human capital, social capital and organisational capital. In addition, this study also identified the uses of the resources as intervening variables between resources and firm performance. Based on this work, the research paper presents a novel and systematic practices-resources-uses-performance approach to explain the indirect performance effect of HPWS on firm performance. The new model proposed here and the empirical findings provide a rounded and more complete perspective of how HPWS affects firm performance. This in turn provides*

Keywords : SHRM, HPWS, PSF

I. INTRODUCTION

The research reported in this article examines how high performance work systems (HPWS) affect firm performance in professional service firms (PSFs). The research applies a novel practices-resources-uses-performance approach to explore the so called “black box” (Becker & Gerhart, 1996: 793) between human resource management practices and the firm’s performance.

The research model developed is based on a broad range of literature which includes strategic human resource management (SHRM) (Becker & Huselid, 2006; Boxall, 1992; Boxall & Purcell, 2000; Collins & Clarks, 2003; Delery & Doty, 1996; Delery & Shaw, 2001; Wright & McMahan, 1992), the resource-based view of the firm (RBV) (Barney, 1991), the knowledge-based theory (Grant, 1996a, 1996b) and the dynamic capabilities theory (Teece, Pisano & Shuen, 1997). The unique aspect of the research model is that it provides a comprehensive picture which links high performance work systems to firm performance, by combining the key concepts and ideas in relation to resources and the uses of resources.

This study aims to explore how HPWS affects firm performance in the professional services context by identifying and testing the intervening variables between HPWS and firm performance.

Using the strategic human resource management theory (Becker & Huselid, 2006; Boxall, 1992; Boxall & Purcell, 2000; Delery & Shaw, 2001; Wright & McMahan, 1992) and the resource-based theory (Barney, 1991; Penrose, 1959; Wernerfelt, 1984), this study will explore the processes/mechanisms through which HPWS influences firm performance. Specifically, the study will look at the mediational effects of organisational resources in the relationship between HPWS and firm performance. These resources are identified as human capital, social capital and organisational capital.

In addition, based on the dynamic capabilities theory which emphasises the exploitation and exploration of resources (Eisenhardt & Martin, 2000; Helfat et al., 2007; Teece & Pisano, 1994; Teece et al., 1997), this study will explore the uses through which organisational resources influence firm performance. The uses are measured by



communication, coordination, monitoring and team utilisation.

II. DEFINITION AND CHARACTERISTICS

This part provides a general introduction to PSFs. It presents the definition and characteristics of PSFs and proposes that their most important resources are human capital, social capital and organisational capital. The definitions of professions, professionals, professional service firms and the difference between PSFs and knowledge intensive firms demonstrate the uniqueness of PSFs as their reliance on a professional workforce, in other words that the human resource is one of the most important assets within PSFs.

III. DISTINGUISHED PSFS FROM OTHER FIRMS AS FOLLOWS

Procedural – work for which the solution/approach is well known. This can be delegated to less experienced staff and to some extent the range of answers can even be prescribed. The key to selling this work is its efficiency.

This area has greatest leveraging potential and so has been the focus of most business growth (particularly in larger firms) over the last two/three decades.

Brain – work that requires a lot of creativity. This calls for professional expertise and little of it can be specified in advance. While this favours ole-traders and boutique practices, larger firms can also address it.

Grey hair – equally unique and difficult to proceduralise but where the delivery of the solution is based on the experience and breadth of the professional of PSFs that are generally agreed to be distinctive:

Resource base - PSFs have relatively limited physical resources; their value derives primarily from their professional workers, specifically the technical knowledge, expertise, and experience which they possess. The management of knowledge and knowledge workers is therefore fundamentally important to PSFs.

Organisational form – through the partnership form of governance, professionals in PSFs experience a higher degree of autonomy than they would typically enjoy in conventional bureaucratic structures; those PSFs which have adopted the corporate structure may still attempt to imitate elements of the partnership form.

Professional identity - firm members identify themselves as professionals and are united by a shared understanding of the concept of professionalism. This professional identity is often associated with the rhetoric of independence and exemplary ethics but may be redefined within PSFs to focus on exceptional commitment to clients and quality of service

IV. APPROACHES IN THE SHRM

These are strategic human resource management theory, the resource-based view of the firm, knowledge based theory and dynamic capabilities theory. In particular, the section presents three approaches in the SHRM literature that have dominated studies on the link between HRM and organisational outcomes; the universalistic approach, the institutional approach, and the contingency theory approach.

In addition, the applications of each theory in the management of PSFs are provided and the various hypotheses are also proposed.

Many authors have attempted to provide more analytical frameworks for SHRM. Delery and Doty's (1996) analysis is one of the most prominent studies which distinguish between the following three theoretical frameworks:

Universalistic: some HR practices are believed to be universally effective, i.e., “best practice(s)”.

Contingency theory: the effectiveness of HR practices is supposed to be dependent on an organisation's strategy, i.e., “best fit” or “vertical fit”.

Configurational: the effectiveness of HR practices is supposed to not only enhance vertical fit but also “horizontal fit”.

Although the above research provides support that social capital mediates the relationship between HR practices and organisational outcomes, there are still some gaps. First of all, their contexts include high technology firms and hospitals which are knowledge-intensive but not professional service firms which are knowledge-intensive but differ from the above firms. Secondly, Collins and Clark (2003) only focused on the top management team members without considering the relationships between employees and managers. Gittel et al. (2010) only analysed the employee-employee relationships, i.e., internal social capital at an individual level without considering the external social capital, i.e. the relationships between employees and their clients. Both the studies overlook the mediating role of general social capital especially the external social capital through which HR practices influence firm performance. Therefore, this study investigates both the internal and external social capital at firm level to illustrate the three pathways through which HPWS work. In this study, PSFs' social capital is defined as the knowledge embedded in the relationships among professionals and between professionals and clients. Some HR practices contribute to building social capital through training, compensation, and communication and information sharing practices. For example, to build internal social capital, PSFs could provide training programs for improving professionals' teamwork and communication skills, compensation policies such as group-based pay and bonus sharing plans, and open vertical



and horizontal communication channels for professionals sharing and exchanging knowledge within the firm through employee suggestion forums. To build external social capital, PSFs could provide professionals with external training opportunities, and reimburse them for developing networks with potential and existing clients.

In PSFs, social capital plays an important role in two ways. On one hand, the relationships between PSFs and clients, i.e., external social capital, help PSFs to attract and retain clients. The service delivered by PSFs suffers from an “opaque quality” (von Nordenflycht, 2010) mainly because the PSFs inputs and outputs are intangible and the clients can not evaluate the quality of service before they receive it. When choosing a service provider, the clients usually choose the service provider who has a relationship with them all other things being equal (Alvesson, 2001; Pennings et al., 1998). Pennings et al. (1998) defined a firm’s social capital as the ties between professionals and their potential clients and found that a firm’s human and social capital has great influence on firm dissolution in PSFs. Their study shows that at a firm-level, human and social capital can be an important source of competitive advantage. On the other hand, the capital embedded in the internal relationships among professionals within the firm, i.e., internal social capital, can help PSFs deploy teams, coordinate tasks and communicate within the firm efficiently.

V. RESEARCH METHODOLOGY

A main philosophy in social research is positivism. The term positivism was first coined by French philosopher August Comte (1798-1857) in nineteenth century.

Based on Comte’s assumptions, “society could be analyzed empirically just like other subjects of scientific enquiry and social laws and theories could be on the basis of psychology and biology” (Walliman, 2005: 203). In other words, real knowledge could be derived from human observation of objective reality (Comte, 1853). The facts of reality can be verified through observation and examination which is labelled as empiricism. Therefore, the positivist approach usually adopts a clear quantitative approach to investigate the real world and it has a number of advantages. First, the quantitative approach allows the comparison between groups, locations and times which can be measured for difference. Second, the positivist approach attempts to identify causal mechanisms in the real world which helps to predict other phenomena. It means that researching a small group can give a reliable indication of the views of a larger population. The third advantage of the positivist approach is that researchers retain control of the research process, e.g., standardisation of survey instruments and controlling for variables. Other advantages of the positivist approach include easily comparable data, economical collection of large amounts of data, and clear theoretical focus (Saunders,

Lewis, & Thornhill, 2007). It can be argued that this focus on measurement can lead to major flaws. It is argued by critics that the positivist approach does not “provide the means to examine human beings and their behaviours in an in-depth way” (Crossan, 2003: 51). As an amendment to positivism, post-positivism emerged which recognises the critiques against positivism (Popper, 1959) and assumes that “reality is multiple, subjective and mentally constructed by individuals” (Crossan, 2003: 54). Therefore, the post-positivism approach does not reject positivism but refines it to meet these critiques. The post-positivist approach usually adopts a qualitative research perspective to describe and explore in-depth phenomena.

Although there is criticism against positivism, it has a lot of advantages listed above and is widely used in social science. In most of the research in social research, especially studies that are concerned with investigating the HRM-firm performance link, surveys are frequently used, e.g. Arthur (1994), Becker and Gerhart (1996), Datta et al. (2005), Delery and Doty (1996); Gittel et al. (2010), Guthrie (2001), Guthrie et al. (2009), Huselid (1995), MacDuffie (1995), Richard and Johnson (2001), Takeuchi et al. (2007) and Youndt et al. (1996). Aligned with the mainstream quantitative approach in HRM-firm performance research, this study mainly uses a positivist approach. Following three exploratory interviews, pilot tests of the questionnaire were conducted with accounting faculty and practitioners to refine the instrument. The survey-based method was employed to collect data which was then analysed allowing propositions to be tested. The findings based on the survey data are discussed. By doing so, it allows for comparisons between the findings in the present study and the previous findings. Moreover, this approach allows the investigator to test the role of intervening variables in the HRM-firm performance link and to statistically control for variables such as firm size.

Accountancy is a traditional professionalised and regulated sector. Therefore, accounting firms were chosen in this study. To better understand the General accounting context, the researcher conducted three semi-structured interviews with the managing partners and HR senior director in a large accounting firm. The topics in the interview covered human resource management, innovation, etc. Following these interviews, a survey was conducted. During the survey design, the researcher piloted it with many experts in different areas to improve the face validity and content validity of the survey. Then Dillman’s (2007) Tailored Design Method was employed to conduct the survey. Letters or emails were sent to the respondents who omitted some questions for missing information.

VI. RESULTS OF THE DATA ANALYSIS

Surveys were mailed to 548 respondents in 274 firms as



described in Section 4. This included 10 firms that did not exist and 3 firms that did not qualify for this study because of small firm size or because they are not accounting firms. This reduced the sample to 522 respondents in 261 firms in the final population. After survey mails, reminder postcards, replacement surveys (see Section 4), 195 surveys in total were returned in the form of hard copy (156) and online (39). Four surveys were not completed and were therefore excluded. The response rate was 36.40% (190/522) representing 120 firms (45.98%). There are 71 matched pair responses representing 71 firms (27.20%).

Therefore, the final sample for this study consisted of 120 accounting firms located in General, covering a range of geographical regions.

To examine the sample representativeness (Wilcox, Bellenger, & Rigdon, 1994), many researchers have checked the non-response bias by comparing demographic and contextual variables from the respondents with the known values from the population to see if they differ in terms of the available data (Armstrong & Overton, 1977; Guthrie et al., 2009).

This study conducted the comparison analysis on the characteristics between the early responses and late responses, web responses and hard copy responses, as well as matched pair responses and non-paired responses. The early responses are those who returned the survey after the first mailing. The late responses are those who returned the survey after later mailings. The web responses are those who filled in the survey online. The hard copy responses are those returned the hard copy survey. The matched pair responses are those where there are two respondents in one unit/firm. The non-paired responses are those where there is only one respondent in one unit/firm.

There are two reasons for conducting comparison analysis. One is the relatively high response rate (36.40% for individual level and 45.98% for firm level). The other is the difficulty in obtaining public data on the firms' background and contextual information. To explore representativeness, a one-way ANOVA procedure was used. The results in Table 5.1 showed no significant difference between the early responses and the late responses, between the web response and the hard copy response, as well as between the matched pair responses and non-paired responses in terms of firm information and individual information.

Surveys were mailed to 548 respondents in 274 firms as described. This included 10 firms that did not exist and 3 firms that did not qualify for this study because of small firm size or because they are not accounting firms. This reduced the sample to 522 respondents in 261 firms in the final population. After survey mails, reminder postcards, replacement surveys (see Section 4), 195 surveys in total were returned in the form of hard copy (156) and online

(39). Four surveys were not completed and were therefore excluded. The response rate was 36.40% (190/522) representing 120 firms (45.98%). There are 71 matched pair responses representing 71 firms (27.20%).

Therefore, the final sample for this study consisted of 120 accounting firms located in General, covering a range of geographical regions.

To examine the sample representativeness (Wilcox, Bellenger, & Rigdon, 1994), many researchers have checked the non-response bias by comparing demographic and contextual variables from the respondents with the known values from the population to see if they differ in terms of the available data (Armstrong & Overton, 1977; Guthrie et al., 2009).

This study conducted the comparison analysis on the characteristics between the early responses and late responses, web responses and hard copy responses, as well as matched pair responses and non-paired responses. The early responses are those who returned the survey after the first mailing. The late responses are those who returned the survey after later mailings. The web responses are those who filled in the survey online. The hard copy responses are those returned the hard copy survey. The matched pair responses are those where there are two respondents in one unit/firm. The non-paired responses are those where there is only one respondent in one unit/firm.

There are two reasons for conducting comparison analysis. One is the relatively high response rate (36.40% for individual level and 45.98% for firm level). The other is the difficulty in obtaining public data on the firms' background and contextual information. To explore representativeness, a one-way ANOVA procedure was used. The results in Table 5.1 showed no significant difference between the early responses and the late responses, between the web response and the hard copy response, as well as between the matched pair responses and non-paired responses in terms of firm information and individual information.

First, the results from ANOVA show that the sample for this study was representative. The R_{wgs} , $ICC(1)s$ and $ICC(2)s$ calculated from the pairs data provided evidence for data aggregation. In addition, the public firm size information and firm revenue information was adopted and the results of Harman one-factor test helped to rule out the common method bias. After aggregation, the correlations presented an overview of relationships between variables. Due to the complexity of the model and the sample size (120), the proposed research model in this study was tested in two separate mediational models. The first model tested the mediational effects of resources on the relationship between HPWS and firm performance. The second model tested the mediational effects of uses on the relationship between resources and firm performance.



VII. FINDINGS

The main objective of this study was to examine how HPWS affects firm performance by identifying and testing the influence of a series of intervening variables between HPWS and firm performance. Based on an analysis of existing literature and considering the unique characteristics of PSFs (e.g. knowledge intensity, professionalised workforce), three pathways through which HPWS influences firm performance were identified as resources. These are human capital, social capital and organisational capital. In addition, this study also identified the uses of the resources as intervening variables between resources and firm performance. Based on this work, the research paper presents a novel and systematic practices-resources-uses-performance approach to explain the indirect performance effect of HPWS on firm performance.

The complete model proposed in this study was tested in two separate mediational models. This was due to its complexity and the limited sample size. The first model tested the practices-resources-performance link, i.e. the mediational effect of resources in the relationship between HPWS and firm performance. The second model tested the resources-uses-performance link, i.e. the mediational effects of uses between resources and firm performance.

This study is also limited in the examination of HPWS as an index. This makes it difficult to isolate the effects of single HR practices on specific firm resources and performance. For example, it was argued that HPWS had an influence on firm performance through the improvement of human capital.

However, the question remains unanswered as to which HR practices improve human capital which in turn will influence a key dimension of firm performance. Therefore, another direction for future research is to examine the consistency between HPWS usage and firm goals. Despite these limitations, these results contribute to a better understanding of the process of explaining how HPWS affects firm performance, especially in the professional service context. The findings of this study provide empirical evidence underlying the mechanisms through which HPWS and important firm performance is linked.

VIII. CONCLUSION

The new model proposed here and the empirical findings provide a rounded and more complete perspective of how HPWS affects firm performance. This in turn provides new insights for researchers in the SHRM field.

REFERENCES

- [1] Abbott, A. 1988. *The system of professions: An essay on the division of expert labor*, Chicago: University of Chicago Press.
- [2] Accounting Survey. 2009, October. Industry responds to fall in fees as competition rises. *Finance Dublin*, 8-11.
- [3] Augustine. T 2011. SHRM in Service Organisation Industries. *IJEMR ISSN 2249-2585 1(2): 1-14*
- [4] Bae, J., & Lawler, J. J. 2000. Organizational and HRM strategies in Korea: Impact on firm performance in an emerging economy. *Academy of Management Journal*, 43(3): 502-517.
- [5] Barney, J. 1991. The resource-based model of the firm: origins, implications, and prospects. *Journal of Management*, 17(1): 97-98.
- [6] Cappelli, P., & Neumark, D. 2001. Do” high-performance” work practices improve establishment-level outcomes? *Industrial and Labor Relations Review*, 54(4): 737-775.
- [7] Chuang, C., & Liao, H. 2010. Strategic human resource management in service context: Taking care of business by taking care of employees and customers. *Personnel Psychology*, 63(1): 153-196.
- [8] Daft, R. L., & Weick, K. E. 1984. Toward a model of organizations as interpretation systems. *The Academy of Management Review*, 9(2): 284-295.
- [9] Easterby-Smith, M., Thorpe, R., & Lowe, A. 2002. *Management research: An introduction*, London: Sage Publications Ltd.
- [10] Eisenhardt, K. M., & Martin, J. A. 2000. Dynamic capabilities: what are they? *Strategic Management Journal*, 21(10/11): 1105-1121.
- [11] Freidson, E. 1986. *Professional powers: A study of the institutionalization of formal knowledge*, Chicago: University of Chicago Press.
- [12] Gant, J., Ichniowski, C., & Shaw, K. 2002. Social capital and organizational change in high-involvement and traditional work organizations. *Journal of Economics and Management Strategy*, 11(2): 289-328.
- [13] Gardner, H. K., Anand, N., & Morris, T. 2008. Chartering new territory: diversification, legitimacy, and practice area creation in professional service firms. *Journal of Organizational Behavior*, 29(8): 1101-1121.
- [14] Gerhart, B., Wright, P. M., MAHAN, G., & Snell, S. A. 2000. Measurement error in research on human resources and firm performance: how much error is there and how does it influence effect size estimates? *Personnel Psychology*, 53(4): 803-834.
- [15] Gittell, J. H., Seidner, R., & Wimbush, J. 2010. A relational model of how high-performance work systems work. *Organization science*, 21(2): 490-506.
- [16] Glick, W. H. 1985. Conceptualizing and measuring organizational and psychological climate: Pitfalls in multilevel research. *Academy of Management Review*, 10(3): 601-616.



Emerging Issues in Human Resource Management

Dr. Gite M. V.

Professor and Vice Principal – Commerce, New Arts,
Commerce and Science College, Ahmednagar
gite.machhindra@gmail.com

Abstract : *This It is said that “Business is a human organization, made or broken by its people”. The message here certainly suggests that personnel or human resource function is crucial in an organization. Any organization which ignores it would do so at its own peril. This paper discusses the emerging issues in HRM in detail.*

Keywords : *HRM, Emerging issues*

I. INTRODUCTION

The traditional approach to managing of people to regard them as problems and costs has been replaced by the new approaches to treat people as resource, opportunity and strength. It is now well recognized that viability and effectiveness of an organization largely depend on the new role and focus on HRM. It plays a big role in increasing productivity, creating profit, increasing organization effectiveness by optimum utilization of resources. HRM is moving from the operational level to the strategic level. The HRM policies and practices have not only to be kept abreast to fast changing business environment but these have also to keep pace with changes in employee norms, values, attitudes and goals. Businesses are altered not only by new technologies, product lines, financial structures, marketing plans but also in the ways of managing human resources. The successful organizations can not be differentiated on the basis of technology that they are using, but it is basically the people and their way of managing organizations, that is a differencing factor, now a days.

In order to achieve an effective HRM strategy, there is need to integrate HRM with IR and HRD. Union – management relations are handled in some big organizations by a separate IR Manager, with the human resource function. The HRM-IR-HRD interface integration should be such that it should result in HRM focusing on the development roles of traditional personnel function, moving away from the principle of direction and control to a system based on the philosophy of consent and joint partnership and joint decision making. The HRM involves wide range of functions and activities comprising of recruitment, selection, training and development, human resource planning, provision for fair treatment, assessing performance, employee counseling, welfare, payment and reward, health and safety, disciplining, dealing with grievances, negotiations, encouraging involvement etc.

The HRM policies have undergone radical changes due to changed economic environment, where global

competitiveness and international standards in quality, quantity, cost-effectiveness and customer concerns are basic requirements. It requires introduction of advanced technology, followed by innovations, creativity and strategic alignment of resources to create employee relationship. The requirement of today’s modern industries are entirely different from that of old and traditional industries. The industries now require intelligent, knowledgeable, educated, skilled and career oriented employees. Their problems and perspectives are totally different from those of old blue-collar workers. The offices are intelligent, paperless and fitted with modern electronic equipment, which requires very little manpower. The flexibility in respect of out sourcing, franchises, size of workforce, composition of workforce, skills and functions, location, pay, place etc has become vital importance. Contracting of non-core activities like catering, guarding, clearing, medical and health, training etc have become common. A market determined profile of industrial relations has changed the concept of traditional industrial relations. The trade unions are becoming weak with little negotiation and bargaining power. Well paying and secured jobs in organized sector are replaced by low paying and unsecured jobs. Pro-labour stance of government is getting reduced. The attitude of judiciary is also changing. On this background, some of the important emerging issues in HRM are summarized as follows.

II. EMERGING ISSUES

1. The employment of contract labour is through contractors for the work of casual, temporary or even regular is increasing now a days in industrial sector. The fact is that the large number of contact labour are deprived of security of employment, minimum wages, regular payment of wages, welfare facilities, compensation, provident fund, retirement benefit etc.
2. In the recent years, there has been tremendous growth in job opportunities in IT sector. The IT organizations appears to be at the forefront of the trend toward



workaholic cultures. The main problems of these employees are routine and boring work, lack of security, absence of promotion, lack of union, stressful nature of job, adverse effect on health, longer hours of works and shifts etc. the large number of IT professional are suffering from stress, fatigue and depression.

3. New technologies, automation, modernization, global and local mergers and acquisition have resulted in surplus labour in certain categories of industries. Some of the units have offered attractive benefits to workers who opted for VRS. However the picture is very grim in the small and medium industrial units and unorganized sector. This has become a severe social problem.
4. Recently issue of job reservations in the private sector has been in discussion at various level. This issue got the first official affirmation in 2004, as the planning Commission's sub group has strongly recommended reservations in the private sector. Much controversy persists about whether such job reservations are necessary or appropriate. It is but natural that most of the corporate leaders opposed the reservation policy. On this issue, there is need to initiate a national dialogue with all parties, industry and other organizations to discuss the likely impact and to decide how best the private sector can fulfill the aspirations of the government.
5. With the increase of working female population and women entering into untraditional area, the problem of sexual harassment is an emerging, alarming and going to increase in future. The awareness of the problem has increased because of women's right movements, women education, increase in women population at workplace etc. the phenomenon of sexual harassment is widespread and affects not only the victims but also the organization in terms of absenteeism, low productivity, employee turnover etc. the workplaces free from sexual harassment can not be ensured only by legal right enforcement, but involvement of society at large will help in creating favourable and congenial atmosphere for women to work with dignity.
6. The privatization of public sector units is another issue of debate as while their restriction, the interests of employees and much needed job security should be protected.
7. The news of industrial unrest is common in media. There was a time when unions were known only of factory workers. While collar employees and professional people like doctors, engineers, lawyers, teachers, managerial staff, employees of banks, insurance, airlines, transportations etc are organized and so are central and state government employees. Despite of the court's strong views on such want on disruption, strikes

are continuously increasing.

8. Many studies brought out the fact that labour problems have resulted in closure of small and medium industrial units located in many industrial estates. Industrial unrest is one of the important causes of industrial sickness. The serious consequence of industrial sickness has been loss to employment and these by aggravating the most serious socio-economic problem of unemployment in a labour surplus economy like ours.
9. More than 92% of India's total workforce is employed in the unorganized sector. These employees are uncovered by any social security measures, unsecured in employment and deprived of benefits, which are available to employees in organized sector.
10. Some of the other burning issues in human resource management are – employee retention, stress management, employees in expo promotion zones, special economic zones, compulsion of recruiting local employees, cross-cultural issues, increasing expectation of employees, proposed labour reforms etc.

III. CONCLUSION

To sum up, with the rapid industrialization of India, a massive organized sector employing a large work force has come to occupy an important and visible part of the social and economic life. The industrialization has brought in its wake a host of concerns and issues, which have led to periodic discussion. The management should feel that problems regarding human resource management deserve as much attention and other problems regarding manufacturing, technology market, quality and profitability. Emphasis should be shifted from the legal aspects to the psychological aspects of labour administration.

REFERENCES

- [1] Monappa Arun, Industrial Relations, Tata McGraw Hill Publishing Company Ltd, New Delhi, 2008.
- [2] Mamoria C. B., Mamoria Satish and Gunkar S. V. Dynamics of Industrial Relations, Himalaya Publishing House, Mumbai, 2000.
- [3] Bhatia S. K. Singh Nirmal, Personned Management, and Human Resource Management, Deep and Deep Publications, New Delhi, 2000.
- [4] Davar R. S. Personnel Management and Industrial Relations, Vikas Publishing House, New Delhi, 2007.



Impact of Workplace Environment on Performance of Employees in Manufacturing Industries: Literature Review

Prof. Shriram S. Badave

Assistant Professor and Research Scholar MIM, Kalamb, Indapur
sbadave21@gmail.com

Dr. Avinash J. Ganbote

Associate Professor SVP MIM, Malegaon, Baramati
avinashganbote11@gmail.com

Abstract : *The workplace environment impacts employee morale, productivity and engagement both positively and negatively. It has been observed that the workplace environment affects the performance of employees. Employees are most important asset for an organization, they play pivotal role in current operational performance and future competitive advantage. Employees spend major part of their life in organization within which they work. The workplace environment in a majority of industries is unsafe and unhealthy. These includes poorly designed workstations, unsuitable furniture, lack of ventilation, inappropriate lightning, excessive noise, insufficient safety measures in fire emergencies and lack of personal protective equipments. People working in such environment are prone to occupational disease and its impact on employee's performance. Thus employees productivity is decreased due to workplace environment. It is the quality of the employees workplace environment that most impacts on their level of motivation and subsequent performance. The main objective of this work is to find out the work done in respect of relationship between workplace environment and productivity. The main purpose of this work is to identify the elements, which can affect the performance level of employees in the manufacturing industries. This work is expected to show that work environment have great impact on the performance level of employees of manufacturing industries.*

Keywords : *Workplace environment, Employee performance, Manufacturing industry, Productivity.*

I. INTRODUCTION

In today's competitive business environment, manufacturing industries in Maharashtra can no longer afford to waste the potential of their workforce. There are key factors in the employee's workplace environment that impact greatly on their level of motivation and performance. Factors of workplace environment play an important role towards the employee's performance. The factors of workplace environment give an immense impact to the employees either negative outcomes or the positive outcomes (Chandrasekhar, 2001).

Employee's performance is the most important dependent variables in an industrial and organizational psychology. Some main application need to be applied as to improve the employees performance. (Borman, 2004).

Employee's productivity may be defined as the efficiency level of employees productions or output performing in a job. (Junaida Ismail 2010). The key factors that affect employees productivity and performance fall in to two categories: 1) Those that are driven by procedures, protocols and management requirements (managerial/social environment). 2) The factors that arise from physical conditions, workshop or industry design (workplace environment).

The physical aspects of a workplace environment can have a direct impact on productivity, health and safety, comfort, concentration, job satisfaction and morale of the people within it. Important factors in the work environment that should be considered include building design, workplace layout, workstation set-up, furniture and equipment design and quality, space, temperature, ventilation, lightning, noise, vibration, radiation, air quality. (Dr. Anil P Sarode, Manish Shirsath, (IJSR) Volume 3 Issue 11, November 2014)

The focus of this work is workplace environment. Better outcomes and increased productivity is assumed to be result of better workplace environment, Better physical environment of workshop will boost the employees morale and ultimately improve their productivity.

1.2 PROBLEM STATEMENT

The workplace environment in a majority of industry is unsafe and unhealthy. These includes poorly designed workstations, unsuitable furniture, lack of ventilation, inappropriate lightning, excessive noise, insufficient safety measures in fire emergencies and lack of personal protective equipment., role congruity, supervisor support, workplace incentives etc. People working in such environment are prone to occupational disease and its impact on employee's



performance. Thus productivity is decreased due to the workplace environment. It is wide industrial area where the employees are facing a serious problem in their work place like environmental and physical factors. So it is difficult to provide facilities to increase their performance level.

1.3 RESEARCH OBJECTIVES

- 1) To identify the relationship between workplace environment and employee performance in manufacturing industries.
- 2) To find out key factors at workplace environment that impacts employee performance.
- 3) To absorb dynamic knowledge about workplace environment.
- 4) To make recommendations for future researches and improving employee performance.

II. LITERATURE REVIEW

A. Neal, M.A. Griffin, P.M. Hart, (2000) The current study examined the effects of general organizational climate on safety climate and safety performance. As expected, general organizational climate exerted a significant impact on safety climate, and safety climate in turn was related to self-report of compliance with safety regulations and procedures as well as participation in safety-related activities within the workplace. The effect of general organizational climate on safety performance was mediated by safety climate, while the effect of safety climate on safety performance was partially mediated by safety knowledge and motivation

A.K. Srivastava January 2008 The study examined the effect of two constituents of work environment (i.e. physical and psychosocial) on employees' job satisfaction and performance, and organizational effectiveness in a sample of 360 technical supervisors and operating core personnel. The analyses revealed that participants who perceived their work environment as to be adequate and favorable scored comparatively higher on the measures of job satisfaction, performance, and perceived organizational effectiveness. The two constituents of work environment were also found causing significant variance in employees' job behavior and their perception of organizational effectiveness. Regression analyses revealed that among the various components of work environment, working condition, welfare provisions, interpersonal relations, and trust and support predominantly contribute to employees' job behavior and organizational effectiveness. The results also specified that psychosocial environment in work-place exert more impact on employees' job behavior and organizational effectiveness than the physical environment does.

Dr. K. Chandrasekar January 2011 The workplace environment impacts employee morale, productivity and

engagement - both positively and negatively. The work place environment in a majority of industry is unsafe and unhealthy. These includes poorly designed workstations, unsuitable furniture, lack of ventilation, inappropriate lighting, excessive noise, insufficient safety measures in fire emergencies and lack of personal protective equipment. People working in such environment are prone to occupational disease and it impacts on employee's performance. Thus productivity is decreased due to the workplace environment. It is the quality of the employee's workplace environment that most impacts on their level of motivation and subsequent performance. How well they engage with the organization, especially with their immediate environment, influences to a great extent their error rate, level of innovation and collaboration with other employees, absenteeism and ultimately, how long they stay in the job. Creating a work environment in which employees are productive is essential to increased profits for your organization, corporation or small business. The relationship between work, the workplace and the tools of work, workplace becomes an integral part of work itself. The management that dictate how, exactly, to maximize employee productivity center around two major areas of focus: personal motivation and the infrastructure of the work environment.

M. Panimalar & K. Kannan January 2013. The study attempts to investigate on “An Employee Perception towards Effectiveness and Impact of Environment Management System” is the process of system of procedures, training, and methods to monitor an organization's impact on the environment and evaluate ways to minimize negative impacts on the environment. This study was conducted at the Tamilnadu textile processing mill society Ltd, Erode The environment management system brings the environment clean and protective, it helps organizations take a proactive rather than reactive approach to environmental programs and address impacts that may not be regulated, such as energy use or use of resources. This research design used in this study is descriptive. The sample size is taken for the study is 100 respondents in Tamilnadu Textile Processing Mill, Erode. The needed data were collected as both primary and secondary data. The primary data is collected from structured questionnaire which are following in the open end, closed end, like scale and the numerical scale. The major findings of the study is based on the analysis and the highly effectiveness of the environment management system and it helps to reduce the environmental impact. In this analyze suggested that implementing new technology to save the working cost in order to use the new technology to give on the job training. The recycling will reduce the EMS impact. Finally, it is concluded that it will help to improve the employees working environment and create the awareness about the environment management system and



also it increases the profit and the environment clean.

Nina Munira Naharuddin & Mohammad Sadegi April, 2013 This study aims to investigate the effect of workplace environment's factors towards employees' performance. Data was collected through the survey method; total 139 employees participated from three main workplace of Miyazu (M) Sdn. Bhd. Based on the findings it shows that only supervisor support is not significant towards the employees' performance. Meanwhile, job aid and physical workplace environment are having a significant relationship towards the employees' performance. Employees' performance level is depending on the quality of the employees' factors workplace environment which are the job aid, supervisor support and also the physical workplace environment. The three factors determine on how the employees' get engaged or attached to the organization. By conducting this project, the researcher could be able to identify the factors that could contribute to workplace environment that affect employees' performance. Therefore, the main purpose of this research is to investigate and to get a clearer picture on the factors that affect employees' performance from three different working places at Miyazu Malaysia Sdn. Bhd. The places of Miyazu Malaysia Sdn. Bhd. Include the Miyazu's Head Quarters, Miyazu's Stamping Plant and Miyazu are tooling plant.

R.S Weeraratna & I. A. P. H Geeganage August-2014 Employees are more than the most important asset, they play pivotal role in current operational performance and future competitive advantage. Employees spend their major part of their life in the organization within which they work. When people join, they bring with them the unique values and behaviors' that they have experienced. While every aspect of managing people in organizations is important, when they are all combined, they make up the organizational culture perhaps the major determinant of effectiveness and performance. An effective organizational culture can be recognized as one factor that always seems to be associated with successful companies. There is a dramatic increase in the business and organizations in Sri Lanka, after the post war period. Organizations should be aware about their culture, in order to survive successfully in turbulent business environment. Organizational culture values varied significantly among the firms. The variation in cultural values had a significant effect on employee performance. Therefore the purpose of this study was to investigate relationship between organizational culture and employee performance in apparel sector in Sri Lanka. The independent variable is organizational culture and the dependent variable is employee performance. This study has been completed with an empirical survey which was thoroughly conducted using a self administrated questionnaire and the sample consisted of employees in apparel sector. Questionnaire consisted to three parts and which were sent directly to the target segment. This study was associated with hypothesis

testing and it was co relational. Since the current study setting can be referred as a field study where the study has done in non-contrived setting with minimizing interference of the researches.

Dr. Anil P Sarode & Manisha Shirsath November 2014. The quality and quantity of work generated by employees are influenced by the work environment while poor environmental conditions can cause inefficient worker productivity as well as reduce their job satisfaction. This paper describes some elements of the work environment that can impact on employee productivity and addresses lighting, noise, color, and air quality. Furniture and equipment as the key physical factors in the organization are discussed as well. Four factors of the work environment under which it has impact on employee productivity that are: lighting, noise, color, and air quality. All of these factors cannot be treated separately, as they connect with each other. The work environment plays a very important role if the organization would like to maintain better productivity as many employees spend most of their time on generating activities in the organization.

III. WORKPLACE OF TODAY

Interestingly, the workplace of today is characterized by two opposing trends. On the one hand, employees are given leeway in the way they dress and act. On the other hand, the management's tendency to micromanage has increased. Though the two are different aspects they are certainly related.

The possible explanation for the increased tendency to micromanage is because of the fact that the young workers certainly do not present a picture as serious, dedicated workers in the way they dress, speak and act.

The management must take an active role in not only defining the physical environment of the workplace and making it conducive for workers but also alter the management style to suit the employees. This refers to changing aspects like ethics, behavior, commitment, professionalism, drive and interpersonal relations in employees for the better. Today's manager has to change his style of functioning in order to bring about effective changes in these aspects. He has to spend more time on controlling these factors of the work environment rather than micromanage. For this, he has to:

- Give adequate authority to employees
- Delegate responsibilities
- Increase their accountability
- Encourage teamwork

The manager must curb the tendency to micromanage and instead display that he has confidence in the ability of his team members and trusts them to do their work efficiently.



If he treats his subordinates as Professionals then there are no reason that they should not behave in that way. Such an attitude promotes trust and loyalty among the employees and encourages better teamwork among them. Besides, they develop a sense of ownership towards the company.

Creating a work environment in which employees are productive is essential to increased profits for your Organization, corporation or small business. Principals of management that dictate how, exactly, to Maximize employee productivity center around two major areas of focus: personal motivation and the infrastructure of the work environment.

IV. WORKPLACE ENVIRONMENT FACTORS

Many managers and supervisors labor under the mistaken impression that the level of employee performance on the job is proportional to the size of the employee's pay packet. Although this may be true in a minority of cases, numerous employee surveys have shown by and large this to be untrue. In fact, salary increases and bonuses for performance, in many instances, have a very limited short-term effect. The extra money soon comes to be regarded not as an incentive but as an “entitlement”.

It is the quality of the employee's workplace environment that most impacts on their level of motivation and subsequent performance. How well they engage with the organization, especially with their immediate environment, influences to a great extent their error rate, level of innovation and collaboration with other employees, absenteeism and ultimately, how long they stay in the job. Many studies have revealed that most employees leave their organization because of the relationship with their immediate supervisor or manager.

The most important workplace environment factors that either lead to engagement or disengagement are shown in the following diagram. There are also other factors that may impact on performance like environmental factors and physical factors. A close consideration of each of these factors is also very useful in ensuring those employees apply the skills they learn during training programs once they return to their workplace.

V. WORKPLACE FACTORS AFFECTING EMPLOYEE PERFORMANCE

1) Goal-setting

Employees are involved in setting meaningful goals and performance measures for their work. This can be done informally between the employee and their immediate supervisor or as part of an organization's formal performance management process.

2) Performance feedback

Information on how the employee is performing is fed back regularly to employees. This consists of both positive feedback on what the employee is doing right as well as feedback on what requires improvement.

3) Role congruity

The role that the employee is required to perform is consistent with their expectations on joining the organization and any subsequent training. The organization's role expectations are consistent with tasks allocated by the employee's immediate supervisor.

4) Defined processes

The organization constrains the variability of how work is actually performed through documenting processes and communicating such expectations to employees.

5) Workplace incentives

The organization determines what motivates its employees and sets up formal and informal structures for rewarding employees behaving in the way required.

6) Supervisor support

Immediate supervisors act as advocates for employees, gathering and distributing the resources needed by the employees for them to be able to do a good job and providing positive encouragement for a job well done.

7) Mentoring/coaching

Skilled and respected people are available to employees to help them perform better in their current role and to assist them develop further into a future role.

8) Opportunity to apply

Individual workloads and organizational systems and processes do not hinder employees from applying established skills or from practicing newly learned skills.

9) Job aids

Their work is to be made easier and help minimize error rates and customer dissatisfaction by supplying job aids. These can include templates, guides, models and checklists.

10) Environmental factors

Environmental factors such as temperature, lighting and ventilation can have a direct impact on health - for example very high temperatures can lead to heat stress and heat exhaustion.

11) Physical factors

Physical factors in the workplace such as poor layout or overcrowding can lead to common types of accident such as tripping or striking against objects.



VI. MOTIVATION IN WORKPLACE

No person will make a great business who wants to do it all himself or get all the credit.” – Andrew Carnegie.

Motivation is present in every life function. A common place that we see the need to apply motivation is in the work place. In the work force, we can see motivation play a key role in leadership Success. A person unable to grasp motivation and apply it will not become or stay a leader. While the most obvious incentive for increasing employee productivity is often thought to be based on Salary and promotions, this is not always the case. In fact, recent thought on the true nature of optimal human resource management has concluded that in a large number of cases, salary has to done with motivation than do other important factors.

In addition, a motivating work environment must be the one in which employees are treated fairly. No matter what level of input a particular worker has in relation to the business processes as a whole, it is essential for a manager to give each employee a sense of playing a dynamic, integral role in something much larger. Indeed, engendering loyalty is a key element of motivating workers and thereby increasing the overall productivity of operations.

One important tool for motivating employees is praise. Effective project managers must learn how to cultivate this powerful method of worker motivation. While oftentimes largely ignored by managers in the workplace, this can be an actual work being done. Praise has, in countless examples shown productivity.

VII. WORKPLACE CULTURE & INTERVENTIONS

Adjusting to the workplace culture, whether in a new company or not, can be intensely stressful. Making one adapt to the various aspects of workplace culture such as communication patterns, hierarchy, dress code if any, workspace and most importantly working and behavioral patterns of the boss as well as the co-workers, can be a lesson of life. Maladjustment to workplace cultures may lead to subtle conflicts with colleagues or even with superiors. In many cases office politics or gossips can be major stress inducers.

Primary and secondary interventions may prevent adverse outcomes by reducing or eliminating external loads, changing organizational factors, altering the social environment, improving individual stress-coping skills, or matching the physical demands of the job with the employee’s physical capacities. The literature suggests that some of these approaches are more successful than others. Some interventions have not yet been adequately assessed.

External loads in the work environment act on the body to create internal loads on tissues and other anatomical structures. Interventions that focus on the reduction

or elimination of exposure to external loads must first identify and quantify the motions and forces acting on the individual, including vibration and thermal exposures. Often a systematic study of the work is required to evaluate these physical exposures and their characteristic properties. When specific physical stress factors are identified, the sources of these loads are ascertained. Workplace redesign may include alterations in tools, equipment, workstations, materials handled, tasks, work methods, work processes, and work environment, based on their contributions to the identified stresses.

VIII. MANAGING CONFLICT IN WORKPLACE

Whenever a group of people is put into a work situation, there’s potential for conflict. People bring to the job differing work habits, ethics, and modes of expression, and differences of opinion are bound to arise. It’s not possible to eliminate conflict from a workplace, but establishing clear guidelines for work responsibilities, promotion practices, and scheduling issues can go a long way toward creating a harmonious environment. Periodically reviewing employee responsibilities is necessary to make sure that one or a few employees don’t end up doing a disproportionate share-of the work.

If it turns out that some employees do less than their share on a consistent basis, you can bet the other employees recognize this and have some intense feelings about the situation. Intervention is necessary; if the problem is lack of skills, make sure the poorly performing employee gets the training needed. If it’s an issue of poor time management or lack of organization, there are plenty of classes available in those skills; offer to pay for them and strongly urge the employee to attend.

When personal conflicts do arise, have a policy for resolving them. Provide mediation and counseling opportunities for employees, and make sure they feel comfortable using them. If a conflict becomes serious enough to threaten the harmony and efficiency of the workplace, you may need to require mediation for the parties involved. Finally, keep an eye on the dynamics of different departments. Some may run very smoothly most of the time, while others seem to be in constant conflict. If that happens, you may need to take a good look at the management of the poorly functioning department; your department head may have a management style that invites conflict rather than serving to resolve it.

IX. WORKPLACE ENVIRONMENTAL INFLUENCE

Workplace design needs to take into account of a wide range of issues. Creating better and higher performing workplace requires an awareness of how workplace impacts behavior and how behavior itself drives workplace



performance.

Joroff et al. (2003) argues that in the relationship between work, the workplace and the tools of work, workplace becomes an integral part of work itself. Increasing workplace understanding is built on the recognition that space has different characteristics: it performs different functions and there are different ways people work. People work individually and interact with others and this requires different workplace solutions.

Research on behalf by the architects, Gensler (2005) of 200 UK business managers supports the contention that an improved workplace would increase employee productivity by 19 per cent and their own productivity by 17 per cent. These improvements have huge implications for the economy as a whole

if proven. The research was followed up by Gensler (2006) in a survey of 2,000 office workers in the USA which found that 90 per cent of the survey respondents believed that better workplace design and layout result in better overall employee performance.

In a study (ASID, 1999), employees and their managers were asked about the importance of the physical

workplace environment. Employees identified the effective utilization of space and having a workplace allows them to work efficiently as the most important aspects of the work environment. Managers focused on issues of privacy and flexible workspaces but included personal comfort and visual appeal as important in the design of their workspaces.

The research focused on the relationship between productivity and the indoor environment in offices and took into account the fact that productivity depends on other factors by using an Occupational Stress Indicator (OSI)

The attempts made to link the physical environment with the productivity of its occupant's falls into two main categories: those of office layout and office comfort. The literature relating to the office layout appears to revolve around two main debates: those of open-plan verses cellular offices, and the matching of the office environment to the work processes.

The following four steps are an excellent start in implementing a workplace environment that has the best chance of satisfying technical and professional employees.

- a) Do an audit of your company's control system.
- b) Decide what characteristics to adopt.
- c) Train technical workers and managers for the new culture.
- d) Monitor success and provide feedback.

Barnard, Janet (1997), in his study says that if organizations want to avoid the intellectual drain caused by

the attrition of technically –skilled people, a solution may well be in the design of the work environment.

X. CONCLUSION

Workplace environment plays a vital role in motivating employees to perform their assigned work. Since money is not a sufficient motivator in encouraging the workplace performance required in today's competitive business environment. Managers and supervisors will need to be comfortable with working with the whole gamut of workplace factors that influence employee motivation. Skills required include the ability to engage employees in mutual goal setting clarify role expectations and provide regular performance back. Time and energy will also need to be given to providing relevant performance incentives, managing processes, providing adequate resources and workplace coaching.

Last but not least, to drive their organizations to peak performance managers and supervisors must put out front the human face of their organization. Paramount here is the human-to-human interaction through providing individualized support and encouragement to each and every employee. From this study it is known that public sector organizations are providing a good workplace environment to their employees, which does not affect more on their work performance.



REFERENCES

- [1] Neal, M.A. Griffin, P.M. Hart, “The impact of organizational climate on safety climate and individual behavior” *Safety Science* 34 (2000) 99-109. www.elsevier.com/locate/ssci
- [2] A.K.Srivastava, “Effect of Perceived Work Environment on Employees Job Behavior and Organizational Effectiveness, Banaras Hindu University, Varanasi © *Journal of the Indian Academy of Applied Psychology*, January 2008, Vol. 34, No.1, 47-55
- [3] Dr. K. Chandrasekar, “Workplace environment and its impact on Organizational performance in public sector Organizations,” *International Journal of Enterprise Computing and Business Systems*, Vol. 1 Issue 1 January 2011. [Online]. Available: <http://www.ijecbs.com>
- [4] M. Panimalar & K. Kannan “ A Study on Employee Perception Towards Effectiveness And Impact Of Environment Management System At Tamil Nadu Cooperative Textile Processing Mill Ltd., Erode” *Journal of Business Management & Social Sciences Research (JBM&SSR)* ISSN No: 2319-5614 Volume 2, No.1, January 2013
- [5] Nina Munira Naharuddin, Mohammad Sadegi “Factors of Workplace Environment that Affect Employees Performance: A Case Study of Miyazu Malaysia” *International Journal of Independent Research and Studies - IJIRS* ISSN: 2226-4817; EISSN: 2304-6953 Vol. 2, No.2 (April, 2013) 66-78
- [6] R.S Weerarathna, I. A. P. H Geeganage, “The Relationship between Organizational Culture and Employee Performance: Case of Sri Lanka,” *International Journal of Scientific & Engineering Research*, Volume 5, Issue 8, August-2014 985 ISSN 2229-5518 IJSER © 2014 <http://www.ijser.org>
- [7] Dr. Anil P Sarode, Manisha Shirsath, “The Factors Affecting Employee Work Environment & It’s Relation with Employee Productivity” *International Journal of Science and Research (IJSR)* ISSN (Online): 2319-7064 Impact Factor (2012): 3.358 Volume 3 Issue 11, November 2014.
- [8] Arnold, J., Cooper, C.L., Robertson, I.T., *Understanding Human Behavior in the Workplace*, 3rd ed., Financial Times - Pitman Publishing, 1998.
- [9] Prem Chadha, “*The Orderly Workplace: An Exploration into Holistically Disciplined Work life*”, Macmillan Publishers India, 2007.
- [10] Fred Luthans, *Organizational Behavior*, 6th ed., McGraw-Hill, New York, 1992.
- [11] American Society of Interior Designers, Armstrong world Industries, Steelcase, Inc., Dynasound, and Milliken & co. (1996) white paper: Increasing office productivity through integrated acoustics planning and noise reduction strategies
- [12] Brad Estes and Jia Wang, “Workplace Incivility: Impacts on Individual and Organizational Performance”, *Human Resource Development Review*, Vol. 7, June 2008, pp.218-240.
- [13] Mohammad A. Hassanain, “Factors affecting the development of flexible workplace facilities”, *Journal of Corporate Real estate*, vol.8, 2006, pp.213-220.



The Impact of Employees Smiling and Positive Behavior on Customers' Satisfaction With Reference to Selected Banks in Baramati

Prof. Limbore N. V.

Research Scholar, Assistant Professor, SVPM's College of
Comm., Sci., & Comp. Edu. Malegaon Pune
nileshstat5@gmail.com

Dr. Khillare S.K

Research Guide, Associate Professor, Head of Commerce
Department, Mahatma Gandhi Mahavidyalaya, Ahmadpur, Latur
shrirangkhillare@yahoo.in

Abstract : *This An increasing range of competition is now held among hospitality organizations and the only way to maintain a stable or increasing market demand is through delivering quality services that exceeds or at least meets customers' expectations. The present study is an attempt to investigate the relationship between employees' positive and negative behaviors, customers' perception of service quality and overall customer satisfaction. This study investigates the role of the Positive Organizational Behavior (POB) concept of emotional competence for the effective management and customers' assessments about its impact on customer satisfaction in public sector banks. Here researcher tested employees' emotional competence is related to both service employees' and customers' state positive affect. Results of the current study revealed that all employees' behaviors, either negative or positive, are significantly affected to the customers' overall satisfaction. A total of 100 service encounters involving all are customers of a bank were assessed.*

Keywords : *Customer satisfaction, customer service,*

I. INTRODUCTION

The purpose of this research is to explore the literature on verbal and nonverbal communication involving emotions conveyed through facial expressions such as smile (e.g., Guenzi and Pelloni 2004; Sundaram and Webster 2000). Nonverbal components of communication tend to be viewed as important as verbal components in shaping the outcome of employee-customer interactions (e.g., Barnum and Wolniansky 1989; Burgoon et al. 1990; Gabbott and Hogg 2000). Due to their interactive nature, service deliveries involve emotions to a greater extent than many other jobs (Bailey et al. 2001; Liljander and Strandvik 1997) and, arguably, the display of nonverbal emotions, especially smile, is the most important cue in emotional contagion (Howard and Gengler 2001). Positive Organizational Behavior (POB) has been defined as “positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today’s workplace” (Luthans, 2002, p. 59). Emotional competence is an integrative term for skills that are concerned with the processing, regulation, and utilization of emotions at the workplace (Cherniss, 2000; Zeidner, Matthews, & Roberts, 2004). As such, emotional competence may qualify as a POB concept because it ultimately focuses on employees’ capability to make use of the positive functions of affect. Anecdotal accounts claim, for example, that individuals high on

emotional competence are more successful employees because in social interactions they are able to create a positive affective climate, which leads to more favorable individual and organizational outcomes (e.g., Goleman, 1998). However, empirical evidence supporting this claim is still scarce. Service encounters are a particularly suitable setting for testing the contribution of emotional competence because affective processes are central for how an encounter proceeds and how it is evaluated (e.g., Pugh 2001). In customer service settings, “service with a smile” is a job requirement found to enhance tipping (Tidd & Lockard, 1978), intentions to return to the store (Tsai, 2001), and customer satisfaction (Brown & Sulzer-Azaroff, 1994). Previously, service researchers proposed that service with a smile impacts customer attitudes and behaviors through the effect on cognitive appraisals of the behaviors, such as perceived service quality or met expectations (Oliver, 1997; Parasuraman, Zeithaml, & Berry, 1985). More recently, primitive emotional contagion, a non-conscious process by which moods are transferred through mimicry of the displays (Hatfield, Cacioppo, & Rapson, 1994), has been implicated as the primary mechanism. Indeed, research has shown that positive displays predict customer attitudes and intentions through their effect on customers’ post-encounter mood (Pugh, 2001; Tsai & Huang, 2002).



II. THE EFFECTS OF A SMILE ON CUSTOMER SERVICE

The idea of smiling at customers did not take root in Indian culture until the early 1900s. Around that time, the ideal solemn, serious and efficient customer service worker went out of fashion, according to article published in the “Journal of Transportation Industry.” Since then, the slogan “service with a smile” has become popular in many businesses due to its positive effects on customer behavior. Constantly smiling at customers, however, can have negative effects on customer service employees.

A. HYPOTHESIS OF THE STUDY

Based on the review of literature and objectives of the study hypotheses were formulated.

1. The positive behavior and sincere emotions displayed by service employees have a significant and positive effect on the overall customers’ satisfaction

B. Objectives of the study

1. To study the sincere emotions displayed by service employees and its impact on customer satisfaction.
2. To study the impact of employees positive behaviors and negative behaviors on customer satisfaction.

C. Methodology

1) Study Sample

The data of the study were collected from selected banks in public sector customers in Baramati region. From a total number of 5 banks selected by convenience sampling techniques, a random sample of 100 customers was selected on basis of first come first serve (FCFS) on randomly. Twenty questionnaires were distributed by using proportionate stratified random sampling among customers in each bank counting for a total number of 100 distributed questionnaires. Data were analyzed by using statistical techniques, and the results supports to the researcher’s assumption.

2) Statistical tools and techniques to be used

Chi-Square Test has been used for testing the relationship positive behavior of employees and its impact on customer satisfaction. For data analysis purpose researcher used statistical software IBM-SPSS 23.0 version (Statistical Software for Social Science) and MS- Excel. By using statistical software researcher computed frequency statistics. By Using MS- Excel researcher are drawn the graphical representation of the study to better know the trend of the data and chi-square test of independence.

III. DATA ANALYSIS AND INTERPRETATION

Table No.1 Demographic gender analysis

No of Banks	Male	Female	Total
Bank 1	12	8	20
Bank 2	10	10	20
Bank 3	9	11	20
Bank 4	12	8	20
Bank 5	9	11	20
Total	52	48	100

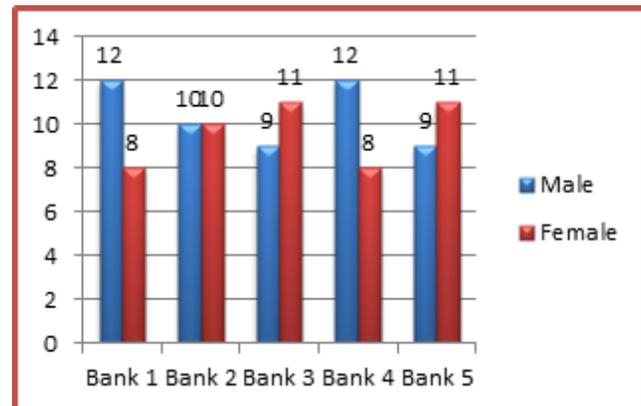


Figure No. 1 Gender wise distribution of given sample

IV. OBSERVATIONS

In the above figure researcher select the sample of 100 customers in selected five banks of public sector. Each bank there is 20 customers are selected. The bank 1 has selected the 12 male and 8 female, Bank 2 has selected the 10 male and 10 female, the bank 3 has selected the 09 male and 11 female, the bank 4 has selected the 12 male and 8 female and the bank 5 has selected the 09 male and 11 female customers.

Statistical Hypothesis for checking the relationship between positive behavior of employees and its impact on customer satisfaction

H₀: The positive behavior and sincere emotions displayed by service employees have not statistically significant and positive effect on the overall customers’ satisfaction

Against

H₁: The positive behavior and sincere emotions displayed by service employees have statistically significant and positive effect on the overall customers’ satisfaction

Note: 1= Strongly affected, 2= Moderately affected, 3= Neutral, 4= Moderately not affected, 5= Strongly not affected



Table No.2 Observed frequency table of responses of customers

Sr. No.	Type of Factors	1	2	3	4	5	Total
1	Treats all customers in a consistent way.	13	35	5	34	13	100
2	Let's you waiting longer than necessary for a demand.	26	32	10	12	20	100
3	Responds to your phones in a helpful tone of voice.	44	32	4	12	8	100
4	Meet the special needs of handicapped customers.	46	38	2	6	8	100
5	Makes every possible effort to resolve your complaints	12	66	6	7	9	100
6	Replies to your complaints in a rude and bad way.	48	30	5	10	7	100
7	Displays bad moods in the job.	8	12	10	35	35	100
8	Doesn't handle special requests saying not my responsibility	41	21	8	21	9	100
9	Greets you with a friendly welcome and big smile.	46	44	3	4	3	100
10	Talks politely with you.	14	64	6	7	9	100
11	Makes a good eye contact with customers.	23	32	6	30	9	100
12	Listens to you with empathy and responds in a good manner.	14	64	6	7	9	100
13	Allows you to feel special as you enter the bank.	41	37	3	9	8	98
	Total	376	507	74	194	147	1298

Table No.3 Expected frequency table of responses of customers

Sr. No.	Type of Factors	1	2	3	4	5	Total
1	Treats all customers in a consistent way.	29	39	6	15	11	100
2	Let's you waiting longer than necessary for a demand.	29	39	6	15	11	100
3	Responds to your phones in a helpful tone of voice.	29	39	6	15	11	100
4	Meet the special needs of handicapped customers.	29	39	6	15	11	100
5	Makes every possible effort to resolve your complaints	29	39	6	15	11	100
6	Replies to your complaints in a rude and bad way.	29	39	6	15	11	100
7	Displays bad moods in the job.	29	39	6	15	11	100
8	Doesn't handle special requests saying not my responsibility	29	39	6	15	11	100
9	Greets you with a friendly welcome and big smile.	29	39	6	15	11	100
10	Talks politely with you.	29	39	6	15	11	100
11	Makes a good eye contact with customers.	29	39	6	15	11	100
12	Listens to you with empathy and responds in a good manner.	29	39	6	15	11	100
13	Allows you to feel special as you enter the bank.	28	38	6	15	11	98
	Total	376	507	74	194	147	1298

Table No.4 P-Value table of responses of customers

Sr. No.	Type of Factors	P-Value
1	Treats all customers in a consistent way.	0.000008004504
2	Let's you waiting longer than necessary for a demand.	0.0170029281888
3	Responds to your phones in a helpful tone of voice.	0.025019055536
4	Meet the special needs of handicapped customers.	0.000692647858
5	Makes every possible effort to resolve your complaints	0.000010682695
6	Replies to your complaints in a rude and bad way.	0.0012447139419
7	Displays bad moods in the job.	0.000000000000
8	Doesn't handle special requests saying not my responsibility	0.0017635919480
9	Greets you with a friendly welcome and big smile.	0.0000308390651
10	Talks politely with you.	0.0000104671041
11	Makes a good eye contact with customers.	0.0011477582076
12	Listens to you with empathy and responds in a good manner.	0.0000104671041
13	Allows you to feel special as you enter the bank.	0.0423953645736

Decision criteria

The chi-square test was for testing the null hypothesis, which states that there was no significant difference between the expected and observed result. If p- value was less than or equal to the level of significance i.e. alpha was less than or equal to 0.05 then researcher may reject the null hypothesis i.e. H_0 . Otherwise researcher may accept the alternative hypothesis H_1 .

D. Interpretation:

In above table of p-value researcher noticed that the all of the p-value was less than smallest level of significance i.e. 0.05 so that researcher may reject the null hypothesis H_0 and may accept the alternative hypothesis H_1 means that The positive behavior and sincere emotions displayed by service employees have statistically significant and positive effect on the overall customers' satisfaction.

V. FINDINGS OF THE STUDY

- In the customer's eyes, customer service employees represent the bank. Smiling, making eye contact and paying attention to customer demands build relationships between customers and the bank employees. Positive customer service experiences foster customer loyalty, which are one of the most important economic objectives for many banks.
- Smiling of employees while serving customers is a way of showing that the bank also as ethical values of customers, in addition to economic aims. A smile can reflect values of respect of customers, compassion and hospitality, which are the foundations of excellent customer service. A smile, as well as patience and courtesy, often inspires customers to smile back at customer service employees.
- Customer services employees often must display emotions that they do not feel, such as happiness and satisfaction. The necessity of excessive smiling can have long-term consequences, such as emotional exhaustion, and can have a negative impact on job satisfaction and customer satisfaction. The more autonomy a customer service employee is given to interact naturally with customers.

VI. CONCLUSION

The study traced the impact of behaviors on customers' perceptions, sincere emotions displayed by service employees and overall satisfaction of customers who visited in the selected public banks through studying the relevant literature and by analyzing opinions on the impact of employees' positive and negative behaviors on customers' perceptions of quality and overall satisfaction. This study concludes that the positive behavior and sincere emotions displayed by service employees have statistically significant and positive effect on the overall customers' satisfaction. The employees smiling, paying attention to customers, employees sincere emotions displayed to customers, listens with empathy, talks politely to customers, taking responsibility to deliver healthy service has been significantly affected on the overall satisfaction of the customers who visited in the selected public sector banks. It will help the increase customer base and performance of public sector bank.



REFERENCES

- [1] Patricia B. Barger, Alicia A. Grandey, “Service With A Smile” And Encounter Satisfaction: Emotional Contagion And Appraisal Mechanisms, ” Academy Of Management Journalphil.
- [2] Anderson, E.; Fornell, C. and Lehmann, R. (1994), Customer Satisfaction, Market Share, and Profitability: Findings from Sweden, Journal of Marketing, Vol. 58: 53-66.
- [3] Magnus Söderlund and Sara Rosengren, “The Smiling Face in Marketing Appeals and its Effects on the Customer”, SSE/EFI Working Paper Series in Business Administration, No. 2003:7, April 2003
- [4] Kay Hei-Lin Chu, “The Effects of Emotional Labor on Employee Work Outcomes”, Ph.D Thesis, May 23rd, 2002.
- [5] Limbore N.V, & Mane B.S, A Study of Banking Sector in India and Overview of Performance of Indian Banks
- [6] With Reference To Net Interest Margin And Market Capitalization Of Banks, Review of Research, Volume 3, Issue 6 ,03/2014, pp 1-11.
- [7] Frank, M. G., Ekman, P., & Friesen, W. V. 1993. Behavioral markers and recognizability of the smile of enjoyment. Journal of Personality and Social Psychology, 64: 83-93
- [8] George, J. M. 2000. Emotions and leadership: The role of emotional intelligence. Human Relations, 53: 1027-1055.
- [9] Gottlieb, B. H., Grewal, D., & Brown, S. W. 1994. Consumer satisfaction and perceived quality: Complementary or divergent construct? Journal of Applied Psychology, 79: 875-885.
- [10] Grandey, A. 2003. When “the show must go on”: Surface and deep acting as predictors of emotional exhaustion and service delivery. Academy of Management Journal, 46: 86-96
- [11] https://www.academia.edu/6410671/The_impact_of_employee_behaviour_on_customers_service_quality_perceptions_and_overall_satisfaction
- [12] <http://www3.interscience.wiley.com/journal/4691/home>
- [13] Kothari C.R, Research Methodology – Methods and Techniques New Age international (P) Ltd., Publishers, New Delhi 2005.
- [14] Todkar, Rupali Shivaji & Limbore, Nilesh Vitthal & Zargad, Bebitai Bhimrao, (2013), “To Study The Current Scenario Of Cloud Computing In Business With Special Reference To The Mobile Phone Industry”, Indian Streams Research Journal;Jan2013, Vol. 2 Issue 12, Special section p1.
- [15] Limbore, Nilesh Vitthal; Chandgude, Ajit Ashokrao (2013), “A Review Of The Current Scenario Of Corporate Social Responsibility In It Business Sector With The Special Reference To Infosys.”,Golden research thought, Volume- 2, Issue-9.
- [16] Limbore N.V, & Nalkol A. P, A study of effectiveness and prospects of E-tailing with special reference to Baramati Region, Asian Journal of Multidisciplinary Studies, Volume1, Issue 5, December 2013, pp-1-9.



Handle with Care : Employee Retention Strategies and Review of Best Practices among the Corporates

Ms. Ashitha Amin

Department of Commerce, Manipal University, Manipal, Karnataka
ashitha.amin @manipal.edu

Mr. Guru Prasad Rao

guruprasad.y@manipal.edu

Abstract : Long-term health and success of any organization depends upon the retention of key employees. Today employee retention has become an important strategic aspect for the organization. It is not only important to have the best and the most talented employees but it is equally necessary to retain them for long term benefits to both the organization and its people. Employee retention is the top priority of organizations due to increasing competition. It is an efficient and productive advance towards the employee management who are considered to be 'greatest assets' to the company. To manage top talent it requires a constant balance between the human aspirations and the strategic and financial needs of the business. This paper tries to review the best practices of major corporates with respect to employee retention hereby understanding the challenges therein.

Keywords : Employee retention; productivity; retention strategies

I. INTRODUCTION

Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time. Employee retention has become a major concern for corporates in the current scenario. Individuals once being trained have a tendency to move to other organizations for better prospects. Lucrative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change.

1.1 NEED & IMPORTANCE OF EMPLOYEE RETENTION

- Hiring is not an easy process
- An organization invests time and money in grooming an individual and make him ready to work and understand the corporate culture
- When an individual resigns from his present organization, it is more likely that he would join the competitors
- The employees working for a longer period of time are more familiar with the company's policies, guidelines and thus they adjust better
- Every individual needs time to adjust with others.
- It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the organization.
- It is essential for the organization to retain the valuable employees showing potential.

1.2 CHALLENGES TO EMPLOYEE RETENTION:

In the current scenario, a major challenge for an organization is to retain its valuable and talented employees. The management can control the problem of employees quitting the organization within no time to a great extent but can't put a complete full stop to it. There are several challenges to it.

- Monetary dissatisfaction is one of the major reasons for an employee to look for a change.
- In the current scenario, where there is no dearth of opportunities, stopping people to look for a change is a big challenge.
- Individuals speak all kind of lies during interviews to get a job.
- Some individuals have a tendency to get bored in a short span of time.
- Unrealistic expectations from the job also lead to employees looking for a change.

II. RESEARCH METHODOLOGY

2.1 OBJECTIVES OF THE STUDY:

- To Study the importance of Employee Retention to the corporates and the challenges in retaining the profitable employee.
- To review the best practices of Employee Retention followed and practiced by the leading corporates.



2.2 DATA COLLECTION:

- Secondary Research which focused on Research Papers, related articles and news letters

2.3 SCOPE OF THE STUDY

- The Study restricts its review of best practices to Google and Facebook only.

III. RETENTION STRATEGIES: REVIEW OF BEST PRACTICES

3.1 GOOGLE

At Google, employees are considered the company's most valuable asset the backbone of the organization. They are given freedom, a healthy work-life balance, incredible perks, and even the chance to have fun at work.

Google's success is based on its high quality human resources. The company generally emphasizes smartness and excellence among its employees. Google's human resource management also includes carefully selected strategies, methods and techniques for recruitment and selection, and for the retention of high quality workers. The firm's recruitment practices and selection process ensure an adequate workforce. The retention programs at Google are designed to retain excellent employees. These programs also attract employees to the firm. The company is now one of the best places to work. This popularity and positive perception indicates the success of the firm's human resource management in recruitment, selection, and employee retention.

Google has achieved this remarkable feat by transforming conventions in recruitment and management. Internally, the responsible department is not known as human resources, but rather as 'people operations', clearly distancing the company from outdated practices. Nor it is considered a subdivision of the business, or an avoidable and sometimes annoying function that deflects resources away from profit making. At Google, people operations is seen as the core of the company, the one area that connects and facilitates all other departments.

3.2 FACEBOOK

At Facebook, they believe in creating life beyond pay slips.

WOW features that provide employees' amazing choices

- Extended six-week boot camp onboarding with a choice
- Hackamonth self-directed internal movement
- *It doesn't just have free food, it offers amazing food*
- Free ice cream and cookies is a life-changing experience .

- A global array of food keeps employees on campus
- Happy Hour every Friday

IV. CONCLUSION

One of the greatest challenges in today's business world is to keep pace with technological and business growth. Companies spend billions to stay on the cutting edge. As we move ahead in our business, we are unfortunately facing an increased shortage of highly skilled employees. Employee retention is a concern for companies in this dynamic job market. There are extensive employment opportunities for talented professionals. Higher skilled the employees are, the greater the demand for their services. The knowledge workforce is growing faster.

Human resources are complex and not easy to understand. These are the assets which can make as well as break an organization. Retaining them will help in the long-term growth of an organization and will also add to their goodwill. But the most difficult task faced by an organization today is retaining as well as satisfying these resources. Employees need to feel valued and appreciated, be given feedback, provided with growth opportunities, be given work-life balance options, and have trust and confidence in their leaders. All of these retention strategies are beneficial when an employer wants to keep employees within an organization and keep costs of turnover low.

REFERENCES

- [1] Dr. Mita Mehta, Aarti Kurbetti, Ravneeta Dhankhar 2012, Employee Retention: A Review of Literature, International Journal Advance Research in Computer Science and Management Studies
- [2] Sheridan, J.E., 2012. Organizational culture and employee retention *Academy of management Journal*, 35(5), pp.1036-1056.
- [3] Ramlall, S., 2004. A review of employee motivation theories and their implications for employee retention within organizations. *Journal of American Academy of Business*, 5(1/2), pp.52-63.
- [4] Hausknecht, J.P., Rodda, J. and Howard, M.J., 2009. Targeted employee retention: Performance-based and job-related differences in reported reasons for staying. *Human Resource Management*, 48(2), pp.269-288.
- [5] Mitchell, T.R., Holtom, B.C., Lee, T.W., Sablynski, C.J. and Erez, M., 2010. Why people stay: Using job embeddedness to predict voluntary turnover. *Academy of management journal*, 44(6), pp.1102-1121.
- [6] Hom, P.W. and Kinicki, A.J., 2010. Toward a greater understanding of how dissatisfaction drives employee turnover. *Academy of Management Journal*, 44(5), pp.975-987.



Work-life Balance and Stress Management (With Special Reference to College Teachers)

Prof. Delisha D'souza

Tolani College of Commerce, Andheri (East), Mumbai-93
delishad@tcc.tolani.edu

Abstract : *Work-life balance is the harmonious blending of the professional and non-professional aspects of life that results in higher professional productivity, better health and more sustainable living habits. Given the current day-to-day work and personal stressors that individuals face, it is necessary to provide employees with the appropriate coping skills to balance and deal with these factors. Not attending to these factors can lead to higher stress levels and negative physical impacts. The pursuit of work-life balance reduces the stress that employees experience. When they spend the majority of their days on work-related activities and feel as if they are neglecting the other important components of their lives, stress and unhappiness result. Work-life balance enables employees to feel as if they are paying attention to all the important aspects of their lives. The aim of this study is to highlight the issues connected with work life balance of faculty in colleges and the factors that determine work life balance. It involves the data analysis and interpretation of the survey undertaken. It has further helped to come to a conclusion that college teachers are most stressed due to the administrative work given to them, in addition to their routine work. It describes the imbalance in the work-life of college teachers which ultimately leads to stress if not taken care of. It also provides an insight into the various causes of stress, the stress management techniques which can be adopted in order to overcome stress and improve work-life balance of college teachers*

Keywords : *Work-life balance; teaching; stress*

I. INTRODUCTION

The successful management of an organization's human resources is an exciting, dynamic and challenging task, especially at a time when the world has become a global village and economies are in a state of flux. Many people are experiencing burnout due to overwork and increased stress. This condition is seen in nearly all occupations from blue collar workers to upper management. Over the past decade, a rise in work place violence, an increase in levels of absenteeism as well as rising workers' compensation claims, are all evidences of an unhealthy work life balance.

Lecturing in education is a rewarding job, but also a demanding one. In today's fast paced society, educational institutions seek options to positively impact the bottom line of their faculties, improve faculty morale, retain faculties. Teaching is one of the most complex processes known to humankind, and there is a vast body of research on the theories and models that underpin successful teaching, learning and assessment. Lecturers are the lifeblood of universities, without whom, research would remain locked away in rarely read papers and lab results, and students would be unenlightened. Teaching is becoming more challenging as a profession more paperwork, more bureaucracy and more unruly classes. Teaching can be a stressful job.

Over the course of a career, nearly every faculty member, regardless of family status, will encounter some difficulty in achieving equilibrium between academic and personal life. The college teachers have a lot of work stress due to their work and students' performance. Not only is there pressure to be an excellent role model but the combination of students, their parents, management, administrative work and faculty activities can get overwhelming at times.

II. LITERATURE REVIEW

- In this contemporary world, the role of teaching professionals is ever changing and evolving and the new teaching learning environment puts heavy pressure on teaching professionals. This work pressure will have an impact on their personal life and lead to imbalance in their work and life.
- When employees are satisfied with their jobs they become loyal and committed to the organization. Saleem (2013) says that organization should make strategies and policies that will help employees to have clear understanding regarding their job tasks and objectives and if employees are not satisfied with their job they will not pay attention to their work and will not make customers happy.



- There is a wide variety of work-life balance initiatives for employees being incorporated by organizations and include flexible work hours, job sharing, parental leave on-site child care facility and telecommuting (Hartelet al. 2007). Studies suggest that in absence of work-life balance, employees’ dissatisfaction increases.
- Both women and men prefer working in organizations that support work-life balance. When work does not permit women to take care of their family, they feel unhappy, disappointed and frustrated. They draw tight boundaries between work and family and they do not like one crossing the other (Burke 2002).

III. OBJECTIVES OF THE STUDY

1. To find out the causes of an unhealthy work-life balance
2. To identify the factors causing stress among college teachers
3. To ascertain various coping strategies practiced by the selected sample of college teachers to manage the stress.

IV. RESEARCH METHODOLOGY

- The study is based on extensive and systematic use of both primary and secondary data. For collecting primary data, the field survey technique was used.
- Sample size is 30. First-hand information was collected using questionnaire technique. Secondary data is collected from various books and internet resources.
- Sampling design proposed for the study is Simple random sampling and Convenience sampling.

V. LIMITATIONS OF THE STUDY

This study is confined to the under-graduate college teachers only, that too with specific reference to those in the district of Mumbai and hence the results of the study may not be applicable to the other parts of the country or other parts of the world.

VI. WORK-LIFE BALANCE

Work-life balance is a broad concept including proper prioritizing between career and ambition on one hand, compared with pleasure, leisure, family and spiritual development on the other. Work life balance refers to the situation of juggling increasingly conflicting demands of work requirements that eat into the time a person has away from the job, to spend with family and friends, to pursue recreational pursuits, or even to just sleep.

VII. DATA ANALYSIS AND INTERPRETATION

Table 1: General Profile:

Age	Male	Female
26-30	01	05
31-35	01	06
36-40	-	07
41 & Above	02	08
Total	04	26

Source: Primary Data

Marital Status:

Married: 27 Unmarried: 03

Table 2: Time spent on various activities

Table 2.1.: At workplace:

Hours spent	No. of Respondents	Percentage (%)
Less than 7-8 hours	24	80
8-10 hours	2	6.67
10-12 hours	3	10
More than 12 hours	1	3.33
Total	30	100

Source: Primary Data

Table 2.2.: Travelling to work

Hours spent	No. of Respondents	Percentage (%)
Less than half an hour	14	46.67
Nearly one hour	14	46.67
Nearly two hours	1	3.33
More than two hours	1	3.33
Total	30	100

Source: Primary Data

2.3. Hobbies and Recreational activities

Hours spent	No. of Respondents	Percentage (%)
Less than half an hour	13	43.33
Nearly one hour	14	46.67
Nearly two hours	1	3.33
More than two hours	1	3.33
None	1	3.33
Total	30	100

Source: Primary Data

Table 3: Opinion regarding ability to balance work life

Opinion	No. of Respondents	Percentage
Yes	23	76.67
No	7	23.33
Total	30	100

Source: Primary Data



Table 4: Respondents view on whether satisfied with the amount of time spent at work

Opinion	No. of Respondents	Percentage (%)
Yes	26	86.67
No	4	13.33
Total	30	100

Source: Primary Data

Table 5: How often do you think or worry about work?

Opinion	No. of Respondents	Percentage
Never	-	-
Rarely	3	10
Sometimes	12	40
Often	10	33.33
Always	5	16.67
Total	30	100

Source: Primary Data

Table 6: Whether college has separate policy for work life balance

Opinion	No. of Respondents	Percentage
Yes	6	20
No	13	43.33
Not aware	11	36.67
Total	30	100

Source: Primary Data

Table 7: Whether respondent misses out quality time because of work pressure

Opinion	No. of Respondents	Percentage
Never	5	16.67
Sometimes	22	73.33
Often	3	10
Always	-	-
Total	30	100

Source: Primary Data

Table 8.1.: Factors that are most stressful

Factors	No. of Respondents	Percentage (%)
Taking lectures	1	3.33
Assessment work	7	23.33
Administration work	15	50
College cultural activities	6	20
Any others	1	3.33
Total	30	100

Table 8.2.: Whether suffering from any stress-related problems

Factors	No. of Respondents	Percentage (%)
Hypertension	2	6.67
Obesity	4	13.33
Diabetes	-	-
Frequent headaches	7	23.33
None	12	40
Others	5	16.67
Total	30	100

Source: Primary Data

Table 8.3: Opinion regarding how teachers manage stress arising from work

Techniques	Respondents	Percentage
Yoga/ Meditation	11	36.67
Gym/ Exercise	5	16.67
Music	7	23.33
Dance	1	3.33
Entertainment	4	13.33
Others	2	6.67
Total	30	100

Source: Primary Data

Table 9: Whether college provides additional work provisions like:

Work provisions	Frequency	Percentage
Transportation	-	-
Counseling services	9	30
Health programmes	10	33.33
Exercise facilities	11	36.67
Others	-	-
Total	30	100

Source: Primary Data

Table 10: Opinion whether having a good work-life balance would make the functioning of the college more effective and successful:

Opinion	No. of Respondents	Percentage (%)
Yes	30	100
No	-	-
Total	30	100

VIII. RESULTS AND DISCUSSION

The questionnaires which were distributed have revealed facts relating to this research problem with the help of data analysis and interpretation. Table 3 shows that about 23% of the respondents are not able to balance their work-life and about 67% of the respondents felt that they feel stressed because of work according to Table 8. Overall, all respondents are of the opinion that having a good work-life balance can improve their productivity at work, reduce stress and can make the functioning of the college more effective as a whole.

IX. TECHNIQUES OF WORKLOAD MANAGEMENT FOR COLLEGE TEACHERS

Heavier workloads have become a fact of life for most lecturers. It seems highly unlikely that this situation will change. The following are some of the ways which can help to maintain a healthy work-life balance for college teachers:

1. Prioritize workload:

It is useful to go through all the tasks and roles that are undertaken, asking oneself which are the really important ones, and which are the ones that would not have significant effects on the students if the teacher were to prune them or abandon them.

2. Time Management:

Often lecturers have much of their time predetermined by teaching timetables and research commitments. But even



if only a quarter or third of the working time is under our control, we can manage the workload easily.

3. Cut assessment workload:

This does not mean reduce the quality of your assessment. It is widely recognized that over-assessment is bad for students, and in former times it was all too easy for such patterns of over-assessment to be established. It is important to improve the quality of assessment but at the same time significantly reduce its volume.

4. Making good use of learning resource materials:

Students nowadays learn a great deal more from computer-based and print-based materials. The quality of learning resource materials is improving all the time and such materials are getting steadily better at giving students opportunities to learn-by-doing, and to learn from healthy trial and error. Materials are getting much better at providing students with feedback on their individual progress and performance. Making the most of such materials can free up valuable face-to-face time with students, so teachers can deal with their questions and problems rather than merely imparting information to them.

5. Cut administrative workload:

Life may seem to be full of meetings and paperwork, but is it all really necessary? A well-chaired one-hour meeting can usually achieve as much as a much longer one.

6. Make good use of your administrative and support staff:

It is easy for us to find ourselves doing tasks which they could have done just as well, and often they could have done just as well, and often they could have done them more efficiently than ourselves.

7. Don't ignore stress:

There are no prizes for struggling to the point of collapse: indeed, this is the last thing teachers should be doing. As the symptoms of stress become apparent, they must try to identify the causes of stress and do something about it.

8. Make better use of feedback from students:

Listen to their concerns, and focus on them, making your own work more useful to them at the same time. They know better than anyone else where their problems lie, so it is worth making sure that the valuable time is spent addressing the right problems.

X. TECHNIQUES FOR COLLEGE TEACHERS TO MANAGE STRESS

The lecturer's job can be extremely stressful as staff is put under increasing pressure to teach long hours and in possibly unfamiliar ways, and to spend longer hours on

assessment and record keeping as well as research. At the same time students are becoming more diverse and have an ever-widening range of requirements and expectations. The following tips cannot eliminate stress, but may suggest some strategies to help deal with it:

1. Counseling:

Many colleges have someone to whom staff can turn for trained counseling in times of great stress. Otherwise one could look elsewhere, in the phone book under therapeutic practice or alternative medicine, to find someone who can guide and support through the worst patches. This is often more productive than piling all the stress onto nearest and dearest who usually have problems of their own!

2. Use relaxation techniques:

There are innumerable methods that can be used to help you unwind, including deep breathing massage, aromatherapy and meditation. It might be worth the while to explore the techniques that sound most attractive and try to use them to help cope with stress. Listening to soft music, yoga, meditation, reading books, mental exercises and rest can also be effective. Majority of the teachers share their problems with friends. The stress cannot be avoided, so it should be managed with the proper usage of management techniques.

3. Get a life outside college:

Family and friends still deserve attention, even if work is very busy, and we all need to learn to keep a sense of proportion to our lives. Hobbies and interests should not be neglected, even if we sleep through the film or nod off after the sweet course.

4. Working out in the gym:

It may feel like the last thing on earth you want to do, to take physical exercise at the end of a long stressful day, but lots of people find it helps them relax. Other activities like swimming, playing a mean game of squash or just to do aerobics at home can also help. One needs to find out what kinds of exercise work best and try to use it as a bridge between working life and our own time.

5. Getting over the myths surrounding stress:

Research has shown that stress should be regarded as being the same as nervous tension, and is not always a negative response. And that some people do indeed survive well and thrive on stress. In an education organization, it is more important to manage stress than to try to eliminate it.

6. Look to the environment causes of stress:

These include working or living under extremes of temperature, excessive noise, unsuitable lighting, poor ventilation or air quality, poorly laid out work areas, and even the presence of vibration.



7. Look to the organizational causes of stress:

These include inappropriately heavy workloads, ineffective communication, excessive supervision or inadequate supervision, lack of relevant training provision, undue concern about promotion or reward systems, and unsatisfactory role perceptions. Once identified, all of these causes can be remedied.

8. Look to the social causes of stress:

These can include insufficient contact at work, sexual harassment, racial discrimination, ageism, inappropriate management approaches, unhealthy levels of competition, and conflict between colleagues. Any or all of these, when present, can be discovered and identified by asking people about them.

XI. CONCLUSION

Managing stress among the college teachers proves to be a difficult task for every college management. However, the causes of stress vary from one teacher to another teacher and from one institution to another institution, the level of stress among the college teachers increases day by day, thus proving it to be a hectic task for every institution, to manage stress among the college teachers. People need to effectively manage their time and create a sound balance between their work and family responsibilities. A lack of work-life balance adversely impacts on all staff and reduces their chances of good health and their ability to balance workload and other activities, such as learning, sport, leisure and family life. Women teachers are disadvantaged to a greater degree because women cite workload in teaching as incompatible with raising their family as they struggle to discharge caring responsibilities.

From this study we can conclude that heavier workloads have become a fact of life for most lecturers. It seems highly unlikely that this situation will change. If administrative work could be delegated properly and there could be flexibility in timings, then there may be better results on their part. This is because, teachers would get more time for preparation of lectures, self-learning and also dealing with students on a personal basis.

It is in the best interest of both the employee and employer to avoid these pitfalls through smart human resource management. As institution and their working environment transform, so do the kinds of stress problems that employees may face. It is important that the workplace is being continuously monitored for stress problems. The pursuit of work-life balance reduces the stress that employees experience.

REFERENCES

- [1] B.K. Arora, (2009), Stress Management, New Delhi: Omega Publications
- [2] Paul R. Sparrow & Cary L. Cooper, (2003), The Employment Relationship, Burlington: Butterworth-Heinemann
- [3] Phil Race, (2003), 2000 Tips for Lecturers, New Delhi: Kogan Page
- [4] <http://www.pbr.co.in/Brochure/d001.pdf>
- [5] <http://www.pbr.co.in/vol%205%20iss%202/6.pdf>
- [6] http://www.ripublication.com/gjmbsv3n8_11.pdf
- [7] <http://www.atl.org.uk/Images/Worklife%20balance%20toolkit%20maintained.pdf>
- [8] <http://www.iosrjournals.org/iosr-jbm/papers/Vol12-issue2/B01220812.pdf?id=3530>
- [9] <http://www.slideshare.net/hemanthcrpatna/a-study-on-stress-management-of-employees-at-syndicate-bank>
- [10] <http://www.pbr.co.in/vol%205%20iss%202/6.pdf>
- [11] <http://www.ijcoa.com/papers/october/paper%204.pdf>
- [12] <http://biztek.edu.pk/ibt/qec/7.2/2%20Impact%20of%20work%20life.pdf>
- [13] <http://www.carewaysgroup.com/wp-content/uploads/2014/03/Worklife-and-Stress-20141.pdf>
- [14] http://www.researchersworld.com/vol3/issue4/vol3_issue4_2/Paper_12.pdf
- [15] http://www.academia.edu/23198591/_The_impact_of_working_hours_Work-life_balance_and_job_stress_on_the_job_satisfaction_level_of_the_junior_executives_of_private_sector_in_HyderabadEase_of_Use



Growth, Employment Opportunities and Human Resource Requirement in Food Processing Industries in India

W. A. Khan

Associate Professor, Department of Food Technology & Research, T. C. College, Baramati

G. S. Patil

Assistant Professor, Department of Food Technology & Research, T. C. College, Baramati

wajid510@gmail.com

Abstract : This Education aims to human resource development, which in turn is designed to improve the human performance by increasing human capacity and productivity to ensure a better quality of life to the individuals. Skill may be technical, human, managerial, conceptual, design, creative or communicative type. The HRD in high quality and safe food production and processing must be viewed from both the knowledge and skill point of view, which can be imparted to different groups along with the socio – economic and motivational packages in, planned way. The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year. In India, the food sector has emerged as a high-growth and high profit sector due to its immense potential for value addition, particularly within the food processing industry. In India the food processing industry is ranked fifth in terms of production, consumption, export and expected growth (MoFPI Annual Report, 2006-07). A strong and dynamic food processing sector plays a significant role in diversification of agricultural activities, improving value addition opportunities and creating surplus for export of agro-food products (Merchant A, 2008). Food Processing accounts for about 14% of manufacturing GDP, i.e. Rs. 2,80,000 crore, and employs about 13 million people directly and 35 million people indirectly. Its employment intensity can be seen by the fact that for every Rs. 1 million invested, 18 direct jobs and 64 indirect jobs are created in organized food processing industry only (MoFPI Report, 2011). This paper describes the importance of food processing industry, position of Indian in world production, key growth factors, challenges and skill requirement.

Keywords : Food processing; HRM; Skill development

I. INTRODUCTION TO FOOD

Food has a very wide connotation but it can be assumed up as any plant or animal material, which is consumed for nutrition and sustenance. The collection, preparation, and distribution of food constitute the very basis of civilization, culture and home. Humanity has always recognized that preservation of food to ensure availability of food according to the need is central to its concerns. Pickling, salting, drying and other methods of food processing are almost as old as mankind itself.

Various agricultural produces, such as cereals, pulses, fruits, vegetables, meat, milk, fish, eggs etc. are foods or food raw materials. When consumed, foods undergo digestive and other changes to supply the body its requirements.

Food is intimately woven into the physical, economical, psychological, social and intellectual life of man. It is a part of his culture. It is a more basic need of man than shelter and clothing.

Food provides adequately for the body's growth,

maintenance, repair and reproduction. It furnishes the body with the energy required for all human activities. It provides materials required for the building and renewal of the body tissues and substances that act to regulate body processes. An individual food, such as milk, may fulfill all these functions or, as in case of sugar, any one function. However, all the above functions of foods must be served by the diet in order to maintain the body in good health. Most foods fulfill more than one function, as they are complex mixtures of a number of chemical substances, called nutrients.

FOOD IS MORE THAN NUTRIENTS :

- Wars have been fought for food
- People steal, rob and kill others for food
- Explorers have searched the world for food
- Sciences have been built on food and food related discoveries have been rewarded
- Fortunes have been made and lost in food stuffs
- Food is source of power



- People have been made to starve for submission
- Wars have been won by blockading food supplies to enemy
- Food is a source of security
- Food is a status symbol
- Food is a symbol of hospitality and friendship
- Food is an outlet for emotion.

Thus for an average man, food is much more than a substance supplying nutrients for health

II. IMPORTANCE OF FOOD PROCESSING INDUSTRY

It is widely accepted that the food processing sector is the most appropriate sector for creating jobs for rural poor, and thus reduce the burden on agricultural sector for creation of their livelihood. This is due to their familiarity with the agricultural sector which would make it easier to train and place them in food processing enterprises. The multiplier effect of investment in food processing industry on employment generation is also higher than any other sector. Therefore, for the overall progress of economy it is important that the farmers and backward communities working in rural food-processing units are treated at the top of the growth process.

India's Food Processing Sector ranks fifth in the world in exports, production and consumption. The major parts of the food processing sector are milled grain, sugar, edible oils, beverages and dairy products. India's food processing industry has grown annually at 8.4% for the last 5 years, up to 2012-13. The value addition of the food processing sector as a share of GDP manufacturing was 9.8% in 2012-13.

Investment in registered food processing sector had grown by 20.1% at the end of 2012. The number of registered processing factories has increased from 35,838 in 2010-11 to 36,881 in 2011-12, marking a growth rate of 2.9%. The industry is also one of the largest direct employments in the organized food processing sector standing at 6.05 % between 2010-11 and 2011-12.

Food is the biggest expense for an urban Indian household. About 38.6% of the total consumption expenditure of households was spent on food in 2011-12. The total household expenditure on the purchase of food items in 2012-13 was INR 11 Trillion. An average household in India spent INR 41,856 on food.

III. POSITION OF INDIA IN WORLD PRODUCTION

- Largest Producer of Milk in the world (105 million tonnes per annum)

- Largest livestock population (485 million tonnes per annum)
- Second largest producer of fruits and vegetables (150 million tonnes per annum)
- Third largest producer of food grain 230 million tonnes per annum
- Third largest producer of fish (7 million tonnes per annum)
- 52% cultivable land compared to 11% world average
- All 15 major climates in the world exist in India
- 46 out of 60 soil types exist in India
- 20 Agri climatic regions

IV. KEY GROWTH FACTORS & CHALLENGES IN SECTOR

4.1 Key Growth Factors

- **Growth in organized Retail :** Food retail is expected to grow well due to low penetration of organised retail and the potential market thereof.
- **Changing Consumer Preferences :** India has one of the largest consumer bases in the world with a young population (more open to trying out new food products), increasing income (marking a shift towards premium food products) and more time-starved consumers (leading to an increasing shift towards RTE and packaged foods).
- **Favourable Government Policies :** Direct support in the form of financial assistance for technology upgrade and setting up / modernisation / expansion of food processing industries is being encouraged. 100% FDI under the automatic route (except for alcohol, beer, and sectors reserved for small scale industries) is now permitted and this has spurred investment in India.
- **Supply of Raw Materials :** India ranks number one in the production of milk, bananas, guavas, mangoes, buffalo meat and cashew nuts. It ranks second in the world in the production of rice, wheat, groundnuts, onions, peas, and sugarcane. We have a climate that is suitable for year-round supply of agricultural products.
- **Availability of Cheap Labour :** India's comparatively cheaper workforce can be effectively utilized to set up large low-cost production bases for domestic and export markets.

4.2 Challenges

- **Lack of robust Infrastructure :** Inadequate support infrastructure, which is the biggest bottleneck in expanding the food processing sector, in terms of both investment and exports includes - long and fragmented



supply chain, inadequate cold storage & warehousing facilities, road & rail and port infrastructure. Storage infrastructure specific to grain & oilseed is a critical challenge in reducing wastage levels.

- **Sub-Optimal Use of Technology and Research :** Commercial R & D activities in the food industry have remained confined to only a few areas. R & D activities have scarcely emerged from the laboratory to be extensively adopted on the field
- **Low Productivity of Land Resources :** Despite India being an agrarian economy and one of the largest producers of vegetables, fruits, spices, milk, eggs, potatoes, wheat, meat etc., the productivity of crops is quite low when compared to international standards. The problem of low productivity is compounded by poor quality of food produce, lack of grading and sorting, limited marketing infrastructure and research and development facilities.

V. GOVERNMENT INITIATIVE AND OPPORTUNITY AREAS

Government Initiative

The Government of India has recognised this and is therefore actively supporting the industry by launching new schemes and allocating funds. A few of the measure taken by the government in union Budget 2014-15 to boost industry’s growth are summarised below:

- Allocation of Rs. 180 crore for schemes of national Mission on Food Processing (NMFP) and scheme of establishment/Modernisation/technology up gradation of food processing industries.
- Rs. 2,100 crore has been approved for the national Food Security Mission to focus on improving production of oil seeds and pulses.
- The Ministry of food Processing and Industries (MoFPI) organised a national consultation on Development of Agro Processing Clusters in August, 2014
- Spice Board has established Spices Park at Puttady, Kerala, as a Processing Centre for cardamom and pepper
- The government has proposed to set up two institutes of excellence at par with the ICAR (Indian Council of Agricultural Research) in Assam and Jharkhand. An initial sum of Rs. 100 Crore has been provided for this in the Union Budget 2014-15.
- Rs. 2000 Crore has been allocated as a separate fund to the National Bank for Agriculture and Rural Development (NNBARD) for food processing industries.

Opportunity areas

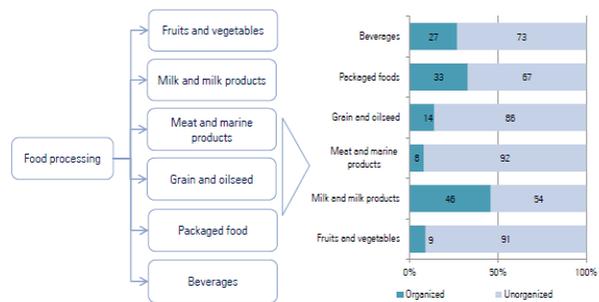
- In the area of creating production infrastructure, the government can join hands with private players to offer the latest technology, techniques, and farming practices;
- Some key player in the food processing space such as PepsiCo, Coca Cola, Reliance, McCain Foods, and McDonald’s work directly with farmers and hence an integrated supply chain which not only ensures the timely availability of raw material and significantly reduces procurement costs, but also provide farmers with an assured market for their produces, besides better technology and remunerative prices;
- Post-harvest infrastructural facilities, examples, cold storage, cooling chambers, sorting and grading facilities and pack house can help in preserving food quality.

VI. HUMAN RESOURCES IN FOOD INDUSTRY

6.1 Distribution of Human Resources in the Food Processing Industry:

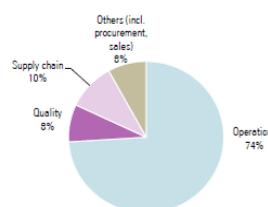
The food processing industry demands different skill sets on the basis of their relevance to various segments. The basic functional distribution of human resource in the industry is involved in operations stage with 10% of the workforce dedicated towards supply chain.

Structure of the food processing sector: organised vs. unorganized (by employment)

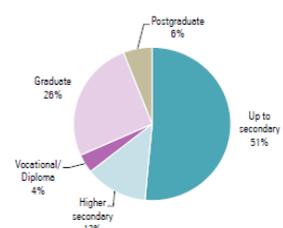


VII. FOOD PROCESSING INDUSTRY : SKILLS REQUIRED

Functional distribution of human resources in the food processing industry (2013)



Workforce distribution by skill category in organised segment (2013)





VI. INCREMENTAL HUMAN RESOURCE REQUIREMENT (2013-22)

By 2022, the Food Processing Industry is expected to generate about 4.40 million additional employment opportunity

Industry growth along with demand for quality standards and technology adoption in manufacturing are driving the need for fresh skilling and up-skilling in the sector. Grain and Oilseed and Packaged Foods account for lion's share of employment growth in the sector during 2013-22. Technological growth in processing industry segments like Meat & Marine, Beverages are expected to result in lower labour elasticity of 0.3-0.4 during 2013-22 reflecting in subdued employment growth

Supervisory and technician roles covered under Level 4, 5 and 6 as per NSQF classification are expected to witness high demand for manpower during 2013-22. Due to increasing adoption of technology and automation, some roles in the technical functions, such as maintenance, will play an important role. Quality is another domain, which will be in demand due to enforcing of quality parameters and focus on exports.

Table 8.2

Sub Sector	Employment Growth 2013-17	Employment Growth 2017-22	Employment Growth 2013-22
	In million	In million	In million
Fruits & Vegetables	0.01	0.01	0.02
Milk & Milk Products	0.06	0.07	0.13
Meat, Marine Products	0.24	0.34	0.58
Grain and Oilseed	0.69	1.08	1.77
Packaged Food	0.63	1.00	1.63
Beverages	0.13	0.16	0.29
Overall Sector	1.75	2.65	4.40

- Several skill gaps exist in various stages of the food processing value chain that need to be addressed. This includes the food processing sector as well as ancillary industries, such as bottling and packaging.
- The growing quality consciousness by the consumers requires the workforce to be skilled in basic hygiene and sanitary practices. Processing units are also adopting mechanisation and technology. There is a growing need to impart technical skills to more specialist personnel who are capable of working on imported machines in specific sub-segments.
- Focus also needs to be on the front-end staff for developing customer relationship management skills, which are integral to maintaining healthy relationship with institutional players, such as hotels, restaurants and retailers.

- Farm procurement is an important area for processing units and need to streamline their raw materials' supply for the rising demand. At a farm level, the growers are poorly equipped and lack awareness of implementing the best practices for growing. This is where the need for procurement staff to be proactively engaged in crop / production advisory is missing.

8.3 Various Job roles in Food Processing Sector

	Process line workers	Non-Process line workers
Fruits and Vegetables	<ul style="list-style-type: none"> ➤ Refrigeration technician ➤ Maintenance technician/Engg. ➤ Packers and loaders ➤ Machine operator ➤ Checker and Supervisor 	<ul style="list-style-type: none"> ❖ Agronomist ❖ Procurement executive ❖ Quality head ❖ Shift head
Milk and Milk Products	<ul style="list-style-type: none"> ➤ Chemist ➤ Production manager ➤ Refrigeration technician ➤ Dairy Technologist 	<ul style="list-style-type: none"> ❖ Marketing executive ❖ R&D head ❖ R&D Scientist
Meat & Marine Products	<ul style="list-style-type: none"> ➤ Deboners and butchers ➤ Feeders and hangars ➤ Maintenance technician ➤ Sanitation inspector 	<ul style="list-style-type: none"> ❖ Microbiologist ❖ Plant Head
Grain & Oilseed	<ul style="list-style-type: none"> ➤ Milling operator ➤ Shift Supervisor ➤ Electrician ➤ Boiler operator ➤ Packaging operator 	<ul style="list-style-type: none"> ❖ Commodity buyer ❖ QC analyst/executive/manager ❖ Warehouse executive
Packaged foods	<ul style="list-style-type: none"> ➤ Packers and loaders ➤ Process line operator ➤ QA (Analyst/checker) ➤ Technician (Boiler, WTP, ETP) ➤ Supervisor 	<ul style="list-style-type: none"> ❖ R&D Scientist ❖ Marketing executive ❖ Chef/Nutritionist ❖ Quality Head ❖ Shift Head
Beverages	<ul style="list-style-type: none"> ➤ Process line operator ➤ Filling line operator ➤ QA (analyst/chemist) ➤ Maintenance technician ➤ Electrician ➤ Instrumentation engineer 	<ul style="list-style-type: none"> ❖ Marketing Executive ❖ Microbiologist ❖ Shift head

Due to increasing adoption of technology and automation, some roles in the technical functions, such as maintenance, will play an important role. Quality is another domain, which will be in demand due to enforcing of quality parameters and focus on exports

8.4 Changing Skill Requirements- Fruits and Vegetables

Job Role	Skill Required	Skill Gap
Checkers	<ul style="list-style-type: none"> ➤ Knowledge of grading and separation of commodities ➤ Adhere to specific quality 	<ul style="list-style-type: none"> ❖ Skill Needs to be developed for identifying the quality of commodity procured
Operation	<ul style="list-style-type: none"> ➤ Knowledge of operating machines in the process line 	<ul style="list-style-type: none"> ❖ Lack of experienced operators in operations
Packers & Loaders	<ul style="list-style-type: none"> ➤ Hygiene & Sanitation awareness ➤ Handling of perishable commodities to prevent wastage 	<ul style="list-style-type: none"> ❖ Awareness on hygiene and sanitation is low among informal workers. This directly affects productivity and final production.
Maintenance technician	<ul style="list-style-type: none"> ➤ Knowledge on maintenance and troubleshooting of process line machinery ➤ Adhere of periodic maintenance schedules 	<ul style="list-style-type: none"> ❖ Candidates lack practical experience in operating imported machinery. This is primarily due to theoretical learning in ITI institutes.
Supervisors	<ul style="list-style-type: none"> ➤ Responsible for per-day productivity & resource management. ➤ Resource allocation to avoid downtime when the machine breaks down. 	<ul style="list-style-type: none"> ❖ Inexperience in team management ❖ Often promoted from the operator cadre, they are not highly educated ❖ Ignorant on crucial laws and regulations on food safety ❖ Not applying innovative methods.



8.5 Changing skill requirement-Milk and Milk Products

Job Role	Skill Required	Skill Gap
Chemist	➤ Should be able to test the milk for fats and SNF on the spot	❖ Training to operate Advanced equipment, such as fat analyser, co-analyser, automatic milk collection system need to be provided periodically.
Chilling Centre Operator	➤ Attention to detail in storage during defrosting & avoid overloading the cold storage facility capacity.	❖ Refrigeration process not studied from a dairy aspect. ❖ Inadequate skill in understanding DG sets.
Dairy Operator	➤ Knowledge of process line and technical equipment — valves and pumps. ➤ Knowledge on quality parameters and perform quality tests	❖ Entry-level operators lack experience of working on a dairy process line. ❖ Lack of short-term dairy courses is resulting in supply crunch for experienced entry-level workers.
Maintenance technician	➤ Maintenance and troubleshooting of process line machinery and utility equipment.	❖ Inadequate knowledge in the domain of ambient and cold supply chain. ❖ Technical institutes do not have specific courses for dairy plant machinery.
Dairy technologist	➤ Adopting latest technologies to improve shelf life and introduce new products.	❖ Dairy technologists lack field experience ❖ Very few take up the R&D domain

8.6 Changing skill requirement-Meat and Marine Products

Job Role	Skill required	Skill gap
Deboners & butchers	➤ Culling and Deboning of animals ➤ Knowledge of various cuts ➤ Expert- oriented unit abattoirs need halal certified workers	❖ Awareness on hygiene and sanitation is low among informal workers ❖ Non-availability of documented standard operating procedures. ❖ Very less awareness on handling perishable items. ❖ Certifications for butchers on ‘GMP’ and ‘Good Hygiene Practices’
Electrical/ Refrigeration technician	➤ Experience in maintaining and servicing chillers, freezers & power gen-sets ➤ Operations and maintenance of the food-tech machinery and utility equipment	❖ Obsolete syllabus makes the technicians lacking in practical experience when it comes to maintenance of dairy plant machinery. ❖ The experience of maintaining and operating cold chain is rare for technicians hired for this role.
Packers	➤ Basic packaging and labelling knowledge	❖ Improper GMP, GHP and HACCP training leading to dropped products.
Microbiologist	➤ Knowledge of GMP and HACCP ➤ Strict hygiene and sanitation standards should be maintained for exports	❖ Strict quality standards ❖ Hygiene/sanitation inspector is an emerging role but there is no certification/qualification in India in the domain.
Supervisor	➤ Latest food safety laws for the export market ➤ Leadership & people skills	❖ Inability to manage people and communicate effectively with workers.

8.7 Changing skill requirement-Grain and Oilseed

Job Role	Skills Required	Skill Gap
Commodity Buyer	➤ Financial Acumen & quality conscious	❖ Lack in domain knowledge about quality parameters
Milling Operator	➤ Good housekeeping practices. ➤ Workable knowledge of innovative manufacturing practices ➤ Should be well versed with processes such as de-husking, drying, destining ad de-browning, polishing and sorting.	❖ Less availability of trained personnel who have practical hands-on experience on milling machinery. ❖ Demand for structured courses in milling ❖ Boiler operators exist in every manufacturing industry and technically, they are well equipped; however, they lack in GMP such as safety and precaution standards for process and product. ❖ Difficulty to adapt to the newer technologies
Packaging Machine Operator	➤ Coordination with the process line and Correct identification of labels.	❖ Packaging operators are unable to adapt to technical complexities involved in customised packaging
Electrician	➤ Maintenance and troubleshooting of process line machinery.	❖ Inadequate technical knowledge on operating imported machinery. ❖ Electricians do not undergo specific training in food milling machinery.

8.8 Changing skill requirement-Packaged Foods

Job Role	Skills Required	Skill Gap
Process Line Operators	➤ Be able to set the lines up for production and running the production line ➤ Follow GMP guidelines	❖ No specific training courses available for these jobs.
Checkers	➤ Must possess the knowledge of the quality parameters and specifications, such as appearance, weight and other designated parameters.	❖ Lack in production planning and maintenance skillset. ❖ Lack handling skills, which leads to wastage or sub-standard products.
Chef	➤ Acquiring knowledge for constant innovation in RTE/RTC segment	❖ Inadequate knowledge, awareness of the buyer’s behaviour and new culinary trends
Nutritionist	➤ Should be abreast with health trends and lifestyle changes	❖ Unable to keep track of the technological developments in this highly competitive market. ❖ Lack in innovation skills
Maintenance Technician	➤ Equipped in operations and be able to manage maintenance of the food-tech machinery and utility equipment. ➤ Adhere to periodic maintenance schedules	❖ Inadequate technical knowledge on operations of imported machinery. ❖ Good comprehension skills for English language is very important as training manuals are in English.

8.9 Changing skill requirement-Beverages

Job Role	Skills Required	Skill Gap
Process Line Operators	➤ Knowledge on beverage process is essential ➤ Knowledge of HACCP and other quality standards	❖ Process line is modified as per market demands with respect to flavour, colours and shapes of bottles. Operators are unable to adapt to such rapid technological advancement.
Filling line operator	➤ Knowledge of filling machinery is essential ➤ Knowledge of HACCP and other quality standards	❖ Due to rapid growth, the newly installed sophisticated high-speed filling lines are posing a problem for the operators. ❖ With constantly changing market preferences, operators are not skilled enough to switch from one line to the other.
Maintenance Technician	➤ Adhere to periodic maintenance schedules	❖ Inadequate technical knowledge on operations of the machinery. ❖ Unable to receive hands-on training on latest bottling/canning machinery. ❖ ITI/Diploma qualified recruits do not possess theoretical knowledge on the beverage process line since their academic syllabus is more focused on mechanical and automobile domains.
Instrumental Engineer	➤ Process knowledge and knowledge on interlocks is desired	❖ Instrumentation engineers are not familiar with operations in a typical beverage process line.

IX. ADDITIONAL HIRING

9.1 By region:

- The top four states (Maharashtra, Andhra Pradesh, Tamil Nadu and Gujarat) account for approximately 55 percent of the total employment with Tamil Nadu alone accounting for 15 percent of the total workforce.

9.2 By Employers:

- Cadbury India announced plans to invest more than INR1000 crores in largest manufacturing plant in the Asia-Pacific to be located in Sri City, Andhra Pradesh.
- PepsiCo aims to invest INR 33000 crores by 2020 to increase the production capacity by more than double and develop infrastructure in India.
- MNCs are looking at India as a major sourcing hub. Collaboration between farmers and processing units is likely to increase.



X. RECOMMENDATIONS

- **Establish training centres closer to employment clusters/food parks**
- ❖ Establish training centers closer to employment clusters/food parks which would enable industry to access larger talent pool mitigating the risks associated with migration and attrition
- **Introduction of new tailor-made courses targeted towards the food processing sector**
- ❖ ITIs should develop courses on operating and/or maintaining food machinery.
- ❖ Dairy plant machinery is another domain where skilled personnel at operational level are not available since no institute provides training in operating dairy machines.
- **Government Owned training institutions should involve private players and operate on PPP model**
- ❖ Government owned training institutions like NDRI, Centre of Food Science & Technology to open avenues for private players in leveraging the existing training infrastructure to optimal capacities through PPP mode
- **Establish short term certification which will be recognized by the industry**
- ❖ Establish a nodal body similar to MCI (Medical) or AICTE (Engineering), which will provide industry defined courses for skilling manpower in the country
- **Creation of database/repository of all the informal workers at entry level with their work history, skill sets and employers feedback could be initiated**
- ❖ For an employer, it will give an opportunity to find a worker with specific set of skill set for their operations.
- **Encourage employment of women in the industry**
- ❖ The success of self-employment-based cooperative organisation — Shri Mahila Griha Udyog can be replicated in other parts of the country.
- ❖ The government can develop employment guarantee schemes specifically to women for this sector.
- **Enforcing of safety and hygiene standards will bring in more certified professionals to this sector**
- ❖ Treat the sector as a major export-oriented industry and create favourable policies/incentives for exports.

REFERENCE

- [1] Extracted from the FICCI-ATKearney report titled “Feeding a Billion : The Role of Food Processing Industry”.
- [2] Government of India, Ministry of Food Processing Industry, 2006-07, Annual Report, New Delhi, India
- [3] Government of India, Ministry of Food Processing Industry, 2011, Strategic Plan for Food Processing Industries in India.
- [4] Human Resource and Skill Requirement in the Food Processing Sector, (Volume - 10, 2013) A report prepared by KPMG Advisory Service Pvt. Ltd.
- [5] Make in India Portal of Food processing and agriculture
- [6] Marchant A (2008), Indian Food Processing Industry OSES Business Network, New Delhi, India
- [7] Meeta. P. (2007) Emerging Environment for Agribusiness and Agro Industry Development of India Food and Agricultural Organisation of United Nations, New Delhi, India
- [8] Vandana Tyagi, (2014) Agro food-processing : A sunrise sector of the Indian economy, Vol.2 Issue-12, IJMSS



A Study of Training & Development as a Tool for Competency Development for Managerial Personnel in HR Department at ARAI, Pune

Prof. Ashish K. Vyas

Assistant Professor, ZIBACAR, Pune
vyas.ashishk@gmail.com

Dr. Mohan V. Uchgaonkar

Dy. Director and Head HR, ARAI, Pune
vyas.ashishk@gmail.com

Abstract : Managing human resources in today's dynamic environment is becoming more and more complex as well as important. Recognition of people as valuable resources in the organization has led to an increasing trend in employee maintenance and job security. Human Resource is the HEART & SOUL of a thriving organization. Human resource philosophy says that a human potential is infinite. Amongst all other resources used in an organization to meet its objectives, human resource is the element, which, if harvested in a proper way can bring about miracles. The term of “competency” plays the important role in improving job performance and in turn qualifies human resources. Especially, under the climate of high competition in corporate, the workplace requires higher level managers like heads and executives to acquire a new set of knowledge, skills, and attitudes to face the diversity and complication of the new business environment successfully.

Keywords : Competence, Competency Development, Training, Managerial Personnel, Knowledge, Skills, Attitude/Ability

I. INTRODUCTION

I. Training is the tool for Competency Development and most crucial aspect of employee development and therefore critical for the organizational success.

The studies and researches on the learning process in organization's interpersonal relationships or even in achieving effectiveness in the organizations revealed that human resource has tremendous potential capabilities.

The process by which the human being is continuously helped to acquire knowledge and skill to change/adjust the organizational culture by changing his /her attitude is defined as HUMAN RESOURCE COMPETENCY DEVELOPMENT.

- Therefore, the basic concept of Competency Development can be defined as:
- To acquire capability to meet present and future job specification.
- To develop an organization climate to bring about team spirit and group dynamism.

Competence is the ability of an individual to do a job properly. The word competence is derived from Latin word “competere” which means ‘to be suitable/sufficiency of qualification’.

A competency is an underlying characteristic of a person, which enables him to deliver superior performance in a given job, or role or a situation. A competency is a set of defined behaviors that provide a structured guide enabling the identification, evaluation and development of the behaviors in individual employees. Competency may take the following forms:

- Knowledge
- Ability
- Skill

Other characteristics of an individual including

- Motives
- Values
- Traits
- Self concept

Managerial Competency

Managerial Competencies are the competencies which are considered essential for employees with managerial or supervisory responsibility in any functional area including directors and senior posts.



II. GLOSSARY

F. Hronik defines a managerial competence as a “bunch of knowledge, skills, experience and characteristic, which support the achievement of the objective.”

Competence Development :

Hyland (1994) defined the competence development as ‘the general development of knowledge, understanding and cognition’ in a person with respect to a specific domain.

In our definition, competence development has the following characteristics :

- It is about personal understanding, and thus the emphasis is on the individual learner.
- Competence development is an ongoing process throughout life, thus is strongly related to lifelong learning
- All activities that a person undertakes may contribute to competence development. Competence development is not related to specific types of learning activities. Thus competence development involves informal learning; and although formal learning might be involved, and will be in most cases, it is not a necessary element.

The Competency is developed through the Training and development in the organization.

➤ **Human Resource Training**

Training is to enable for a specific Purpose. Training is an activity of learning a sequence of programmed behavior. It gives people an awareness of the rules and procedures to guide their behavior. It attempts to improve their performance on the current job or prepare them for the intended job. Training refers to a planned effort by a company to facilitate employees’ learning of job-related competencies like knowledge, skills, and behaviors. The goal of training is for employees to master the knowledge, skill and behavior/attitude i.e. competency emphasized in training programs and to apply them to their day-to-day activities. In short, training is intended to create intellectual capital. Intellectual capital includes basic skills (to perform one’s job), advanced skills (like how to use technology etc.), an understanding of the customer or manufacturing system and self-motivated creativity.

➤ **Human Resource Development**

Development is a long term perpetual process which deals with developing competencies in the employee to effectively execute the future responsibilities. It covers not only those activities which improve job performance but also those which bring about growth of the personality; help individuals in the progresses towards maturity and actualization of their potential capacities so that they become not only good employees but better men and women. Training a person for a bigger and higher job is development.

Education is the understanding and intervention of knowledge. It does not provide definitive answers, but rather it develops a logical and rational mind that can determine relationships among pertinent variables and thereby character, and understanding of basic principles and develop the capacities of analysis, synthesis and objectivity. Usually education is outside the scope of an organization’s functions. It involves a range of skills and expertise which can be provided only by educational institutions.

➤ **Forces influencing the competency for higher level managers**

- Globalization
- Need for leadership
- Increased value placed on knowledge
- Attracting and winning talent
- Quality emphasis
- Changing demographics and diversity of the work force
- New technology
- High-performance model of work systems

➤ **Training and Development for competency development should be**

- Comprehensive
- Integrated
- Futuristic
- Sensitive to IT
- In tune with Global environment
- Cross-cultural differences
- Long term
- Value oriented

➤ **Need and Importance of Training for competency development in today’s cost conscious world of business:-**

- Increases productivity.
- Improves quality.
- To meet future needs.
- Improves organizational climate.
- Improves health and safety.
- Improves efficiency.
- Prevents obsolesce of employees.
- Improves interpersonal relations.
- Reduces wastage.
- Results in economical use of equipments.



- To offer better value to shareholders, stakeholders, customers.
- To comply with legal, statutory and social corporate governance.
- To motivate the employees for personal growth, rise in organization, increase in their market value, earning power and status in organization and society.

Performance = Attitude * (Skills + Knowledge)

III. OBJECTIVES OF TRAINING FOR COMPETENCY DEVELOPMENT

- To upgrade new entrants to effective contributors.
- To expose workforce to latest in the market place.
- To broaden their minds and correct the narrowness and shortsightedness that may arise from over specialization.
- To build a second line of competent and to groom them for future.
- To impart customer education for meeting the needs of organization.

IV. SCOPE OF STUDY

This study is opinion survey, which helps researcher for the further study in the Competency Development topic.

V. RESEARCH METHODOLOGY

Research design : Descriptive method

OBJECTIVES OF THE STUDY

- To analyze the necessity and benefit of Training and Development activities for managerial personnel in HR department at ARAI for Competency Development.
- To identify most important skill required for managerial personnel in HR department at ARAI.
- To find overall effect of Training and Development for competency development in HR department at ARAI.

SAMPLING METHOD

The population was defined as the Managerial Personnel in HR department at ARAI.

Sampling Plan:-

- i) Sample Method : Census Sampling
- ii) Sampling Unit : Automotive Research Association of India (ARAI), Pune
- iii) Sample Size : 15 managerial personnel from HR Department.

VI. DATA COLLECTION METHOD

Data are facts, figures and other relevant material, which are either past or present, serving as basis for the study & analysis. Data constitutes the subject matter of analysis the relevance; adequacy and reliability of data determine the quality of study.

1. Primary Data

We collect the primary data during the descriptive type, Perform surveys, whether samples surveys or census surveys, then we can obtain primary data either through observation or through direct communication with respondents in one form or another or through personal interviews

The primary data collection methods used for this work are

- Interview method
- Through questionnaire
- Numerous Interactions with the executives and staff of Personnel, Administration and HRD Department.
- Discussion at length with the officials and staff of Personnel, Administration & HRD department.

2. Secondary data

Secondary data measures data that is already available i.e. they refer to data which have already collected and analyzed by someone else.

When the researcher utilizes secondary data, then he has to look into various sources from where he can obtain them.

The secondary data collection methods used for this work are :-

- Books
- Manuals
- Websites

VII. HYPOTHESIS OF THE STUDY

Training & Development programs implemented in the organization are beneficial for competency development.

LIMITATIONS

- The sample was restricted to the smaller number due to organizational constraints.
- Confidential data is not shared by the Company.

VIII. DATA ANALYSIS

Q1 Why do you think training & development in your organization is necessary for competency development?



Table 1 Necessity of training and development

Components	Respondent	Percentage
• It develops skills among the Managerial Personnel.	08	53%
• It keeps Managerial Personnel updated about the latest developments.	11	73%
• The company is able to offer better and fast service to the customers.	09	60%
• It improves interpersonal relations.	10	67%
• It improves creativity.	12	80%
• It improves output.	10	67%
• It improves organizational climate.	09	60%
• It creates an environment of learning and growth in the organization.	12	80%
• It improves safety and health of employees.	11	73%
• It keeps the organization prepared for the future.	11	73%

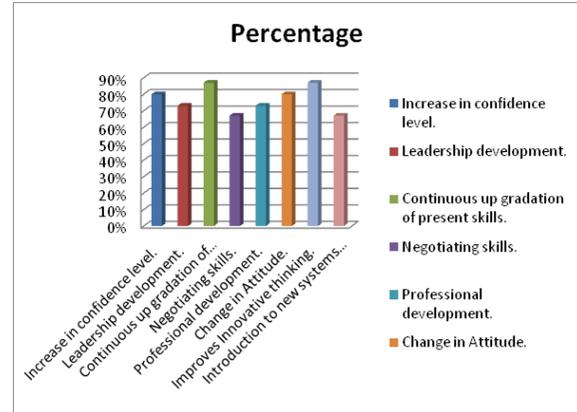


Fig. 2 Beneficial of Training and Development for Competency Development

Interpretation:-

For managerial personnel, 87% respondents says that Training and development mostly beneficial for continuous up gradation of present skills and improving innovative thinking.

Q. 3. Which skill is most important for managerial personnel in HR Department?

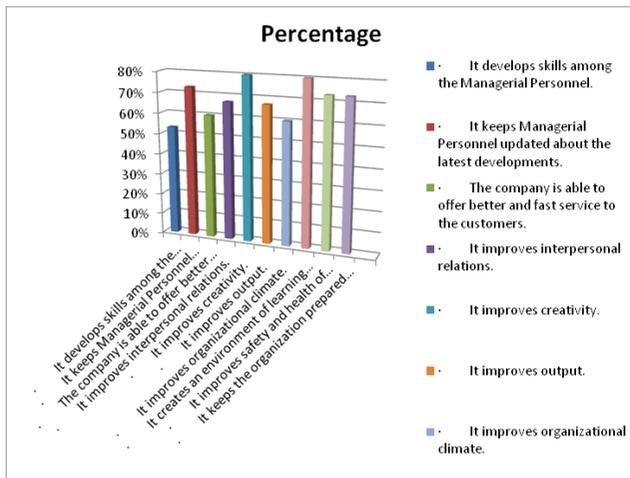


Fig. 1 Necessity of training and development

Interpretation :- 80% of the respondents feel that Training and Development is important for Development of creativity and creates an environment of learning and growth in the organization for managerial personnel in HR Department.

Q. 2. In what way was the training & development beneficial to you for competency development?

Table 2 Beneficial of Training and Development for Competency Development

Components	Respondent	Percentage
❖ Increase in confidence level.	12	80%
❖ Leadership development.	11	73%
❖ Continuous up gradation of present skills.	13	87%
❖ Negotiating skills.	10	67%
❖ Professional development.	11	73%
❖ Change in Attitude.	12	80%
❖ Improves Innovative thinking.	13	87%
❖ Introduction to new systems like ISO.	10	67%

Table 3 Most important Skills for managerial personnel

Sr. No.	Skills	No. of Respondents	Percentage
1	Communication skills	4	26%
2	Computer skills	1	07%
3	Technical skills	1	07%
4	Management skills	6	40%
5	Interpersonal Skills	3	20%
TOTAL		15	100%

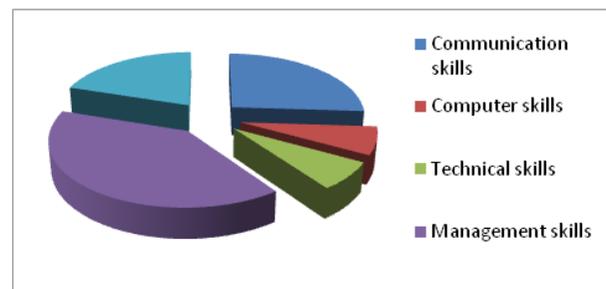


Fig. 3 Most important Skills for managerial personnel

Interpretation:- 40% of the respondents feel that Management skills is most important skill required for managerial personnel in HR Department.

Q 4. Overall effect of Training and Development activities taken in the organization for the development of competency is



Table 4 Effect of Training & Development activities for Competency Development

Sr. No.	Options	No. of Respondents	% of Respondents
1	Excellent	03	20
2	Very Good	07	46
3	Good	03	20
4	Fair	02	14
5	Poor	00	00
TOTAL		40	100

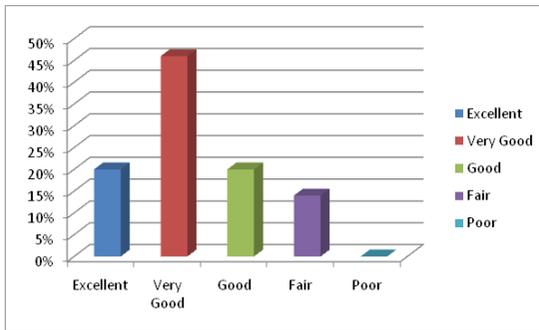


Fig. 4 Effect of Training & Development activities for Competency Development

Interpretation:-

46% respondents are on the support that the training and development activities offered by ARAI to are very good for Competency Development.

IX. FINDINGS

It was found that the Training & Development program conducted in the organization is necessary for creativity and learning environment. The training imparted by way of enhancement of skills, knowledge and attitude is benefiting the managerial personnel.

For managerial personnel, Training and development is 87% beneficial for continuous up gradation of present skills and improving innovative thinking. Managerial skills are very important.

X. SUGGESTION

Arranging frequent training & development program is recommended, as it was noticed that it helps in increasing the productivity.

The training & development on Management and other non-technical areas has to be given more emphasis for future needs of the organization.

XI. CONCLUSION

Training & Development is the important element for Competency Development and thus the growth of any organization.

The overall training and development activity for Competency Development in the ARAI is excellent, result-oriented and encouraging.

REFERENCES

- [1] Mamoria, C. B. and Gankar, S.V. “Personnel Management (Text and Cases)”
- [2] Noe, Raymond A. “Employee Training and Development”
- [3] Shermon, Ganesh, “Competency based HRM”, 4th Edition, Tata McGraw – Hill, 2008, New Delhi
- [4] www.hr.com
- [5] www.shrm.org



Challenges of Supply Chain Management with reference to Handloom Sector

Alok Babelay

Chief General Manager, Co-optex Corporate Office, Chennai
alokbabelay@gmail.com

Abstract : *The modern business environment, advancement in technology and growing standard of living with modern life style has made the barriers among countries to a bare minimum. The present world is known as a Global Village, since every one can operate their business from anywhere in the world. For instance the major MNC's namely, Pepsi, Coca Cola, KFC, Nestle etc., are operating their business in almost all the countries of the world and these business practices, indeed calls for efficient 'Supply Chain Management'. Supply chain management is a cross-function approach including managing the movement of raw materials into an organization, certain aspects of the internal processing of materials into finished goods, and the movement of finished goods out of the organization and toward the end-consumer. As organizations strive to focus on core competencies and are becoming more flexible, they reduce their ownership of raw material sources and distribution channels. These functions are increasingly being outsourced to other entities that can perform the activities better or more cost effectively. In such business environment and competition 'Handloom sector' too need to strive hard to make its Supply Chain Management efficient and cost effective.*

Keywords : *Business environment, life style, core competencies, cross function and flexible.*

I. INTRODUCTION

The very operative definition of Supply Chain Management; is the management of a network of interconnected businesses involved in the ultimate provision of products and Services required by end customers. Supply Chain Management spans all movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption. Supply chain management encompasses the planning and management of all activities involved in sourcing, procurement, conversion and logistics management. It also includes the crucial components of coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers. Supply chain management must address the problems of Distribution Network configuration, Distribution strategy, Trade-Offs in Logistical Activities, Information sharing, Inventory Management, Cash Flow etc. The author of this paper focuses on the various problems involved in supply chain management and the various developments that have been undertaken to address these problems with reference to handloom sector and author has made attempts to discuss the process of Reverse Logistics and the importance of Supply chain management.

The very purpose of supply chain management is to improve trust and collaboration among supply chain partners, thus improving inventory visibility and the velocity of inventory movement. Organizations increasingly

find that they must rely on effective supply chains, or networks, to successfully compete in the global market with competitors and networked economy. In Peter Drucker's new management paradigms, this concept of business relationships extends beyond traditional enterprise boundaries and seeks to organize entire business processes throughout a value chain of multiple companies. The term supply chain management was first coined by a U.S. industry consultant in the early 1980s. However, the concept of a supply chain in management was of great importance long before, in the early 20th century, especially with the creation of the assembly line. The characteristics of this era of supply chain management include the need for large-scale changes, re-engineering, downsizing driven by cost reduction programs, and widespread attention to the Japanese practice of management. Further, supply chain management study was highlighted with the development of Electronic Data Interchange (EDI) systems in the 1960s and developed through the 1990s by the introduction of Enterprise Resource Planning (ERP) systems. This era has continued to develop into the 21st century with the expansion of internet-based collaborative systems. This era of supply chain evolution is characterized by both increasing value-additions and cost reductions through integration.

II. OBJECTIVES

The major objectives of the study are as follows:

- a) To study over all Supply Chain Management



process in handloom sector.

- b) To examine the third party influence in the system.
- c) To analyze present system and redefining the same.

III. STATEMENT OF THE PROBLEM

India has around 38.91 lakhs of handlooms across the nation and over 13 million weavers' families drawing sustenance from them. Handloom weaving is one of the largest economic activities in Tamil Nadu, has a great density of handlooms with 2.4 lakhs of handlooms, employing more than 1.89 lakhs weavers' household and about 3.19 lakhs weavers. Despite of that, it is a well known fact that the handloom sector is passing through the weak phase or rather a decline stage due to the high cost products and recalcitrant practices in the process. It is the right time to initiate remedial strategies to revive and bring back the handloom sector to its oldglory. A total in-depth study and remedial steps are demand of the day to overcome this situation. Hence, the author of the paper has made earnest efforts to study the 'Supply Chain Management' as tool of cost saving and make the handloom products more affordable.

IV. SIGNIFICANCE OF THE STUDY

As far as marketing is concern the very important, customer pulling strategy is the 'PRICE'. A competitive and most economical pricing is most important strategy to keep ones existence in the market since it brings foot-fall of customers to our sales counters. Hence, to arrive for affordable price by keeping the organization's mark-up, an effective and efficient 'Supply Chain Management' is very essential and matter of high significance to this study.

V. METHODOLGY OF THE STUDY

This study and paper is purely empirical and driven from the practical experience and real happening at work place. Hence, all the primary data and information is gathered from the work place – office and work stations of handloom / weavings- and secondary data and information is mostly collected from the desk sources like magazines, news bulletins and interactive discussion with the concern authority like Directorate of Handlooms etc. Its empirical study may helps to fill the gap and to bring more efficiency and effectiveness in the functional area of Supply Chain Management.

CRUX:- Handloom sector as a whole is victim of high cost of production and hence Co-optex is not an exception. The basic drawback of handloom is low productivity and diverse industry / sector in rural India as source of livelihood to various household and means of subsistence. A study reveals that handlooms products are losing its sheen

of commercial edge and now this sector has become more of rural employment. The existence of handloom sector is purely on governmental support and financial assistance. However, a rational study on supply chain management calls for improvements in its functional area,

- 1) **Distribution Network Configuration:** In the cost reduction process number of location and network missions of suppliers, production facilities, distribution centers, warehouses, cross-docks and PAN India customers are important components to study and bring the efficiency and effectiveness in entire working methodology.
- 2) **Distribution Strategy:** The major dilemma is the questions of operating control (centralized, decentralized or shared); delivery scheme, e.g., direct shipment, pool point shipping, cross docking, DSD (direct store delivery), closed loop shipping; mode of transportation, e.g., motor carrier, including truckload, LTL, parcel; railroad; intermodal transport, including TOFC (trailer on flatcar) and COFC (container on flatcar); ocean freight; airfreight; replenishment strategy (e.g., pull, push or hybrid); and transportation control (e.g., owner-operated, private carrier, common carrier, contract carrier, etc.) A definite and clear strategy and governance is needed to channelize the distribution system in the sector.
- 3) **Trade-Offs in Logistical Activities:** Active plan is required and it needs to be well coordinated with logistics cost and Trade-Offs. For example, full truckload (FTL) rates are more economical on a cost per unit basis than small quantity shipments. If, however, a full truckload of a product is ordered to reduce transportation costs, there may be an increase in inventory holding costs which may increase total logistics costs. It is therefore imperative to take a systems approach when planning logistical activities. This trade-offs are key to developing the most efficient and effective Logistics and SCM strategy.
- 4) **Information:** Integration of processes through the supply chain to share valuable information, including demand signals, forecasts, inventory, transportation, potential collaboration, is highly significant to monitor the process. The right time information is main tool to generate better efficiency in the process.
- 5) **Inventory Management:** Basically handloom sector , most of the time, is victim of quantity and location of inventory, including raw materials, work-in-progress (WIP) and finished goods. Hence, an effective management, right from order booking to the execution of order till delivery is most important.
- 6) **Cash-Flow:** The marketability and saleability of handloom products is highly seasonal and the saleable shelf life of the handloom products is around one to two years. Hence most of the time, handloom sector gets stuck



with cash-flow. It needs to arrange for the payment terms and methodologies for exchanging funds across entities within the supply chain on daily basis. The following critical key issues need a daily basis monitoring, which may bring more cash-flow into the business.

- Customer service management.
- Procurement of raw-material etc.
- Product development & commercialization
- Manufacturing flow management/support
- Physical distribution
- Performance measurement

VI. GLOBAL SUPPLY CHAIN MANAGEMENT

Study reveals that, the developing of supply chain management is involved in globalization and multi-country supply chains. This poses challenges not only on the supply chain level (quantity oriented) but also on the value chain level (value oriented). Furthermore, there are more issues involved such as multi-currencies, different policies and different laws. The consequent problems would be,

1. Different currencies and valuations in different countries.
2. Different tax laws (Tax Efficient Supply Chain Management)
3. Different trading protocols.
4. Lack of transparency of cost and profit.

VII. REVERSE SUPPLY CHAIN

Reverse logistics is the process of planning, implementing and controlling the efficient, effective inbound flow and storage of secondary goods and related information opposite to the traditional supply chain direction for the purpose of recovering value or proper disposal. Reverse logistics is also referred to as “Aftermarket Customer Services”. In other words, any time money is taken from a company’s warranty reserve or service logistics budget, one can speak of a reverse logistics operation.

VIII. FINDING

- 1) In the study it is found that, market is very competitive and companies are providing good quality products. An efficient supply chain management is a differentiator tool, which reduces the costs of raw materials and on the other hand reduces the costs of final finished product to the customers.
- 2) Global supply chain management is an emerging trend as the world is being reduced to a global village. Big MNC’s are focusing on global supply chain management as they have operations in most of the countries in the world. The price

mechanism means currency conversion is a great deal.

- 3) Study indicates that the problems in supply chain management cannot be totally eradicated but can be reduced significantly by efficiently managing the chain and educating the various members involved in the process.
- 4) It revealed that, handloom sector is very diverse industry more particularly in rural India for the mass employment and livelihood, its productivity is less because of hand operating system, thus, naturally it will be bound to be expensive.
- 5) During study it is understood that, handloom products are more of artisan work, like silk design sarees, hence it is the strength of the sector, which can be optimized by use of better supply chain process.
- 6) Study shows that, proper and timely government schemes may help weaver community at large for better employment and availability of goods at the right time.
- 7) Study summarized that, planning of handloom products, taking into consideration the production time and lead time of supply chain process may give best results, since it has seasonal sales.

IX. CONCLUSION

The need of the hour is an effective supply chain management system which is robust. In order to successfully compete and survive in the current competitive market, Handloom Sector has to concentrate on procurement as well as supply of finished goods to the end customers via various intermediaries. An efficient supply chain management results into lower inventory costs, significant costs savings, right product at right place and time cent percent may fetch better price.

REFERENCES

- [1] Arntzen, B. C., G. G. Brown, T. P. Harrison, and L. Trafton. Global Supply Chain Management at Digital Equipment Corporation. *Interfaces*, Jan.-Feb., 1995.
- [2] Houlihan, J. B. 1985. International Supply Chain Management. *International Journal of Physical Distribution and Materials Management*, 15, 1, 22-38.
- [3] Harland, C.M. (1996) Supply Chain Management, Purchasing and Supply Management, Logistics, Vertical Integration, Materials Management and Supply Chain Dynamics. In: Slack, N (ed.) Blackwell Encyclopedic Dictionary of Operations Management. UK: Blackwell.
- [4] Hines, T. 2004. Supply chain strategies: Customer driven and customer focused. Oxford: Elsevier.
- [5] Cooper et. al., 1997
- [6] Drucker, 1998; Tapscott, 1996; Dilts, 1999
- [7] Lambert, Douglas M. Supply Chain Management: Processes, Partnerships, Performance.



MUSIC 3D : Multi Unit Selective Inventory Control 3 Dimensional Paradigm Shifts in Supply

Jimmy Joy Joseph

Accounting Close, Deutsche Bank Operations India, Pune
jimmyjoyjoseph@gmail.com

Abstract : This project is a small attempt to study the Inventory management at Hydroteck Engineering Company, Pune. The project can be divided into two sections. First is the substantiation or need for analysis of inventory position of the company using ratio analysis and effect on working capital and second is the study inventory control techniques. Ratio analysis has been done on the basis of three years data. Ratios have been discussed to compare inventory management performance over the years. Then, inventory control techniques namely ABC analysis, VED analysis, and coupled ABC-VED analysis have been used to come up with better inventory management and finally MUSIC-3D has been applied to come up with more effective way of managing the inventory.

Keywords : Inventory control techniques, ABC analysis, VED analysis, coupled ABC-VED analysis, MUSIC-3D

I. INTRODUCTION

“Adequate inventories facilitate production activities and help to satisfy customers by providing good service.”

Inventories constitute the most significant part of current assets of a large majority of companies in India and around the World. On an average, inventories are approximately 60% of current assets. Because of the large size of inventories maintained by firms, a considerable amount of funds is required to be committed to them. It is therefore, absolutely imperative to manage inventories efficiently and efficiently in order to avoid unnecessary investment.

A firm neglecting the management of inventories will be jeopardizing its long-run profitability and may fail ultimately. It is possible for a company to reduce its levels of inventories to a considerable degree without any adverse effect on production and sales by using simple inventory planning and control techniques. The reduction in excessive inventory has a favorable impact on a company's profitability.

II. INVENTORY, INVENTORY MANAGEMENT

A. Inventory

Inventory represents one of the most important assets that most businesses possess because the turnover of inventory represents one of the primary sources of revenue generation and subsequent earnings for the company's shareholders/owners.

B. Inventory Management

Inventory management simply means the methods one uses to organize, store, and replace inventory to keep an

adequate supply of goods while minimizing costs. Each location where goods are kept will require different methods of inventory management. Keeping an inventory or stock of goods is a necessity in retail. Customers often prefer to physically touch what they are considering to purchase so one must have items in hand. In addition, most customers prefer to have it now, rather than wait for something to be ordered from a distributor. Every minute that is spent down because the supply of raw materials was interrupted costs the company unplanned expenses.

III. OBJECTIVES OF THE STUDY

- To substantiate and justify the reason for effective inventory control requirement in the firm using ratio analysis.
- To find out the impact of inventory on working capital.
- To study inventory management and its effective control through various inventory control techniques.
- To suggest measures for improving the inventory control.

A. Company Profile

- Hydroteck Engineering Company, Plot No. 30/4, D-II Block, M.I.D.C., Chinchwad, Telco Road, behind KSB Pumps Ltd., Pune - 411019 (Maharashtra, India).
- In 1991, Hydroteck Engineering Company started manufacturing precision turned components.
- In 1992, Hydroteck Engineering Company started manufacturing hydraulic & pneumatic cylinders to



automobile industry.

- In 1996, Hydroteck Engineering Company started manufacturing & designing of special purpose machines.
- Hydroteck Engineering Company is now leading industry for manufacturing of Pneumatic Cylinders & Hydraulic Cylinders with Power Pack. Also, Hydroteck Engineering Company have specialty in designing & manufacturing of Special Purpose Machines, Fixtures for CNC Machines for the automobile industry, mainly for foundry.

B. • SWOT Analysis of Hydroteck Engineering Company

• Strong Product Development

As per the specifications from the clients the new product is been developed by the highly qualified internal engineering department

• Strong Merchandising Team

Technically qualified and high skilled merchandising department is another asset of the company, who plays a major role in executing the orders utmost efficiently to the satisfaction of Buyers.

• Professionally Managed

The company is headed by Mr. Uday N. Naik, a true entrepreneur, and his esteemed team.

• Factories engineered to product specific:

All their manufacturing units are engineered to product specific and managed by effective and efficient internal engineering department.

• Quality control system:

There is an independent quality audit team in process control system in all the factories, which has given quality production consistently.

• Sourcing of raw materials under vigilance of quality audit system:

They have a rigid control on their quality control system whereby they ensure that all the raw materials are produced as per their quality standard level before it gets dispatched to their factories.

• In House Lab:

They have an in-house lab to support their quality control team to carry out the various quality tests at all level onwards to ensure that the product is produced according to their quality.

• Pre-shipment inspection to maintain zero-claim from buyers:

A thorough Inspection by In-house Quality Control team and pre-shipment Inspection for all their products helps

company to maintain zero-quality claims position with all their buyers.

• Confidence Of Their Buyers:

All the buyers as of today have been working with them since many years and they started with them on continues basis with enhanced volume. This has given them huge confidence as the confidence level of their buyers is very high in their products, quality, timely deliveries and commitment towards work.

• Weakness

No such weakness has been identified so far.

• Opportunities

Chance to get more products to manufacture from their existing clients.

• Threats

New entrants in the same segment and Chinese equipment manufacturers

IV. RESEARCH METHODOLOGY

Primary Data:

1. Interaction with personnel of the company.
2. Direct Observation.

Secondary Data:

1. Balance Sheet
2. Turnover Statements
3. Monthly Inventory Statements
4. Company Records

V. DATA PRESENTATION, ANALYSIS, AND FINDINGS

A. Data Presentation And Analysis

Substantiation and justification for inventory control using ratio analysis and working capital

Table 3: Ratio Analysis Graph



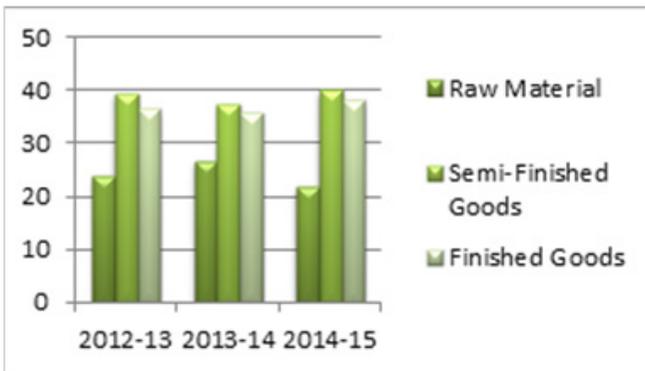


1. Inventory Turnover ratio indicated how many times a year inventory is getting turned into sales. A high inventory turnover ratio means a high level of sales.
2. The above calculations indicate that the ratio of sales and inventory for the year 2013 is 21.76, for the year 2014 is 22.19, and for the year 2015 is 18.94. Inventory holding period for the year 2013 is 16.77 days, for the year 2014 is 16.49 days, and for the year 2015 is 19.27 days.
3. It shows that the inventory turnover ratio increased from the level of 21.76 in 2013 to 22.19 in 2014, and then dropped to 18.94 in the year 2015. Inventory holding period decreased to 16.49 days in 2014 from 16.77 days and then increased to 19.27 days in 2015.

This decrease can mainly be attributed to two factors:

1. Rising raw material costs. The cost of raw materials in the year 2015 has been significantly higher than the previous two years.
2. Slowdown in the automotive sector. Since Hydroteck Engineering Company mainly caters to the automotive segment, a slowdown in the sector prevented the company from having higher sales than the previous year. This can also be reasoned by the fact that the inventory holding period has gone up to 19.27 days in the year 2015.

B. Breakup Of Total Inventory Into Its Constituents



It can be noticed from the above calculations that a significant portion of the total inventory is in the form of semi-finished goods.

4. It is noted that semi-finished goods consisted of the value of Rs. 16,29,275 in the year 2013, Rs. 15,79,076 in the year 2014, and Rs. 19,63,099 in the year 2015, which amounted to 39.54%, 37.44%, and 40.15% of the total inventory.
5. The reason for this is mainly the nature of the business. Hydroteck Engineering Company is involved in the business of special purpose machines (SPM), and SPMs require higher degree of customization, which leads

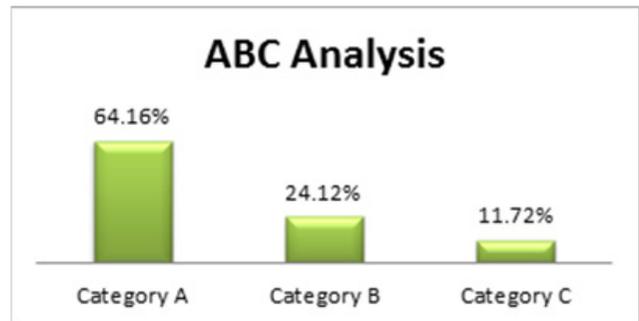
longer or prolonged production lifecycle.

C. Working Capital and Stock Comparison Graph



6. Inventory was 42.86% of the working capital in the year 2012-13, 38.58% of the working capital in the year 2013-14, and 41.74% of the working capital in the year 2014-15.
7. From the above, it can be inferred that inventory forms a significant part of the working capital; and hence, must be effectively be controlled for smooth functioning of the company.

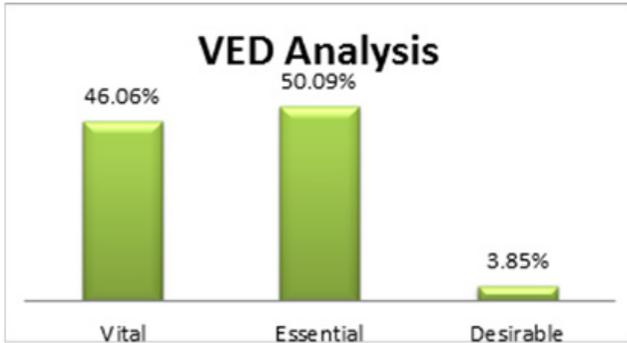
D. ABC Analysis Graph



1. Category A, which includes items 2, 1, and 14 constitute 64.16% of the total inventory cost.
2. Hydroteck Engineering Company should place orders for these items only when it is required in order to minimize working capital short comings.
3. Hydroteck Engineering Company should also look out for all possible alternate suppliers for sourcing these components so that the cost of acquiring these items may be reduced.

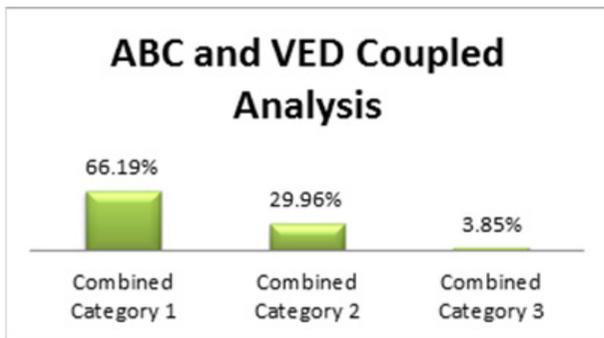
E. Ved Analysis:

For better inventory control, if we consider ABC analysis alone, we only need to effectively control 3 items of class A, but would ignore the vital nature of class B and class C items. Therefore, analysis based on the vital, essential, and desirable (VED) critical nature of components has to be used.



According to VED Analysis, for effective inventory management, control has to be exercised to 5 items of vital category.

F. ABC-VED Analysis Graph



For better inventory control, if we consider ABC analysis alone, we only need to effectively control 3 items of Class A; and if we consider VED analysis, we only need to effectively control 5 items of Vital Category.

Findings of ABC and VED analysis can be coupled and further grouping can be done to evolve a priority system of management of stores.

According to ABC-VED Analysis, for effective inventory management, control has to be exercised to 6 items of Combined Category 1.

G. Multi unit selective inventory control

3-dimensional:

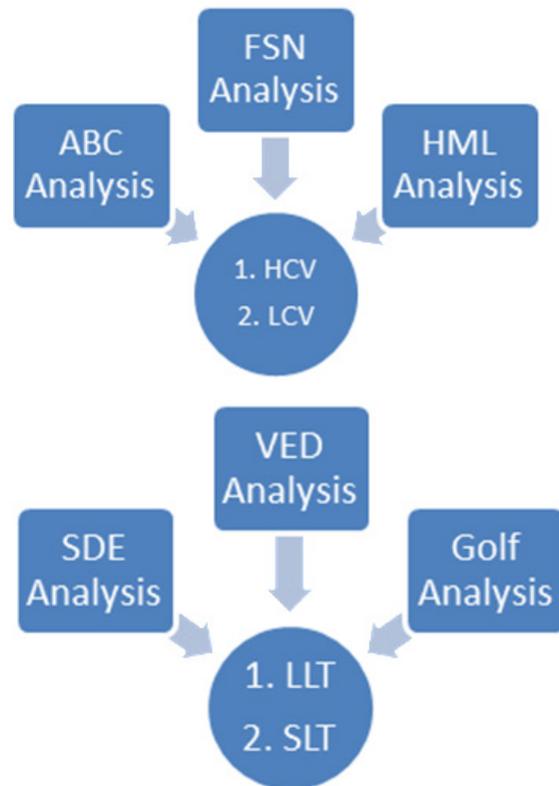
MUSIC 3D is a three dimensional approach, the three functions being finance, operations and materials. Based on ABC analysis, items are classified as high consumption value (HCV-80/20 Rule) and low consumption value (LCV-20/80 Rule). Based on VED analysis, we can classify items as critical and non-critical. Long lead time (LLT) and short lead time (SLT) are based on SDE analysis.

	HCV		LCV	
	LLT	SLT	LLT	SLT
Critical	1	2	3	4
NC	5	6	7	8

Based on SDE analysis, HCV items that are 20% with

annual consumption value of 80% remaining 80% of LCV items account for an annual consumption value of 20%. Cost reduction techniques are not used for items in cells 3, 4, 7, 8 since the cost of cost reduction method is likely to be greater than the cost of the item itself. It may be dangerous to apply cost reduction technique for highly critical items falling in cells 1& 2. Therefore cost reduction technique can be applied only to items in cells 5&6. This method ensures maximum plant availability with minimum working capital commitment.

a) Diagrammatic overview of MUSIC 3D



VI. CONCLUSIONS

1. Ratio Analysis:

The inventory turnover ratio measures the efficiency of the business in managing and selling its inventory. This ratio gauges the liquidity of the firm’s inventory. Generally, a higher inventory turnover ratio is considered a positive indicator of operating efficiency, since inventory that remains in place produces no revenue and increases the cost associated with maintaining those inventories. However, a higher inventory turnover ratio does not always mean better performance. One needs to analyze it in conjunction with other trends within the financial statements to ensure that operations are truly business beneficial.



2. Impact on Working Capital:

This study helps to ascertain the impact of inventory on working capital. This study shows exactly how much percentage of the working capital is constituted by inventory. This study shows that inventory forms a significant part of working capital; and hence, must be effectively controlled for smooth functioning of the company.

3. ABC Analysis:

ABC classification shows that not all the inventories need to be controlled with equal attention. ABC analysis for prioritization allows the management to decide, which items require most effort in controlling:

A-items should have tight inventory control under more experienced management. Re-orders should be more frequent.

B-items require medium attention for control. An important aspect of class B is the monitoring of potential evolution toward class A or, in the contrary, toward the class C.

C-items require minimum attention and may be kept under simple observation. Re-ordering is less frequent.

It is thus derived that group A items, which are the costliest should be kept under strict control and should be monitored closely. If such costly items accumulate in large quantities, they would block scarce finances and lead to high cost of operating.

4. VED analysis

The VED criticality analysis of all the components was done by classifying the drugs into Vital (V), Essential (E) and Desirable (D) categories. The components critically needed for the production must be available at all times were included in the Vital (V) category. The components with a lower criticality need were included in the Essential (E) group and the remaining components with lowest criticality, the shortage of which would not be detrimental to the production process were included in the Desirable (D) group.

5. ABC-VED analysis:

ABC-VED analysis helped to narrow down and prioritize components that need better managerial control on annual expenditures and at the same time their criticality during the production process. In this case, 6 items (66.19%) were categorized into class I (AV+BV+CV+AE+AD) for stringent control.

6. MUSIC 3D:

Although tedious to analyze and implement gives the highest degree of control over inventory than any other technique of inventory control as it takes care of all three dimensions of inventory control.

VII. SUGGESTIONS

1. Inventory turnover ratio interpretation indicates there is a decrease in the ratio for the current year and inventory holding period has increased during the same period. The reasons being rising raw material costs and slowdown in the automotive sector.

The suggestions for these two would include:

i). Vendor Development: Vendor development is one of the popular techniques of strategic sourcing, which improves the value one receives from suppliers. Vendor Development can be defined as any activity that a buying firm undertakes to improve the supplier’s performance and capabilities to meet the buying firm’s supply needs.

ii). Better co-ordination among purchase, production, marketing and finance department will help in achieving greater efficiency in inventory management. Since there is an apparent slowdown in the automotive sector and future sales outlook looks dull in the near term, company can improve the efficiency by ordering the components as when they are required only.

2. When total inventory is broken into its constituents, it is noted that a significant portion of the total inventory is in the form of semi-finished goods. Hydroteck Engineering Company is involved in the business of special purpose machines (SPM), and SPMs require higher degree of customization, which leads longer or prolonged production lifecycle.

The suggestion for this is rather a difficult one as standardization of production procedure of SPMs is difficult. One has to carefully document every aspect of production and look out for frequently repeated processes that could be standardized in order to reduce the production lifecycle.

3. According to ABC analysis, Category A includes 3 components, which constitute 64.16% of the total inventory cost.

ABC analysis of inventory leads to certain benefits in form of guidance to the manager about level of control for each type of item, which are summarized in Table below.

Class	Degree of Control	Type of record	Frequency of review	Safety Stock
A	Tight	Accurate and complete	Continuous	Low
B	Moderate	Good	Occasional	Moderate
C	Loose	Simple	Infrequent	Large

According to VED Analysis for effective inventory management, control has to be exercised to 5 items of vital category. For better inventory control, the vital nature of class B and class C items cannot be ignored.

ABC analysis deals with the annual consumption value of the item due to their presence and not any other aspect



such as the criticality of the material or the nuisance value. The nuisance value is the cost associated with materials due to their absence. The investment in these materials may be small, but for non-availability of the item, the cost or losses that the company will incur will be very high. Therefore, VED analysis based on critical nature of the components has to be used for arriving at better control decisions.

5. A better control decision can be arrived at by using ABC analysis and VED analysis simultaneously. This analysis gives a two-dimensional approach taking into consideration cost on one hand and criticality on the other; therefore, bringing about more effective and practical control.

According to ABC-VED Analysis, for effective inventory management, control has to be exercised to 6 items of Combined Category 1.

6. MUSIC 3D Although tedious to analyze and implement gives the highest degree of control over inventory than any other technique of inventory control as it takes care of all three dimensions of inventory control.

i) Cost Reduction:

It may be noted that items in cells 1, 2, 3, and 4 constitute 80 of annual consumption while the remaining items in other cells account only 20 percent of annual consumption.

There should not be any application of cost reduction techniques for items in cells 5, 6, 7, and 8 as the cost of cost reduction methods is likely to be greater than the cost of item itself.

It may be dangerous to apply cost reduction techniques for the highly critical items falling in cells 1 and 2. Cost reduction techniques can be applied on items grouped in cells 2 and 3.

ii) Managerial Control:

Managerial control has to be very strict on items in cells 1, 2, 3, and 4 and loose or delegated down the line on items in cells 5, 6, 7, and 8. Powers of delegation on procurement should be very liberal on 5, 6, 7, and 8.

Materials planning, consumption norms, scientific forecasting, management information system and materials intelligence system should be maximum for items in cells 1 and 2 only.

The number of sources should be increased for items in cells 1 and 2 and source development efforts must be carried for these items. Vendor rating, buyer-seller relations, ancillary development must be directed towards items in cells 1 and 2.

The feasibility of charging off the material without maintaining any record for all items 5-8 should be examined.

VIII. LIMITATIONS OF THE STUDY

1. The company on account of confidential reports has not disclosed some figures
2. Although every effort has been made to collect the relevant information through the source available, still some relevant information could not be gathered.
3. The concerned executives were having very busy schedule.

REFERENCES

- [1] Materials Management: Text And Cases, 7th ed.; Prentice-Hall Inc., By A.K. Chitale, R.C. Gupta.
- [2] Tersine, Richard J.(1994). Principles of Inventory and Materials Management; 4th ed.; Prentice
- [3] ABC and VED Analysis in Medical Stores Inventory; Gupta, Lt Col R., et al.(2007)



Six Sigma: A Tool to Achieve Perfection

Ms. Shraddha Adhik Shinde

Rajarambapu Institute of Technology, Rajaramnagar, Dist. Sangli
sshreddha134@gmail.com

Abstract : *The six sigma is data driven approach for eliminating defects in any process from manufacture to transactional and product to service. The concept and methodologies of six sigma stress the use of statistical tools and techniques for improving quality and reducing defects. . Six sigma is important from last two decades it helps in handling competition, in offering quality products to consumers. This strategy is flexible and can be altered to suit the requirements of new businesses Six sigma is considered substitute of TQM which focus for quality improvement. This technique is used in many industrial sectors. This paper highlights conceptual framework of six sigma strategy, its process and one case study on Wipro.*

Keywords : *Six sigma, methodology*

I. INTRODUCTION

Six Sigma is one of the techniques to improve the quality of the output of a process by identifying and removing the causes of defects and tools for process improvement. Today, it is used in many industrial sectors. It was introduced by engineer Bill Smith while working at Motorola in 1986. Each Six Sigma project carried out within an organization follows a defined sequence of steps and has specific value target to achieve it. It uses a set of quality management methods, including statistical methods and creates a special infrastructure of people within the organization. Six sigma can be denoted by 6σ

II. METHODOLOGIES

Six Sigma follow two project methodologies. 1. DMAIC
2. DMADV.

These methodologies are composed of five phases.

1) DMAIC-

DMAIC is used for improving an existing business process .It involves five phases project methodology. They are:

- Define the system, the voice of the customer and their requirements.
- Measure key aspects of the current process and collect relevant data.
- Analyze the data to investigate and verify cause-and-effect relationships.
- Improve or optimize the current process
- Control the future state process to ensure that any deviations from the target are corrected before they result in defects.

2) DMADV-

DMADV is used for creating a new product or process designs .This is also known as DFSS (Design For Six Sigma) It has five phases, they are:

- Define designed goals.
- Measure and identify (CTQs) Critical To Quality measure.
- Analyze to develop and design alternatives
- Design an improved alternative.
- Verify the design, set up etc

III. SIX SIGMA STRATEGY

Strategy of improvements through Six Sigma can be explained by 3 S.

They are:

1) SHIFT:

If the central tendency of the process is outside the limits and spread is well within these limits, we need to Shift the process within these limits.

2) SHRINK:

If the central tendency of the process is within the limits but the spread of the process is beyond the limits, shrink the process within the limits

3) STABILIZE:

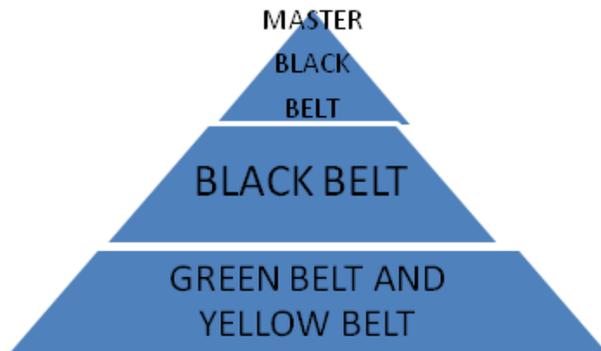
If both central tendency and spread are desired, stabilize the process by monitoring, standardizing and document.

IV. LEVELS OF SIX SIGMA IMPLIMENTATION

Six Sigma had identified several roles for implementing of six sigma successfully. Executive leader's i.e CEO and



other members of top management implements Six Sigma across the organization



A. Master Black Belt –

- These are the people who conduct training and also have job training and experience. These are identified by Champions, act as in-house coaches on Six Sigma. They assist and guide Black Belts and Green Belts.

B. Black Belts –

They receive four weeks of training and are directly involved in the implementation of six sigma. It works under Master Black Belts for applying Six Sigma to specific projects.

C. Green Belts –

They undergo two weeks of training which include project oriented tasks. They are the employees who take up Six Sigma implementation along with other job responsibilities, under the guidance of Black Belts.

Some organizations use additional belt colors, such as Yellow Belts, white belts, orange belts. Yellow belts are for employees that have basic training and “White belts” for those locally trained in the concepts and “Orange belts” are also used in special cases.

Special training is needed for all the practitioners to use the data-driven approach correctly. This training is very important

V. CERTIFICATION

General Electric and Motorola developed certification programs for Six Sigma implementation. Many organizations in the 1990s started offering Six Sigma certifications to their employees. There is no standard certification body, and the different certification services are offered by various quality associations and other providers against a fee.

VI. COMPANIES WHO ARE IMPLEMENTING SIX SIGMA

There are many number of companies who have implemented six sigma like: Dell, Boeing, Amazon, Wipro,

Motorola, deco, Unipart, bank of America, united states army ,BAE system, Sears, Raytheon, Deere and company, Inventec, Ford motor company etc.

VII. CASE STUDY ON SIX SIGMA AT WIPRO TECHNOLOGIES: THRUST ON QUALITY

Wipro is the first Indian company to adopt Six Sigma. Today, Wipro has one of the most mature Six Sigma programs in the industry. Wipro has already put around ten years into Process improvement through Six Sigma. Six Sigma at Wipro simply means a measure of quality that strives for near perfection.

At Wipro, it means:

- Make Quality a culture within
- Have products and services meet global benchmarks
- Ensure robust processes within the organization
- Consistently meet and exceed customer expectations

A. Methodologies followed by Wipro-

1) FOR DEVELOPING NEW PROCESSES:

Wipro uses DCAM Methodology for designing for customer satisfaction and DSSS method for software design

DSSP Methodology for designing new processes and products

2) FOR IMPROVING EXISTING PROCESSES

TQSS Methodology for defect reduction in Transactional processes. DMAIC Methodology for process improvement in Non-transactional process

3) FOR REENGINEERING

CFPM Methodology for functional Process mapping.

The list of players at Wipro is as below:

- Executive Management
- Six Sigma Champions and Deployment Leaders
- Financial Executives
- Black Belts
- Green Belts
- Yellow Belts

The Management of the project at Wipro follows the following tools for implementation six sigma:

- Ideation
- Definition
- Selection
- Tracking
- Reporting



VIII. SIX SIGMA CONSULTANCY SERVICES AT WIPRO

Wipro’s Six Sigma consulting experience has led to the development of new methodologies.

The Wipro quality consulting group trains in achieving the precision of Six Sigma with Wipro’s own methodologies, training capabilities and global experience. Wipro also helps in institutionalizing Six Sigma across the organization for transformation. Wipro offers the consulting services such as Six Sigma training, Six Sigma institutionalization, Problem solving using Sigma.

REFERENCES

- [1] Richardson, Karen (7 January 2007). “The ‘Six Sigma’ Factor for Home Depot”. Wall Street Journal Online. Retrieved 2007-10-15
- [2] “The Inventors of Six Sigma”. Archived from the original on 2005-11-06. Retrieved 2006-01-29.
- [3] “Harry, Mikel; Schroeder, Richard (2000). Six Sigma. Random House, Inc. ISBN 0-385-49437-8.”
- [4] Gygi, Craig, DeCarlo, Neil, Williams Bruce & Covey Stephen; “Six Sigma for Dummies”, Willey Dreamtech India
- [5] Wipro-Annual Report, 2002-2006
- [6] Express Computer, Sept.2002
- [7] V. Subramanyam, Sambuddha Deb, Priya Krishnaswamy, Ritupama Ghosh “An
- [8] Integrated Approach to Software Process Improvement at Wipro Technologies:Veloci Q”
- [9] www.isixsigma.com
- [10] www.wipro.com



Role of Technology in Pradhan Mantri Jan Dhan Yojana

Prof. Dr. Sudhir V. Mane

M.Com, Ph.D. Shivneri College,
Shirur Anantpal, Latur

Anand S. Patil

Asst.Prof. SET, MBA, M.Com, Ph.D.Scholar
SRTMU Nanded
aspatil2012@gmail.com

Abstract : Even after 60 years of independence, a large section of Indian population still remains unbanked. In the recent years the government and Reserve Bank of India has been pushing the concept and idea of financial inclusion. The Financial Inclusion Plan aims at providing easy access to financial services to those sections of the society who are deprived of it so far at affordable cost thereby bringing them into the mainstream financial sector. 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) and urged banks to review their existing practices to align them with the objective of financial inclusion. Honourable Prime Minister of India, Sri Narendra Modi announced this scheme PMJDY (Pradhan Mantri Jan Dhan Yojana) for comprehensive financial inclusion on his first Independence Day speech on 15 August 2014. Technology play vital role in success of PMJDY. The researcher want to understand the role of technology in this scheme.

Keywords : Financial inclusion, PMJDY, Banking services, Unbanked, Business, Technology

I. INTRODUCTION

“Pradhanmantri Jan Dhan Yojana “ is the scheme announced by the ministry of finance for financial inclusion. After sixty years of independence large part population are unable to get basic financial services, like bank account, credit facility, insurance etc.

Financial inclusion means providing financial services at affordable cost to unbanked people. Application of technology plays vital role in every sector. It reduces cost of services, increases efficiency, providing better and large scale services to society. PMJDY is one milestone in Indian economic development. Role of technology is play important part for success of this scheme.

II. OBJECTIVES OF THE STUDY

1. To study financial inclusion in India.
2. To know the Pradhanmantri Jan Dhan Yojana (PMJDY).
3. To study the role of Technology in PMJDY.

III. RESEARCH METHODOLOGY

This paper is the outcome of a secondary data on Indian Banking Sector, and financial inclusion scheme with special reference with PMJDY. To complete this, annual reports, various books, journals and periodicals have been consulted, several reports on this particular area have been considered, and internet searching has also been done.

IV. FINANCIAL INCLUSION

Financial Inclusion is delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups. The Financial Inclusion Plan aims at providing easy access to financial services to those sections of the society who are deprived of it so far at affordable cost thereby bringing them into the mainstream financial sector. Implementation of Financial Inclusion is not a new concept for your Bank. Financial Inclusion activities are being implemented by your Bank since inception through various government-sponsored programmes, lending to the poorest of the poor, lending to the minority communities, lending to SC/ST, lending to priority sectors, etc. However, the RBI formalized the concept of Financial Inclusion in 2005, when it permitted rendering of banking services through Business Correspondent (BC) channel. It then advised all commercial banks in the year 2010 to submit Board-approved Plan for providing banking services in rural unbanked areas under Financial Inclusion.

Figure No: 1 Financial Inclusion



Pradhanmantri Jan Dhan Yojana (PMJDY):-

Even after 60 years of independence, a large section of Indian population still remains unbanked. In the recent years the government and Reserve Bank of India has been pushing the concept and idea of financial inclusion. The Financial Inclusion Plan aims at providing easy access to financial services to those sections of the society who are deprived of it so far at affordable cost thereby bringing them into the mainstream financial sector. 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) and urged banks to review their existing practices to align them with the objective of financial inclusion. Honorable Prime Minister of India, Sri Narendra Modi announced this scheme for comprehensive financial inclusion on his first Independence Day speech

This scheme is dividend in two phases, first phase consist of Universal access to banking facilities, Providing basic banking accounts with overdraft facility (after six months on satisficatory of accounts transactions) and RuPay Debit card and Financial literacy programme, and second phase consist of Overdraft facility, Creation of credit guarantee fund, Micro-insurance , Unorganized sector pension scheme like :Swavalamban’. Time line for first phase is 15th August 2014 to 14th August 2015 and for second phase 15th August 2015 to 14th August 2018.

Figure No: 2 Scheme of PMJDY

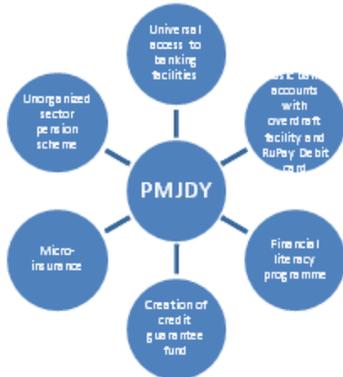
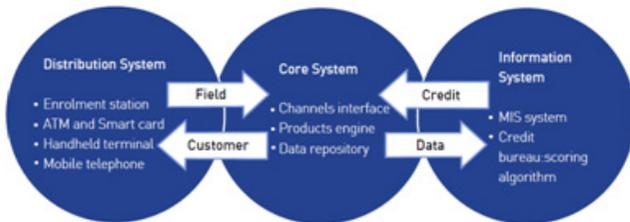
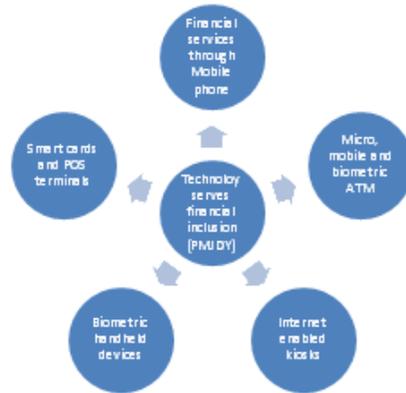


Figure No: 3 Technology platform .



Sources: IMAcS Research

Figure No: 4 Distribution of Technology for financial inclusion



After Role of technology in Pradhanmatri Jan Dhan Yojana (PMJDY):-

1. Providing banking services to large part of population at low cost
2. Application Information Technology and mobile telephony along with IT-enabled services for greater financial inclusion.
3. It minimizes the need of setting physical branches at all locations with skill human resources.
4. It allows to improve efficiency of financial services.
5. ATM based mobile services delivery system can be deployed in rural areas using available mobile telephony mobile telephony technologies.

POS terminals providing banking services at convenient place

V. DATA ANALYSIS

Number of Accounts opened under PMJDY (data at different period)

Table No: 1 No of Accounts opened under PMJDY as on 30 Sept 2014

No of Accounts opened under PMJDY as on 30.09.2014 (Summary)						
	Rural	Urban	No Of Accounts	No Of Rupay Debit Card	Balance In Accounts(In Lacs)	No Of Accounts With Zero Balance
Private Banks	572,838	641,376	1,214,214	147,206	21,131.88	879,005
Public Sector Bank	23,673,628	20,281,041	43,954,669	18,098,246	369,461.62	33,414,430
Rural Regional Bank	7,461,617	11,322,779	8,593,896	399,251	36,725.78	7,003,153
Grand Total	31,708,083	22,054,696	53,762,779	18,644,743	427,319.28	41,296,628

Table No: 2 No of Accounts opened under PMJDY as on 31 March 2014

No of Accounts opened under PMJDY as on 31.03.2014 (Summary)						
	Rural	Urban	No Of Accounts	No Of Rupay Debit Card	Balance In Accounts(In Lacs)	No Of Accounts With Zero Balance
Public Sector Bank	6,259,013	3,200,928	9,459,941	1,081,106	121,850.25	66,32,943
Rural Regional Bank	2,171,030	3,906,824	2,561,184	372,270	257,713.10	1,541,689
Private Banks	3,568,756	2,507,924	6,066,680	554,976	808,13.04	3,433,520
Grand Total	8,784,800	5,915,676	14,700,476	1,998,352	2,567,696.39	10,608,152

(Source:- PMJDY Official Website)

Table No: 4 Branch Expansion of Schedule Commercial Banks



As on March	Number of Branches			Estimated population* (in million)			Branches/ 100,000 population		
	Rural + Semi-urban	Urban + Metro-politan	Total	Rural + Semi-urban	Urban + Metro-politan	Total	Rural + Semi-urban	Urban + Metro-politan	Total
2001	44,905	20,713	65,618	851	177	1,028	5.3	11.7	6.4
2006	45,673	23,904	69,577	920	195	1,115	5.0	12.3	6.2
2010	53,086	31,072	85,158	980	211	1,191	5.4	15.2	7.2
2014	76,753	40,958	1,17,711	1,044	228	1,272	7.3	17.9	9.2
2015	82,358	43,716	1,26,074	1,061	233	1,294	7.8	18.7	9.7
June 2015	82,794	43,910	1,26,704	1,065	235	1,300	7.8	18.7	9.7

*Population estimates are based on CAGR between Census 2001 and Census 2011 data

Graph No: 6 Progress In Basic Saving Accounts (No Frill Accounts)



Table No: 5 Individual Savings Bank Deposit Accounts and Outstanding Amount with SCB.

Population Group	Number of Individual Saving Bank Deposits Accounts (million)				Individual Saving Bank Deposits' Amount Outstanding (₹. billion)			
	2006	2010	2015	CAGR (%)	2006	2010	2015	CAGR (%)
Rural	104	167	384	15.6	962	1,703	3,601	15.8
Semi-urban	85	136	320	15.9	1,124	2,155	4,470	16.6
Urban	68	97	186	11.8	1,246	2,381	4,541	15.5
Metropolitan	71	100	180	10.9	1,838	3,731	6,476	15.0
All India	329	500	1,070	14.0	5,170	9,970	19,088	15.6

CAGR is for all scheduled commercial banks (SCBs) including regional rural banks (RRBs) during 2006-15.

Table No: 7 Credit growth of SCB

Population Group	Credit accounts (million)				Credit outstanding (₹ billion)			
	2006	2010	2015	CAGR (%)	2006	2010	2015	CAGR (%)
Rural	29	36	50	6.4	1,261	2,493	5,982	18.9
Semi-urban	21	27	41	7.4	1,514	3,200	7,600	19.6
Urban	13	16	21	5.8	2,458	5,585	11,039	18.2
Metropolitan	23	40	33	4.1	9,905	22,174	44,170	18.1
All India	86	119	145	6.0	15,138	33,452	68,791	18.3

CAGR is for all scheduled commercial banks (SCBs), including Regional Rural Banks (RRBs), during 2006-15

Table No: 8 Shows ATM & Credit Card Statistics

Sr. No.	Bank Name	ATMs		POs		Credit Cards				Debit Cards								
		On-site		Off-site		No. of outstanding cards as at the end of the month		No. of Transactions (Amount)		Amount of transactions (₹. Millions)		No. of outstanding cards as at the end of the month		No. of Transactions (Amount)		Amount of transactions (₹. Millions)		
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1	ALLAHABAD BANK	754	444	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	ANDHRA BANK	1528	754	2657	0	148288	2824	149179	48.79	445.30	1487196	1586630	1368530	53032.30	1421.90			
3	BANK OF BARODA	8658	2640	18610	0	81778	2440	173211	13.78	402.17	2868304	1636530	2783823	62886.33	2728.38			
4	BANK OF INDIA	3380	4433	4811	237	126020	18443	129124	63.24	348.52	5898211	2111373	2830248	10743.30	2801.28			
5	BANK OF MADHARASHTRA	1507	548	0	0	44192	430	71274	1.43	132.48	3877200	3841320	384868	14271.54	179.02			
6	CANARA BANK	6184	3840	2694	0	108882	2874	20887	124.22	574.92	2426487	1730330	284974	66130.48	3821.00			
7	CENTRAL BANK OF INDIA	3902	1762	1044	0	111390	8408	127102	20.34	278.11	1870366	132297	688889	2841.38	1353.02			
8	COMMERCE BANK	2042	968	4882	0	87847	1126	81888	7.64	194.25	684348	582971	681842	21282.00	1124.85			
9	COOBSA BANK	1557	128	0	0	0	0	0	0	0	6207777	234628	136437	6167.41	126.02			
10	CORPUS BANK	2028	820	0	0	70089	2520	18821	12.40	200.80	1117019	1884102	1618911	56120.20	1887.40			
11	CREDIT CO-OPERATIVE BANK	2488	1040	281	0	81157	2120	18804	3.41	87.18	1001316	1302444	610268	27948.20	1694.20			
12	CREDIT BANK OF COIMBATUR	1148	284	2124	0	0	0	0	0	0	788888	497488	101037	18288.88	803.88			
13	CREDIT AND SAVINGS BANK	1055	262	0	0	0	0	0	0	0	244880	80548	28444	2841.31	81.91			
14	CREDIT NATIONAL BANK	4444	2880	1244	0	147448	3200	142292	13.88	261.12	2807102	2076110	2628921	47188.72	2071.10			
15	CREDITARY BANK	2020	304	2114	0	74028	1744	88003	7.30	148.21	1287118	788484	44154	28080.11	812.38			
16	COO BANK	1678	540	0	0	0	0	0	0	0	740440	402651	65886	17026.80	854.20			
17	CREDIT BANK OF INDIA	4218	2872	1892	0	108880	1400	84404	6.52	201.88	1888388	1321888	857442	28442.20	1312.24			
18	CREDIT BANK OF INDIA	888	1128	0	0	0	0	0	0	0	884404	802442	272721	14948.07	817.00			
19	CREDIT BANK	1207	248	1092	0	40842	7428	84428	42.20	282.62	480782	471228	211228	12871.28	644.88			
20	CREDIT LTD	1628	1084	1842	0	2842	58	8801	0.12	23	888882	870887	184173	35142.40	2871.20			
21	CREDIT BANK OF KARNATAKA AND ANDHRA	1128	778	2844	0	0	0	0	0	0	1878400	884080	68108	26248.88	802.88			
22	CREDIT BANK OF KARNATAKA	1822	888	2121	0	0	0	0	0	0	1887121	1884810	1182840	47124.07	1874.07			
23	CREDIT BANK OF INDIA	18747	28844	21822	0	308078	74188	881803	128.72	22288.71	17814802	27621888	2844888	68844.87	30121.20			
24	CREDIT BANK OF MADHRA	1040	318	2880	0	0	0	0	0	0	878888	782888	448123	18426.16	871.20			
25	CREDIT BANK OF MADHRA	1148	328	4811	0	0	0	0	0	0	878221	81278	40884	1888.07	828.85			
26	CREDIT BANK OF MADHRA	1072	842	3082	0	0	0	0	0	0	1843884	1470888	80882	48844.07	1828.88			
27	CREDIT BANK LTD	2678	8580	24871	0	180073	4858	482088	188.82	1448.82	1878884	244888	744888	11818.02	11041.20			
28	CATHOLIC MISSION BANK LTD	178	88	0	0	0	0	0	0	0	74220	27224	2047	1127.87	88.88			
29	CITY COOP BANK	820	437	2001	0	0	0	0	0	0	180788	181240	481188	71221.25	443.88			
30	DEVELOPMENT CREDIT BANK	144	222	702	0	4482	722	8242	3.52	14.21	18888	48227	88728	1888.24	148.28			
31	CHANDLAKHARI BANK LTD	188	210	824	0	8814	28	12428	0.17	30.15	88812	488287	51028	1888.88	127.85			
32	INDUSTRIAL BANK LTD	2018	488	8898	0	0	0	0	0	0	484117	442142	81228	2824.27	247.84			
33	INDIAN BANK LTD	1502	642	24020	0	881871	18822	2112422	84.02	408440	2110197	2448882	1487821	18027.02	2188.02			



13 HDFC BANK LTD	1501	6474	240000	0	6811771	188903	21124382	85410	4204400	2411017	3489980	1487813	14007101	2100000
14 ICICI BANK LTD	4357	6561	200642	0	3083431	24355	6866921	11100	2124525	3021865	3000407	14842220	14517117	2200000
15 SINDHUR BANK LTD	698	712	425	0	312645	5995	739770	3135	442632	2071000	1501955	551451	714115	150175
16 URBARI AND KANOUR BANK	843	373	157	0	40344	4563	81330	1410	24107	211110	402715	11843	175048	31174
17 CAROLINA BANK LTD	432	422	2044	0	0	0	0	0	0	277044	206424	20778	80240	39130
18 CAPRI YOUTH BANK LTD	714	334	377	0	0	0	0	0	0	262356	432128	61003	1488450	41780
19 SOUTH MICHIGAN BANK LTD	624	1114	0	0	621604	10465	117009	4441	242107	214677	588807	242424	1448445	244400
20 CAROLINA BANK LTD	132	228	507	0	34000	2292	14170	1434	10140	40740	240154	4240	100217	6734
41 SOUTH BAY BANK	768	482	2419	0	0	0	0	0	0	241914	252407	24705	832100	71140
42 HANOVER MICHIGAN BANK LTD	373	542	1177	0	7099	0	8012	0	1072	68099	200000	50738	1061288	14320
43 THE LAUREL BANK LTD	242	104	240	0	0	0	0	0	0	68463	68130	4003	224135	15434
44 THE BANK LTD	535	748	1271	0	0	0	0	0	0	124220	242155	54150	125135	42715
45 AMERICAN EXPRESS	0	0	1000	0	77451	4022	113604	3032	2436491	0	0	0	0	0
46 BANK OF AMERICA	0	0	0	0	4274	87	13063	682	11216	0	0	0	0	0
47 BARCLAYS BANK PLC	0	0	0	0	0	0	0	0	0	0	0	0	0	0
48 CITI BANK	88	518	1187	0	237134	58124	1073438	24487	240411	182421	310448	2710001	1210023	150470
49 JPM BANK	5	25	0	0	0	0	0	0	0	2478	1802	1811	27054	4155
50 CREDITIC BANK LTD	13	17	0	0	0	0	0	0	0	1046	17044	11044	10410	21220
51 FORTLAND BANK	1	3	0	0	0	0	0	0	0	2472	1774	2028	4220	140
52 ROBINSON AND SHARMA BPO CORP	68	55	1244	0	58455	4267	102470	3178	206534	54711	44513	50048	210377	40504
53 ROTAL BANK OF HOLLAND BV	12	46	0	0	0	0	0	0	0	10232	20420	6326	45143	12741
54 STANDARD CHARTERED BANK LTD	104	142	0	0	104770	4178	209608	2021	740130	740714	184040	64411	141112	152404
Grand Total	96263	94127	18106	237	2202641	470668	6820446	244434462	12912814	68600668	672461148	96742942	207441762	15684446

VI. NUMBER FINDINGS

REFERENCES

The above data shows increase in bank accounts from 5,37,62,779 (Setp 2014) to 21,42.75,474 (March 2016). It is only possible due application of technology the enable to proper communication with unbanked people to open their bank accounts.

As on 31 march 2015 17,75,29,672 RuPay debit cards issued to accounts holders. They can deposit or withdraw money with help ATM. It increase the efficiency services and reduce the cost of transaction.

In this paper we refer the data of SCB which shows increase in bank branches 85158 (in 2010) to 126704 (in 2015). Increase in banking infrastructure for providing banking facilities to unbanked people.

As per data Aug 2015 ATM stations are 189189 out of 94127 are out of site. These centers are providing banking facilities which leads to minimizes the need of setting up physical branches at all locations with skilled human resources.

In rural area mobile banking play important role in remittance of funds. POS terminals of banks are providing banking services at convenient place. Like petrol pumps, shops or any internet café.

VII. CONCLUSION & SUGGESTION

Though technology is key success of this scheme, illiteracy regarding primary education and technology is one of the basic obstacles in using in financial inclusion. We need to increase of enrollment rate and make available technology at low cost it will positively affect on financial inclusion to become more effective for economic development.

- [1] Policy document of Pradhanmantri Jan Dhan Yojana (PMJDY).
- [2] RBI Report 2014,2015
- [3] CGAP publications, 2012, ‘Financial Inclusion and the Linkages to Stability, Integrity
- [4] Dr. Chakrabarty. K.C (2012), ‘Financial Inclusion – Issues in Measurement and Analysis’ Keynote Address by Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India at the BIS-BNM Workshop on Financial Inclusion Indicators at Kuala Lumpur on November 5, 2012.
- [5] India Brand Equity Foundation Report (www.ibef.org)



E-Commerce Growth and Development

Dr. K. Kumaravel

Professor and Head, Department of Management Studies
Nandha College of Technology, Erode, Tamilnadu
kumarmba2002@gmail.com

Abstract : *This paper discusses the E-commerce growth & development & its effectiveness in real life. This further dealt in length the factors that influence its adoption in environment which is bound by Government policies, Political conditions, Economic Conditions, Technology infrastructure, Geographical conditions, Public awareness & External influence.*

Keywords : *E-commerce; factors affecting E-commerce; effectiveness.*

I. INTRODUCTION

Electronic commerce or simply e-commerce, which relies on various information and communication

technologies (ICT), has the potential to improve trade efficiency around the globe and to integrate developing countries into the global economy (UNCTAD 1999). As a result, there has been a significant growth of e-commerce in developed countries in the last two decades and more recently in developing countries (Chowdhury 2003). Most technologies, including e-commerce were developed in Western countries that have very different backgrounds to those of developing countries. The success of technology adoption is heavily dependent on how it is used by the adopters and this in turn is affected by the fit between the technology and the adopters (Unhelkar 2003). Not surprisingly, technology adoption has not always been successful in developing countries. Moreover, while many of the e-commerce benefits have been realized by organizations in developed countries, there is still skepticism in the relevance of e-commerce and its benefits for developing countries (Odedra-Straub 2003; Raman and Yap1996).

In the globalization era, understanding the adoption of ICT, including e-commerce by developing countries is becoming important to improve its adoption success. This, in turn, enables developed countries to trade with developing countries more efficiently. At this stage, there are still a limited number of studies on the adoption of e-commerce technologies by developing countries (Chowdhury 2003). Like other developing countries in South East Asia, Indonesia has only devoted a small percentage of its GDP to ICT implementation and has a low score for Network Readiness Index (NRI) and E-Readiness Index (ERI) (Indjikian and Siegel 2005). Indonesia has been chosen in this study because it presents a unique and interesting case as a developing nation. It has been undergoing a wide array of economic and political changes in the last few

years (Raman and Yap 1996; PWH 2003/2004). Because of globalisation, in particular, the Indonesian government removed the ban on foreign investment in wholesale and retail trading in March 1998 (PWH 2003/2004). As a result, there have been many changes to business competition because of foreign investors and there has also been a rapid ICT investment growth in various business sectors to stay competitive (PWH 2003/2004). It is, therefore, important to assess how these recent changes affect Indonesian organizations' attitude towards e-commerce technology adoption, since it is believed that competition plays a crucial role in ICT growth (Singh 2000). Insights into the degree of e-commerce adoption by Indonesian organizations and their adoption experience, which will be obtained from this study, will be valuable for devising appropriate adoption strategies for developing countries.

II. E-COMMERCE BASIC CONCEPT

There are many differing definitions of e-commerce found in the literature. In its broadest term, e-commerce can be referred to as —a general concept covering any form of business transaction or information exchange executed using information and communication technologies (Whitely 1998, p.1). E-commerce is not only limited to buying and selling over the Internet, but it is also concerned with transferring or exchanging products/services and/or information via computer networks, including the Internet, Extranet and Intranet (Turban et al. 2006). It includes activities such as servicing customer online, collaborating with business partners and exchanging business documents within an organization over the Internet or other private networks. Because of its broad coverage, e-commerce is often referred to as e-business (Barnes and Hunt 2001). Although e-commerce is still a relatively new term within the society, it actually has been around for several decades. The first e-commerce application, Electronic Funds Transfer (EFT), was developed in the early 1970s to allow funds to be routed electronically between financial institutions



(Johnston 1998). As an extension to EFT, Automatic Teller Machine (ATM) was introduced in the early 1980s, to enable financial transactions to be carried out over a computer network (Barnes and Hunt 2001). Then Electronic Data Interchange (EDI) was developed later in 1980s to enable a wider application of e-commerce across industries.

It allows structured business documents to be exchanged electronically between different computer systems without human intervention (Johnston 1998). In 1990s, the Internet was commercialized and the term e-commerce was introduced. With the availability of the Internet and the popularity of the World Wide Web to access the Internet, e-commerce has grown significantly in the last few years (Turban et al. 2006).

McKay and Marshall (2004) propose a model to show e-business Stages of Growth, as shown in Figure

1. This model is consistent with the model of e-commerce development discussed by Le and Koh (2002), which includes four stages namely brochureware, interactions, e-commerce, c-Commerce and e-business. As the initial step, many organizations start with a static online presence, which is consistent with the brochure ware stage in the latter model. In this stage, organizations use the online presence simply for information dissemination to the other party. Thus, there is only uni-directional communication and typical information included is contact details, products/services information, shareholder information, and job opportunities. Moving up one step to the interactive online presence stage, organizations now have two-way communication with the other party over the Internet. In addition to accessing corporate information, customer can offer feedback and in some cases they can place orders online. The interactive site may also offer personalized information to the customers and capture customer's profile (Le and Koh 2002). Typically, transactions still cannot be completed online. At the e-commerce stage, customers can complete business transactions online and the organization needs to be capable of managing the business round-the-clock and handling the logistics efficiently. This stage is led by Business-to-Consumer (B2C) e-commerce development.

Accessing the Worldwide web through Mobile Telephony

The most popular ICT in developing countries and one which is progressing very rapidly in Africa and Asia, in particular India, is the mobile phone. Mobile phones are increasingly playing a larger role in the expansion of e-commerce in developing countries, especially amongst users without terminal connections. The chart below shows that in the past ten years, mobile-cellular subscriptions in developing countries have increased nearly tenfold. Not only have they helped to improve how businesses are run, they are also helping to close the poverty gap. Mobile phones are making it possible for rural farmers to engage

in mobile money services, allowing them to open saving accounts, earn interest on their deposits and access a variety of credit and insurance products.

How do poorer countries benefit from mobile telephony?

Mobile telephony has transformed life for many consumers in developing countries. Mobile phones help improve the livelihood of the poor through better communications and greater access to information. Many poor farmers are now able to receive better prices for their crops because they have access to information on market prices, primarily via mobile phones. Trade Net, a Ghana-based trading platform, is one such example, allowing farmers to access prices and offers from traders by mobile phone. Mobile phones have also spawned a wealth of micro-enterprises, offering work to people with little education and few resources, such as selling airtime and repairing or refurbishing handsets. In Bangladesh, for example, with micro-credit from the Grameen Bank, over 100,000 Bangladeshi women have set up mobile phone exchanges in villages where there are few if any landlines and are now earning their living as “Grameen phone ladies”. Such village phone schemes have subsequently spread from Bangladesh to Uganda and Rwanda and to many other poor communities in LDCs. Mobile phones have helped consumers to bridge the digital divide between regions in many developing countries. This is thanks to wireless technologies that enable the consumer to use mobile phones for communications and internet access without the need of a PC and cable connection. China and India are the two largest mobile phone markets amongst developing countries, and indeed in the world. However, similar to other developing countries, the mobile phone penetration rates in China and India remain relatively low, at 62.8% of the population and 51.6% resp in 2010, leaving a significant potential for growth.

On-line data and information services

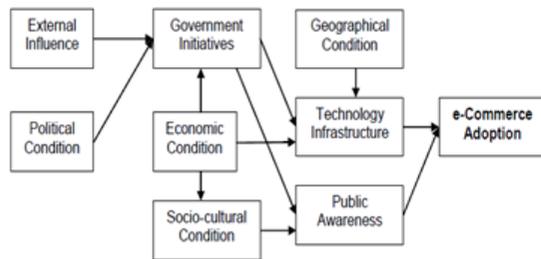
Mobile services can also enable better access to markets and other value-chain stakeholders. Sellers are increasingly using their websites to relay on-line information on transport and logistics, with some of these services being provided on mobile phones. For example, through the use of voice and short message service (SMS) in Morocco, farmers coordinate with local truckers to improve product transport and to identify where the best locations are for them to deliver their products. Some farmers also make use of two-way trade by bringing products back from larger, regional markets to sell in their own rural communities. Product traceability has become increasingly relevant to those developing countries which want to gain or expand into new export markets. The use of ICT has led to improved consumer protection and food safety on the one hand and better livelihood outcomes for farmers on the other. Radio frequency identification (RFID) chips are also used to trace



animal movement, enabling the monitoring of animals from cradle to grave.

III. FACTORS INFLUENCING E-COMMERCE ADOPTION

To explore the relevance of e-commerce and the opportunity of its growth in developing countries, it is important to understand national factors that affect e-commerce adoption. A number of such factors have been identified from the literature as summarized in Figure . The figure also demonstrates the influence of each factor on other factors. These factors will be used in developing a research model of EC adoption by developing countries in a later stage of the study, combined with other factors identified at various levels including industry and organizational levels.



Government Initiatives:

Government initiatives are important in the adoption of e-commerce and other ICT in general (Molla 2005). They can be in terms of promotion of ICT usage, education and the establishment of adequate regulatory framework for e-commerce including taxation and tariff for revenue generated through e-commerce and Intellectual Property protections. Government initiatives are affected by many factors including the country's political condition, economic condition, and external influence from other countries.

Political Condition

Political situation is a key factor for e-commerce growth. In a country with an unstable political condition, it is less likely that government will give enough attention, if any, on e-commerce development (Dedrick et al. 1995).

Economic Condition

Economic condition is also widely recognized as a major driver for e-commerce adoption. The GDP and income per capita are common indicators for the economic condition of a country. Since e-commerce relies on some technology infrastructures which are relatively expensive for many developing countries, countries with unfavorable economic condition are not likely to be involved in e-commerce (Dedrick et al. 1995). The economic condition will also affect the socio-cultural condition of a country.

Technology Infrastructure

E-commerce success relies heavily on a number of technology infrastructures. Firstly, telecommunication infrastructures are required to connect various regions and parties within a country and across countries (Molla 2005). The cost of accessing the infrastructures also influences the growth of e-commerce.

E-commerce also relies on efficient logistic infrastructures within a country. Its growth further requires the establishment of reliable and secure payment infrastructures to avoid frauds and other illegal actions (Boerhannoeddin 2000). The overall technology infrastructure development of a country relies heavily on the economic and geographical conditions of the country.

Geographical Condition

Geographical condition of a country can be a motivation or barrier to technology infrastructure development. In countries that consist of many small islands, technology infrastructures can be difficult to develop. On the other hand, the need for having such infrastructure is also significant for effective communication and trading among the widely spread parties (Boerhannoeddin 2000; Minges 2002).

Public Awareness

A lack of awareness of the use and potential benefits of ICT can also hinder the growth of e-commerce (Molla 2005, Jennex et al. 2004). In some developing countries, many people are only aware of limited e-commerce applications such as chat, email and browsing websites (Minges 2002). As a result, many organizations have not considered exploiting the potential of e-commerce to improve their business operations.

External Influence

The growth of e-commerce in a country is also influenced by other countries. For example, the reputation of credit card frauds in some countries caused blockages of several IP addresses by a number of commercial sites from different countries. This situation can cause those countries to be expelled from global business transactions and hence, limit the usefulness of e-commerce (Hidayat 2004).

IV. CONCLUSION

E-commerce may offer excellent opportunities for growth in developing nations like Indonesia. Further research into the Indonesian situation is needed to better understand the adoption issue. In the next step, a research model of EC adoption by organizations will also be developed. The various factors affecting the EC adoption identified in this study will contribute to the development of the research model. In some countries and regions, local banks do not process online credit card transactions or other forms of electronic payment systems. Since mobile money



targets the poor in developing countries and encompasses two very distinct industries (telecommunications and financial services), developing the necessary cross-sectoral partnerships - including bridging cultures and regulations - may therefore be difficult. Furthermore, in order to get the mobile money industry to be viable, agents and consumers have to be convinced at a large scale. Operators are faced with the trade-off between higher costs to recoup their investments or lower costs to reach scale and build a mass market.

REFERENCES

- [1] Abdolvand, N. and Kurnia, S. —The EPC Technology Implications on Cross-Docking, San Diego International Systems Conference, 2005, USA.
- [2] APJII – Asosiasi Penyelenggara Jasa Internet Indonesia, Statistik APJII, 2005.
- [3] Barnes, S. and Hunt, B. E-Commerce and V-Business, Butterworth Heinemann, 2001, England.
- [4] Castle Asia. SMEs and E-Commerce, prepared for the Asia Foundation, 2002.
- [5] Chowdhury, A. —Information Technology and Productivity Payoff in the Banking Industry: Evidence from the Emerging Markets, Journal of International Development, (15:6), 2003



Changing Retailing Scenario and its Impact on Consumers' Preferences for Local Unorganized Apparel and Footwear Retailers in Twin Cities of Hyderabad and Secunderabad

Dr. Vishal Kutchu

Associate Professor

A. A. K. College of Business Administration, Hyderabad
vishalkutchu@yahoo.com

Dr. Atmaram Palnitkar

Principal & Research Guide

Dayanand College of Commerce, Latur
palnitkarav@rediffmail.com

Abstract : Indian Government has traditionally protected and favored the unorganized retailers by providing them regulation free environment and by excluding them from taxation, these advantages enjoyed by them has resulted in growth of their market share. No wonder, India is referred to as a nation of shopkeepers. During the past decade, retailing industry in India saw significant developments from small unorganized outlets to large organized outlets. This change has been triggered due to opening up of the economy, increase in per capita incomes and growing consumerism. In 2006, the Government of India took the first step towards Foreign Direct Investment (FDI) in Retail by allowing 51% FDI in single brand retail and then in January 2012, the Government of India approved 100% FDI in single brand retail in order to give Indian consumers greater access to foreign brands. In view of the changing retailing scenario, this study carries out a consumer survey in the twin cities of Hyderabad and Secunderabad to know their retail store preference for their footwear and apparel needs and the reasons for their store choice. The study concludes that consumers choose foreign brand retailers for quality, preferred designs/variety and brand image while, traditional retailers are preferred because of lower price, greater availability of brands and preferred traditional designs/variety, which indicates that both the foreign and traditional retailers can coexist by serving certain distinct needs of the Indian consumers. Moreover, higher population density means there would be enough customers for both small unorganized retailers and large modern retailers whether foreign or domestic.

Keywords : FDI, single brand retail, foreign retailers, unorganized retailers, consumerism, socio-economic environment

I. INTRODUCTION

The retail industry in India is the largest private industry accounting for 10% of the GDP and the second largest employer after agriculture contributing to about 6 -7% of employment. India has the highest retail density in the world with over 5 million retail outlets with most of them being small unorganized retailers. Unlike other countries, Indian retail industry is highly fragmented and large chunk of the business is in the unorganized sector. These small traditional retailers are largely family owned and include formats such as Kirana stores, Medical shops, General stores, convenience stores, Footwear shops, Garments shops etc. These Mom and Pop stores are usually registered under the local State Government Shops and Establishment Act(s). The other category of traditional retailers include small shops run from a room of a house or in the vegetable markets, makeshift paan shops, pavement vendors, hawkers, who operate without a license and for them it is

a means of their livelihood. No wonder, India is referred to as a nation of shopkeepers (Mukherjee & Patel, 2005). Indian Government has traditionally protected and favored the unorganized retailers by providing them regulation free environment and by excluding them from taxation, these advantages enjoyed by them has resulted in growth of their market share. The unorganized retailers are able to offer their merchandise at lower prices to the price-sensitive and value-driven Indian consumers due to tax exemptions and low cost operating models. In addition, the unorganized retailers also enjoy the incumbency advantage of location as they have geographical proximity to the customers. In this way, the domestic unorganized retailers are able to compete with the larger organized retailers due to their geographical proximity and cultural proximity of their offerings (Mann & Byun, 2011).

During the past decade, retailing industry in India saw significant developments from small unorganized outlets to



large organized outlets. This change has been triggered due to opening up of the economy, increase in per capita incomes and growing consumerism which in turn encouraged large Indian business houses to set up organized retail formats. Foreign retailers also entered the market using various entry routes. In 2006, the Government of India took the first step towards Foreign Direct Investment (FDI) in Retail by allowing 51% FDI in single brand retail and then in January 2012, the Government of India approved 100% FDI in single brand retail in order to give Indian consumers greater access to foreign brands (Mukherjee et al, 2011). By allowing these companies to open their own retail outlets (foreign brand retail stores) with 100 per cent ownership, what could be the long-term implications of 100% FDI in single brand retail on the unorganized retailers in these sectors in particular is a pertinent question (Mahajan,2012).

A. Need for the Study

Since 2006 after the relaxation of FDI in single brand policy, there has been a huge influx of foreign brands mainly into Indian Apparel and Footwear markets thereby increasing competition in these two segments. There is a huge diversity in competition in Apparel and Footwear segments due to the existence of three different types of retailers in India viz., foreign brand retailers, domestic organized retailers and domestic unorganized retailers (Mann & Byun, 2011).

Increasing young working population, rising per capita incomes, increasing urbanization, increasing women workforce are the changing demographics and socio-economic trends leading to changes in customer tastes and preferences. As of 2013, the number of foreign brands operating in Apparel and Footwear alone was over 200 and the number of foreign brands entering these two segments keeps increasing year after year (Saxena & Dutta, 2013). In view of the changing retailing scenario, this study addresses the following pertinent question:

1. Is there a shift in consumers' retail store preferences due to entry of foreign brand apparel and footwear retailers and changing socio-economic environment or in other words are the consumers slowly moving towards the foreign brand retailers away from the local unorganized retailers in the changing retailing scenario?

B. Objectives of the Study

1. To analyze the current Apparel and Footwear retailing scenario in twin cities of Hyderabad and Secunderabad.

2. To find out whether there is a shift in consumer's retail store preferences after the entry of foreign brand retailers in the twin cities of Hyderabad and Secunderabad.

C. Review of Literature

Kumar et al (2015) studied the Indian consumer's willingness to shop from foreign brand stores. Their

survey comprised 1200 consumers covering major metros such as Delhi, Hyderabad, Chennai, Mumbai, Kolkata, and Bangalore. They found that the Indian consumers are very much aware of foreign brands and prone to shopping at foreign brand stores. The consumers ranked the factors such as quality, variety, value for money, high satisfaction as major factors in choosing foreign brand stores.

Bhardwaj et al (2010) investigated the consumer attitudes towards American products and the brand equity of U.S. global and local casual apparel brands in Indian market. The study involved 411 college students in Mumbai. The study found that Indian consumers have greater brand awareness for Levi's than for a local brand. The finding that Indian consumers lack faith in the quality of local brands and hence are more loyal towards global brands is consistent with similar findings by several other researchers. The study also observes that higher global brand awareness among Indian consumers can influence their selection or choice of brand during the purchase process and thereby can benefit global retailers. The study has some implications for Indian retailers. It stresses the need for local retailers to build and manage brand equity through sustained marketing and advertising efforts to spread local brand awareness as Indian consumers have a lower impression towards local brands. The challenge for local retailers is to offer quality products at lower prices.

Padmanabhan (2012) used a qualitative approach to understand the role of brands in decision making process of young urban Indians. The qualitative methods used included focus groups, spousal dyad interviews and observation of thirty four males and females aged between 22 -35 in Bangalore. The study segments the urban population into two segments – people who migrated to city and people who have always lived in the city. These consumers are either highly brand conscious or highly price conscious. The highly brand conscious consumers tend to buy foreign brands whereas the highly price conscious will buy only low priced domestic brands.

Mukherjee et al (2012) examined in their paper the impact of FDI in single brand policy on Indian consumers. They surveyed 300 Indian consumers belonging to high and middle income groups across eleven cities to understand (a) the purchase behaviour of Indian consumers across different product categories, brands and at different retail outlets The study found that major chunk of consumer expenditure is on Food and Grocery followed by Apparel. The preference for branded products and unbranded products differs across product categories. The study found that consumers prefer branded products in case of watches, consumer durables and dietary supplements but in case of Footwear, apparel, handbags and jewellery both branded as well as unbranded are purchased. It was found that even the high income consumers' preference for branded and unbranded products



differed across product categories. The study also found that Indian consumers have distinct preferences for both modern and traditional outlets. They choose modern outlets for quality, exclusive designs, variety and better customer service while, traditional outlets have the advantage of proximity, lower price and convenience, which indicates that both the modern and traditional retailers can coexist..

D. Research Methodology

This study carried out a consumer survey in the twin cities of Hyderabad and Secunderabad, and questionnaires were given to consumers who shopped at foreign brand footwear and apparel retailers as well as to the consumers who shopped at the local unorganized footwear and apparel retailers to know their retail store preference for their footwear and apparel needs and the reasons for their store choice on a 5-point likert scale. A total of 250 questionnaires were given and 207 questionnaires were completely filled and found useful.

E. Hypotheses

H1 : Consumers are not shifting away from local unorganized retailers after the entry of foreign brand retailers.

II. RETAILING SCENARIO IN THE TWIN CITIES OF HYDERABAD AND SECUNDERABAD

About 5.3 million people reside in an area of 172 sq km in the twin cities of Hyderabad and Secunderabad. It is expected that by 2030, the population of the twin cities will increase to a whopping 10.15 million. The twin cities with sprawling area of 923 sq km are managed by Greater Hyderabad Municipal Corporation (GHMC). The average density of the population in twin cities is around 776 per sq km. The limits of the twin cities start with Shamshabad in the south and ends at Gundla Pochampally in the north, and starts from Vanasthalipuram in the east and ends at Patancheru in the west (Guruswamy, 2015).

The prime retail zones in twin cities of Hyderabad and Secunderabad are listed below:

1. **Northwest Zone:** Kukatpally, KPHB Road
2. **West Zone:** Hitec City, Hitec City Road, Madhapur, Yousufguda, Saimegar Colony, Jubilee Hills, Banjara Hills
3. **Central Zone:** Secunderabad, Begumpet, Amtespet, Somajiguda, Panjagutta, Michalipatnam, Misab Trunk, St. John's Road, Bhojguda Road, Golconda X Roads, Narayanguda Road, Chilkidapally Road, Himayatsagar, Bashesraugh, Abids, Sultan Bazar Road
4. **East Zone:** Dr. A. S. Rao Nagar, Uppal, Madhapet, Dauskinagar, L.B Nagar

The West zone of Hyderabad tops in terms of retail space per 1000 population. Most of the modern retail space is concentrated in the West and North West zones of Hyderabad. Incidentally, the West and North West Zones

of Hyderabad also top in terms of most mall space, with locations like Hitec City and KPHB accounting for two-thirds of mall space in Hyderabad. There has been little mall development in Central zone, which has the oldest and most dense retail market spaces due to non-availability of space and the East zone is still in a nascent stage with respect to mall development. Foreign brand and National brand retail stores dominate the West and North West zones of Hyderabad especially in the IT corridor areas of Hitec City road, Banjara Hills and Jubilee Hills as most of the high income group reside in these areas. The regional brand stores dominate the East Zone of Hyderabad especially in areas like Dilsukhnagar and L B Nagar. The local brands dominate in Central Zone, where the largest share of population resides and is the oldest and densest retail market in the twin cities of Hyderabad and Secunderabad. In the twin cities of Hyderabad and Secunderabad, the National brand and Foreign Brand stores dominate the mall space whereas the local and regional brands retail stores dominate the shopping streets (Knight Frank Research Report, 2015). Foreign Brand Apparel and Footwear Retailers are already present in main shopping streets and in popular shopping malls in the twin cities of Hyderabad and Secunderabad.

III. DATA ANALYSIS AND INTERPRETATION

Table 1 lists the demographic profile of the sampled consumers.

Table 1: Demographic profile of the sampled consumers

Variable	No. of respondents	Percentage
Gender		
Male	131	63%
Female	76	37%
Age		
Up to 20 years	27	13%
21 – 30	52	25%
31 – 40	77	37%
41 – 50	35	17%
More than 50 years	16	8%
Marital Status		
Single	64	31%
Married	143	69%
Occupation		
Student	40	19%
Housewife	24	12%
Employee	58	28%
Business	64	31%
Professionals	21	10%
Education		
Less than Bachelor	31	15%
Bachelor degree	90	44%
Post Graduate	75	36%
More than Post Graduate	11	5%



A. Consumers’ choice of store

Out of 207 consumers surveyed, 128 of them i.e. 62% of the consumers reported that they shop for footwear and apparel both at unorganized retailers as well as foreign brand retailers indicating that majority of Indian consumers are heterogeneous when it comes to choice of store.



Figure 1: Store preferences of sampled consumers

B. Demographic profile of consumers shopping only at local unorganized apparel and footwear retailers

The sample comprises 57.5% of male customers and 42.5% of female customers. About 68% of the sample respondents belong to the age group of 21 – 40 years. The sample comprises of 60% of married consumers and the rest 40% are unmarried. The working class comprising of Employees and Businessmen (self-employed) comprise about 63% of the sample respondents and the rest 37% belong to non working occupation category of student and housewife. All the sample respondents who reported that they shop only at unorganized retail outlets have an educational level of Bachelors degree or less with a monthly household income of less than 15,000 rupees.

C. Demographic profile of consumers shopping only at foreign brand apparel and footwear retailers

The sample comprises about 59% of male customers and 41% of female customers. About 61.5% of the sample respondents belong to the age group of 21 – 40 years. The sample comprises of 54% of married consumers and the rest 46% are unmarried. Students and Employees comprise about 61.5% of the sample respondents and the rest 38.5% belong to occupation category of housewife, businessmen and professionals. About 49% of the sample respondents have a Bachelors degree and around 38% of them possess a Post graduate degree. All the sample respondents who reported that they shop only at foreign brand retail outlets have a monthly household income of greater than 50,000 rupees.

D. Demographic profile of consumers shopping both at unorganized retailers as well as foreign brand retailers

The sample comprises about 66% of male customers and 34% of female customers. About 31% of the sample respondents belong to the age group of 18 – 30 years and

about 62% of the sample respondents belong to age group of 31 – 50 years and the rest 7% comprises of consumers aged above 50 years. The sample comprises of 77% of married consumers and the rest 23% are unmarried. The working class of consumers comprising of Employees, Businessmen and Professionals comprise about 73% and the rest 27% of the sample respondents are non-working class comprising students and housewife. About 41% of the sample respondents have a Bachelors degree and around 47% of them possess a Post graduate degree. All the sample respondents who reported that they shop at both unorganized retail outlets as well as foreign brand retail outlets have a monthly household income of 15,000 – 50,000.

E. Reasons for shopping at unorganized apparel and footwear retailers

Table 2 shows the reasons stated by the consumers who shop at unorganized retailers. The consumers were given nine reasons and were asked to rate the reasons on a 5-point likert scale where 1 is strongly disagree and 5 is strongly agree. Weighted average mean scores are calculated where a score of more than 3 indicates a strong reason for shopping at unorganized retailers and a score of less than 3 indicates that it is not a strong reason to shop at the unorganized retailers. The reasons are then ranked in the order of highest to lowest to show the major reasons why consumers choose to shop at unorganized retailers.

Table 1: Reasons for shopping at unorganized retailers

Reason	Weighted Average Mean Score	Rank
Lower prices	4.16	1
Availability of various brands	4.02	2
Preferred design/variety	3.47	3
Convenient Location	3.23	4
Store Image	3.12	5
Ambience	2.97	6
Customer Service	2.95	7
Quality	2.88	8
Discounts/offers	2.41	9

Source: Primary Data

Lower prices and availability of various brands are the top two primary reasons cited by consumers for shopping at unorganized retailers followed by preferred designs/variety, convenient location and store image. The consumers who shop at the unorganized retailers do not seem to rate factors such as ambience, customer service as important factors for them.

F. Reasons for shopping at Foreign Brand apparel and footwear Retailers

Table 3 shows the reasons stated by the consumers who shop at foreign brand retailers. The consumers were given nine reasons and were asked to rate the reasons on a 5-point



likert scale where 1 is strongly disagree and 5 is strongly agree. Weighted average mean scores are calculated where a score of more than 3 indicates a strong reason for shopping at foreign brand retailers and a score of less than 3 indicates that it is not a strong reason to shop at the foreign brand retailers. The reasons are then ranked in the order of highest to lowest to show the major reasons why consumers choose to shop at foreign brand retailers.

Table 1: Reasons for shopping at foreign brand retailers

Reason	Weighted Average Mean Score	Rank
Quality	4.29	1
Preferred design/variety	3.80	2
Store Image	3.60	3
Convenient Location	3.57	4
Ambience	3.54	5
Customer service	3.38	6
Discounts/offers	2.72	7
Price	1.64	8

Source: Primary Data

Quality and preferred designs/variety are the two primary reasons cited by consumers for shopping at foreign brand retailers followed by store image, convenient location, ambience and customer service being the other important factors.

IV. FINDINGS

- 62% of the sampled consumers reported that they shop at both unorganized retailers as well as foreign brand retailers.
- The profile of consumers shopping both at unorganized retail as well as foreign retail brand outlets reveals that they have a monthly household income of 15,000 – 50,000 indicating that middle and upper middle class consumers exhibit heterogeneous behavior with respect to store preferences.
- The lower income class with a monthly household income of less than 15,000 shops only at the unorganized retailers.
- The higher income class consumers with a monthly household income greater than 50,000 shops only at the foreign brand retailers.
- The unorganized retailers cater to lower income and to middle and upper middle income class consumers. The foreign brand retailers mainly cater to the higher income class consumers who are highly brand conscious but also attract the middle and upper middle income class segment.
- Majority of Indian consumers are heterogeneous

when it comes to their preference of retail store format and majority of the consumers' comprising lower income class and upper and upper middle class consumers are price sensitive and still prefer to shop at unorganized retailers.

- The most important reasons for choosing unorganized retailers are lower prices, availability of various brands and preferred designs/variety.
- The most important reasons for choosing foreign brand retailers are quality, preferred designs/variety and store image.

V. CONCLUSIONS

Retailing in India provides self-employment to millions of individuals and families who self-operate their stores. No regulations have made the Indian retail sector a largely oversupplied sector and no real competition has also made this sector unproductive. As a result, more than 90% of the total market sales are generated by the unorganized retailers. Indian government has traditionally protected and favored the unorganized retailers and did not allow FDI in retail till 2006. But many foreign brands entered India using different routes. After liberalization of FDI in retail policy in 2006, India saw an influx of many foreign brands especially in Apparel and Footwear segment leading to high diversity of competition in these two segments. In 2012, the government announced 100% FDI in single brand retail and many foreign retailers are expected to open shop in the near future. The present study primarily focuses on whether there is a shift consumers' store preference from local unorganized retailers in favor of foreign brand retailers. According to our study, majority of Indian consumers are price sensitive and display heterogeneity in tastes, product choices and shopping behavior. Therefore, the assumption that Indian consumers will prefer only the foreign retailers is unfounded and the hypothesis is accepted. The consumers choose foreign brand retailers for quality, preferred designs/variety and brand image while, traditional retailers are preferred because of lower price, greater availability of brands and preferred traditional designs/variety, which indicates that both the foreign and traditional retailers can coexist by serving certain distinct needs of the Indian consumers. Moreover, higher population density means there would be enough customers for both small unorganized retailers and large modern retailers whether foreign or domestic.



REFERENCES

- [1] Bhardwaj, Vertica, Kumar Archana and Kim, Youn-Kyung (2010), Brand Analyses of U.S. Global and Local Brands in India: The Case of Levi's, *Journal of Global Marketing*, Vol.23, No.1, pp 80-94.
- [2] Guruswamy, Mohan(2015), “How to unbox the twin cities”, retrieved from <http://www.deccanchronicle.com/150611/commentary-op-ed/article/how-unbox-twin-cities>
- [3] Knight Frank Research Report (2015), Think India Think Retail 2015 – A Definitive view on India's Retail Market, retrieved from <http://content.knightfrank.com/research/317/documents/en/india-retail-report-2646.pdf>
- [4] Kumar Naga Sai Tirthala, Reddy M Ravinder and Kondapalli, Mahathi (2015), Foreign Store Brands and Impact on Indian Retail Consumers, *Singaporean Journal of Business Economics and Management Studies*, Vol.3, No.6, pp 45-64.
- [5] Mahajan, Ashwani (2012), FDI in Retail: Single Brand is no less harmful, retrieved from <http://www.deccanherald.com/content/226649/fdi-retail-single-brand-no.html>
- [6] Mann K Manveer & Byun, Sang-Eun (2011), Assessment of Five Competitive Forces of the Indian Apparel Retail Industry: Entry and Expansion Strategies for Foreign Retailers, *Journal of Textile and Apparel Technology and Management*, Vol.7, Issue 2, Fall 2011, pp 1 – 14.
- [7] Mukherjee, Arpita & Patel, Nitisha (2005), FDI in Retail Sector – India, Academic Foundation, New Delhi.
- [8] Mukherjee et al (2011), Impact of retail FDI policy on Indian Consumers and the way forward, ICRIER report, retrieved from http://icrier.org/pdf/Policy_Series_No_5.pdf
- [9] Padmanabhan, Parvathi (2012) , Foreign Apparel Brands and the Young Indian Consumer: An Exploration of role of brands in the decision-making process, PhD Thesis, University of North Carolina, Greensboro, Retrieved from http://libres.uncg.edu/ir/uncg/f/Padmanabhan_uncg_0154D_11005.pdf
- [10] Saxena, Gautam Tarang & Dutta, Devangshu (2013), “Entry Strategy of Global Brands – Impact of FDI”, Retrieved from <http://thirdeyesight.in/blog/2013/01/21/entry-startegy-of-global-brands-impact-of-fdi/>



Impact of Marketing Strategies on Indian Rural Market

Dr. Mohammed Siham

Sai Nath University, Ranchi, Jharkhand
sihamali@gmail.com

Abstract : *The rural markets are estimated to be growing fastly compared to the urban markets. The potentiality of rural markets is said to be like a ‘woken up sleeping giant’. These facts are substantiated in a study of market growth conducted by various researches. In recent years, rural markets have acquired significance in country like India. On account of the green revolution in India, the rural areas are consuming a large quantity of industrial and urban manufactured products. The Indian rural market is very vast in size and in demand base. It offers great opportunities to marketers. About 742 million of countries consumers live in rural areas and almost half of the national income are generated here. Rural markets form an important part of the total market of India. In India approximately there are 6, 30,000 villages, which can be listed in different parameters such as literacy levels, income levels, penetration, distances etc. The rural market is not homogeneous. There are differences in Geographical, demographical, statistical and logistical levels. The specific sections of rural market are not too big, although the overall size is large. The rural consumer is growing and this is an opportunity to capture the market share for all the players in the market. Positioning and realities regarding the potential of each of these market segments differ and lie at the very core of forming the strategy for the rural markets.*

Keywords : *Rural Marketing, rural strategies, marketing mix, segmenting*

I. INTRODUCTION

A. WHAT IS RURAL?

According to the census of India village with clear surveyed boundaries not having a municipality, corporation or board, with density of population not more than 400sq.km and with at least 75 per cent of the male working population engaged in agriculture and allied activities would qualify as rural. According to this definition, there are 6.38,000 villages in the country. Of these, only 0.5 cent has a population above 10,000 and 2 per cent have population between 5,000 and 10,000. Around 50 per cent has a population less than 200.

B. WHAT IS RURAL MARKETING?

Rural marketing is a function that manages all activities involved in assessing, stimulating and converting the purchasing power of rural consumers into an effective demand for specific products and services to the people in rural areas to create satisfaction and a better standard of living. In other words, Rural marketing is a process of developing, pricing, promoting, distributing rural specific goods and services leading to exchanges between urban and rural markets, which satisfies consumer demand and also achieves organizational objectives.

Thus, rural marketing is a two-way marketing process that includes the flow of goods and services from rural to urban areas and the flow of goods and services from urban

to rural areas, as well as the flow of goods and services within rural areas.

C. UNDERSTANDING RURAL CONSUMERS

A complex set of factors influence rural consumers behaviour. Social norms, traditions, caste and social customs have greater influence in consumer behaviour in rural areas than in urban areas. The seasonality of agricultural production influences the seasonality of rural consumers demand. Given the fact that the landless laborers and daily wage earners receive their income in installments, their purchasing is restricted to small quantities of products at a time, mostly on a daily basis or once in two or three days.

Purchase decision process and presences also show certain characteristics that are quite significant implications. Exhibitions and road shows act as some of the key triggers for information search behaviour. Opinion leaders and people who are perceived to be knowledgeable play an important role as information providers and advisors.

Word of mouth has more significance in the purchase decisions of rural consumers. As the perceived risk of buying tends to be higher, rural consumers exhibit a greater involvement in the purchasing process. Leading to a more detailed information search behaviour. Family members, relatives and friends are consulted before making purchase decisions by rural consumers. Since the reach of electronic



media and other mass advertising is low in rural areas, dependence on information, advice and suggestions from other people are higher.

D. SEGMENTING RURAL MARKETS

Segmenting is the process of dividing a heterogeneous market into several sub-markets, each of which tends to be homogenous in a significant ways. Following are some predominant factors which necessitate the segmentation of rural markets.

- Heterogeneity in rural markets.
- Socio-cultural differences across regions
- Variation in population size and population density of village
- Differences in levels of infrastructural development
- Media exposure levels
- Variation in literacy levels
- Differences in income levels and patterns of income flow
- Family structure

Rural markets can be segmented using multiple dimensions such as geographic, demographic, psychographic and behavioural basis. One useful segmentation scheme for rural market is the socio-economic classification using the occupation of the chief wage-earner and the type house that they live.

Common basis for segmentation

<p>Geographic</p> <ul style="list-style-type: none"> ➤ Region: east, west, north, south ➤ Density: low, moderate, high ➤ Climate: summer, rainy, winter 	<p>Demographic</p> <ul style="list-style-type: none"> ➤ Age and life cycle ➤ Family structure ➤ Gender ➤ Education ➤ Occupation ➤ Religion ➤ Caste
<p>Psychographic</p> <ul style="list-style-type: none"> ➤ Social class ➤ Lifestyle ➤ Personality 	<p>Behavioural</p> <ul style="list-style-type: none"> ➤ User status ➤ Loyalty status ➤ Rate of purchase ➤ Benefits sought ➤ Usage rate

E. CHALLENGES OF RURAL MARKETING:

A marketer trying to market his product or service in the rural areas is faced by many challenges; the first is posed by the geographic spread and low population density

in the villages in the country. The second challenge is from the low purchasing power and limited disposable incomes in these parts of the country. The third challenge is from 4A's of rural market i.e., Availability, Affordability, Awareness and Acceptability.

- Availability is about making the product reach the consumers and it is the biggest challenge to be face while formulating the strategies for rural markets. It has been acknowledged by many that distribution systems are the most critical component and a barrier which needs to be overcome for success in marketing in rural areas.
- Affordability is to ensure affordability of the products and services. With low disposable incomes, products need to be affordable to rural consumers, most of whom are daily wage-earners.
- Acceptability would include issues needed to be addressed to improve the willingness to consume, distribute or sell a product. It would also include how the product or service could be made more acceptable to the rural consumers.
- Awareness is the issues of promotion in rural areas. The promotional activities needs to be adapted to the village environment; the language and means of communication used should be in the local language.

F. MARKETING MIX FOR RURAL MARKETS

In order to utilize the immense potential in rural markets companies need to develop specific marketing mix and action plans, taking into consideration the complex set of factors that influence consumer behaviour. Innovative companies which adopted an integrated approach have succeeded in utilizing marketing opportunities that rural areas offer.

II. DIFFERENT RURAL MARKETING STRATEGIES IN INDIA

A. Competitive strategy

Supplier: The company not only has to make high quality products but also has to sell them cheap. This can be achieved only if the company has good supplier who can provide good quality material or ingredients at very low price otherwise the company has to go for backward integration to achieve the economies which determine success in the rural market.

Substitute products: Due to high level of illiteracy, low awareness and dependence on retailers in rural area, counterfeiting is prevalent and substitutes flourish. Very different substitutes of products and brands exist in the rural areas. Like Nimbu Pani is a competitor to Coke and Pepsi in the rural. Freely available ash is competitor for Vim (vessel cleaning products).



B. Product Strategy

Marketers have never felt a strong need to exclusively design product or even to modify the design of a product for the rural market. Needs of rural consumer is different from urban. Marketers have to design or modify their product according to variables of rural market. For example:

- Escort was the first organization to position its motor cycle “Rajdoot” as one that could cope with the rugged terrain of rural India “Jandaar Sawari Shandar Sawari” which was successful in the market.
- Bajaj M80 released by Bajaj automobiles, was advertised showing its features and usage particularly in rural areas, so this product was successful only in the rural market.

C. Understanding of valued product

Value consciousness is big driver for the rural market, consumers are extremely aware of equation of price, quality and image. For example:

- Britannia came with the concept of “Eat healthy think better, Swast khao tan man jagao ” it stood for healthy food for health conscious Indian consumer.
- Samsung Communication Corporation sells low price colour TV to attract rural market.
- Videocon launched “Washer” washing machine without dryer at Rs.3000 specifically in rural market and it had 100% growth in 3 years

D. Packaging

The size of the pack helps the rural consumer to pick the product at the price they can afford. The affordability, storability, display ability, availability along with the usage are the reasons for rural consumers to look for small packs. For example:

- Sachet revolution
- Home delivery packaging
- Color strategy(Green)
- Small package(50gm soaps along with 100gms)

E. Emotional identity

Emotional identity is a concept that differentiates a corporate in a market. The marketers are trying to connect to inner core of rural mind by emotional attachments like “Desh ki Dhadkan” by Hero Honda, “Definitely male” by Bajaj Pulsar, “Desh ki namak khaaya huh” by Tata Salt.

F. Logos and Symbol

The rural markets respond in different ways to different

symbols than the urban consumer. For example:

- a) The sun symbolizes life (Birla Groups)
- b) 555 soap
- c) Tortoise mosquito coils
- d) Sun flower symbol for Wipro products
- e) Connecting People and Connecting India by Nokia.

G. Pricing Strategy

Companies should not only price their products competitively, but also offer their rural prospects the maximum value for money spent. Companies must follow the strategy of penetration rising with the backup of good quality products to be successful in the rural market. For example:

- a) Rs.5 price point by some marketers like Coke’s success in promoting the Paanch strategy.
- b) Broke Bond pack was available earlier in 5paise later 10paise,25paise and with inflation it became Re.1, now it is the time of Rs.5 pack.
- c) HLL introduced Rs.5 Ponds Talc, cold cream, Rin, Fair n Lovely and Lux.

H. Communication Strategy:

By proper communication in regional languages. Association themselves with Indian celebrities like Ex:

- Manipuram gold designed advertisement by the brand ambassadors like Cine Stars Puneeth Rajakumar in Karnataka, Akshay Kumar in North India.
- Thumps Up designed ad. With Akshay Kumar in North India and Cheeranjivi in South India.
- A rural campaign for the radio advertisement for rural Tamil Nadu, they developed punch line “Enga veetu super star”(The super star of my home) based on Tamil superstar Rajnikanth. Same campaign developed for Andhra Pradesh punch line ws “Maa inty Mega star”(The mega star of my home) based on Cheeranjivi.
- Outdoor Media options: like wall paintings, video vans are also attractive method of communicating in rural areas.

III. HOW GOOD ARE THESE STRATEGIES IN RURAL MARKETING

In the view of challenges and opportunities offered by the rural markets it can be said that the strategies adopted so far by the marketers (except few such as HLL, Marico, Colgate-Palmolive etc.) were not satisfactory. Marketers need to understand the social dynamics and attitude variations within the rural markets. rural markets needs to



be tempered because of the complexity of these markets and the scale of investment required to achieve good penetration. The future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage. A radical change in attitudes of marketers towards the vibrant and burgeoning rural markets is necessary. The companies have to ascertain rural consumers' needs and desires in order to exploit vast potentials of rural markets with suitable marketing strategies. However, the rural markets are broadly scattered and heterogeneous; there are insufficient rural transportation, inefficient communication and inadequate warehousing facilities which have been hindering the growth of companies in the rural markets. Companies have to formulate the strategies to cater to the rural markets by taking in to account the following suggestions.

- While marketing to the rural consumer, it is important that the positioning of the goods have to connect with the rural consumers' social status appreciation. It give them psychological satisfaction and motivate them to continue with the same brand.
- Marketing through multi-level marketing channels, kitty parties, social gathering and etc., where people within the same rural community can be encouraged as the influence to make a purchase through the opinions of friend and peer group is more in rural consumers.
- Efforts should be made to increase the distribution network (retail outlets) and make available the products to the rural market.
- In addition, efforts should be made to sue the distribution channels more effectively to reach in the deeper pockets of the rural market. Thus availability of the products is very important as rural consumers are not loyal to one brand.
- Promotional strategies should be according to the age group factor of buying decision in rural market. As the factor of influence are different in different age groups.
- While planning for rural market company should plan considering the factor of buying decision like, lifestyle, buying capacity and buyers preferences etc. as they try different products as suggested by the peers, neighbour and others.

IV. CONCLUSION:

Rural consumers are fundamentally different from their urban counterparts. The lower levels of literacy and limited exposure to product and services and there are also differences in occupation options, with a direct impact on

income levels and income flows, and a high level of inter-dependency affecting the dynamics of rural community behavior. Thus, it requires a well-crafted plan to meet these challenges in rural markets. So we can conclude that Rural markets has its own set of challenges, problems and opportunities. Hence the companies need to unlearn and then relearn the marketing strategies and tactics that would enable harnessing the immense rural potential. The approach, strategies and marketing mix need to be formulated and examined from rural consumer's prospective to be successful in the rural market.

REFERENCE.S

- [1] Githa S Heggde “Applied Marketing” Excel Books, New Delhi
- [2] Rural Consumer Behaviour And Consumption Pattern Of FMCG By C.Palanichamy
- [3] U C Mathur “ Rural Marketing” Excel Books, New Delhi
- [4] Rural Marketing- Understanding The Consumer Behaviour And Decision Process By Mandar Naresh Dhumal, Avishkar Tayade, Ankitha Khandkar.
- [5] Marketing To Rural India: A Changing Paradigm Deepti Srivastava
- [6] Rural Telecom In India: Marketing Issues And Experiences From Other Countries By Rajesh K Aithal And Arunabha Mukhopadhyaya
- [7] The 4A's Rural Marketing Mix By Dr. Pallavi
- [8] An Empirical Study On Sales Promotion Of Dabur India Limited In Indian Rural Market By Garima Malik.
- [9] Rural marketing concepts & practices by Balamram Dogra & karminder Ghuman.
- [10] Strategies for Rural marketing by an organization by Rajashree Rakshith, M L Narasimham.



Customer’s Attitude Towards Fast-Food (Western Food) in Rural Areas With Special Reference to Uttar Kannada District, Karnataka

Mr. Aheed Mohtisham

Assistant Professor

aheed99@gmail.com

Anjuman Institute of Technology and Management, Bhatkal, Karnataka

Mr. Mohammed Abrar

Assistant Professor

aheed99@gmail.com

Abstract : *As we all know that the western culture in very fast pace is adopted by most of our Indian population and is regarded as a sign of pride and development, which in most of the sector is true and important but not in all sectors, the change is inevitable and in some cases it is very important also like in infrastructure and technologies etc.. but in some cases it is very fatal also and has very bad long term impact on human body, culture and health, the irony is that even the countries which are following the same culture are also finding it difficult to come out of it and various research centers across the world are doing research on it, one of the such pattern/sector is “fast food” which is griping very fast over the traditional eating pattern of India, the impact is more in the cities and in urban areas but in rural areas it is less because of its size and less development, on the other hand some very big fast food chains like McDonald, KFC, Five star chicken are losing the market in cities because of more competition and various awareness programs about its side effect on health, and hence these companies are now moving as a part of expansions or for finding new customers are opening their outlets in Semi urban and rural areas, an effort is been made through this study to find out the Customer’s attitude towards fast – food (western food) in rural areas which are believed to be traditionally bounded with its culture and values.*

Keywords : *Customer Attitude, traditional, Adverse Impact.*

I. INTRODUCTION

Fast-food made people life easier they don’t need to prepare food the so people’s choice change to fast-food and become basic needs. It has been expected that till 2018 it will exceed 210 billion the reason for the huge demand for the fast-food is because of fast services , home delivery and variety of food which attracts the customer towards fast-food and more than 232 thousands Established in US and employed more than 3 million people

The US fast-food industry have lots many number of both local and organized global brand in among them there are some most well-known brands all over the world like Mc Donald’s which gives quality service and taste to their loyal customers, Starbucks, KFC, Pizza Hut, Subway are the competitors of each other’s and popular in fast-food industry and making high profit and when we talk about employment 4.1 million worker are working in the food industry

Recently many leading global players of fast food industries are trying to establish their business in the rural areas where before did not experience western food trend which were accustom to the Indian type of food with little

modern touch to it.

A effort is been made to find out with mainly regular outside eaters and youth about the awareness of adverse impact of fast food on their health and physique, the study while also help us understand driving force behind the success or failure of organized fast food chain in rural areas.

All the respondents were carefully selected and various others fast foods were also covered while doing the data collection, different data representation methods were used as applicable.

Objectives of the study

1. The research study is conducted with the following objectives,
2. To know the frequency of customers visit to the fast-food restaurants in rural areas
3. To know the major factor influence consumers and driving consumers to visit a fast-food restaurants
4. To know the customer knowledge about the negative impact of fast food on health
5. To know the reason for the huge demand necessarily



for fast-food industry in recent

6. To hygiene and aesthetic environment prevailing fast-food industry in rural areas
7. The study will give an idea to the other restaurants in the market in order to know the customers change in taste and preference
8. The study will help us to know the Influence of western culture in the semi urban and rural areas

II. METHODOLOGY

A. Selection of the area

Uttar Kannada district was as the area for data collection major taluks with more of fast foods restaurants were given more importance while selecting the area.

B. Data collection

the data collection was using the simple random technique since the research is of descriptive type focus was more given on quantative type of data collection and maximum number of data was collected from various Taluks of Uttar Kannada district. Secondary data was collected from publications of government and non-government sources. Likert scale and Rating scale were used in the questionnaire in order to make it simple in understanding while collecting the data

C. Data analysis/design

The primary and secondary data collected from the relevant sources have been compiled and tabulated in well structured statistical tables. The data in the statistical tables have been interpreted accordingly and appropriate inferences have been derived to arrive at useful conclusions. Simple statistical tools like averages, percentages and ratios have been used for arriving at conclusions useful for the study. Growth trends and other statistical tools have been used wherever necessary and useful for the study. Graphical representations have been provided with regard to some parameters to highlight their significance. Tools like simple pie diagram, and bar graph, were mainly used while interpreting the data for better understanding.

III. LITERATURE REVIEW

Consumer attitudes are a composite of a consumer’s, beliefs about, feelings about and behavioral intentions toward some object--within the context of marketing, usually a brand or retail store. These components are viewed together since they are highly interdependent and together represent forces that influence how the consumer will react to the object.

“Customer perception towards fast-food chain in India” is the study topic which is done by GAURAV BHATTACHARYA in the year 2014 and the main objective of the study was to know the factors which influence the

customer to choose the fast food and some are

1. To determine which factors influence the choice of consumers for fast food
2. To determine the consumer perception about the nutritional value of the products of these giants.

With the help of those objective the researcher have found this output and give a detail finding about the customer perception Are

1. This study has been concluded the customers are mainly age group of students
2. The consumer go with fast-food because of fast services and home delivery
3. Variety of food in menu is an another source to attract the attention of the customers
4. The hygiene is also an important factor mentioned by many consumers
5. Nutritional fact are not important to customers in fast-food industry

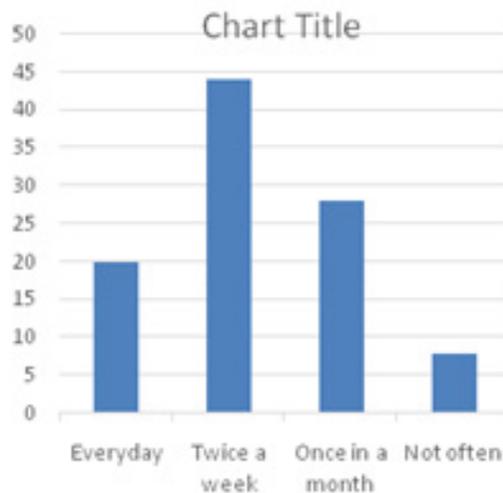
The researchers have given some suggestions and recommendations which he found in the study are. :

1. To provide more over attractive offers and discounts to consumers
2. They should get better service and services delivery
3. They should give a better environment for the customer

IV. DATA ANALYSIS

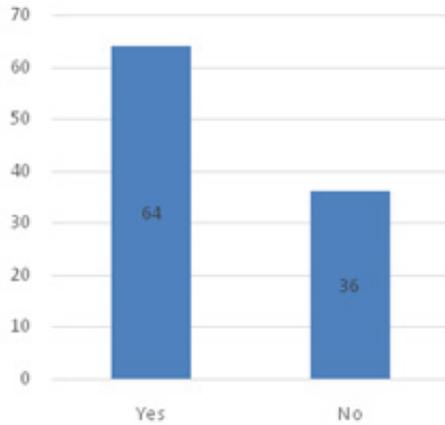
Sample question asked to respondents:

How often do you eat fast-food ?





Do you think fast-food is unhealthy?



Note: Y axis represent % of respondents in the above mentioned bar diagrams.

V. FINDINGS

The study survey on customer attitude toward fast food in rural areas the following are the finding enumerated below, Total number of respondents were more than 200

- The survey shows that the favorite fast-food place of the people in Uttar Kannada is splash that is 52% comparing to other outlets in Uttar Kannada
- Twice a week people eat at the fast-food
- Advertisement is the prime factors which influence the people towards the fast-food out of 100% 40% thinks advertisement is the prime factor
- Taste is the foremost factor which influence the people to visit the fast-food outlets
- Lack in cooking increase the demand for the fast-food
- Around 56% agree with quick service provided by fast food restaurants
- The major chunk of respondent is aware of the diseases when people go for fast food and meager amount of respondent are not aware of it.
- Majority of think that fast-food has become part of the life
- Many respondents are aware about the diseases and health damage but they are not exactly aware about the effect of it

VI. CONCLUSIONS & RECOMMENDATIONS

To conclude the study, it has been observed by me that

customer around Uttar Kannada place are weekly to prefer the fast-food comparison with the home made food.

The most of the customer are aware of the bad effect of fast food on health but then also like to enjoy it.

The study gives us one clear picture that due to aggressive marketing and various other strategies opted by fast food sectors the rural area culture is also changing moving towards western one.

The study also gives us clear message the need to create awareness among the youth about the negative impact of fast food on health.

REFERENCES

Websites:

- [1] https://www.slideshare.net/mobile/Neha24g/consumer-behaviour-towards-consumptionof-fast-food?qid=f3ebf730-a836-44ed-bc1d-5efdea8d9da5&v=&b=&from_search=3
- [2] <http://www.businessdictionary.com/definition/customer.html>
- [3] http://googleweblight.com/?lite_url=http://www.statista.com/topics/863/fastfood/&ei=hms7_O2R&lc=enIN&geid=10&s=1&m=43&ts=1455553572&sig=ALL1Aj6U2VIM4BQ3sKhbSTEif3MDLH4GSA
- [4] https://en.m.wikipedia.org/wiki/Fast_food#/search
- [5] <http://www.slideshare.net/gbhattacharya909/dissertation-ppt-36789881?qid=7129bfa7-21f2-48a2-95c9-d818ca4eec8e&v=&b=&fromsearch=1>
- [6] http://www.consumerpsychologist.com/cb_Attitudes.html
- [7] www.google.com



Marketing DOs & DON'Ts : Challenges and Opportunities

Dr. M. A. Lahori

Director

Anekant Institute of Management Studies (AIMS), Baramati Dist. Pune
drmalahori@yahoo.com

Abstract : *Earlier we had gray market environment because of production and selling concept, and later on the barter practices have been converted into 'price mechanism' and the real value of the products and services have been priced. The 'opportunity cost' begin ruling the market since it was scarce market till 1991, later on the global and free market came into existence. The main strategy of the global marketing have been on the price of the products rather than quality of the products, due to the competitive price (comparatively less than available products), customer use to buy the products. Further study depicts that, none of the marketer is taking holistic marketing approach to position their product neither in the market nor in the segment since the marketing dos and don'ts have change. The major 'Dos' of market is to satisfy the customer with basic component of the products for instance detergent should wash the clothes (not necessarily clean the clothes) and 'Don'ts' in this case is, the detergent should not fade the colour of dress, should not harm to the skin etc. But marketers are not bothers on 'don'ts' part of marketing but sells their products since there is no perfect market competition and rather market is still not matured.*

The gray and not matured market always carried out by the 'less price tag' the best ever example is the little drop strategy of 'shampoo sachet' marketed by the pops and moms shops in all the street corners, more particularly in the rural India and the major consumers are the IV tier or bottom of pyramid. In such marketing happenings only 'Dos' is taken care of, and no one is bothered about hazardous part of product viz 'Don'ts'. In the study it is predominantly indicated that price of the product is less because of only basic component of the products and that is how the cheaper marketing is taking place in the business without any product augment and levels of the products. The mass advertisements carried out by the marketers are focussing on the price and single attribute of the products. This type of marketing practices will make the market place unhealthy and price war among the marketers.

Keywords : *Price mechanism, real value, basic component, gray and un-matured, product augment, less price tag.*

I. INTRODUCTION

This The very operative, understandable and shortest definition of Marketing is 'Meeting Needs Profitably' and thereby the following are the basic and simple question arose out of the above definition,

- a. Who's Needs? - The needs of the people, or the customers or consumers,
- b. Who is trying to meet? - The Producer, Marketer or the Company,
- c. What are the Objectives? - With profit to the company, satisfaction to the customers and wellness of the marketing functionary.

The American Marketing Association (AMA) has defined; Marketing is an organisational function and a set of processes for creating, communicating & delivering value

to customers and for managing customer relationships in ways that benefit the organisation & its stake holders. The definition of marketing in the words of Philip Kotler's; Marketing Management is the art & science of choosing target markets and getting, keeping and growing customers thro' creating, communicating & delivering superior customer value. The Social Definition of marketing is; Marketing is a social process by which individuals & groups obtain what they need, and want thro' creating, offering & freely exchanging products & services of value with others. The Managerial Definition of Marketing; It's simply 'The art of selling products'.

The very popular definition of marketing in view of Peter Drucker, who is father of management; The aim of marketing is to make 'selling' superfluous. It's to know & understand the customer so well that the product or service fits him and sells itself. Ideally, marketing should result in



a customer who is ready to buy. All that should be needed then is to make the product or service available.

Though the market is gray and un-matured, the marketing tycoons have **classified the products** into following 10 types of entities;

- a) Goods – Physical products, consumer products, consumer durables, etc.
- b) Services – Transport, repair & maintenance, legal, financial, consultancy, hotel, specialised skills, professionals, etc.
- c) Events – Trade shows, sports, world cups, vintage car rally, fashion shows, artistic performance, annual functions, event management, road shows etc.
- d) Experiences – Theatres, opera, Disney-world, trekking, mountaineering, ocean cruise, cinema, music concerts, etc.
- e) Persons – Celebrity marketing, film stars, politicians, artists, performers, advertisers, and now also CEOs of companies.
- f) Places – Cities, states, countries for tourism, leisure & place for industrialisation, real estate agents & business, etc.
- g) Properties – Ownership of tangible properties like real estate, house, apartment, farm house, precious metals and intangible properties like financial portfolio of various securities, stocks, bonds.
- h) Organisations – Building up identity, image, reputation, and brand value in the minds of consumers.
- i) Information – It can be produced, packaged & marketed as a product – text books, encyclopaedias, magazines & journals on literature, science, technology, medicine info, available thru internet.
- j) Ideas – The concept regarding a utility, business opportunity, advertising / marketing ideas, scientific & technical, social, financial, psychological etc.

Based on the above classification the **new trends in marketing practices** are sometimes interlinking societal forces that have created new behaviors’, new opportunities & new challenges, such as;

Table No.1

Showing New Opportunities and Challenges

Changing Technologies	Customer Empowerment
Customisation	Deregulation
Disintegration	Globalisation
Heightened Competition	Industry Convergence
Market Fragmentation	Privatisation
Retail Transformation	Online shopping
Technological Advances	The Internet Revolution

Source: Study material

Whatever the trend in marketing practices the price will be a main tool and a tool to take purchase decision most of the time. When the price would be the main criteria then most of the ‘Don’t’ will not followed, then only the basics of the products will be delivered to the consumers. The hard core objectives of the study are;

II. OBJECTIVES

- a) To study the role of Price in mass marketing.
- b) To analyze the Price Strategy in niche market.
- c) To examine the ‘Dos and Don’ts’ in the matured and un-matured market.
- d) To evaluate the impact of ‘Dos and Don’ts’ in strong segmented products.
- e) To measure the Brand in parameters of ‘Dos and Don’ts’.

III. SIGNIFICANCE OF THE STUDY

Basically the marketing is very complex and it is a basket of lot of jargons, hence identifying the right customer is the task before the marketers rather it is the main crux of the study. The definition of marketing by Peter Drucker has stronghold;

‘The aim of marketing is to make ‘selling’ superfluous. It’s to know & understand the customer so well that the product or service fits him and sells itself. Ideally, marketing should result in a customer who is ready to buy. All that should be needed then is to make the product or service available’.

Hence understanding and knowing customer, and making the products and services available for which customer ready to buy and the products sells itself, is wholesome of marketing. Based on this the marketers need to frame out its Dos and Don’ts policy to sell the products and services. Hence this study is carried out to understand the marketing mantra pertain to ‘mobile phone set / hand set’ in general



sense.

IV. MODUS OPERNDI OF THE STUDY

The paper and study is very much empirical in nature and the hand-on-approach as well as market insight has been pragmatically used. This paper is market oriented, thus both primary and secondary information are being used based on requirement so that justification can be given to the study subject and a comprehensive, fruitful and applied finding can be arrived.

To study the dos and don'ts of marketing of mobile phone set, the author has uses 5 pseudonym (name change) dealers of mobile sets in Baramati Dist Pune Maharashtra State. The convenient sample method is used and the number of sample size is 50 only since the time and study area was a major constraint. During study simple arithmetical tools are used like average, percentage and some diagram and table are used as when are required. The overview of sample and study approach is delineated herein,

Table No. 2

5 Pseudonym Dealers Classification of Respondents

Dealers	Respondents	Male	Female
M	10	4	6
N	10	8	2
O	10	7	3
P	10	9	1
Q	10	6	4
TOTAL	50	34	16

Source: Primary survey

It is crystal clear that, in convenient sample size of 50 respondents, there are 34 male respondents and only 16 are the female respondents visited in the dealers place during study period (20 days). Let us study their age wise classification.

Table No.3

Respondents Age wise Classification

Respondents Age	No. Of Respondents	Ranking
Above 18 years	08	III
22 to 25	18	I
26 to 35	14	II
36 to 45	07	IV
46 to 55	03	V
TOTAL	50	

Source: Primary survey

The above table depicts that, the respondents visited to the sales counter of dealers are more in age group of 22 to 25 years viz 18 respondents out of 50 I rank and likewise in age group of 26 to 35 stand in II rank with the respondents No. of 14. The other respondent 08 are in III rank with age group of above 18 years, followed by 07 and 03 respondents in IV and V rank, which are insignificant in the study. Let us study the qualification of the respondents

Table No.4

Education Level of the Respondents

Respondents Education	No. Of Respondents	Ranking
Upto 12	17	II
12 to graduation	19	I
Post graduation	11	III
Other professional	03	IV
TOTAL	50	V

Source: Primary survey

Table No. 4 shows that, 38% of respondents (19) are having the education level in between 12 std to graduation and rank top. Respondents upto 12 std education level ranks II with 34% of respondents(17), and education level of post graduation has 11 respondents which works out to 22% and only 3 respondents (6%) in the category of professional educational level has IV rank and insignificant to the study.

V. DATA INTERPRETATION

The study of dos and don'ts of marketing with relation to the mobile set in Baramati area for the 50 respondents are analyzed herein.

Table No.5

Respondents Perception on Mobile set

Variables	Good	Better	Best	TOTAL
Brand	17	12	21	50
Price	11	9	30	50
Size	15	12	23	50
Battery	3	20	27	50
Look	11	8	31	50

Source: Primary survey



The reading of table No. 5 is as follows; good means base level that is OK pattern, better denotes need more than base level on price parameters need to be competitive and Best has the reference of superlative in all variables but on price it means very much economical and affordable. In the above table respondents' perception is much more on best. It shows that, 21 respondents (42%) want best brand, 30 respondents it means 60% need economical and affordable price, 23 respondent (46%) need standard size of the mobile set, 27 respondents viz 54% want the battery of mobile best, longer in use, and finally 31 respondents which works out to 62% need the mobile set should look beautiful, handy and trendy in nature.

The overall respondents' perception is towards two variables viz look and price of the mobile set is more significant in study and for other variable respondents don't bother. Let us see the dos and don'ts in the features of mobile set.

Table No.6

Respondents Iteration about the Features of the Mobiles:

Requirement in Mobile set	No. of Respondents	Ranking	Percentage
Basic Model	17	II	34%
Moderate	21	I	42%
Advanced	09	III	18%
High Configuration	03	IV	6%
TOTAL	50		

Source: Primary survey

In the above table majority of the respondents 17+21=38 need the mobile set with basic function and with moderate features, about 76% of respondents don't bother about the more number of features and high configuration. Hence respondents are more complacent with basic and moderate mobile sets viz are basically dos of the market

Table No.7

Dealers Dos and Don'ts

Variables	No. of Dealers
Price	3
Quality	1
Features	1
TOTAL	5

Source: Primary survey

In this table out of 5 dealers, 3 dealers viz 60% are said customers are more conscious about price and not bother for the quality and features of the products. This is really (other 2 variable) a don'ts practice in the market and price will dominate on the price decision; hence it is dos variable that matter most in the purchase decision process. Due to this strategy the dealers are selling more because of price and dealers are not bothering about dos of the market viz quality and features.

Table No.8

Impact of Online Shoppe – Customers Perception

Variables	Respondents
Price (comparison)	23 (46%)
Brand (features)	07 (14%)
Choice (variety)	05 (10%)
Visual Demo	02 (4%)
References (word of mouth)	13 (26%)
TOTAL	50

Source: Primary survey

In the above table too it is evident that, dos of market has very significant role among customers perception. Among the above variable Price in comparison with various competitors is more significant and has a power of purchase decision, out of 50 respondents 23 respondents are more concern about Price factor, followed by word of mouth viz 13 respondents. Due to this (price) factor, now a day's online marketers are getting better momentum in the market.

Table No.9

Customer Classification First Time Buyer Vs Repetitive Buyer

Variables	Respondents (First Time)	Respondents (Repetitive)	TOTAL
Price	42 (84%)	08 (16%)	50
Quality	21 (42%)	29 (58%)	50
Utility	26 (52%)	24 (48%)	50
Durability	17 (34%)	33 (66%)	50
Elegancy	22 (44%)	28 (56%)	50

Source: Primary survey

The depiction in the above table read that, First time buyer always has direct link with dos of the market i.e



price, 84% respondents purchase the product because of low price and other variable for the First time purchaser is in cascading importance. Whereas the Repetitive respondents or respondents of change look for quality 58%, durability 66% and elegancy 66% and then a purchase decision may be arrived by the Repetitive Respondents. Hence, the dos of market like low price, attractive packing, and poor in quality are really indeed don'ts for the repetitive purchaser and respondents who buy for change.

VI. FINDINGS

- 1) The table No., 3 and 4 reveals that, majority of respondents 32 (64%) are in age group of 22 to 25 and 26 to 35 years. 36 respondents (72%) has qualification level up to graduation. Hence the study sample size is more of young age and simpler qualification in the classification of bottom of pyramid.
2) In the mass marketing the Pricing plays very significant role while shaping the purchase decision. In the above table No., 5, 7, 8, and 9 it is proved that among all variables the Price is the only anchor-sheet variable.
3) It is noted in the study that, even in a niche marketing and segment the Price is carried out in other domain. The table No. 9 reveals that, though repetitive respondents are not much concern about Price (dos of market) but they (respondents) want quality 29 respondents (58%), utility of the product 24 respondents (48%), durability of products 33 respondents (66%) and elegancy in the product 28 respondents (56%). Hence irrespective of market segment the Price always has inbuilt calculations.
4) It is found that in un-matured market and first time buyer always market dos works very fast, for instance price, advertisement, discount, free-bees etc., where as in the matured market has the reflection of attention on quality, features, elegancy, durability of products etc., one can find context in the Table No. 8 and 9.
5) The impact of brand and evaluation of segments do have price war in that category of product range

‘killers’ strategy’ is working in the development product life cycle. In the study table No. 8 ‘Impact of Online Shoppe – Customers Perception’ where brand has impact in the buying decision.

VII. CONCLUSION

‘This time like all times is a good one, if we know what to do with it’ said by Ralph Waldo Emerson - The Nineteenth century American author. Thus, the exciting time for marketing has arrived now, new concepts, new

rules, new tools & modern practices are ever emerging. The customer pulling marketing strategy would be ‘Dos of the market’ based on the clientele requirement it can be framed out to suit customers need, products augmentation and satisfaction. In these ways, modern marketing will continue to evolve, confront new challenges and opportunities. As a result, the coming years will see the demise of (don'ts) and the rise of (dos);

Table with 3 columns: NO, The Demise of (don'ts), The Rise of (dos). Rows include Marketing department, Shopping by chance, Free-spending marketing, Marketing intuition, Manual marketing and their corresponding rises like Holistic marketing, ROI, Marketing science, Automated marketing.

This can be concluded that the new avatar of marketing will be rise of dos, by which customer will be motivated to shape their purchase decision.

REFERENCES

[1] ‘Marketing Management’ 12th. Edition (2006), by Philip Kotler and Kevin Lane Keller. Chapters - 1 & 22.
[2] Dogra Balram, Karminder Ghuman, (2008), ‘Rural Marketing Concepts and Practices’, Tata Macgraw-Hill Publishing Company Limited, New Delhi.
[3] Jawed Siddiqi, Hallam University (UK) etal., ‘A framework for the implementation of a Customer Relationship Management strategy in retail sector’, published in ww1.ucmss.com.
[4] Clark, R. 2004, ‘Running and setting up a loyalty scheme – What to find out and how’, Published by The Wise Marketer.
[5] Kanagasabapathi.P (2008), ‘Indian Models of Economy, Business and Management’, Printice-Hall of India Pvt.Ltd, New Delhi

Commemoration : National Conferences

National Seminar 2012

“Agricultural Development- Role of Women : Emerging Perspectives, Issues, Challenges and Strategies” conducted successfully on 31st October, 2012.



National Conference 2013

“IT & Management: Innovations and Inventions - Global Perspectives” commendably completed on 24 - 26th October, 2013.



National Conference 2014

“Indian Ethos in Management Practices: The Catalyst for Entrepreneurship” efficaciously organised on 9th & 10th October, 2014



National Conference 2015

“Science, Technology and Management : New Horizons” effectually steered on 7th & 8th October, 2015





ISBN : 978-8 | -925257-0-9

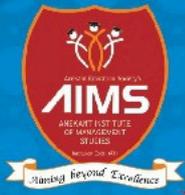
Volume - I

Volume - I

ISBN : 978-8 | -925257-0-9

ISBN : 978-81-925257-1-6

Volume - II



Anekant Institute of Management Studies (AIMS)

In association with Savitribai Phule Pune University
under Quality Improvement Program

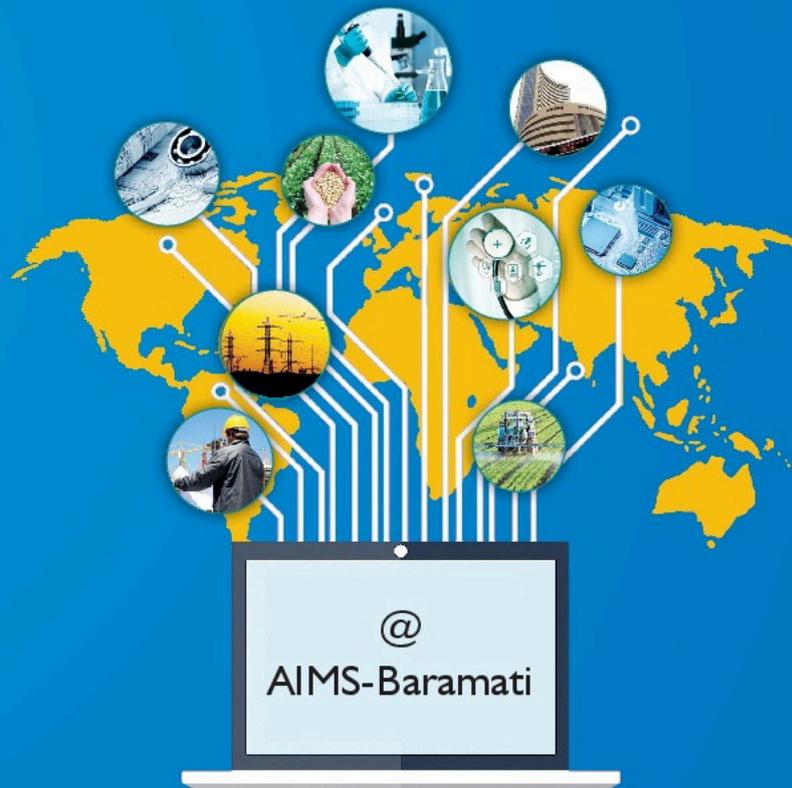


5th National Conference

on

**“Management Perspectives on
Changing Socio-Economic
Environment: Vision & Challenges”**

7th and 8th October, 2016



AIMS

Anekant Education Society's

Anekant Institute of Management Studies

(Approved by AICTE, DTE & Affiliated to Savitribai Phule Pune University)

Baramati , Dist. Pune (M.S.) - 413 102. Phone: 02112-227299

| www.aimsaramati.org | director.aimsaramati@gmail.com |



Conference Committee

Shri. Arahaldas Hirachand Shah (Saraf)

President, Anekant Education Society, Baramati

Shri. Jawahar Motilal Shaha (Wagholikar)

Secretary, Anekant Education Society, Baramati

Shri. Milind Rajkumar Shah (Wagholikar)

Secretary, AIMS, Baramati

Shri. Vikas Shashikant Shah (Lengarekar)

Joint Secretary, AIMS, Baramati

Dr. G. R. Krishnamurthy

Chairman, Advisory Board, AIMS, Baramati

Dr. Chandrashekhar V. Murumkar

Principal, T. C. College, Baramati

Dr. M. A. Lahori

Director, AIMS, Baramati

Chief Guest

Dr. Santosh V. Bhawe

Sr. Vice President (HR, IR & Admin)

Bharat Forge Ltd., Pune

Guest of Honour

Mr. S. B. Patil

Sr. Manager (HR & Admin),

Bharat Forge Ltd., Baramati

Convener

Prof. Umesh S. Kollimath – 9975562586

Review & Editing Committee

Dr. Chetan P. Panse

Prof. Sachin S. Jadhav

Registration Committee

Dr. Tanaji V. Chavan – 952345000

Prof. Manisha A. Vhora – 02112-227299

Presentation Coordinators

Dr. Dattatray P. More

Mrs. Priti Hanchate

Prof. Smita S. Khatri

Social Media Coordinators

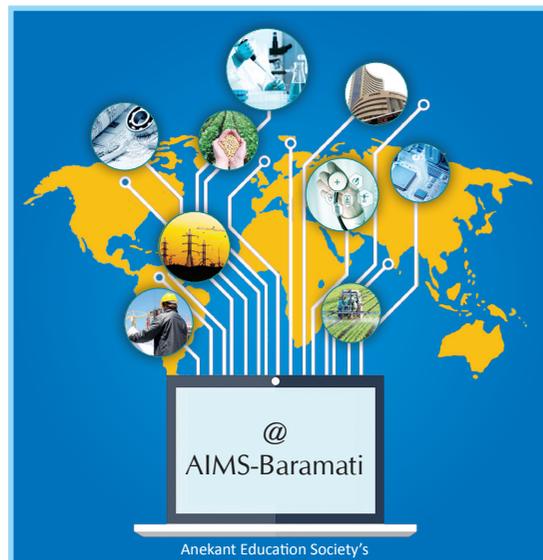
Dr. Abhishek Y. Dikshit

Prof. Pravin V. Yadav



AES @ A Glance

Anekant Education Society (AES), established in 1961 under the dynamic guidance of Late Shri. Fulchandji Gandhi, former Education Minister of the Hyderabad State. Anekant is a Religious Minority (Jain Community) Institution having the reflection of "Anekantavad" in its name. AES founded renowned Tuljaram Chaturchand College (T. C.) in 1962, with more than 10,000 students and around 320 faculty members. T. C. College celebrated its Golden Jubilee in 2012. It also has another degree college i.e. Jaysingpur College, Jaysingpur, Dist. Kolhapur. AES added another feather to its cap by establishing Anekant Institute of Management Studies (AIMS), in June 2011 and Anekant English Medium School in 2012. Right from its inception, Society is providing quality education and in a period of five decades, the Society has made its mark on academic, cultural and social environment of Baramati.



Anekant Institute of Management Studies (AIMS)

AIMS, the modern temple of professional learning unfolds a golden career prospect to walk through the avenue of professional skills and managerial leadership that a student dreams always. Our performance is beyond excellence because we create visionary pioneers in management field and not only assist to get mere employment but also beyond that. The Institute is approved by AICTE, DTE and affiliated to Savitribai Phule Pune University, Maharashtra for two years Full Time Master in Business Administration (MBA) programme. Being the extended arm of the legendary T. C. College, it has already inherited a legacy of high repute at its birth itself.

AIMS has extensive Wi-Fi campus. It provides incredible infrastructure and facilities for the students. Boy's Hostel and Girl's Hostel, Computerized Library, Computer Labs and Well Equipped Seminar Hall, Amphitheatre, Placement Cell and Well Experienced Faculties from industry is the uniqueness of AIMS.

Objectives of Conference

- To identify emerging changes in the socio-economic environment concerning businesses.
- To deliberate upon the existing / imminent challenges and arrive at a generic vision.

Conference Theme

A management perspective on any subject matter typically begins with a vision of what a desirable future state of the world might be. Likewise, the present conference would bring academicians, entrepreneurs, and practicing managers on one platform to address the challenges and frame a vision to sustain rapidly changing socio-economic environment.

© **Editors**

No Part of this publication should be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording and/or otherwise without the prior written permission of the editors.

COPYRIGHT © Anekant Institute of Management Studies (AIMS), Baramati

Note

AIMS and Saptak Printers does not take any responsibility for any mistake/error incorporated in the articles of the Authors, either in setting, in any grammatical way, in formatting according to the contents given, in printing especially images or in any contents of topics, i.e., missing of paragraph or any repetition of paragraph, etc.

ISBN : 978-81-925257-1-6

Published by :

AES's Anekant Institute of Management Studies, (AIMS) Baramati

Printed by :

Saptak Printers, Kolhapur



From AES Secretary's Desk

I feel immensely proud to note that AIMS has been consistently organizing National Conferences. I believe such events provide platform for people from academics and industry to come together, discuss on relevant and burning issues, and arrive at a consensus.

There could have not been better time than this to hold a National Conference on "Management Perspectives on Changing Socio-Economic Environment: Vision & Challenges". We all are witnessing massive changes taking place in our Socio-Economic sphere. None of us are spared from the influences these changes may generate.

They say *prevention is better than cure*. Therefore, instead of waiting for the changes to fall upon us and then reacting, it is always critical to foresee the changes and be prepared for the same. In this context, the present conference shall bring much needed clarity to take the businesses, NGOs, entrepreneurs, and lot more to flourish and visualize their future strategies.

My best wishes to all !

A handwritten signature in black ink, appearing to be 'Jawahar Motilal Shaha'.

Shri. Jawahar Motilal Shaha (Wagholikar)
Secretary, Anekant Education Society, Baramati



From AIMS Secretary's Desk

Welcome to the 5th National Conference of AIMS !

Every year from its inception, AIMS National Conferences have been regularly providing cherishing memories to me; in terms of eminent resource persons, learned academicians, and enthusiastic students. Research articles have cascaded from various states, Universities and disciplines pertinent to the theme i.e., "Management Perspectives on Changing Socio-Economic Environment : Vision & Challenges". Resource persons from diverse walks of life have graced the occasion and deliberated on the theme and sub-themes, before meeting a logical conclusion.

The relevance of the present theme is underscored by the ongoing rapid changes taking place in the Socio-Economic Environment. The changes are so pervasive that they have started affecting advantageously or adversely almost all individuals, and institutions. Therefore, tracking these changes and assessing their impact on businesses is of paramount importance to industrialists, managers, and management researchers.

As a matter of tradition, AIMS team has put wholehearted efforts in materializing this grand academic extravaganza. I attribute this to the strong leadership of Dr. M.A. Lahori, Director, AIMS, coordination of the convener Prof. Umesh S. Kollimath, and individual contribution of all the faculty members of AIMS. An urge for perfection is visible in the efforts of Review Committee, Presentation Coordinators, Social Media Desk, and also the Registration Committee. Besides, the support of administrative staff and students is equally responsible for smooth execution of the National Conference. Last but not the least I must acknowledge Savitribai Phule Pune University for sponsoring the event.

I am sure, the participants as well as resource persons will have a mutually enriching discourse on the theme and carry the *Vision* to meet the imminent *challenges* at their respective concerns.

With Best Wishes !

Shri. Milind Rajkumar Shah (Wagholikar)

Secretary, Anekant Institute of Management Studies, Baramati



From AIMS Joint Secretary's Desk

At the outset I wish to reiterate AIMS tagline i.e. "Aiming beyond Excellence". I know AIMS follows this in letter and spirit. As far as our national conferences are concerned, AIMS team has always demonstrated its acumen to manage all the constraints such as distance, time, etc. Our National Conferences have been truly getting national representation.

In continuation of our reputation, AIMS has decided a very pressing issue as the theme of the National Conference 2016, i.e. "Management Perspectives on Changing Socio-Economic Environment : Vision and Challenges".

I would like to quote a Chinese proverb here : "Opportunities come riding on the storms". All socio-economic changes essentially create unrest and chaos initially. But, in the long run, many new opportunities emerge out of this. I am hopeful that the present conference would come out with many new possibilities for all.

Wishing a great success to this Conference !!!

A handwritten signature in blue ink, appearing to read 'Vikas Shah', written over a diagonal line.

Shri. Vikas Shah (Lengarekar)

*Joint Secretary,
Anekant Institute of Management Studies, Baramati*



From Director's Desk

My Majesty Participant !.....

AIMS is undoubtedly leap forwarding its tentacles of quality management education and employability skills since its inception (2011) in rural India (Maharashtra State, Baramati : Pune Dist). The rich and resourceful architect of AIMS is the Faculty, who are expert in their respective domain and quality of shouldering the responsibility and completing the work well before dead line - the main strength of AIMS. It goes without saying that, in entire process of AIMS, students are the primary stake holder, who gain and learn more about market and industrial practices.

I am pleased to re-write the Alumni Meet interaction had on 19th September, 2016 at our Institute one alumni by name Mr. Kiran said that, my Institute has groomed me and I got placed before my MBA result and I am happily leading my life and service. He said to the present students to be an integral part in Institutional events. And other alumni too eventually memoir our signature events such as, Collage competition, Convex, Intaglio, Intra-day trading, Mentorship program (very unique in nature) and lot more indoor and outdoor happenings. Believe me, such pristine environment and feel good culture, upgrades students morale which will have net result of learning and gaining more by creating better edge than others.

The title of the 5th National Conference, 'Management Perspective on Changing Socio-Economic Environment : Vision & Challenges' without saying has amalgamation with today's industrial policies, vision and mission. Precisely any business and industrial development need to have focus on socio-economic environment, which may lead to best well being of the human resources at large. As a matter fact the loveliness of the conference title has attracted about 65 research papers from 7 states namely, Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Jharkhand, UP and our own state Maharashtra; and due to overwhelming response my editing and review team publishing two volumes of Conferenece proceding with different ISBN.

AIMS team indeed has inherent quality of workaholic culture, intrinsic affinity of the students. Besides, rocking support from all the participant has made this conference more memoirs day in and day out. I am confident that, the entire participants must have gained a lot and transformed their knowledge into applied research.

Applied Research – A Solution...

Dr. M. A. Lahori
Director, AIMS



Foreword

This is a comprehensive chronicle of the deliberations and reflections from the fifth National Conference organized by AIMS. This compendium has gathered expert inputs on the ongoing Socio-Economic changes and its impact on businesses so as to generate a shared sustainable vision for future. The Conference on "Management Perspectives on Changing Socio-Economic Environment : Vision & Challenges" to be held on 7-8 October, 2016 at AIMS campus, Baramati, is being organized in association with BCUD, Savitribai Phule Pune University. It is expected that two days Conference and deliberations will involve thought provoking sessions related to changing global business scenario and its impact on society, and business at large.

It is a matter of commendation that AIMS, Baramati has been organizing National Conferences right from its inception i.e., Year 2011. Indeed, the go-getter AIMS team under the guidance of Dr. M. A. Lahori, Director of the Institute, focused on providing an excellent forum for exchanging information and ideas on wide variety of research topics from creative educators, research scholars and student learners; is remarkable. He must be credited for keeping up the enthusiasm of his team.

The proceedings of AIMS National Conference 2016 is an excellent piece of work, having national importance as it has paper presentations from Karnataka, Kerala, Tamil Nadu, Maharashtra, A.P., and even from abroad. It is hoped that the readers will value the effort of the authors. The cohesiveness at work is reflected in the congenial approach of the Conference Committee headed by Shri. Jawahar Motilal Shaha (Wagholikar), Secretary AES, Shri. Milind Rajkumar Shah (Wagholikar) Secretary AIMS, Shri. Vikas Shashikant Shah (Lengarekar) Joint Secretary AIMS, Dr. G. R. Krishnamuthy, Chairman, Advisory Committee, AIMS, and Dr. Chandrashekhar V. Murumkar, Principal, T. C. College in organizing the conference and is praiseworthy. In toto, Shri. Arhatdas Shah, President, Anekant Education Society deserves special applause for his relentless support. My compliments to the entire team for their co-ordinated efforts.

The extraordinary efforts taken by the Convener Prof. Umesh S. Kollimath for making this conference more fruitful deserves praise. The conscientious review and editing done by Dr. C. P. Panse and Prof. S. S. Jadhav is noteworthy. The meticulous planning and execution of registration committee by Dr. T. V. Chavan, and Prof. M. A. Vhora was excellent. Dr. D. P. More, Prof. S. S. Khatri, , Prof. P. D. Hanchate, handled Stage Committee attending to every minute detail. Social Media desk was well managed by Prof. A. Y. Dikshit, Prof. P. V. Yadav, Mr. Vijay Shinde and Mrs. Sayali Beldar offered an excellent hospitality. Last but not the least; I would like to extend my best wishes to all the scholars, participants, organizers for making this conference a splendid success.

Dr. Santosh Bhave

Senior Vice President : H.R., I.R., & Admin.
Bharat Forge Ltd., Pune 411 036. santoshbhave@bharatforge.com



Guest of Honour's Message

Honorable Guests, Ladies and Gentlemen,

It is with the greatest pleasure that I welcome delegates and guests to the fifth National Conference of AIMS, titled "Management Perspectives on Changing Socio-Economic Environment: Vision & Challenges" being organized on 7th and 8th October, 2016.

AIMS is not new to me and I carry highly cherishing memories of the institute, its students and faculty members, from my previous visit to the campus a couple of years of back.

The fact that AIMS has been organizing National Conferences since inception is a clear indication of the importance that the institute places on research, particularly research which is multi-disciplinary and having far fetching influences on business management. I personally believe that research is one of the keys to the maintenance of the high quality learning and support environment that an institute offers to its students.

It is a pleasant surprise for me to note that AIMS, in spite of being located in Baramati, has networked with many Institutes and Universities of repute and thereby mobilizes quality research papers from all over the country as well as abroad. It shows the kind of efforts that have been taken in organizing this National Conference.

I am sure, with this kind of spirit, AIMS can achieve the unachievable and prove to be exemplary to the surrounding institutes of higher learning.

With great satisfaction of being part of the National Conference 2016 and warm regards !

Mr. Sadashiv Patil,
Head HR and Admin,
Bharat Forge Ltd., Baramati

Volume - II

Contents

Sr. No.	Title	Author/s	Page No.
*	Key Note Address	Dr. G. R. Krishnamurthy	1
Track A. General Management			
A1	Moving Towards a Circular Economy : Targeting Growth and Sustainable Development	Dr. O. P. Shukla	5
A2	A Study on Automobile Industries in India - Synergetic Effect on Contemporary Period	Mr. Kolhe Vivek Mansaram Dr. Mohammad Naved Khan Dr. Anand Deshmukh	10
A3	Management Perspectives on changing Socio Economic Environment : Vision and Challenges for the Womens	Minakshi Chavan Nilofar Ustad	14
A4	Pro-Environmental Behaviour : Developing Conceptual Framework Using TPB and VBN Models	P. B. Suryawanshi Dr. A. G. Jumle	19
A5	Economic Change : A Brief Review of Literature	Dr. Aftab Alam	24
Track B : Banking, Finance & Insurance			
B1	The NPAs of Urban Co-operative Banks in India : The Recent Trends and Their Implications	Dr. Sukanya N.	27
B2	International Financial Reporting Standards	Dr. Tasfiya I. Shaikh	31
B3	Green Banking : A New Panorama For Social Upliftment And Indian Banks Initiatives	Prof. Dr. Ashlesha Mungi	35
B4	An Analysis of Financial Health of Chocolate Company in Pune District	Dr. Chetan P. Panse Monal Vhora	40
B5	Digital India Campaign and Changing Insurance Scenario	Prof. Sayed Wajid Peerzade	42
B6	A Study on Investment Avenues in India	Mrs. Nikita Yogesh Kakani	46
B7	Is Commodity Market Evolving? A Trend Study	Prof. Vijaya Hake	51
B8	A Study of Factors Affecting Decision About Life Insurance Policies With Reference to Kolhapur City	Dr. Kedar V. Marulkar	56
B9	A Study of Costing Techniques and Co-generation Project With Special Referance to Yashwantrao Mohite Krishna Sahakari Sakhar Karkhana Ltd; Shivnagar, Rethare Budruk	Dr. Ramdas. N. Bolake Miss. Dipali S. Patil Prof. Sachin S. Jadhav	61

Sr. No.	Title	Author/s	Page No.
Track C : Human Resource Management			
C1	An Empirical Study of Employee Stock Options : Management Phenomena and its Impact	Dr. Meena Wadgule Mr. Vaibhav V. Tayade	65
C2	A Study on Essential Welfare Facilities for Seasonal Migrant Sugar Cane Harvesting Labourers in Pune District	Prof. Pravin Vitthal Yadav Dr. James Jacob	71
C3	ESOP, Compensation And Incentive Plans - A Boundless Win - Win Scenario For Employer And Employees	Dr. Jadhav Deepali Rajendra	73
C4	Workforce Diversity : A Key to Improve Productivity	Ms. Sadhana Venkatesh	79
C5	A Study on Employee Turnover in Super Markets With Special Reference to Coastal Karnataka Region	Mr. Aheed Mohtisham Mr. Mohammed Musaad	84
C6	A Study on Strategic Human Resource Interventions : A Theoretical Research	Sudhanshu Sinha Dr. A. Y. Dikshit	87
C7	Impact of HRM Practices on Employee Retention With Reference to Piaggio Vespa Pvt. Ltd. Baramati	Prof. Shaila D. Phadtare	93
Track D : Production & Operations Management			
D1	Journey of Total Quality Management : A Literature Review in the Light of TQM Dimensions	Manisha P. Firke	97
D2	TQM – A Quality Revolution	V. Basil Hans	101
D3	A Study of Cost Reduction in Supply Chain Management in Milk Industry With Special Reference to Schreiber Dynamix Dairies Pvt. Ltd. Baramati	Miss. Deokate A. S. Miss. Todkar R. S. Miss. Wabale T. S.	107
Track E : Information Technology			
E1	Cloud Computing Technology for SMEs' (Small & Medium Enterprises)	Ms. Manisha A. Vhora	111
Track F : Marketing & Services			
F1	Influence of Demographic Factors on Online Shopping Behaviour of Students in Kerala	Sreya R. Dr. P. T. Raveendran	115
F2	Online Purchasing and The Customers	Dr. I. M. Khairdi	118
F3	The Role of Social Media Marketing in Current Business Scenario	Mr. Ashish K. Malani Dr. P. T. Bhosale	121
F4	Changing Face of Retailing in Indian Pharmaceutical Industry: A Literature Review	Mr. Sagar G. Nimbalkar Dr. Avinash Ganbote	124
F5	The Product Life Cycle Management	Mr. P. P. Shastri	128
F6	Marketing Practices for Non-steroidal Anti Inflammatory Drugs (NSAIDs) in Maharashtra	Mr. Pramod S. Jadhav	131



KEY NOTE

Economic Liberalization and Socio-cultural Transformation in India

(A Management Perspective on Changing Socio-Cultural Scenario in India)

Dr. G. R. Krishnamurthy

Chairman, Advisory Board, AIMS, Baramati
& Professor of Eminence
directoradvinstmgt@gmail.com

Abstract : 1991 was turning point in Indian economic development. It was the year in which the P.V.N.Rao government through Dr.Manmohan Singh, the finance minister then, has launched the economic liberalisation programme (through the budget of 1991). Liberalisation programme was based on 3 planks: privatisation, de-regulation and globalization. Earlier to this, Indian economy had literally stagnated, for all most 45 years through the limping growth rate of 3% per annum, the so called Hindu growth rate. Since launching the economic liberalisation programme in 1991, India has shown an impressive growth rate of 6% to 7% per annum, for past 25 years (until 2016 from 1991). As a result, Indian economy has grown tremendously from per capita income of around 60000 during the year 2000 to around 180000 per capita during the year 2015, literally showing 300% increase in per capita. Same way, in 25 years of liberalisation programme (1990-2015), Indian economy has grown to be around 2 lakh crore dollars. In turn, India has become the 7th richest country in the world in 2016 (as per new-world wealth survey based on the people's wealth only and excluding the government wealth). In addition to this, Information Technology explosion (IT revolution) has taken the Indian economy to pinnacle by literally contributing to 50% of GDP of the whole country! What are the consequences of this economic growth? What are its social and cultural implications for Indian society? As a result of liberalisation programme the middle class has emerged as the largest bracket of population in India. In turn, the middle class and the rich are the largest beneficiaries of the fruits of economic growth and IT revolution. As per NCAER(National Council of Applied Economic Research) survey, the middle class comprises roughly 267 million Indians. On the other, unofficial surveys put the figure of middle class, somewhere between 450 million to 500 million population. In other words, every third Indian belongs to the middle class and rich bracket. What are the consequences of the huge economic growth and widening of middle class bracket? Who are the largest brackets of consumers of all good things of life? What are the social and cultural implications, from the emergence of the middle class consumers on Indian society, Indian culture, Indian ethos and Indian way of life? All is not well! This paper attempts to portray some of the consequences and implications of the un-equal economic growth and uncontrolled and market driven consumerism and blows the whistle for the necessary action by the policy makers and governments.

Keywords : Liberalization; Social & Cultural Transformation; Indian Ethos; Economic Growth;

I. INTRODUCTION

This Year 1990-1991 was a turning point in Indian history. It was the year in which the economic liberalization programme was launched by the most moderate leader/ prime minister P. V Narasimha Rao and the professional economist Dr Manmohan Singh, then finance minister. By that time, the Indian economic scenario was dismissal,

galloping unemployment, unyielding inflation and nearly bankrupt foreign exchange resources; then no dignitary traveler could travel abroad with comfortable foreign exchange!

India suffered for almost 45 years since independence with the limping economic growth rate of around 3% (the so called Hindu growth rate)



Nehruvian statist and mixed economy policy had failed miserably to land India in the great economic stagnation. Of course reasons are many for this.

It is in this scenario, the new economic programme was launched by PVN Rao and Dr Manmohan Singh duo. The liberalisation programme was essentially based on 3 planks: de regulation, privatisation and globalization. Some describe the policy as LPG (liberalization, privatization and globalization). For the first time in independent India, many dormant forces of growth were unleashed by this policy.

The policy was simple and humble .but silent miracle began to happen, thanks to information technology revolution. At the same time, India became a leader, a prominent player in the global IT scenario, through IT services market.

As the service sector including IT showed a great promise, up to now stagnant industries in India including elephantine public sector units also began to perform and show the results. Unbelievably, the services sector particularly and including I.T sector had come to contribute around 50% of GDP during the late 1990's and the first decade of 21st century (2000-2010).

Registered motor vehicles have gone up from around 2 corers to 16 corers during (1991-2011) the initial 2 decades of liberalization. Of course the agriculture sector heavenly suffered in this process about which we shall write separately.

The liberalization programs ushered in a silent revolution including the explosion of information technology. In this process, a new class has emerged nay widened in its bracket, the middle class which was estimated to be around 300 million prior to 1990's has widened itself, to account to be around 450 to 500 million people (50 corers) by around the year 2015.

In short, every third person in India has come in some way or other under the bracket called “middle class”. This in other words, constituted the largest bracket of consumers market anywhere in the world including China (in the capacity of purchasing power). As a result, the whole world began to look at India as a destination for FDI.

As a result of liberalization program, India now boasts of using 40 core T.V sets 900 channels and more than 100 crores cell phones.

The average economic growth rate during 1990's and during 2000-2010 was around 6.5% to 7% The share of India in the world trade has gone up 3 times more. Per capita income of Rs. 7,000 prior to 1991-1992 has gone up to Rs 93,000/- by 2,000 (literally14 times increased). Bank account holders swelled from 35 corers to 120 corers (increase of 4 times).

Telephone network has increased unbelievably from

around two percent (1991) to 80% population. Savings rate has increased from below 20% to above 30% during the 2 decades Since 1991.

Service sector contribution to GDP has reached up to 50% In short, the liberalisation program along with IT revolution has created the strong and largest bracket of population in India that is the middle class This class in turn is the largest bracket of consumers of all good things of life. On the other, this class is also the largest beneficiary of the information technology. All most all IT jobs with high salary and spending power are with this class.

Foreign trade share of India in world trade market has increased from 11% to 30% during the period. In nutshell, in 25 years of liberalisation program 1990- 2015 Indian economy has grown to be around 2 lakh crore dollars in the world economy, Now standing as 7th richest country in the world.

To be graphic, IT : cell phones, social networks, Utubes, watsapp along with 24/7 T.V channels numbering to thousand have seized the Indian population, particularly the middle class. Cell phones have become inseparable part of the daily life in India. High school children to teenagers, from disabled to patients, from Dalits to tribals, from construction workers to house wives, cell phones occupy their considerable time [most of the time!]. Officials in the office / professionals on the Job become more busy because of cell phones!

What is happening?! All of a sudden India became too busy & too restless; a society of chatters and gossipers on the cell phones!

A husband using the cell in the bed room nonstop, while the poor wife yawning and waiting for his attention, A teen ager immersed using the phone in the class room while the teacher helplessly stares, Auto/Car driver using the cell and driving!! (Cell using and driving is as dangerous as drink and drive).

What is happening to India? Recently done international study shows that, right now, India is the most cell phone abusing/overusing country in the world!

In brief, economic liberalization program created / strengthened the Indian middle class. The middle class are the largest beneficiaries in the use of the Information technology including mass media. Amazingly per capita income of India which was around Rs 85,000 in 2000 has gone up to Rs 1,80,000 in 2015, literally 200% increase, thus making India 7th richest country in the world. Much of the economic growth and its benefits are clustered in the hands of the rich and middle class; not reached other segments.

What are the consequence rather implications of the liberalization and economic development for social and cultural change and transformation in our country?



II. SOCIAL & CULTURAL TRANSFORMATION

It is in this economic backdrop and I.T scenario, a new way of life has emerged in India. All of a sudden, India found herself too busy and restless. Cell phones, networks, UTube(s), Whatsapp have all of a sudden made Indians too busy and restlessly busy. No time to stand and stare and life is full of stress, not knowing why! As has been said, a house wife on the cell phone in the bed room while the poor husband eagerly waits for half an hour for attention or vice versa. A domestic servant using the cell and forgetting to stop the gas in the kitchen: A construction worker on the cell in the middle of the work and slipping from the 6th floor of the building. An auto driver and a busy executive using the cell and driving and meeting the accident, have become common features in our society.

Alas! Cell using and driving is as dangerous as ‘the drink and drive’! Right now, India is the number one country which abuses and misuses the cell phone day and night. A society of endless chatters and loose talkers! Needless to say here, over use of cell phones leads to health hazards and effects on eyes, ears, brain and sexual organs of the users. Unfortunately terrorists are using cell and I.T technology more effectively than our Police (to sabotage our developmental efforts).

In this too busy a society of chatters online, no time for anything even for nature calls like leisurely bathing and leisurely family dining.

Relationships are killed! No time for personal relationship, no family bondage, no time for fellowship. Being busy on line, all the time or most of the time no time for personal warmth or human touch. Only virtual reality, no reality at all. On line relationships (through face book) are replacing the real warm family/community relationships. Girls and boys are being booked through the face book without seeing the face!

All of a sudden India became an impersonal society, too fast and de humanizing. A warm, humane and highly personal relationships based family bondage society, that was India even 30 years ago. Thanks to the so called liberalization and globalization policy, the Indian society became so impersonal!

In the impersonal society of online relations, no time for personal sharing and caring. As a consequence family bonds have become thinned. A disastrous effect of this is, the social security network is lost. At one time, Indian family was the best social security for the old people, destitutes, widows, sick and children.

Now, as the result of impersonal relations in Indian society, urban India’s children are in the kinder gardens, no elderly care, no grandparents in the homes, old people are in the old age homes, and asilums, no family shelter

to them. Senior citizens (above 60’s) are more than 10% in Indian population. Their problems are going to be a major concern and challenge to governments in India, thanks to globalization policy and I.T revolution in a way!

India being a country of huge population, government alone cannot and could not provide social security net to majority of the people except the pensionable employed class.

The phenomenal economic growth during 1990-2015, has led to concentration of wealth in few clusters of population i.e. higher middle class and rich class. As a result consumerism has grown tremendously among these classes, consuming all good things of life from cars to air conditioners, from pizzas to lingerie! India became all of a sudden the world biggest consumer market, exceeding even the China in certain products sale. Shopping became a national hobby of the rich and the privileged. Alas! What a great change/transformation in such a short time of 20/30 years. Is it a great fall! a society of few wants in which Mahatma Gandhi lived and propagated simple living and high thinking and family based caring society. What a change?!

Consumerism nay vulgar consumerism has led to highly materialistic values, culture and way of life. Caring and sharing with others is no longer considered a virtue of social concern!

As the materialistic consumerism flooded Indians, with no personal relationships and no family bonds, quite many Indians including teenagers, children and senior citizens began to feel the loneliness and alienation in their lives. This lead to psychological frustration and psychiatric problems.

Divorce rate is increasing more in educated couples that to within two years of marriage, due to adjustment problems! The problem of unwed mothers is on the rise. Crime rate and suicidal problems are phenomenally increasing. The whole Indian community is restless, unstable and too busy to know why these problems are! Added to these, unemployment is growing!

Our education system is producing unemployables. Unemployment is on the rise, not only due to lack of jobs but due to lack of skills in the graduates. As a result, youth are under tremendous stress, frustrated and alienated with a feeling of aimlessness in life!

As has been already mentioned, the economic growth though phenomenal since 1990 has not reached all sections of society proportionately. It is clustered in the hands of the rich and the middle classes (particularly higher middle class) Dalits, Tribals, woman and other marginalized sections of Indian society remained outside the purview of the economic growth.

‘Inclusive growth policy’, so called has not reached



larger sections of Indian population. As a result, now India is the home for the largest number of poor people in the whole world!

A frightening consequence of this split/division between the privileged and marginalized, between the rich and the poor, is the tremendous social unrest in India. Sabotaging movements and divisive tendencies are only the surface indices of the unequal and unjust economic growth!

Religions and rituals cannot contain these unjust developmental problems. The stability of the Indian society is at stake at large. The policy makers, leaders, planners, social scientists and economists including the administrators have to be seized with the reality and initiate measures for the real inclusive growth in India. Until then, the welfare measures and entitlements to all weaker sections and segments have to be continued.

More and more Indians have to be brought under the social security net. (Recent good example in this direction is crop insurance to farmers etc).

The governments at Delhi and different state capitals have to take stern measures in reaching the welfare benefits to the target groups by rooting out corruption. This is the only way to contain the bloody aimless revolution that is in offing in India, in the form of terrorism, Jihads, Naxalism and many other divisive movements of particular casts and creeds.

The liberalization and globalization policy launched in 1990/1991 has come a long way; undoubtedly it has resulted in impressive economic growth rate in India, making India the 7th richest country in the world. But alas! it has resulted in a distorted social transformation wrecking many good social institutions including the Indian family and village community. Unfortunately, the great Indian Ethos based ‘caring and sharing’ with others is at stake! The values of simple living, contentment, social concern, honesty, non-corruptibility, character, truth, sincerity and non-violence, all are at stake, leave alone little compassion to fellow beings.

India a land of Buddha, Ambedkar and Mahatma needs a different kind of social transformation than an American model or a European model. Certainly our economic growth has not resulted in the type of social transformation which is India-soul centered.

It is time that we introspect and initiate measures to achieve not only an inclusive growth society but also a sustainable growth model. Then only the real objective of liberalization and globalization comes to fruition by achieving the comprehensive and humane-social transformation and development in India.

REFERENCES

- [1] 1991 budget text in Indian Parliament by Dr. Manmohan Singh, then finance minister in P.V.N.Rao government of India, parliamentary archives.
- [2] The global game change by John Naisbitte and Doris Naisbitte, sage publications, New Delhi, 2016
- [3] National Council of Applied Economic Research (NCAER) report,2016
- [4] International annual wealth report, Indian section, by credits Sisue- 2016.
- [5] Social change and other essays by M.N.Srinivas, Oxford university press
- [6] Society in India: By David G. Mendet Baum. Popular prakshan sage text- 2016, New Delhi.
- [7] Social entrepreneurship..Towards greater inclusiveness-By Rama Krishna Reddy Kummitha -2016 sage books.
- [8] Towards inclusive development by Dr.A.K.Singh, Dr.G.R.Krishna et all. Serial publications-2011.
- [9] Indian ethos for modern management by Dr.G.R.Krishna- UBS publishers distributors Ltd. New Delhi,1999.
- [10] Contemporary social problems of India - by Biswanath Ghosh, Himalaya publishing house- B o m b a y - 1998
- [11] IT revolution- proceedings of the national seminar, AIMS, Baramathi,Pune-2015
- [12] Economic challenges for the contemporary world by Mousami Das et all-2016. Sage books
- [13] The India way by Cappelli, Singh et all. Harvard publication press -2010.



Moving Towards a Circular Economy: Targeting Growth and Sustainable Development

Dr. O. P. Shukla

Principal, NDA Pune
opshukla.nda@gmail.com

Abstract : This research paper discusses in detail the concept of circular economy, world scenario about circular economy & its effects in US, China, & in USA. It further discusses about sustainable economy & how circular economy is perfect to achieve higher resource productivity in developing economies such as India.

Keywords : Circular economy; sustainability; productivity; green technology.

I. INTRODUCTION

By 2030, the world's population is expected to be approx. 9 billion including 3 billion new middle-class consumers. Expanding the supply of consumer goods and services to meet this future demand presents a big challenge, but one that a circular economy is capable of meeting – if it can be implemented in every country.

Traditionally, Macro Economics has always dealt with 'Circular Flow' of goods and services accompanied by money flows, with respect to production, distribution and consumption aspects. The new concept of Circular economy is however quite different. The meaning is actually simple: A circular economy is one which utilizes its natural resources in a manner uses most of the waste produced in the production process, to produce other consumption goods. This requires innovation, science and technology, and if properly implemented, has far reaching implications for environmental preservation too.

There are only a few countries who are experimenting with the Circular approach thinking – these include the UK, the Netherlands, France, China and Japan. There are lessons to be learnt from these countries, especially by developing nations where the scarcity of resources is going to be felt the most. This will require cooperation between governments, NGOs and industrialists at the global level.



There is increasing recognition that resource use efficiency and their security is critical to future economic competitiveness and resilience. This requires a fundamental rethink on the role and function of resources in the economy.

A fundamentally new model of industrial organization is needed to de-link economic growth from resource

constraints and make it sustainable at the same time. This is what is promised by Circular Economy.

India's economic growth, combined with a pace of urbanization and population increase that is not only above world average, but also above the Asian average, is changing the consumption pattern of a wide range of resources, including materials, energy, land and water, on an unprecedented level. Substantial quantities of solid waste and waste waters are produced, air pollutants, greenhouse gas, contaminated water and water losses as well as inefficient land use are negative symptoms of the economic growth which threaten the continued economic growth and sustainable development of the country.

In addition the consumption pattern of an increasing elite consumer class is directed towards a substantial increase in luxury consumer goods as well as inefficient use of material, energy, land and water. As a result, India runs the risk that demands from its population can't be fully served in the future and that its economy slows down due to short comings of raw material, energy and water. Implementation of Circular Economy in this context will help us save scarce, exhaustible resources, and enable production of economically produced goods and services. In recent years, Global competition for resources has increased due to growth in both populations and consumption. Food production and distribution is dependent on a number of resources which are considered to be 'under stress' including, land, water, fuel and some key nutrients.

The concept of a Circular Economy

- In this context, one need to adopt circular economy which is a novel economic model in which the focus is on reusing materials and value, and on creating added value in products through services and smart solutions. It is an attractive and viable alternative which is restorative and regenerative by design, and which aims to keep products, components and materials at their highest utility and value at all times. A circular economy is a complete renovation of our



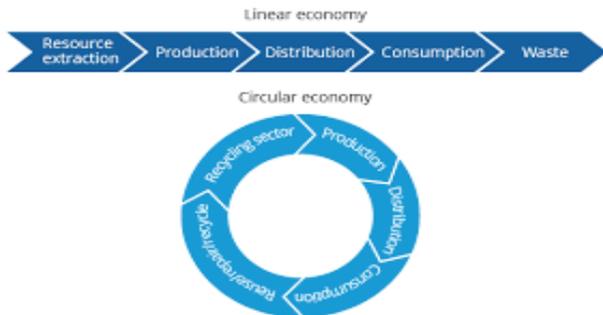
take-make-waste patterns of production and consumption in favour of a circular system. It’s a restorative or regenerative system in which all products are designed and marketed with reuse and recycling in mind.

II. WHAT IS A CIRCULAR ECONOMY?

The **circular economy** is a broad term for an industrial economy that is producing no waste and pollution, by design and intention, and in which material flows are of two types, biological nutrients, designed to reenter the biosphere safely, and technical nutrients, which are designed to circulate at in the production system without entering the biosphere as well as being restorative and regenerative by design.

A circular economy is an alternative to a traditional linear economy (make, use, dispose) in which we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then use waste disposal techniques, or simply pollute our land and water resources with industrial waste (example: Landfills). A circular economy includes a shift from fossil fuels to the use of renewable energy.

Difference between Linear and Circular Economy



As the diagram shows, the present Industrial system is of the linear type (Take, Make, Dispose), where resources are extracted, production process is used to produce goods which are distributed and consumed by the market; the entire process producing immense quantities of waste materials at each stage. This industrial production model is no longer sustainable, and needs to be replaced by a more efficient cost saving Circular Economic System.

Ten things we should know about Circular Economy

- a) Circular Economy appears to be a practical solution to the emerging problem of resource crunch, especially in a period of rising commodity prices.
- b) Circular economic system is more than just recycling; it is based around designing an industrial system which eliminates production of waste.
- c) The concept of CE is supported by celebrities and policy makers in developed world. Ellen MacArthur Foundation has championed the concept of CE from 2010 onwards

- d) CE appears to be a sound business proposition, with heavy cost saving potential. It is expected that 100,000 jobs can be created in EU region alone by 2025.
- e) Ground level innovation in this field is being driven by large corporations who are piloting business models based on leasing, remanufacture and extended life cycle of products.
- f) Government intervention will be needed in the form of financial aid as well as legislation on ‘waste prevention targets’ and ‘incentive mechanisms’ for firms which produce eco friendly designs easier to use, reuse, remanufacture and disassemble.
- g) Products will become services, with the ‘pay per use’ concept. Example: pay per use contractual agreements in smartphones could be extended to standard goods such as washing machines. Hence consumers would become ‘users’ of services of the product. This allow the company to retain product ownership for remanufacturing.
- h) Making the transition to a circular economy will be complex as it requires systems-level redesign and a pressing need for new skills, not just within the STEM (Science, Technology, Engineering, Maths) subjects, but across the creative disciplines of design, advertising and digital.
- i) New models of doing business, new questions over Intellectual Property Rights, Competition laws will be raised as companies co-create. In this, risk perception may prove to be the stumbling block.
- j) The UK is already operating like a Circular Economy in many fields. It is estimated that the UK manufacturing sector is 19% circular already.

III. WORLD SCENARIO ABOUT CIRCULAR ECONOMY

In January 2012, a report was released entitled *Towards the Circular Economy: Economic and business rationale for an accelerated transition*. The report, commissioned by the Ellen MacArthur Foundation and developed by McKinsey & Company, was the first of its kind to consider the economic and business opportunity for the transition to a restorative, circular model. Using product case studies and economy-wide analysis, the report details the potential for significant benefits across the EU. It argues that a section of the EU manufacturing sector could realise net materials cost savings worth up to \$630 billion p.a. towards 2025—stimulating economic activity in the areas of product development, remanufacturing and renewal.

On 17 December 2012, the European Commission published a document entitled *Manifesto for a Resource Efficient Europe*. This manifesto clearly stated that “In a world with growing pressures on resources and



the environment, the EU has no choice but to go for the transition to a resource-efficient and ultimately regenerative circular economy.”

The European Commission introduced a Circular Economy proposal in 2015. Historically, the policy debate mainly focused on waste management which is the second half of the cycle, and very little is said about the first half: eco-design.

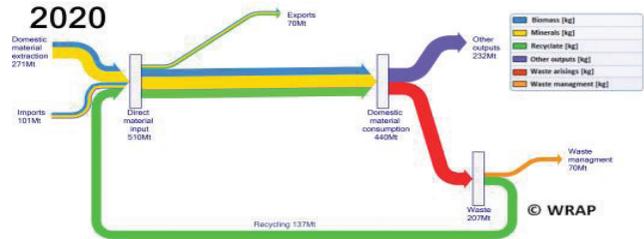
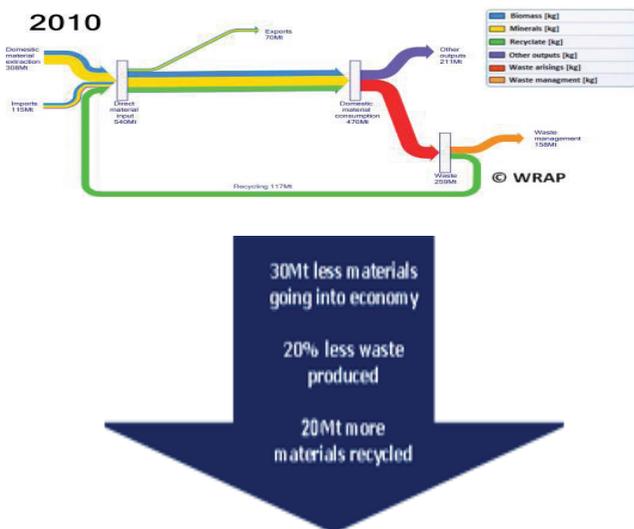
Waste Resources Action Plan (WRAP) vision for the UK Circular Economy in 2020:

The Resource revolution by WRAP focuses on the three priority areas that will help best meet their goals - Food and Drink; Clothing and Textiles; and Electricals and Electronics, all of which are underpinned by resource management. According to WRAP, as well as creating new opportunities for growth, a more circular economy will:

- reduce waste
- drive greater resource productivity
- deliver a more competitive UK economy.
- position the UK to better address emerging resource security/scarcity issues in the future.
- help reduce the environmental impacts of our production and consumption in both the UK and abroad.

The adoption of a circular economy offers considerable economic benefits; It is estimated that UK businesses could benefit by up to £23 billion per year through low cost or no cost improvements in the efficient use of resources, whilst McKinsey estimates that the global value of resource efficiency could eventually reach \$3.7 trillion per year.

The diagrams below shows how the UK economy could be transformed by 2020, were it to really embrace the concept of the Circular Economy model.



CHINA:

The country consumes the most resources in the world and produces the most waste — but it also has the most advanced solutions



The Suzhou New District was one of the first industrial parks in China’s circular-economy programme.

China’s consumption of the world’s resources is reaching crisis levels. To produce 46% of global aluminium, 50% of steel and 60% of the world’s cement in 2011, it consumed more raw materials than the 34 countries of the Organisation for Economic Co-operation and Development (OECD) combined: 25.2 billion tonnes. The country is taking action. For the past decade, China has led the world in promoting the recirculation of waste materials through setting targets and adopting policies, financial measures and legislation. The ultimate goal is a ‘circular economy’.

No other country has such ambitions. **Germany and Japan** have comprehensive plans for recycling (through Germany’s Closed Substance Cycle and Waste Management Act of 1996 and Japan’s 2000 Fundamental Law for Establishing a Sound Material-cycle Society). The European Commission announced a Circular Economy Package in December 2015 but has yet to implement it.

The **United States** has hundreds of corporate recycling initiatives (including those of the machinery company Caterpillar and Interface, a carpet manufacturer). The United States also has a handful of regional programmes such as the Zero Waste scheme in San Francisco, California. Other initiatives involving closing loops to attain ‘industrial symbiosis’ — in which waste products of one firm become the raw materials of another — are in place in Yokohama, Japan; in Ulsan, South Korea; and in Kwinana, Australia. All these are limited in their impacts and scale.



Examples of Adoption of Circular Economic System:

Table-1: Circular Economy heading towards Sustainability in the use of Resources and Development

Table-1: Circular Economy heading towards Sustainability in the use of Resources and Development

Dell, the first electronics manufacturer to use UL Environment-certified, closed-loop recycled plastics in 2014	By reusing plastics already in circulation, Dell has cut down on e-waste, saving resources & money.	Reducing carbon emissions by 11 percent compared with virgin plastics
In 2014 Walmart – along with founding members Coca Cola, Colgate-Palmolive, Johnson & Johnson, Keurig Green Mountain, PepsiCo, Procter & Gamble, Unilever and Goldman Sachs – launched the Closed Loop Fund .	A \$100 million, five-year investment in the development of recycling infrastructure in cities across the U.S	The companies anticipate the investment to be multi-dimensional, including a more consistent pipeline of recycled content to turn back into packaging, optimizing efficiencies and decreasing the adverse environmental impact.
Ford and aluminium giant Novelis announced regarding the design and construction of an infrastructure guaranteeing a correctly closed loop	Automotive aluminium for Ford's new aluminium F-150 truck	Recycled aluminium requires 95 percent less energy to produce and generates 95 percent fewer greenhouse gas emissions; it provides Novelis with more supply chain security through a systematic inbound supply of scrap for recycling back into the marketplace; and the aluminium F-150 is 700 pounds lighter than its ancestor, resulting in best-in-class fuel economy.
A renowned shoe company Adidas revealed the first fruit of its collaboration with ocean conservation group Parley for the Oceans: a running shoe made from upcycled ocean plastic waste.	Adidas has also partnered with singer Pharrell Williams' company, Bionic Yarn, for a line of shoes and apparel made from marine plastic.	ECONYL® — a nylon yarn produced from reclaimed fishing nets – has been turned into the whole thing from socks to wetsuits , and carpets from Interface and Desso, to men's apparel from Kelly Slater's Outer known label
Swedish brand Nudie Jeans will repair worn-and-torn jeans for free; Holland's MadJeans leases, relatively than sells, theirs – and recycles all garments into new ones at their end of life; and not only do San Francisco-based Timbuk2's bags have a lifetime warranty, the company's LifeCycle program enables customers to reduce, reuse, repair, and recycle or even reimagine their bags at the end of their useful life.	The company's Life Cycle program enables customers to reduce, reuse, repair, and recycle or even reimagine their bags at the end of their useful life	

Source: compiled by the author

from kabadiwallas, segregate material in more detail, and aggregate to volumes that allow them to sell directly to processors in the city. While they primarily work with the informal waste ecosystem, they also help middle and large generators manage their waste responsibly. For these types of generators, their weekly outputs of recyclable waste are too large for small scrap-dealers to handle, and in these cases they use Kabadiwala Connect to get better prices and to easily report material that needs to be collected. They are currently developing a modular storage and shelving system that will help you sort your recyclable waste easily at home. They also collaborate with companies to explore the role of design in enhancing the sustainability of their waste streams.

Make in India aspects of Circular Economy:

The “Make in India” program should incorporate elements of Circular Economy, instead of merely following the Linear Take-Make –Use –disposal model. The National Manufacturing Policy on “Make in India” has the following features, which include the potential for Circular Eco Systems. SMEs could be given further incentives in this regard.

GREEN TECHNOLOGY & PRACTICES:

- 5% interest in reimbursement & 10% capital subsidy for the production of equipment/machines/devices for controlling pollution, reducing energy consumption and water conservation.
- A 10% one-time capital subsidy for units practising zero water discharge.
- A rebate on water cess for setting up wastewater recycling facilities.
- Incentives for renewable energy under the existing schemes.
- An incentive of INR 2,00,000 for all buildings which obtain a green rating under the IGBC/LEED or GRIHA systems.

TECHNOLOGY DEVELOPMENT:

- Incentives for the production of equipment/machines/ devices for controlling pollution, reducing energy consumption and water conservation.
- SMEs will be given access to the patent pool and/or part of reimbursement of technology acquisition costs up to a maximum of INR 20,00,000 for the purpose of acquiring appropriate technologies up to a maximum of 5 years.

V. CONCLUSION

The concept of Circular Economy is perfect to achieve the objective of higher resource productivity; it has been tried and tested successfully in many types of industrial and agricultural production systems, so far, in developed

IV. THE INDIAN SCENARIO

As in other emerging economies, the amount of municipal and industrial waste produced in India is increasing constantly but the recycling effectiveness does not develop at the same pace. The most relevant group in waste management in India is the informal sector. It is reported that about 80% of the entire waste system is handled by informal workers.

The Indian E-waste sector is a prime example of the role of the informal sector in circular economic function. Out of the 6% of E-waste that is recycled in the country, 95% is recycled by the informal sector. E-waste recycling in informal sector involves collection, segregation and dismantling.

There is a strong case for cooperation between Informal and Formal sectors to create an economically viable circular system.

In this context, Kabadiwala Connect is doing commendable work.

Their app “Recykle” is an app that helps people get the information they need to manage their waste responsibly at home. A consumer can get simple tips to help segregate his garbage, sign-up for composting events and connect to his closest Kabadiwalla. The Kabadiwala Connect recovery facility is a critical link between the kabadiwalla ecosystem and the more formal recycling plants. They buy



countries and China. But the fact remains that for implementation of this eco-friendly production system, millions of firms, consumers and public institutions need to be mobilized. A global system of cooperation and laws of contract have to be in place first. Prices need to change to better reflect environmental and social costs: this would improve the economic system, providing the right incentives and price signals for producers and consumers. The environmental quality of products and services must become more transparent to consumers and institutional buyers, e.g. through a market relevant eco-label. Most importantly, coherent public policies must be put in place to enable such a reform and push it forward.

This is imperative to achieve sustainable economic development in India and to allow the successful implementation of a low carbon strategy for inclusive growth, at the same time improving the inefficient patterns of resource use.

However the question remains whether India has the political will to introduce adequate and innovative tools (incentives, laws, market mechanism) and if India can build on visionary stakeholders and foresighted entrepreneurs (producers, dealers, recyclers) that encourage, support and implement the required change towards a resource efficient economy that coincides with the basic principles of a Circular Economy.

REFERENCES

- [1] 1. “A Review of the Circular Economy in China: Moving from Rhetoric to Implementation”. Journal of Cleaner Production. 2012.
- [2] 2. Towards the Circular Economy: An Economic and Business Rationale for an Accelerated Transition. Ellen MacArthur Foundation. 2012.
- [3] 3. “Circular Economy”. Ellenmacarthurfoundation.org
- [4] 4. “Manifesto for a Resource Efficient Europe”. European Commission.
- [5] 5. Lynn R. Kahle, EdaGurel-Atay, Eds (2014). Communicating Sustainability for the Green Economy. New York: M.E. Sharpe.
- [6] 6. http://wastewise.be/circular-economy/#.V61Qf_197IU
- [7] 7. <http://www.mondaq.com/india/x/396342/Waste+Management/Waste+Management+In+India+An+Overview>
- [8] 8. <https://www.greenbiz.com/article/defining-circular-economy-beyond-recycling-material-reuse>
- [9] 9. <https://www.ellenmacarthurfoundation.org/circulareconomy/overview/principles>
- [10] 10. <http://www.nature.com/news/circular-economy-lessons-from-china-1.19593>
- [11] 11. Circular economy and informal waste management in India – a contradiction?, Dr. Dieter Mutz, GIZ, Conference Paper, Resource Politics 2015, Institute of Development Studies, 7-9 September 2015, resourcepolitics2015.com
- [12] 12. <http://www.kabadiwallaconnect.in/>
- [13] 13. Make in India: Will the programme do well to evolve beyond the ‘take-make-use-dispose’ model?, Naren Karunakaran, ET Bureau | Feb 18, 2016
- [14] 14. <http://www.makeinindia.com/policy/national-manufacturing>



A Study on Automobile Industries in India-Synergetic Effect on Contemporary Period

Mr. Kolhe Vivek Mansaram

Research Scholar
Aligarh Muslim University, Aligarh, Uttar Pradesh
vivek.kolhe@yahoo.in

Dr. Mohammad Naved Khan

Research Guide
mohdnavedkhan@gmail.com

Dr. Anand Deshmukh

Director, Global Institute of Management, Pune
deshmukh_789@yahoo.co.in

Abstract : *The Indian auto industry is one of the largest in the world and also one of the key drivers to a growing economy. The Indian Auto Industry plays a pivotal role in country's rapid economic and industrial development. Primarily Indian Automobile is finding increasing recognition worldwide. It is evident that recently India has started exporting of vehicles as well as components to rest of the worlds. However, on a global level, the India's share of automobile production is almost at low level. This paper attempts to incorporate synergetic impacts to analyze the competitiveness of India's automobile industry. Looking at the four determinants of competitiveness in the original model, the study specifically examines the impact of market size, investment government initiatives on industry competitiveness. The present study is based on secondary data and it is analyzed by table and graph. More importantly, the study identifies the India's market overview and also notable trends, key drivers, growth in the automotive sectors, investments, production volume etc. in the global share. It is also high light the emergence as one of the major production and export hubs in the coming years. At the end we have made some specific recommendations, which could throw in to India's emergence as one of the leader in automobile producing economies in the world.*

Keywords : *Synergy, effects, Competitiveness, Roadblocks, Globalization, Automobile Industry*

I. JOURNEY OF AUTOMOBILE INDUSTRY IN INDIA

The presence of the automobile industry in India can be traced in the 1940s but the actual growth and expansion of the automobile industry started in 1970. There were only six automobile manufacturers in India. They were Telco, Mahindra and Mahindra, Ashok Leyland, Hindustan motors, Bajaj Auto and Premier Automobiles. There were only two companies involved in manufacturing passenger cars. They were Hindustan Motors and Fiat India Limited. Between 1970 and 1984 cars were mostly purchased by rich people and considered as a prestigious product. The decade of 1985 to 1995 witnessed the entry of Maruti Udyog in the passenger car segment and Japanese manufacturers in the two wheelers and light commercial vehicle segments. The Indian automotive Industry embarked on a new journey in 1991 with de-licensing of the sector and subsequent opening up for 100 per cent FDI through automatic route. This decade witnessed the emergence of Hero Honda as a major player in the two wheeler segments and Maruti Udyog as the market leader in the passenger car segment. Since then almost all the global majors have set up their facilities in India taking the level of production of vehicle from 2 million in 1991 to 9.7 million in 2006 (Automotive Component Manufacturers Association. (2006). The Indian automotive industry after de-licensing in July 1991 has grown at a spectacular rate

on an average of 17 per cent over the last few years. The industry has now attained a turnover of Rs. 1,650 billion of which the share of auto component sector is 1.8 billion USD during the year 2005-06. Indigenously developed (Made in India) vehicles were introduced in the domestic market and exports were given a thrust. Auto companies started collaboration with financial firms to provide auto financing and insurance services to customers. Manufacturers also introduced systems to improve capacity utilization and adopted quality and environmental management systems. In 2003, Core-group on Automotive R&D (C.A.R.) was set up to identify priority areas for automotive R&D in India. The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). As of FY 2014-15, around 31 per cent of small cars sold globally which are manufactured in India. The Two Wheelers segment with 81 per cent market share is the leader of the Indian Automobile market owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector. The overall Passenger Vehicle (PV) segment has 13 per cent market share.

II. LITERATURE REVIEW

1. William B Dodds (1991) studies the effects of the intrinsic cues of price brand and store information on



consumer perception of product quality. They found that price had a positive effect on perceived quality but a negative effect on perceived value and respondent’s willingness to buy.

2. C. W Park et al (1994) analyzing and assessing the consumer knowledge. It has observed that consumer knowledge is an important construct in understanding consumer behavior such as information search and information processing. Increase in self assessed knowledge was associated with decrease in utilization of sales people’s recommendations.

3. According to National Council of Applied Economic Research (NCAER) data, the consuming class, with an annual income of US\$ 980 or above, is growing and is expected to constitute over 80 per cent of the population by 2009-10 (IBEF, 2006). Customer satisfaction is one of the key attribute to Brand preference. Customer satisfaction is used as a key towards used as a predictive measurement of future consumer purchases as hypothesized by Newman and Werbel (1973). Satisfied customers are more likely to resort to repeating purchases in the time of actual instance, as reported by Zeithaml, Berry and Parasuraman (1996) in their studies, Not only this, these highly satisfied customers are responsible for the growth of the company through a positive word of mouth.

4. Mohinder Singh (2007)in his article finds that consumers prefers car due to superior performance, flexibility in travel, punctual in attending the assignments, privacy, easy mode of carrying parcels and carriages and act as a status symbol. Statement of the Problem Customer prefer towards four wheelers depends on safety and style.

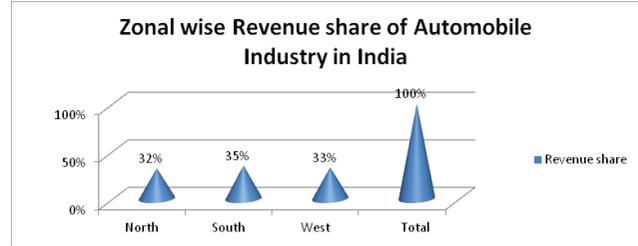
SYNERGETIC EFFECTS defined as , working together; used especially of groups, as subsidiaries of a corporation, cooperating for an enhanced effect; “a synergistic effect” synergistic. cooperative - done with or working with others for a common purpose or benefit; “a cooperative effort” It has emerged as a paradigm towards the economic development in today’s competitive world.

III. MARKET SIZE

Indian automobile Industry has emerged as Asia’s third largest exporter of passenger cars in 2010 after Japan and South Korea. The following table and table No. 1 depicted the contribution from three zonal in Automobile industries in India.

Table No: 1: Zonal wise market share of automobile manufacturing industry in India

Zones	Revenue share
North	32%
South	35%
West	33%
Total	100%



Graph No: 1: Zonal wise market share of automobile manufacturing industry in India

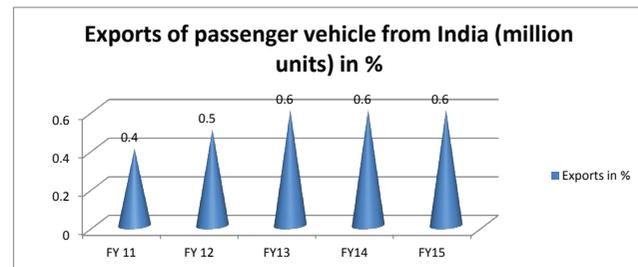
The majority of the passenger manufacturing industry is located around three zones in the north, south and west. The southern cluster of automobile industry is the biggest consisting of Chennai accounting for 35% of the revenue share. The western hub near Mumbai and Pune contributes to 33% of the market and the remaining 32% is contributed by the Northern Cluster. Exports of passenger vehicles from India on FY 11 was 0.4%, in FY 12 it increased by 0.5% that means every year it is grew by 0.1%.

Table No: 2: Exports of passenger vehicle from India (million units)

FY	Exports in %
FY 11	0.4
FY 12	0.5
FY13	0.6
FY14	0.6
FY15	0.6

Source: SIAM, TechSci Research

Graph No. 2: Exports of passenger vehicle from India (million units) in %



IV. INVESTMENTS:

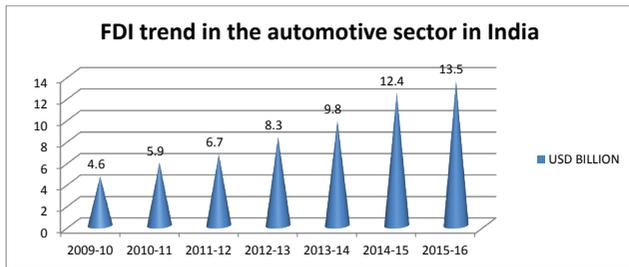
The Government of India encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route. Some of the major initiatives taken by the Government of India are: Mr Nitin Gadkari, Minister of Road Transport, Highways & Shipping has announced plans to set up a separate independent Department for Transport, comprising of experts from the automobile sector to resolve issues such as those related to fuel technology, motor body specifications and fuel emissions, apart from exports. In order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry has



attracted Foreign Direct Investment (FDI) worth US\$ 14.32 billion during the period April 2000 to December 2015, according to data released by Department of Industrial Policy and Promotion (DIPP). The table and graph No. 3 enumerate FDI trend in the automotive sector in India (USD billion).

Table No: 3: FDI trend in the automotive sector in India.

Financial Year	Amount (USD Billion)
2009-10	4.60
2010-11	5.90
2011-12	6.70
2012-13	8.30
2013-14	9.80
2014-15	12.40
2015-16	13.50



Graph no: 3: FDI trend in the automotive sector in India (USD billion)

Some of the major investments and developments in the automobile sector in India are as follows:

- 1) Sweden-based electric vehicle maker Clean Motion plans to invest US\$ 10 million in India over the next three years in order to expand operations including setting up of an assembly unit for its Zbee three-wheelers in the country. Isuzu Motors, the Japan-based utility vehicle manufacturer, has inaugurated its greenfield manufacturing unit in SriCity, Andhra Pradesh, at a cost of Rs 3,000 crore (US\$ 450.94 million).
- 2) American car maker Ford has unveiled its iconic Ford Mustang in India and will make its debut in second quarter of FY2016 within the price band of Rs 45 lakh (US\$ 66,146) and Rs 50 lakh (US\$ 73,496) in the Indian market.
- 3) Nissan Motor Co. Ltd is in discussion with Government of India to bring electric and hybrid technologies to India as the government plans to reduce air pollution caused by vehicles.
- 4) The world’s largest air bag suppliers Autoliv Inc, Takata Corp, TRW Automotive Inc and Toyoda Gosei Co are setting up plants and increasing capacity in India.
- 5) General Motors plans to invest US\$ 1 billion in India by 2020, mainly to increase the capacity at the Talegaon plant in Maharashtra from 130,000 units a year to 220,000 by 2025.

6) US-based car maker Chrysler has planned to invest Rs 3,500 crore (US\$ 513.5 million) in Maharashtra, to manufacture Jeep Grand Cherokee model.

8) Mercedes Benz has decided to manufacture the GLA entry SUV in India. The company has doubled its India assembly capacity to 20,000 units per annum.

9) Germany-based luxury car maker Bayerische Motoren Werke AG’s (BMW) local unit has announced to procure components from seven India-based auto parts makers.

10) In 2015, Mercedes launched the whole new Mercedes Benz B-Class Facelift which has new features like LED daytime running headlamps that are integrated into the cluster and new bumpers.

V. GOVERNMENT INITIATIVES

Government of India aims to make automobiles manufacturing the main driver of ‘Make in India’ initiative, as it expects passenger vehicles market to triple to 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26. In the Union budget of 2015-16, the Government has announced to provide credit of Rs 850,000 crore (US\$ 124.71 billion) to farmers, which is expected to boost the tractors segment sales. The Government plans to promote eco-friendly cars in the country i.e. CNG based vehicle, hybrid vehicle, and electric vehicle and also made mandatory of 5% ethanol blending in petrol. The government has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020 to encourage the progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country. The Automobile Mission Plan (AMP) for the period 2006–2016, designed by the government is aimed at accelerating and sustaining growth in this sector. Also, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.

VI. ROAD AHEAD

The Indian car market is going through a shift. The domestic market is large and has the potential to grow further in the future due to high disposable incomes and positive current low penetration levels. India has nearly 23 % of the global population and is one of the most preferred consumer markets for the Automobile Sector. India’s automotive industry is one of the most competitive in the world. It does not cover 100% cent of technology or components required to make a car but it is giving a good 97%, as highlighted by Mr Vicent Cobee, Corporate Vice-President, Nissan Motor’s Datsun. Leading auto maker Maruti Suzuki expects Indian passenger car market to reach four million units by 2020, up from 1.97 million units in 2014-15. The Indian automotive



sector has the potential to generate up to US\$ 300 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12% to India's Gross Domestic Product.

VII. KEY DRIVERS

A. GROWING DEMAND:

According to the latest statistics it is proved that there is rising trend of income, young population. GDP per capita has grown from USD1,430.19 in 2010 to USD1,595.7 in 2014, and is expected to reach USD2,128.78 by 2018(E). Apart from the impact of rising incomes, widening of the consumer base will also be aided by expansion of the middle class, increasing urbanization, and changing lifestyles, A young population is boosting demand for car, Demand for commercial vehicles increased due to the development of roadways and greater market access. Greater availability of credit and financing options Greater access to credit eases the purchase of passenger and commercial vehicles. The Indian car finance market is also growing. As per CAGR report it is of 13.20% from the year 2010-15 and expected to grow to USD30.43 billion by 2020. Foreign brands like BMW, Audi, Toyota, Skoda, Volkswagen and Mercedes- Benz have started providing customized finance to customers, dealers and suppliers through dedicated Non-Banking Finance Companies (NBFCs).

B. POLICY SUPPORT

The automobile industry in India is expected to be the world's third largest by 2016, with the country currently being the world's second largest two-wheeler manufacturer. Two-wheeler production is projected to rise from 18.5 million in FY15 to 34 million by FY20. Furthermore, passenger vehicle production is expected to increase to 10 million in FY20 from 3.2 million in FY15. Automobile exports grew at a CAGR of 14.65 per cent during 2010-15. Passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers grew by 6.89%, 13.77%, 18.69% and 16.60%. during FY 2010-15. Passenger vehicles comprised a sizeable 16.7% of overall exports in FY15. The government aims to develop India as a global manufacturing as well as a research and development (R&D) hub. It has set up National Automotive Testing and R&D Infrastructure Project (NATRIP) centres as well as a National Automotive Board to act as facilitator between the government and the industry. Alternative fuel has the potential to provide for the country's energy demand in the auto sector as the CNG distribution network in India is expected to rise to 250 cities in 2018. Also, the luxury car market could register high growth and is expected to reach 150,000 units by 2020.

C. OPPORTUNITIES

The world's cheapest car (Tata Nano) has directed focus on the low-income market • Bajaj Auto, Hero Honda and

M&M plan to jointly develop a technology for two-wheelers to run on natural gas. Electric cars likely to be a sizeable market segment in the coming decade. Tata Motors to launch MiniCAT, a car running on compressed air, thereby stepping into the next era where cars would not require any fossil fuel and emissions would be almost nil.

VIII. FINDINGS

1. It is observed that India is third-largest automobile industry as compare with the world by 2016E. Further it is also anticipated that by 2020, India's share in the global passenger vehicle market will be touch from 2.40% in 2015 to 8%.

2. The present study reveals that large number of products available to consumers across various segments; this has gathered pace with the entry of a number of foreign players reduced overall product lifecycle have forced players to employ quick product launches

3. Further the present study specify that there has been increasing R&D investments from both the government and the private sector. Private sector innovation has been a key determinant of growth in the sector; two good examples are Tata Nano and Tata Pixel; while the former has been a success in India, the latter is intended for foreign markets.

IX. CONCLUSIONS

The present paper gives detailed insight about the development and growth of the Automobile industry in India and presents the current scenario of the automobile industry. India boasts a large population of middle class. However It is anticipated that Passenger vehicle market is expected to touch 10 million units by 2020. Majority of the foreign brands including Ford and Volkswagen have adapted themselves to cater to this class by dropping their traditional structure and designs which allows them to compete directly with domestic firms so as to make the sector highly competitive.

REFERENCES

- [1] Narayanan, K. (2004, Technology Acquisition and Growth of Firms: Indian Automobile Sector under Changing Policy Regimes, Economic and Political Weekly, 39 (6).
- [2] Tirupati, Devenath, (2008), Role of Technological Innovations for Competitiveness and Entrepreneurship, The Journal of Entrepreneurship.
- [3] Media Reports, Press Releases, Department of Industrial Policy and Promotion (DIPP), Automotive Component Manufacturers Association of India (ACMA), Society of Indian
- [4] Website: <http://www.mercedes-benz.co.in/> ,
- [5] http://en.wikipedia.org/wiki/Mercedes-Benz_India
- [6] http://en.wikipedia.org/wiki/Fiat_India_Automobiles



Management Perspectives on changing Socio-Economic Environment : Vision and Challenges for the Women’s

Minakshi Chavan

MBA (Finance & Human Resource), Karad
minakshichavan19@gmail.com

Nilofar Ustad

MBA (IT & HR), CCNA, CEH, Karad
quicknilofarustad@gmail.com

Abstract : *This paper attempts to analyze the status of Women Empowerment in India and highlights the Issues and Challenges of Women Empowerment. Today the empowerment of women has become one of the most important concerns of 21st century. But practically women empowerment is still an illusion of reality. We observe in our day to day life how women become victimized by various social evils. Women Empowerment is the vital instrument to expand women’s ability to have resources and to make strategic life choices. Empowerment of women is essentially the process of up liftment of economic, social and political status of women, the traditionally underprivileged ones, in the society. It is the process of guarding them against all forms of violence. The study is based on purely from secondary sources. The study reveals that women of India are relatively disempowered and they enjoy somewhat lower status than that of men in spite of many efforts undertaken by Government. It is found that acceptance of unequal gender norms by women are still prevailing in the society. The study concludes by an observation that access to Education, Employment and Change in Social Structure are only the enabling factors to Women Empowerment.*

Keywords : *Component; formatting; style; styling; insert*

I. INTRODUCTION

Across the different India regions women have stood up to take important roles in the socio economic development of their societies. The contribution made by Indian women in the provision of both financial and social facilities is equal.

Empowerment of women is a socio –political ideal envisioned in relation to the wider framework of women’s rights .It is a process that leads women realize their full potential their rights to have accesses to opportunities by their recourses and choice with the achieved only when advancement in the conditions of women is accompanied by their ability to influence the direction of social change gained through equal opportunities in economic social and political spheres of life.

Increasing the number of women entrepreneurs involved in starting new business. In addition to their economic and income generating activities, women assume multi faceted roles in society.i.e. As bread winner of a family, unpaid family workers, service providers in the communities and mother care taker of the family, In spite of their important contribution to socio economic development, women suffer from various constraints. Which inhibit them from fully realizing their potential for development?

The Indian society believes that no matter how well a woman works .She can’t be consider as being equal to a

women. The historical background of Indian society reveals that in Vedic times a woman was given a high status. It is an old saying “Where women are honored gods reside there. She knew as Arandhangini one half of husband’s body”. Women constitute almost 50% of the world’s population but India has shown disproportionate sex ratio whereby female’s population has been comparatively lower than males. As far as their social status is concerned, they are not treated as equal to men in all the places. In the Western societies, the women have got equal right and status with men in all walks of life. But gender disabilities and discriminations are found in India.

Even today. The paradoxical situation has such that she was sometimes concerned as Goddess and at other times merely as slave.

‘The global community must renew its attention to women’s economic empowerment and increase investments in women...Increased women’s labour force participation and earnings are associated with reduced poverty and faster growth; women will benefit from their economic empowerment, but so too will men, children and society as a whole...’. (World Bank’s Gender Equality Action Plan 2007-10)

II. OBJECTIVE OF

- ❖ To study role of women contribution of Social or Economic changes.



- ❖ To study analyze the factors influencing the economic empowerment of women.

III. RESEARCH METHODOLOGY:-

An analytical method is used for conducting the study. The study is based on primary data collection consist of originally collective information for specific purpose at hand by interviewed people it is the first hand information journals, books, periodicals, newspapers and websites. The data and information have been arranged logically in order to draw certain conclusions.

"It is impossible to think about the welfare of the world unless the condition of women is improved. It is impossible for a bird to fly on only one wing".

Swami Vivekananda.

India's vision of women's empowerment

The vision and mission of CARE India guide us towards our goal of overcoming poverty, and ensuring a life of dignity and security for the marginalized populations. We focus on women and girls to enable them to realize their rights, avail resources and opportunities, fight social injustice, develop leadership capabilities and build a better future for them.

IV. WHY NEED OF WOMEN EMPOWERMENT?

Reflecting into the "Vedas Purana" of Indian culture, women are being Worshipped such as LAXMI MAA, goddess of wealth; SARSWATI MAA, for wisdom; DURGA MAA for power. The status of women in India particularly in rural areas needs to address the issue of empowering women. About 66% of the female population in rural area is unutilized. This is mainly due to existing social customs. In agriculture and Animal care the women contribute 90% of the total workforce. Women constitute almost half of the population, perform nearly 2/3 of its work hours, receive 1/10th of the world's income and own less than 1/100th the world property. Among the world's 900 million illiterate people, women out number men two to one. 70% of people living in poverty are women. Lower sex ratio i.e. 933, the existing studies show that the women are relatively less healthy than men though belong to same class. They constitute less than 1/7th of the administrators and managers in developing countries. Only 10% seats in World Parliament and 6% in National Cabinet are held by women.

V. NEED FOR WOMEN EMPOWERMENT:

WOMEN ARE DEPRIVED OF

Access to Education
Access to Employment
Freedom of Movement
Exposure to Media
Domestic Violence
Decision Making Power

Table no: 1

S/N	Name	Percentage
1	Women decide themselves	22%
2	Women decide jointly with their husband	71%
3	Husband/father/Brothers & others decide for them	4%
4	Any other family members decided	2%

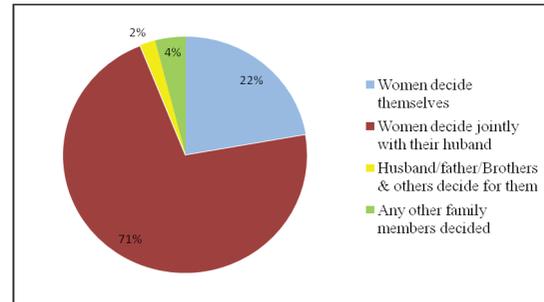


Chart No: 1 Decision Making Power

VI. WAYS TO EMPOWER WOMEN

- Changes in women's mobility and social interaction
- Changes in women's labor patterns
- Changes in women's access to and control over resources and
- Changes in women's control over Decision making
- Providing education
- Self employment and Self help group
- Providing minimum needs like Nutrition, Health, Sanitation, Housing
- Other than this society should change the mentality towards the word women
- Encouraging women to develop in their fields they are good at and make a career

VII. GOVERNMENT SCHEMES FOR WOMEN EMPOWERMENT

The Government programs for women development began as early as 1954 in India but the actual

Participation began only in 1974. At present, the Government of India has over 34 schemes for women operated by different department and ministries. Some of these are as follows;

1. RastriaMahilaKosh (RMK) 1992- 1993
2. MahilaSamridhiYojana (MSY) October, 1993.
3. India MahilaYojana (IMY) 1995.
4. Women Entrepreneur Development program given top



priority in 1997-98.

5. MahilaSamakhya being implemented in about 9000 villages.
6. Swayasjdha
7. Swa Shakti Group.
8. Support to Training and Employment Program for Women (STEP).
9. Swalamban.
10. Crèches/ Day care centre for the children of working and ailing mother.
11. Hostels for working women.
12. Swadhar.
13. National Mission for Empowerment of Women.
14. Integrated Child Development Services (ICDS) (1975),
15. Rajiv Gandhi Scheme for Empowerment of Adolescence Girls (RGSEAG) (2010).
16. The Rajiv Gandhi National Crèche Scheme for Children of Working Mothers.
17. Integrated Child Protection scheme (ICPS) (2009-2010).
18. Dhanalakahmi (2008).
19. Short Stay Homes.
20. Ujjawala (2007).
21. Scheme for Gender Budgeting (XI Plan).
22. Integrated Rural Development Program (IRDP).
23. Training of Rural Youth for Self Employment (TRYSEM).
24. Prime Minister’s RojgarYojana (PMRY).
25. Women’s Development Corporation Scheme (WDCS).
26. WorkingWomen’s Forum.
27. IndiraMahila Kendra.
28. MahilaSamitiYojana.
29. Khadi and Village Industries Commission.
30. IndiraPriyadarahiniYojana.
31. SBI’sSreeShaki Scheme.
32. SIDBI’sMahilaUdyamNidhiMahilaVikasNidhi.
33. NGO’s Credit Schemes.
34. National Banks for Agriculture and Rural Development’s Schemes

VIII. CHALLENGES

There are several challenges that are plaguing the issues of women’s right in India. Targeting these issues will directly benefit the empowerment of women in urban area:

❖ Education:

While the country has grown from leaps and bounds since independence where education is concerned. the gap between women and men is severe. While 82.14% of adult men are educated, only 65.46% of adult women are known to be literate in India. The gender bias is in higher education, specialized professional trainings which hit women very hard in employment and attaining top leadership in any field.

❖ Poverty:

Poverty is considered the greatest threat to peace in the world, and eradication of poverty should be a national goal as important as the eradication of illiteracy. Due to this, women are exploited as Domestic helps.

❖ Health and Safety:

The health and safety concerns of women are paramount for the wellbeing of a country

And is an important factor in gauging the empowerment of women in a country. However there are Alarming concerns where maternal healthcare is concerned.

❖ Professional Inequality:

This inequality is practiced in employment sand promotions. Women face countless handicaps in male customized and dominated environs in Government Offices and Private Enterprises. Ask the women’s for the professional or family support: Support for balance between work & non work activities given by

Table no: 2 Support to working / Professional women

S/N	Name	Percentage
1	Spouse/ Partner	70%
2	Friends	15%
3	Other Family members	7%
4	Others	2%

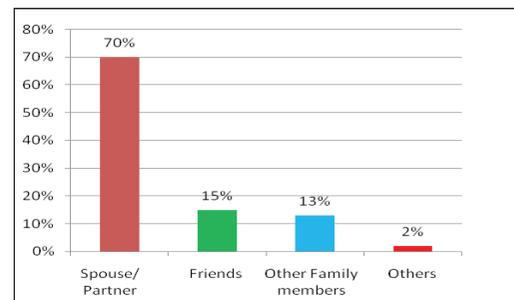


Chart No: 2 Support to working / Professional women



❖ **Morality and Inequality:**

Due to gender bias in health and nutrition there is unusually high mortality rate in women reducing their population further especially in Asia, Africa and china.

• **Perception among women on being treated differently by their spouse or family members?**

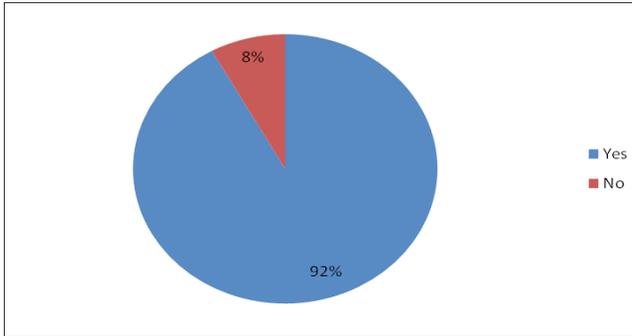


Chart No: 3 Percentage of women’s treated by others.

Ask by women’s which are the factors influencing of women’s, treated differently by others in society.

Which problems do you think is the most important problem faced by Women’s in the society?

Table no: 3 Problems faced by women’s

S/N	Name	Percentage
1	Gender problem	82%
2	Freedom	7%
3	Financial Instability	8%
4	Culture	3%

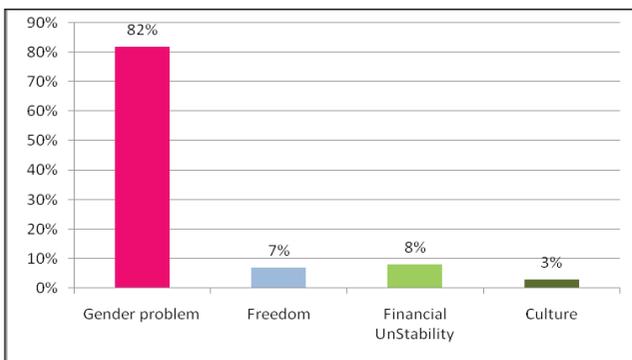


Chart No: 4 Problems faced by women’s

❖ **Household Inequality:**

Household relations show gender bias in infinitesimally small but significant manners all across the globe, more so, in India e.g. sharing burden of house hold inequality.

8. Constitutional Provisions for Empowering Women in India:

❖ **Equality before law for all persons (Article14)**

- Prohibition of discrimination on grounds of religion, race, caste, sex or place of birth (Article 15(1). However, special provisions may be made by the state in favors of women and children Article 15(3)
- Equality of opportunity for all citizens relating to employment or appointment to any office under the state (Article 16)
- State policy to be directed to securing for men and women equally the right to an adequate means of livelihood (Article 39(a); (v) equal pay for equal work for both men and women (Article 39(d)
- Provisions to be made by the state for securing just and humane conditions of work and maternity relief (Article 42)
- Promotion of harmony by every citizen of India and renouncement of such practices which are derogatory to the dignity of women Article 51A(e)
- Reservation of not less than one third of total seats for women in direct election to local bodies, viz;
- Panchayats and Municipalities (Articles 343(d) and 343 (T).

IX. FINDINGS OF THE STUDY

1. Globalization, Liberalization and other Socio-Economic forces have given some respite to a large

Proportion of the population. However, there are still quite a few areas where Women empowerment in India is largely lacking.

2. There needs to be a sea –change in the mind set of the people in the country. Not just the women

Themselves, but the men have to wake up to wake up to a world that is moving towards equality and equity. It is better that this is embraced earlier than later for our own good.

3. There are several Government programs and NGOs in the Country, there is still a wide gap that exists between those under protection and those not.

4. Poverty and illiteracy add to these complications, The Empowerment of Women begins with a guarantee of their health and safety.

5. Empowerment of Women could only be achieved if their economic and social status is improved.

This could be possible only by adopting definite social and economic policies with a view of total development of women and to make them realize that they have the potential to be strong human beings.



X. CONCLUSION

Indian women play an important role in initiating socio economic progress of the country .the hand that rocks the cradle rules the world women should be empowered so that they can lead to glory.

Our women entrepreneurs’ Social welfare works scientist, politicians & economist are leading the way for a bright future .Women in urban & rural areas should be given access to good opportunities so that they can bring about to the growth of the country bring about positive social change & contribute to the growth of the country.

Women play crucial role in initiating the advancement & growth of any society in nations across the world. India

REFERENCES

- [1] .Broady, Alyson. *Gender and Governance*. Brighton: Development Studies Press, University of Sussex, 2009.
- [2] Dahlarup, Drude. *Women Quotas and Politics*. London: Routledge, 2006.
- [3] Devasia, Leelamma and Verghese Devasia. *Empowering Women for Sustainable Development*. New Delhi: Ashish Publishing House, 2004.
- [4] Diehl, Paul F. ed. *The Politics of Global Governance*. New Delhi: Viva Books Private Limited, 2005.
- [5] ption to this rule.
- [6] International journal of ENTERPENERSHIP AND MANAGNENT RESEARCH JULY DEC.2012
- [7] www.encyclopedia
- [8] hodhganga.inflibnet.ac.in/bitstream/10603/8562/7/07_chapter_2.pdf
- [9] jms.co.in/sites/ajms2015/index.php/ajms/article/download/917/709
- [10] URL: <http://www.ejbss.com/recent.aspx->



Pro-Environmental Behaviour: Developing Conceptual Framework Using TPB and VBN Models

P. B. Suryawanshi

Associate Professor, IBMRD Ahmednagar
pbsurya@gmail.com

Dr. A. G. Jumle

Principal, College of Arts, Comm; & Sci; SNDT, Pune
jumleanandg@gmail.com

Abstract : *Understanding buyer behaviors plays an important part in marketing. Considerable research on buyer behavior both at conceptual level and empirical level has been accumulated. The human behavior is complex phenomena, and prediction of pro environmental behavior is even more difficult. The aim of the paper is to improve explanation value of theories of consumer behavior with reference to energy usage in the households. Consumer behavior models help a marketer in identifying and understanding a wide range of variables that could explain consumer behavior. In this way these models help a marketer understand and predict buyer behavior; and they help the marketer formulate better marketing programs and strategies. Researchers have attempted to study the dynamics of consumer decision making consumer behavior from varying orientations, and various models have been proposed. Theory o planned behavior and VBN are studied for understating the pro environmental behavior. Both theories are capable of explaining the behavior in context.*

Keywords : *Energy conservation, Pro environmental, TPB, VBN, Sustainable, Models*

I. INTRODUCTION

A theory is a set of interrelated concepts, definitions, and propositions that explains or predicts events or situations by specifying relations among variables.

These models have evolved from the economic paradigm of the 1940s, to the irrational, impulsive, emotional and vulnerable social consumer of the 1950s and 1960s, to the information processor of the 1960's and 70s, to the cognitive and rational consumer post 1980's. The purchase paradigms have also evolved; there is the cognitive paradigm, where purchase is regarded as an outcome of problem solving; the reinforcement paradigm, where purchase is regarded as a learned behaviour; and the habit paradigm, where it is regarded as a pre-established routine pattern of behaviour

In an attempt to illuminate the essence of consumer behavior this thesis will investigate two commonly used theories, namely the Theory of Planned Behavior (TPB) and the Value-Belief-Norm (VBN) model. The reason for the inclusion of these models is their distinctions as respectively rational and moral based approaches. This distinction is important, as they define whether the consumer is generally influenced by intrinsic or extrinsic factors when making a decision. This conflict between rational and moral considerations makes the area of sustainable consumption interesting, as personal sacrifice have to be made in order to aid the environment.

Behavioral Reasoning Theory (BRT) was developed in order identify new linkages underlying intentions and behavior (Westaby 2005). The theory proposes that reasons

serve as important linkages between beliefs, global motives, intentions and behavior. The BRT theory was created upon the framework of the Theory of Planned Behavior, as the creator identified a gap in the model construct.

The Attitude Behavior Context (ABC) theory (Guagnano, Stern et al. 1995) can be characterized as an environmental model, as it accommodates for the surroundings of the consumer. The ABC theory builds upon the framework of a standard means-end theory, meaning that the consumer acts upon expected functional and psychological gain from a given behavior.

The Protection Motivation Theory (Rogers 1975) builds upon threat identification and response in order to understand behavior. The model consists of two parts, known as the *threat appraisal process* and the *coping appraisal process*, where the first is the process of understanding a threat and the latter describes how the threat is coped with.

The Norm-Activation Theory (NAT) (Schwartz 1977) has been used to explain the way an environmental concern is transformed into behavior. It considers external factors that are processed through a norm filter in order to predict behavior. The study showed that both the subjective norm of parents as well as the activation of personal norms through communication of the problem had influence on the children's behavior.

II. REVIEW OF LITERATURE

For understanding the pro environmental behavior, researcher has studied following literature, based upon



theory of planned behavior and value based norm theory.

Abrahamse & Steg (2011) this study explored the relationships between household energy use and householder's intention to reduce their energy use on the one hand, and psychological variables and socio-demographic variables on the other. More specifically, the study examined whether the explanation of household energy use and intentions to reduce it could be informed by variables from the theory of planned behavior (TPB; Ajzen, 1985) and by variables from the value-belief-norm theory (VBN; Stern, et al., 1999), alongside socio-demographic variables.

Ajzen I, Fishbein M (2002, 2010) research is dealing with various aspects of the theory of planned behavior (Ajzen, 1985, 1987) is reviewed, and some unresolved issues are discussed. In broad terms, the theory is found to be well supported by empirical evidence. Intentions to perform behaviors of different kinds can be predicted with high accuracy from attitudes toward the behavior, subjective norms, and perceived behavioral control; and these intentions, together with perceptions of behavioral control, account for considerable variance in actual behavior. Attitudes, subjective norms, and perceived behavioral control are shown to be related to appropriate sets of salient behavioral, normative, and control beliefs about the behavior, but the exact nature of these relations is still uncertain.

C J Armitage & Conner, 2001; Christopher J. Armitage, Armitage, Conner, (1999) (Loach, & Willetts, 1999) recent evidence has suggested that large numbers of university students both consume excessive quantities of alcohol and use cannabis. This study tests the ability of an extended theory of planned behavior (TPB) to predict alcohol and cannabis use. The main focus of the study was the issue of perceived control, particularly the measurement of control beliefs, and the proposed distinction between self-efficacy and “perceived control over behavior.” Findings provided support for the TPB as a predictor of alcohol- and cannabis-use intentions and behavior, although analysis of belief components showed that a multiplicative combination is not always optimal.

Bamberg & Schmidt (2003) the major aim of the present article was to test empirically the validity of central propositions underlying the norm activation model, the Theory of Planned Behavior (TPB), and the Theory of Interpersonal Behavior (TIB) and to compare the predictive power of these three models in the context of student's car use. All models should be viewed as supplementary to each other, and not alternatives.

Darker & French (2009) study aimed to understand the processes of interpretation of, and responses to, the task of completing a theory of planned behaviour (TPB) questionnaire. Forty-five adults verbalized their thoughts

while completing a full TPB questionnaire on walking behaviour. On average, participants' verbalizations indicated around 16 problems with the 52 questions. Further, problems as identified from verbalizations were associated with increased endorsement of the middle option on the questionnaire. Normative and intention questions were found to be particularly problematic. The current standardized method to develop TPB measures systematically yields problematic questions, as indicated by both talk and questionnaire responses.

Dumitrescu, Wagle, Dogaru, & Manolescu (2011) The aim of this study was to test the efficiency of an extended model of the theory of planned behavior (TPB) in predicting intention to improve oral health behaviors. The participants in this cross-sectional study were 153 first-year medical students (mean age 20.16, 50 males and 103 females) who completed a questionnaire assessing intentions, attitudes, subjective norms, perceived behavioral control, oral health knowledge, and current oral hygiene behaviors. Attitudes toward oral health behaviors and perceived behavioral control contributed to the model for predicting intention, whereas subjective norms did not. Attitudes toward oral health behaviors were slightly more important than perceived behavioral control in predicting intention. Oral health knowledge significantly affected affective and cognitive attitudes, while current behavior was not a significant predictor of intention to improve oral health behavior.

Hargreaves, (2008) conventional approaches to pro-environmental behaviour change rest on individualistic and reductive assumptions which posit that behaviour is the outcome of a linear and ultimately rational process of decision-making. Policy approaches have thus concentrated on providing tailored environmental information to individuals to encourage (eco) rational decisions and on removing barriers to ‘correct’ behaviour, and research has tended to focus on modelling the influences on individual decision-making processes through large scale questionnaire surveys. This

Investigates what actually happens when pro-environmental ideas come into contact with, and are contested in the course of, everyday practice.

Khanifar, Molavi, Jandaghi, & Niya, (2012) despite investments in technology, reports show that these technologies are not competently welcomed by customers. Therefore, this study aims to identify affecting factors on customers' intention to use e-banking. In this study, electronic service quality integrated with Technology Acceptance Model and Theory of Planned Behavior model to explain customers' intention to use e-banking. The results of structural equations modeling confirm model fitness in studied population. Likewise, the results from path analysis



show that perceived e-service quality and subjective norm have significantly direct influences on intention to use. However, the findings indicate that perceived behavior control and e-service quality have significantly indirect influence on intention to use.

Lee & Choi, (2009) investigates meeting planners' intentions and actual use of lodging websites. The extended theory of planned behavior (TPB) is adapted to predict behavioral intention, a function of attitude, the subjective norm and perceived behavioral control (PBC), to predict actual use, a function of behavioral intention and perceived behavioral control. Past experience is added to existing theories of planned behavior. The study findings indicate that meeting planners' intentions to use lodging websites were strongly influenced by attitudes, subjective norms, PBC, and past experience.

Lynch & Martin, (2013) despite climate change issues, implementing energy policy and complementary energy efficiency programs have been problematic. This study examined how energy efficiency programs influence participant's behaviour in the context of Central Victoria Solar City (CVSC) program. The results indicate that 5.8% of electricity use reductions in the intervention group can be attributed to CVSC program. The study found the Theory of Planned Behaviour (TPB) is a plausible model to explain household energy use intentions and behaviour. Intentions to reduce energy use were influenced by environmental and financial attitudes towards reducing consumption and perceived control over such behaviour. This finding suggests that programs that successfully influence participant attitudes towards energy conservation and address barriers to adopting such behaviours are likely to have a positive effect on reducing energy use.

Matthew J. Mayhew et al., (2009) the purpose of this paper is to validate the use of a modified Theory of Planned Behavior (TPB) for predicting undergraduate student cheating. Results confirmed using the modified TPB as a model for predicting student cheating and the importance of understanding how cheating varies for students in different periods of moral reasoning development, namely moral consolidation and moral transition.

Omer & Haidar, (2010) to examine the applicability of the Theory of Planned Behavior and the additional predictive role of perceived risk in predicting intended use of Voluntary HIV Counseling and Testing (VCT) services. The study demonstrated that the TBP is a useful model for evidence based educational programs focusing mainly on creating supportive social system and strengthens their self efficacy for positive VCT

Truong, Y. (2009) the study aimed at evaluating the applicability of the Theory of Planned Behaviour (TPB) model in predicting user acceptance of online video

services. Validating the TPB model would improve the understanding of both academics and practitioners of the most influential antecedents of user acceptance. The results of the study confirmed that the TPB model was viable in predicting user acceptance of online video services. The findings also revealed that perceived behavioural control was the highest contributor to predicting intention to use online video services. Attitude toward use and subjective norm were found to have moderate predictive power

It is of importance to note that intention is supposed to be the major predictor of human behavior. Finally, proposed by Danter (2005), the adaptive ability of the Theory of Planned Behavior reflecting any changes in content, context and environment facilitates validity and applicability of this model. So that TPB can be applicable to studying energy conservation behavior.

III. OBJECTIVES

The aim of this study is to conduct in-depth analysis of application of theory of planned behavior and its effectiveness in predicting pro environmental behavior, another theory is the value based norm, theory based morals for studying the intention of behavior. This is the study based on secondary data, attempt has been made to develop integrated framework of pro environmental behavior.

Following are the research objectives,

1. To understand the applicability of TPB and VBN in predicting behaviour
2. To identify the barriers to pro environmental behaviour
3. To develop combined model of relevant theories.

IV. METHODOLOGY

All theories included have in common that they have shown explanatory power in studies regarding sustainable consumption. When researching earlier studies on sustainable behavior, it is apparent that Theory of Planned Behavior and the Value-Belief-Norm theory are those most commonly applied. It seems that rational theories are most commonly applied, despite of the moral considerations undertaken when deciding upon acts influencing the environment. This lack of moral theories is the reason for including the Norm-Activation Theory despite of its appearance in the Value-Belief-Norm theory.

Research Design- Descriptive study

For Secondary data –

Research Papers published in referred journals

By reviewing earlier studies in relation to the energy conservation behavior, the paper will evaluate the methods and their success when it comes to providing information

about the subject. The paper will draw upon, and evaluate the theoretical framework and its ability to improve the quality of analysis conducted in the studies. It is believed that the material chosen is sufficient in providing quality information in that it is published

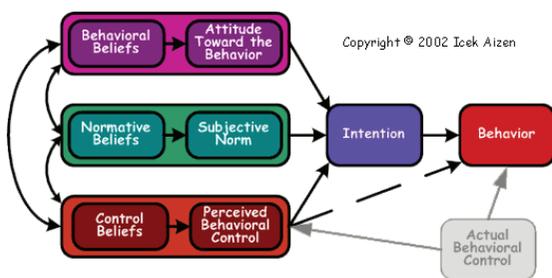
V. MODELS EXPLAINED

Determining pro environmental behavior could be possible only if, we can understand the theories of human behavior. For this purpose theory of planned behavior which is adaptive is most suitable. Also VBN which is based upon morals of behavior could be utilized for developing combined model of consumer behavior.

The Theory of Planned Behavior (Ajzen 1991), was developed as an extension to the Theory of Reasoned Action (Fishbein and Ajzen 1975). TPB builds upon three variables, defined as *attitude towards the behavior*, *subjective norm*, and *perceived behavioral control*. The first two variables were included in the Theory of Reasoned Action, whilst the latter was introduced with the TPB. The Theory of Planned Behavior is often criticized for its omission of moral considerations.

The Value-Belief-Norm theory (Stern 2000) on the other hand, makes extensive use of altruistic, or by extension, moral values considerations in order to explain consumer behavior. The VBN theory further develops the Norm-Activation theory (Schwartz 1977), in that it includes a person’s ecological worldview and values into the equation. The theory presents *personal norms* as the main predictor of environmental behavior.

Figure No.1 (TPB theory)

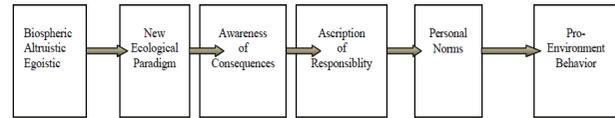


Source: Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50, p. 179-211.

Values can generally be classified as biospheric, altruistic and ego-centric. The two former values will in general benefit the environment, as they are values towards the wellbeing of respectively our planet and nature and other people. The latter value will in general induce non-environmental behavior, as the definition of environment is all existing entities except for the individual. The non-environmental

behavior described as a consequence of ego-centric values might not be true in all situations. As described earlier some might purchase green products, depends upon their perception and benefits out of that action.

Figure No.2 (VBN theory)



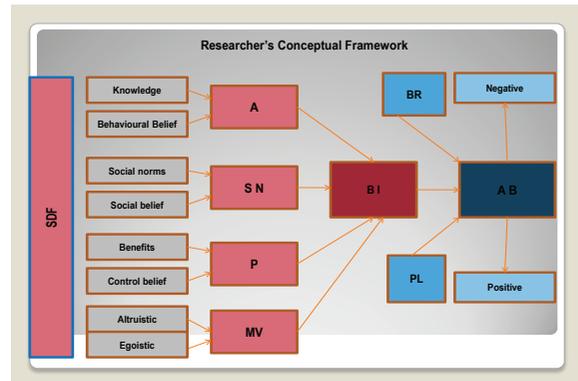
Source: Stern P C, 2000

In above diagram of VBN, Value depicts (biospheric, altruistic, egoistic) belief indicated by (NEP, AC, AR), norm (personal norm) and pro environmental behavior is the output.

VI. COMBINED FRAMEWORK

The variables necessary for describing the pro environmental behavior are identified. From purchase decision and preferences. The model builds to a great extent on the Theory of Planned Behavior and the Value-Belief-Norm theory, with some additions from other theories that have proved influential in situations of purchase behavior related to environmental impact and is therefore deemed applicable to the purchase of energy efficient devices. This model is integrated for determining the pro environmental behavior in the context of India.

Figure No. 3 (Researcher’s model)



VII. CONCLUSION AND SCOPE FOR FURTHER RESEARCH

Based on earlier studies, there is reason to conclude that this model would be fit to deal with a variety of behavior and that the purchase of energy efficient devices, with its two-sided nature will suit the model very well. The inclusion and omission of different factors in the model is also based on earlier studies and on the validity of each factor in studies regarding sustainable consumption. All of the factors from both the Theory of Planned Behavior and the Value-Belief-Norm theory are incorporated into the model,



and this is done based on the before mentioned validity of both theories. The further attempt will be to actually test the model empirically. So that we can use the model for predicting the energy conservations behavior in practice

REFERENCES

- [1] Abrahamse, W., & Steg, L. (2011). Factors Related to Household Energy Use and Intention to Reduce It: The Role of Psychological and Socio-Demographic Variables. *Human Ecology Review*, 18(1), 30–40. article. Retrieved from <http://www.narcis.nl/publication/RecordID/oai%3Apure.rug.nl%3Apublications%2F9932b534-1823-4c35-9076-43102853c2e7>
- [2] Ajzen, I. (1991). “The theory of planned behavior.” *Organizational Behavior and Human Decision*
- [3] *Processes* 50(2): 179-211.
- [4] Ajzen, I. (2002). Constructing a TPB Questionnaire : Conceptual and Methodological Considerations. article.
- [5] Ajzen, I. (2010). Constructing a theory of planned behavior questionnaire. *Biofeedback and Selfregulation*, 17, 1–7. [http://doi.org/10.1016/0749-5978\(91\)90020-T](http://doi.org/10.1016/0749-5978(91)90020-T)
- [6] Armitage, C. J., Armitage, C. J., Conner, M., Loach, J., & Willetts, D. (1999). Different Perceptions of Control: Applying an Extended Theory of Planned Behavior to Legal and Illegal Drug Use. *Basic and Applied Social Psychology*, 21(4), 301–316. http://doi.org/10.1207/S15324834BASP2104_4
- [7] Armitage, C. J., & Conner, M. (2001). Efficacy of the Theory of Planned Behaviour: a meta-analytic review. *The British Journal of Social Psychology / the British Psychological Society*, 40(Pt 4), 471–499. <http://doi.org/10.1348/014466601164939>
- [8] Bamberg, S., & Schmidt, P. (2003). Incentives, Morality, Or Habit?: Predicting Students’ Car Use for University Routes With the Models of Ajzen, Schwartz, and Triandis. *Environment & Behavior*, 35(2), 264–285. <http://doi.org/10.1177/0013916502250134>
- [9] Darker, C. D., & French, D. P. (2009). What sense do people make of a theory of planned behaviour questionnaire?: a think-aloud study. *Journal of Health Psychology*, 14(7), 861–871. <http://doi.org/10.1177/1359105309340983>
- [10] Dumitrescu, A. L., Wagle, M., Dogaru, B. C., & Manolescu, B. (2011). Modeling the theory of planned behavior for intention to improve oral health behaviors: the impact of attitudes, knowledge, and current behavior. *Journal of Oral Science*, 53(3), 369–377. <http://doi.org/10.2334/josnusd.53.369>
- [11] Hargreaves, T. (2008). Making Pro-Environmental Behaviour Work : An Ethnographic Case Study of Practice , Process and Power in the Workplace, (October).
- [12] Khanifar, H., Molavi, Z., Jandaghi, G. R., & Niya, M. (2012). Factors influencing the intendency of e-banking: An integration of TAM & TPB with e- service quality. *Journal of Applied Sciences Research*, 8, 1842–1852.
- [13] Lee, W. J., & Choi, H.-S. C. (2009). Understanding Meeting Planners’ Internet Use Behavior: An Extension to the Theory of Planned Behavior. *International Journal of Hospitality & Tourism Administration*, 10(2), 109–128. <http://doi.org/10.1080/15256480902850968>
- [14] Lynch, D., & Martin, P. (2013). How energy efficiency programs influence energy use: an application of the theory of planned behaviour. *European Council for an Energy Efficient Economy Summer Study*, 2037–2048.
- [15] Matthew J. Mayhew, Steven M. Hubbard, Cynthia J. Finelli, Trevor S. Harding, Donald D. Carpenter, Mayhew, M. J., ... Carpenter, D. D. (2009). Using Structural Equation Modeling to Validate the Theory of Planned Behavior as a Model for Predicting Student Cheating. *The Review of Higher Education*, 32(4), 441–468. <http://doi.org/10.1353/rhe.0.0080>
- [16] Omer, S., & Haidar, J. (2010). Applicability of the theory of planned behavior in predicting intended use of Voluntary HIV Counseling and Testing services among teachers of Harari Region, Ethiopia. *Ethiopian Journal of Health Development*, 24(2), 96–102. <http://doi.org/10.4314/ejhd.v24i2.62957>
- [17] Truong, Y. (2009). An Evaluation of the Theory of Planned Behaviour in Consumer Acceptance of Online Video and Television Services. *The Electronic Journal Information System Evaluation*, 12(2), 177–186. article.
- [18] Danter, E.H. (2005). The intention-behavior gap: To what degree does Fishbein’s integrated model of behavioral prediction predict whether teachers implement material learned in a professional development workshop? *Unpublished Ph.D. dissertation. The Ohio State University, Columbus, OH.*
- [19] Fishbein, M. and I. Ajzen (1975). “Belief, attitude, intention, and behavior: An Introduction to theory and research.”
- [20] Stern, P. C. (2000). “Toward a coherent theory of environmentally significant behavior.” *Journal of Social Issues* 56(3): 407-424.
- [21] Schwartz, S. H. (1977). Normative Influences on Altruism. *Advances in Experimental Social Psychology*. B. Leonard, Academic Press. **Volume 10:** 221-279.
- [22] Westaby, J. (2005). “Behavioral reasoning theory: Identifying new linkages underlying intentions and behavior.” *Organizational Behavior & Human Decision Processes* 98(2): 97-120.
- [23] Guagnano, G. A., et al. (1995). “Influences on Attitude-Behavior Relationships: A Natural Experiment with Curbside Recycling.” *Environment and Behavior* 27(5): 699-718.
- [24] Rogers, R. W. (1975). “{A protection motivation theory of fear appeals and attitude change}.” *Journal of psychology* 91(1): 93-114.



Economic Change : A Brief Review of Literature

Dr. Aftab Alam

Head, Dept. of Business Economics
Abeda Inamdar Senior College, Pune
draalamaftab@gmail.com

Abstract : *This Economic change exists when market forces create a change so massive that it affects business organization, people, government and just about everything. Business organizations operate in an environment. Business environment constitutes external and internal factors that influence a business. External factors and internal factors can influence each other and work together to affect a business. Various environmental factors such as economic, political, social, technological, demographic factors, affect the business and its working. Among these factors economic factors is the most important factor. The change in economic factors or economic change plays an important role in the working of a business organization. This paper is a humble attempt to review the available literature on economic change in general and its impact on the functioning of business organization.*

Keywords : *Economic Change, Business Organization*

I. INTRODUCTION

Economic change plays an important role in the functioning of a business organization. It impacts a lot to the performance of a firm and accordingly business organizations strategize and frame policies to suit the economic change. Economic change includes all economic environment factors under which firm operates. Economic environment constitutes economic system, economic endowment, level of income, policies and nature of an economy. Economic environment does not remain constant, it keeps on changing from time to time and from one place to another place.

The paper has two objectives. Firstly, to understand the concept of economic change and economic environment and secondly to review the literature on the concept of economic change and its effect on business organization.

II. CHANGING ECONOMIC ENVIRONMENT

Economic environment consists of economic system, economic conditions, economic policies and economic legislations of the country and international economic environment. The economic system defined as rules and regulation that control the economic relation of people in the society. There can be three different types of economic system namely Capitalism, Socialism and mixed economy.

Under capitalism, business units or factors of production are owned and governed privately. Government does not interfere in the economic activities of the country. It is also known as free market economy. Under socialism, all the economic activities of the country are controlled and regulated by the Government in the interest of the

public. USSR was the first country to adopt this concept of socialism. Under mixed economic system both public and private sectors coexist like in India we have. Some factors of production are privately owned and some are owned by public sector. There is freedom of choice of occupation and consumption.

The performance of a business unit largely depends on economic conditions of an economy. Economic condition includes demand and supply conditions, level and distribution of income, purchasing power of people, interest rate, inflation rate, per capita income, development of banking and financial institutions, level of economic development and growth. These are the factors largely affect the size of a market. Business cycle is another economic condition that is very important for a business unit. Business Cycle has five different stages viz. (i) Prosperity, (ii) Boom, (iii) Decline, (iv) Depression, (v) Recovery.

Economic policies and regulations facilitate and regulate the business organization in the country. Economic Policies affects the different business units in different ways. All the business enterprises frame their policies and strategies keeping in view the prevailing economic policies. Important economic policies of a country are fiscal policies i.e. policies related to government expenditure, taxation, borrowing, monetary policies, industrial policies, foreign investment policies, foreign trade policy. Besides these government frames legislations like we have companies act, labour laws, and industries act etc. to regulate and control the business.

The importance of international economic environment is increasing in this era of liberalisation, privatisation and globalization. If any business enterprise is having operation



at global level, then it is influenced by not only its own country economic environment but also the economic environment of the country from which it is importing or exporting goods. There are many organizations like WTO, World Bank, IMF, United Nations etc. which frame various rules and guidelines for international trade and investment.

Among the above five economic environment economic system, economic rules and regulations are more or less stable in the short and medium period. But economic policies, economic conditions and international economic environment are more fluctuating and changes even the short period. Economic conditions affect the performance of a business unit significantly in the short period. So the business organization frame its policies and plans to expand and grow keeping in view these economic conditions. Any change in these economic conditions is termed as economic change.

III. LITERATURE REVIEW

In this section I tried to review papers and books which show the interaction of economic, political, social and cultural change in an economy. Torsten Persson and Guido Tabellini (2006) in his working paper studies the dynamics of dynamics of economic and political change. They have analysed the panel data on political regimes and GDP per capita for about 150 countries over 150 years. Democratic capital— measured by a nation’s historical experience with democracy and by the incidence of democracy in its neighbourhood — reduces the exit rate from democracy and raises the exit rate from autocracy. In democracies, a higher stock of democratic capital stimulates growth in an indirect way by decreasing the probability of a successful coup. Our results suggest a virtuous circle, where the accumulation of physical and democratic capital reinforce each other, promoting economic development jointly with the consolidation of democracy.¹

Maryann Feldman, Theodora Hadjimichael, Tom Kemeny, Lauren Lanahan (2014) in their studies economic development and its role. According to them Economic development addresses the functioning of the microeconomics of the economy. Without economic development, economic growth is limited. The ultimate result of economic development is greater prosperity and higher quality of life; however, these goals can only be realized through sustained innovation, activities that lower transaction costs through responsive regulation, better infrastructure and increased education and opportunities for more fruitful exchange. Only by appreciating the role of government as a vehicle for collective action can we ensure our economic future. In this paper, they have built a foundation for understanding economic development and the role of government that should permit the future development of such performance and impact measurement

systems.²

Brenda L. Massetti(2008) in his paper analyses social entrepreneurship as model for economic change. He introduces the diagrammatic construct of the Social Entrepreneurship Matrix (SEM).Using a systems thinking perspective; the Matrix combines entrepreneurial mission concerns with enterprise profit requirements. The paper seeks to use the integrating properties of systems thinking to offer guidance for assessing social enterprise opportunities.³

Richard N. Langlois in his paper ‘Economic Change and the Boundaries of the Firm’ (1988) aims to examine the problems that economic change poses for the explanation of the organization of firms i.e. explaining the extent of internal organization or vertical integration. This paper attempts to synthesize and extend the theory of vertical integration in a regime of rapid economic change. In particular, the paper develops a tentative theory in which the degree of vertical integration in an industry depends on such factors as the extent of the market; the rate of change of the extent of the market; the level of Marshallian “external economies”; and past history.⁴

Douglass C. North in his ‘Forum Series on the Role of Institutions in Promoting Economic Growth’ on Understanding the Process of Economic Change (2003) defines Economic change as a result of changes, one, in the quantity and quality of human beings; two, in the stock of human knowledge, particularly as it applies to the human command over nature; and three, in the institutional matrix that defines the incentive structure of society. A complete theory of economic change would therefore integrate these three strands. We live in a world of dynamic economic change, but the theory we employ to understand our world is static. Moreover, the theory we employ is frictionless. There are no institutions, no government; in short transaction costs are zero. The tools we employ to understand and control the world of dynamic change are simply inadequate to deal with the issues. Nothing illustrates this better than the fumbling efforts we have made over the last ten years to restructure what was the Soviet, and is now the Russian economy. Understanding involves that we rethink the process of change, and not simply tinker with static models.⁵

Henry Wai-chung Yeung (2002) in his paper ‘The Limits to Globalization Theory: A Geographic Perspective on Global Economic Change’ concludes that economic globalization is an inherently geographic phenomenon in relation to the transcendence and switch ability of geographic scales and discursive practices as socio-spatial constructions. Given its complex spatiality, economic globalization isomer a phenomenon in need of explanations than a universal cause of empirically observable outcomes in the so-called globalization theory. To illustrate above claims, the author analysed the complex interrelationships



between globalization processes and the recent Asian economic crisis.⁶

Douglass C. North in his working paper 128 (1997) summarizes that A good deal is known about what makes for successful economic development, but very little is known about how to get there - that entails an understanding of the process of economic change. The paper first examines the sources of successful growth and then explores the process of dynamic change of economies. As to sources of growth, three fundamental factors are discussed: basic economic determinants, the institutional framework and the cultural heritage of society. The main force underlying dynamic economic change is the continuous interaction between institutions and organizations. Economic and social organizations of society such as firms, households, schools, and political parties are forced by competition for scarce resources to continually investing new skills and knowledge to survive. The institutions provide the incentive structure that dictates the kinds of skills and knowledge that organizations as entrepreneurs perceive to have the maximum payoff. The perceptions about economic opportunities are derived from the mental constructs of entrepreneurs and are important in determining the dynamics of change. However, the economies of scope, complementarities, and network externalities of an institutional matrix make institutional change- and hence economic change - overwhelmingly incremental and path dependent. There are three parts to the process of economic change: the 'reality' of an economy, the perceptions humans in a society possess about that reality, and given the beliefs they possess, the institutional structure that they impose to reduce uncertainty and control the economy. The process of change results from a continuous change in that reality which in turn alters the perceptions humans possess about it, inducing them to modify their institutional structure which leads to further changes in the reality of an economy - an ongoing process.⁷

Richard N. Langlois and Paul L. Robertson (1995) in their book 'firms, markets and economic change-a dynamic theory of business institutions' develop a dynamic theory of organizational boundaries that draws on both transaction-cost economics and the dynamic-capabilities or resource-based approach to strategy. They use this theory to propose an alternative explanation for vertical integration, and they emphasize the interplay of organizational form and product design, putting forward the theory of modular systems. In addition to offering detailed case studies of the early American automobile industry, the stereo-components industry, and the microcomputer industry⁸.

REFERENCES

- [1] https://www.researchgate.net/profile/Torsten_Persson/publication/4820662_Democratic_capital_The_nexus_of_political_and_economic_change/links/5440edf60cf2ebb036905aa4.pdf Retrieved on 26th September 2016.
- [2] <https://www.eda.gov/tools/files/research-reports/investment-definition-model.pdf> Retrieved on 25th September 2016.
- [3] http://emergentpublications.com/eco/ECO_papers/Issue_10_3_2_AC.pdf?AspxAutoDetectCookieSupport=1 Retrieved on 26th September 2016.
- [4] <http://web.uconn.edu/ciom/JITE1988.pdf> Retrieved on 24th September 2016.
- [5] http://pdf.usaid.gov/pdf_docs/Pnacx402.pdf Retrieved on 25th September 2016.
- [6] https://www.researchgate.net/profile/Henry_Yeung2/publication/227659717_The_Limits_to_Globalization_Theory_A_Geographic_Perspective_on_Global_Economic_Change/links/00b7d525f8a0cadf83000000.pdf Retrieved on 26th September 2016.
- [7] <https://www.wider.unu.edu/sites/default/files/WP128.pdf> Retrieved on 25th September 2016.
- [8] http://samples.sainsburysebooks.co.uk/9781134804979_sample_528562.pdf Retrieved on 25th September 2016.



The NPAs of Urban Co-operative Banks in India - The Recent Trends and Their Implications

Dr. Sukanya N.

Lecturer in Economics, Sri Ramakrishna College, Mangaluru, Karnataka
sukanya130176@gmail.com

Abstract : *A serious problem that has been afflicting the Indian commercial banking system is the problem of non-performing assets. The urban co-operative banking system of the country is also not free from the problem. The objective of this paper is to review, briefly, the trends in the non-performing assets of the urban co-operative banks in the in the country in recent years and to bring out their implications.*

Keywords : *UCBs, NPAs, Credit appraisal, End-use supervision, Credit-education*

I. INTRODUCTION

The role of timely credit at reasonable cost is the basic requirement of profitable productive and business activity in an economy. Though productive activity requires real inputs in men and materials, it is credit that enables the producer to acquire the real inputs required for productive activity. This makes timely availability of credit in required quantity the crucial factor in the process of production, though credit is only a facilitator in the process of production. Besides timely availability, the cost of credit or the rate of interest at which credit is available is a determining factor in cost of production and hence in determining the profitability of productive activity financed by credit. Mere availability of credit is not enough; it should be available at reasonable cost.

Financial institutions like commercial banks, investment finance companies, co-operative banks and co-operative societies play an important role, as institutional or formal sources of credit in a country for productive investment activity, as distinguished from the informal sources that exist in the country. In order to be efficient and stable providers of credit, these credit institutions have to be sound and profitable by themselves and their assets and operations sound and stable.

II. THE CO-OPERATIVE CREDIT SYSTEM IN INDIA AND THE URBAN CO-OPERATIVE BANKS

The co-operative credit system in India was envisaged to be the sound and ideal institutional arrangement for the provision of institutional credit, particularly in the rural sector of the country's economy, and was the earliest of such institutional arrangement for rural credit in the country (RBI-2009). The commercial banks in the country were basically urban located and urban oriented and started to

operate in the rural areas of the country to a noticeable extent only after the nationalization of the fourteen major commercial banks in the country on the 19th of July 1969.

The urban co-operative credit institutions, termed urban co-operative banks (UCBs), are the “urban counterparts of rural cooperatives” (RBI-2009a). The urban co-operative banks (UCBs) are co-operative credit institutions which are located in the urban areas of the country and serve the urban and semi-urban areas of the country. The UCBs form as an “important channel of financial inclusion for the middle and low income sections in the semi-urban and urban areas” (RBI-2009b) of the country.

The UCBs in the country are subjected to a system of dual control over them, with their banking related operations being governed by the Reserve Bank of India and the registration and the managerial aspects of the UCBs being looked after by the registrars of co-operative societies of the respective states. In the case of UCBs operating in more than one state the Central Registrar of Co-operative Societies is vested with the responsibility of looking after the registration and managerial aspects of the UCBs (RBI-2011).

The UCBs in the country are “unique” institutions in terms of their “clientele mix and channels of credit delivery and are organized with the objective of promoting thrift and self-help among the middle class/lower middle class population and providing credit facilities to the people with small means in the urban/semi-urban centers” (RBI-2006).

However, the urban co-operative banks in the country are afflicted by the problem of non-performing assets (NPAs) that adversely affects the health and efficiency of the banks just as in the case of the country's commercial banking system, the predominant sector of the Indian banking/financial system.



III. OBJECTIVE AND SOURCE OF DATA

The objective of this paper is to review briefly the incidence and magnitude of the NPAs of the UCBs in the country in recent years and to comment on their implications. The period chosen for the study is the period since the turn of the present century and the data used are secondary data drawn from the publications of the Reserve Bank of India (RBI).

IV. THE SIZE OF THE CO-OPERATIVE BANKING SYSTEM IN INDIA

The Indian banking system is dominated by the commercial banks. However, the co-operative banking or credit sector of the country occupies a significant position in its banking/financing system of the country in terms of its role in deposit and credit mobilisation and in terms of financial education and financial inclusion in the country. According to the RBI the aggregate amount of loans and advances disbursed by the rural and urban co-operative credit institutions in the country formed 10 per cent of the aggregate volume of loans and advances made by the scheduled commercial banking system of the country as at the end of March 2012.(RBI-2013). While this indicates the quantitative size of the sector, its non-quantitative significance as a tool of financial inclusion and education in the country is immense.

V. PLACE OF THE URBAN CO-OPERATIVE BANKS IN THE CO-OPERATIVE CREDIT STRUCTURE OF INDIA

The urban co-operative banks occupy an important place in the co-operative credit system of the country. Out of a total number of 95,156 co-operative credit institutions functioning in the country as at the end of March 2013 urban co-operative banks (UCBs) numbered a total of 1,606 banks, forming 1.69 per cent of the total number of units. The remaining 93,550 units were rural co-operative credit institutions, forming 98.31 per cent of the total number. Out of the 1,606 UCBs working in the country as at the end of March 2013 scheduled UCBs were 51 in number and the remaining 1,555 UCBs were Non-scheduled UCBs. (RBI-2013a).

Out of the 51 scheduled UCBs in the country as at the end of March 2013, 25 banks were multi-state banks with their branches located in two or more states, while the remaining 26 banks were Single State banks with their branches located in the native state only. Among the non-scheduled UCBs 21 banks were multi-state banks, while the remaining 1,534 UCBs were single-state banks. (RBI-2013b)

VI. CLASSIFICATION OF UCBs IN INDIA

The UCBs in India are grouped into two classes: i) Tier-I UCBs, and ii) Tier-II UCBs (RBI 2013c).

Tier-I UCBs are the smaller UCBs with a deposit base of less than Rs. one billion with its branches located in the same district, or in adjacent districts, with 95 per cent or more of its total deposits and advances in the main district. All other UCBs are grouped under Tier-II UCBs.

According to the RBI (2013d), Tier-I UCBs in the country numbered 1,194 as at the end of March 2013 in the country, forming 74.3 per cent of the total of 1,606 UCBs in the country, holding a share of 15.7 per cent of the total deposits of the UCBs and 15 per cent of the total advances of the UCBs in the country as on that date.

In contrast, the Tier-II UCBs numbered a total of 412, forming 25.7 per cent of the total number of UCBs in the country, controlling among them 84.3 per cent of the total deposits and 85.0 per cent of the total advances of the UCBs in the country as on that date.

These figures show the extent of skewness involved in handling and purveying deposits and credit by the UCBs in the country. It is also found 412 Tier-II UCBs in the country together own 83.8 per cent of the total assets of Rs. 3,372 billion in the country as at the end of March 2013, while the remaining 16.2 per cent of the total volume of assets of UCBs were held thinly by the 1,194 UCBs belonging to the Tier-I category.

VII. CONSOLIDATION OF UCBs AND THE NUMBER OF UCBs IN INDIA

In order to improve the health of the UCBs sector the RBI has been adopting a process of consolidation of viable UCBs and the closure of the UCBs which were found to be unviable (RBI-2013e). Consequently, the number of UCBs in the country steadily decreased as can be seen from the data contained in Table-I which shows the number of UCBs functioning in the country from 2001 to 2013. The data show that the total number of UCBs functioning in the country as at the end of March 2013 was 1,606 against a total of 1,942 banks functioning in the country in 2001. Out of the total of 1,606 UCBs in the country, 1,194 banks belonged to Tier-I category, the category of smaller UCBs, and the remaining 412 banks belonged to the bigger category of Tier-II banks, as shown above under classification of UCBs.

Table-I
Number of UCBs in India

Year	Number of UCBs
2001	1,942
2002	1,937
2003	1,941
2004	1,926
2005	1,872
2006	1,853
2007	1,813
2008	1,770
2009	1,721
2010	1,674
2011	1,645
2012	1,618
2013	1,606

Source: Reserve Bank of India- Report on Trend and Progress of Banking in India, different issues.



VIII. NPAS OF UCBS IN INDIA

Just as in the case of the commercial banks in the country, the UCBS are also plagued by the presence of non-performing assets that impair the quality of their assets and their profitability and operational efficiency.

Table-II presents the data pertaining to the magnitude of the NPAs of UCBS in India during the period from 2001 to 2013. It can be seen from the data that the percentage ratio of the Gross NPAs of the UCBS was fluctuating from year to year. The ratio was 16.1 per cent in the year 2001 and increased to an all time high ratio of 23.4 per cent the year 2005. The ratio decreased steadily thereafter and stood at 6.0 per cent in 2013, indicating an improvement of the quality of the assets of the UCBS in the country in recent years.

The percentage ratio of the Net NPAs of the UCBS to their total advances showed a similar improving trend since 2003, with the ratio decreasing steadily since the year 2003, from 13.0 per cent in 2003 to 1.4 per cent in 2013. These trends in the NPAs of the UCBS show a steady improvement in the quality of their assets in recent years in the country.

Table-II

Gross and Net NPAs of Urban Co-operative Banks in India, 2001-2013

(Amount in Rs. crore)

Year	Gross NPAs	Net NPAs	Gross NPAs as %age of Total Advances	Net NPAs as %age of Total Advances
2001	9,245	-	16.1	-
2002	13,706	-	21.9	-
2003	12,509	6,428	19.0	13.0
2004	15,406	8,242	22.7	12.1
2005	15,486	8,257	23.4	12.5
2006	13,871	6,718	19.7	9.6
2007	14,541	6,235	18.3	8.8
2008	14,037	6,083	15.5	7.7
2009	13,043	5,318	13.3	6.1
2010	11,399	3,821	10.1	3.9
2011	11,529	3,130	8.5	2.5
2012	110	28	7.0	1.9
2013	109	25	6.0	1.4

Source: Reserve Bank of India- Report on Trend and Progress of Banking in India, different issues.

Note: Amounts for 2012 and 2013 are in Rs. billion.

IX. POLICY IMPLICATIONS

Co-operative institutions are basically institutions developed by individuals who associate among themselves to mutually help themselves in facing the threats posed by changing conditions of the market, and the consequent risks involved and the threats posed to the individuals. Since they are institutions for mutual benefit the growing strength of a co-operative society benefits every member of the co-operative society. Members have self-interest in the profitable functioning of the society.

Besides, since the UCBS are small in size when compared with the average size of a scheduled bank, and since they lend only to the members, of the bank or society, who are known to the managerial staff of the bank, it is reasonable to expect that the incidence of NPAs is negligible in the case

of the UCBS unlike in the case of the commercial banks. Hence, it is only just and reasonable to expect that the NPAs of the co-operative banks are the minimum.

Hence, the presence of NPAs in the UCBS in India reflects, at least partly, the lack of awareness of these basic aspects of a co-operative venture, lack of the required co-operative spirit and understanding among their members and the lack of their full participation in the successful functioning of the UCBS in the country...

X. CORRECTIVE MEASURES

Certain corrective and educative measures in the following lines are, therefore, required to be adopted for avoiding or at least minimising the NPAs of the UCBS in the country.

- Proper credit appraisal:** Proper credit appraisal of the project for which a loan is applied is essential while sanctioning a loan. Since easy availability of credit has the risk of borrowing by members for unproductive purposes and for lavish consumption expenditure, credit appraisal and advice should be an essential part of the process of sanctioning a loan, even though it is to its member.
- Banking and credit education:** The NPAs of the UCBS can be contained only if their members are educated and enlightened on their co-operative responsibility and on the fact that the financial health and soundness of the banks rest on their co-operation and loyalty to the bank and hence their responsibility in servicing punctually the loans raised by them from the bank. Educating the members on these aspects of the functioning of the UCBS is necessary for making them successful co-operative ventures.
- End-use supervision:** Proper end-use supervision of the loans granted is also necessary to prevent the diversion of the proceeds of loans granted for productive purposes to other uses of an unproductive nature. Diversion of the proceeds of the loan for unproductive uses will only make it difficult for the borrowers to service the loans raised by them in time so that the loan turns out to be NPA for the lending bank.
- Careful nursing of the loan:** Very often loans become delinquent due to factors beyond the control of the borrower, such as crop failures in the case of agricultural loans, market fluctuations in the case of loans for non-agricultural productive purposes, etc. In such cases the risk of loans becoming NPAs for the bank can be avoided if the borrowers are given some extension of time to service and repay the loans. Such nursing of the loans in genuine cases is necessary for reducing the incidence of NPAs in UCBS as in the case of other banks.



5. **Co-operative education:** Besides the above, educating the members on the principles of co-operation is very essential for the success of a venture like a co-operative bank or society. It is essential to make the members aware that the success of the society rests on the loyalty of the members to the society, and that there are risks involved to the efficiency of the society or bank in the event of their not servicing the loans raised by them punctually.

XI. CONCLUSION

Since the presence of NPAs among the UCBs adversely affects their profitability and efficiency, it is essential to adopt certain corrective measures so as to avoid the problem of NPAs among the UCBs. Effective measures adopted along the lines suggested above will avoid, at any rate minimise the magnitude, the problem of NPAs in the Urban Co-operative Banking sector of the country and improve the quality of the assets and efficiency of the operations of the UCBs in the country.

REFERENCES

- [1] RBI (2006)- Report on Trend and Progress of Banking in India, 2005-06, P.109.
- [2] RBI (2009)-Report on Trend and Progress of Banking in India, 2008-09, P.157.
- [3] RBI (2009a)- Report on Trend and Progress of Banking in India, 2008-09, P. 157.
- [4] RBI (2009b)- Report on Trend and Progress of Banking in India, 2008-09, .157.
- [5] RBI (2011)- Report on Trend and Progress of Banking in India, 2010-11, P.106.
- [6] RBI (2013)- Report on Trend and Progress of Banking in India, 2012-13, P. 92, foot note in the page.
- [7] RBI (2013a)- Report on Trend and Progress of Banking in India, 2012-13, P. 93, chart in the page.
- [8] RBI (2013b)- Report on Trend and Progress of Banking in India, 2012-13, P. 93, chart in the page.
- [9] RBI (2013c)- Report on Trend and Progress of Banking in India, 2012-13, P. 94, foot note in the page.
- [10] RBI (2013d)- Report on Trend and Progress of Banking in India, 2012-13, P. 94, Table-V.1 in the page.
- [11] RBI (2013e)- Report on Trend and Progress of Banking in India, 2012-13, P. 93.



International Financial Reporting Standards

Dr. Tasfiya. I. Shaikh

Assistant Professor, Patuck-Gala College of
 Commerce & Management, Santacruz(E), Mumbai
 tasfiya.baraskar@gmail.com

Abstract : *Accounting is shaped by economic and political forces. It follows that increased worldwide integration of both markets and politics makes increased integration of financial reporting standards and practice almost inevitable. The connection between tax and accounting is a complex topic with many dimensions. One explanation for this is changes within accounting on the international level. This creates a challenge for tax law and a need to revisit the theoretical and practical foundations for the use of accounting as a starting point for taxation of companies. International financial reporting standards is a standard format of financial reporting that is gaining momentum worldwide and is a single consistent accounting framework and is likely to become predominant generally accepted accounting practice(GAAP) in times to come. The aim of this study is to research IFRS and GAAP to understand the difference in presentation of accounting.*

Keywords : IFRS; GAAP; ICAI

I. INTRODUCTION

IFRS are accounting rules (“Standards”) issued by the International Accounting Standard Board(IASB), an independent organization based in London , UK. They are set of rules that ideally would apply equally to financial reporting by public companies worldwide.

The benefits from the adoption of IFRS over the world as :

1. Better financial information for shareholders
2. Better financial information for regulators
3. Enhanced comparability
4. Improved transparency of results
5. Increased ability to secure cross-border listing
6. Better management of global operations and
7. Decreased cost of capital

II. REIVEW OF LITERATURE

1. Bodhanwala&Bodhanwala (2016), IFRS and its implications are imperative for Indian companies. India has decided to converge with IFRS, which means that India will have its own covered standards in line with the IFRS. On January 2, 2015, the ministry of corporate affairs notified that Ind AS would be mandatorily applicable for accounting period ending March 31,2016 for companies falling under certain classifications. It is expected that once these are implemented , it will have a significant impact on financial statements. The convergence of IFRS will benefit Indian companies as they would be comparable to the peers internationally, which in turn would lead to a greater equity and debt participation by international players, thus making

funding easier and cheaper. This paper focuses on two key issues: are financial statements prepared using the two different standards significantly different? And, is there an increase in equity participation of foreign investors in Indian companies which have adopted IFRS? Companies covered in the study report financial statements as per two accounting standards because they are listed on Indian Stock exchange and NASDAQ. Since these Indian companies have dual listing (India & International), on Bombay Stock Exchange, they report as per Indian GAAP, and as these companies are listed on NASDAQ, they need to prepare financial statement using IFRS.

2. Barth et al.(2006) suggest that accounting quality could be improved with elimination of alternative accounting methods that are less reflective of firm’s performance and are used by managers to manage earnings. They compare earnings management for firms that voluntarily switch to IFRS with firms that use domestic accounting standards. They find that after IFRS adoption, firms have higher variance of changes in net incomes, a higher ratio of variance of changes in net income to variance of changes in cash flows, higher correlation between accruals and cash flows, lower frequency of small positive net income, and higher frequency of large losses.
3. Lee et Al. (2008) argue that if IFRS matters, then firms in countries that had lower disclosure quality and dependence on equity financing prior to mandatory IFRS should experience a greater impact after mandatory adoption. However, using implied cost of equity capital as an indicator, they find no effect



among such countries even after two years under the new accounting standards. By eliminating many international differences in accounting standards, and standardizing reporting formats, IFRS eliminate many of the adjustments that analysts historically have made in order to make companies’ financial information more comparable internationally.

III. RESEARCH METHODOLOGY

- a. **Objective of the Study :** To study in detail difference between IFRS and GAAP.
- b. **Sample Design :** out of AS38, following will be considered for research purpose.

Particulars	AS
Cash Flow Statement	IAS7
Inventories	IAS2
Intangible Assets	IAS38
Income Tax	IAS12

- c. **Sources of the Data:** The present study is based on the secondary data. Books, journals, magazines and websites etc.
- d. **Analysis and Interpretation of IFRS :**
 1. The following sets out some of key differences between accounting standards as specified to the companies rules 2006, and where considered necessary and IFRS issued upto 31st December 2014:

1) **Cash Flow Statement:**

Bank Overdraft:

IFRS: Bank overdraft is regarded as cash and cash equivalents if they form an integral part of an entity’s cash management.

GAAP: Under Indian GAAP, the bank overdrafts are considered as financing activities.

Treatment of Interest And Dividend:

IFRS: As per IAS-7, interest and dividend can be classified as operating, investing or financing activities in a manner consistent from period to period.

GAAP: As per AS-3 for financial enterprises: interest paid and interest and dividend received is treated as operating activities & dividend paid as financing activity. for other enterprises: interest and dividends received is treated as investing activities & interest and dividends paid as financing activities.

2) **Inventories :**

Scope of Inventories:

IFRS: scope exception from measurement requirement: inventories held by commodity brokers if measured at

fair value less cost to sell and producers of agricultural and forest products, agricultural produce after harvest and minerals and mineral products are covered to the extent that they are measured at net realizable value. Scope exception: Biological assets related to agricultural activity and agricultural produce at the point of harvest.

GAAP: No scope exception for inventories held by commodity brokers. Scope exception: work in progress arising in the ordinary course of business of service providers.

3) **Intangible Assets:**

IFRS: Subsequent Measurement-An entity shall choose either the cost model or revaluation model as its accounting policy. Useful Life - useful life may be finite or indefinite.

GAAP: subsequent measurement – measured only at cost. Revaluation is prohibited.

Useful life – the useful life may not be indefinite. There is rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.

4) **Income Tax:**

IFRS: Recognition of Deferred Tax assets & Liabilities- As per IAS-12, deferred income taxes are recognised for all temporary differences between accounting and tax base of assets and liabilities except to the extent which arise from a) initial recognition of goodwill or b) asset or liability in a transaction which i) is not a business combination; and ii) at the time of the transaction, affects neither the accounting nor the tax profit.

Recognition of taxes on items in other comprehensive income or directly in equity – current tax and deferred tax are recorded outside profit or loss if the tax relates to items that are recognized in the same or a different period, outside profit or loss.

Deferred tax assets for unused tax losses, etc – deferred tax asset is recognized for carry forward unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. Where an entity has a history of tax losses, the entity recognizes a deferred tax asset only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available.

GAAP: Recognition of Deferred Tax & Liabilities - under Indian GAAP, Deferred taxes are generally recognized for all timing differences.

Recognition of Taxes on item on other comprehensive income or directly in equity - an announcement made by the ICAI explains that any expense charged directly to reserves and or securities premium account is to be net of tax benefit



expected to arise from the admissibility of such expenses for tax purposes. Same way, any income credited directly to a reserve account or a similar account should be net of its tax effect.

Deferred Tax assets for unused tax losses etc- deferred tax asset for a) unused tax losses and unabsorbed depreciation-recognized only to the extent of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.b) all other unused credits/timing differences-recognised only to the extent of reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

However, The Institute of Chartered Accountants of India (ICAI) has announced that IFRS will be mandatory in India for financial statements for the periods beginning on or after 1 April 2016 in a phased manner. There is a roadmap issued by MCA for adoption of IFRS.

Reserve Bank of India has stated that financial statements of banks need to be IFRS-compliant for periods beginning on or after 1 April 2011.

The ICAI has also stated that IFRS will be applied to companies above INR 1000 crore (INR 10 billion) from April 2011. Phase wise applicability details for different companies in India:

Phase 1: Opening balance sheet as at 1 April 2011*

- i. Companies which are part of NSE Index – Nifty 50
- ii. Companies which are part of BSE Index – Sensex 30

a. Companies whose shares or other securities are listed on a stock exchange outside India

b. Companies, whether listed or not, having net worth of more than INR 1000 crore (INR 10 billion)

Phase 2: Opening balance sheet as at 1 April 2012*Companies not covered in phase 1 and having net worth exceeding INR 500 crore (INR 5 billion)

Phase 3: Opening balance sheet as at 1 April 2014*Listed companies not covered in the earlier phases * If the financial year of a company commences at a date other than 1 April, then it shall prepare its opening balance sheet at the commencement of immediately following financial year.

On 22 January 2010, the Ministry of Corporate Affairs issued the road map for transition to IFRS. It is clear that India has deferred transition to IFRS by a year. In the first phase, companies included in Nifty 50 or BSE Sensex, and companies whose securities are listed on stock exchanges outside India and all other companies having net worth of INR 10 billion will prepare and present financial statements using Indian Accounting Standards converged with IFRS. According to the press note issued by the government, those companies will convert their first balance sheet as at 1 April

2011, applying accounting standards convergent with IFRS if the accounting year ends on 31 March. This implies that the transition date will be 1 April 2011. According to the earlier plan, the transition date was fixed at 1 April 2010.

The press note does not clarify whether the full set of financial statements for the year 2011–12 will be prepared by applying accounting standards convergent with IFRS. The deferment of the transition may make companies happy, but it will undermine India’s position. Presumably, lack of preparedness of Indian companies has led to the decision to defer the adoption of IFRS for a year. This is unfortunate that India, which boasts for its IT and accounting skills, could not prepare itself for the transition to IFRS over last four years. But that might be the ground reality.

Transition in phases:

Companies, whether listed or not, having net worth of more than INR 5 billion will convert their opening balance sheet as at 1 April 2013. Listed companies having net worth of INR 5 billion or less will convert their opening balance sheet as at 1 April 2014. Un-listed companies having net worth of Rs5 billion or less will continue to apply existing accounting standards, which might be modified from time to time. Transition to IFRS in phases is a smart move. The transition cost for smaller companies will be much lower because large companies will bear the initial cost of learning and smaller companies will not be required to reinvent the wheel. However, this will happen only if a significant number of large companies engage Indian accounting firms to provide them support in their transition to IFRS. If, most large companies, which will comply with Indian accounting standards convergent with IFRS in the first phase, choose one of the international firms, Indian accounting firms and smaller companies will not benefit from the learning in the first phase of the transition to IFRS. It is likely that international firms will protect their learning to retain their competitive advantage. Therefore, it is for the benefit of the country that each company makes judicious choice of the accounting firm as its partner without limiting its choice to international accounting firms. Public sector companies should take the lead and the Institute of Chartered Accountants of India (ICAI) should develop a clear strategy to diffuse the learning.

Size of companies :

The government has decided to measure the size of companies in terms of net worth. This is not the ideal unit to measure the size of a company. Net worth in the balance sheet is determined by accounting principles and methods. Therefore, it does not include the value of intangible assets. Moreover, as most assets and liabilities are measured at historical cost, the net worth does not reflect the current value of those assets and liabilities. Market capitalization is



a better measure of the size of a company. But it is difficult to estimate market capitalization or fundamental value of unlisted companies. This might be the reason that the government has decided to use ‘net worth’ to measure size of companies. Some companies, which are large in terms of fundamental value or which intend to attract foreign capital, might prefer to use Indian accounting standards convergent with IFRS earlier than required under the road map presented by the government. The government should provide that choice.

IV. CONCLUSION

The study shows that there is different in valuations and consideration as per IFRS and GAAP. The idea of using financial accounting as a starting point for tax accounting is based on both theoretical and practical motives. But apart from the idea of tax “the real economic income” of companies, the theoretical foundation is rather vague from a tax standpoint. Tax accounting in many countries has not developed independently from financial accounting.

Instead there has been reciprocal influence, in many countries also mixed with influences to and from company

law. The effect has been that both financial accounting and tax accounting developed around some common principles. The details in national GAAP might differ from rules for tax accounting, but the definition of income with a concept built on a balance sheet approach allowing fair value accounting, this can change the content of national GAAP in a significant way and therefore also indirectly affect tax accounting in a country. But to what degree there will be any major changes in national GAAP depends on legislators and standard setters.

REFERENCES:

- [1] Ruzbeh J Bodhanwala and ShernazBodhanwala “IFRS Adoption and its impact on Indian Stock: Evidence from IFRS compliant Indian Companies” Accounting Research and Audit Practices, Vol.XV No.3 July 2016.
- [2] Barth, M.E W.R Landsman & Lang, “ International accounting standards and accounting quality” working paper, Stanford University and University of North Carlonia, 2007.
- [3] Leuz C. &Verrecchia R., “ The Economic Consequences of increased Disclousure”, Journal of Accounting Research, 38, pg-91-124, 2000.
- [4] Chintan N Patel &BhupendraMantri, “ Indian Accounting Standards”, Taxmann publication, IInd edition , April 2015.



Green Banking - A New Panorama For Social Upliftment And Indian Banks Initiatives

Prof. Dr. Ashlesha Mungi

Commerce Dept., Shardabai Pawar Mahila Mahavidyalaya, Shardanagar, Baramati, Pune
armungi2010@gmail.com

Abstract : *The world is facing most complex issues of climate change. People nowadays are more aware with global warming and its integral disadvantages on human life. So change is the need of the hour for the existence and endless efforts should be made for the environmental management in aecological manner. It is not only the concern of the government and the direct polluters but also of other stakeholders like financial institutions such as banks, which are playing a fundamental role in the development of the society. Banking activities are not actually related to the environment, but the external impact of their customer activities is wide. So there is need for banks to adopt green strategies into their operations, buildings, investments and financing strategies. The purpose of this paper is to highlight Green Banking activities in India*

Keywords : *Green Banking, Green Banking Strategies, Indian Banks Initiatives*

I. INTRODUCTION

The banking sector influences the economic growth and development in terms of both quality and quantity, there by changing the nature of economic growth. Banking sector is one of the major sources of financing investment for commercial projects which is one of the most important economic activities for economic growth. Therefore, banking sector can play a crucial role in promoting environmentally sustainable and socially responsible investment (SRI). Banks may not be the polluters themselves but they will probably have a banking relationship with some companies/ investment projects that are polluters or could be in future.



Banking sector is generally considered as environmental friendly in terms of productions and pollutions. Internal environmental impact of the banking sector such as use of energy, paper and water are relatively low and clean. Environmental impact of banks is not physically related to

their banking activities but with the customer's activities. Therefore, environmental impact of bank's external activity is huge though difficult to estimate. Moreover, environment management in the banking business is like risk management. It increases the enterprise value and lowers loss ratio as higher quality loan portfolio results in higher earnings. Thus, encouraging environmentally responsible investments and prudent lending should be one of the responsibilities of the banking sector. Further, those industries which have already become green and those, which are making serious attempts to grow green, should be accorded priority to lending by the banks. This method of finance can be called as "**Green Banking**".

II. DEFINITION OF GREEN BANKING

Green Banking is a very general term which can cover a multitude of areas from a Bank being environmentally friendly to how their money is invested. Green Banking considers all the social and environmental / ecological factors with an aim to protect the environment and conserve natural resources. It can also be called as Ethical Banking or Sustainable Banking. Green Banking activities are controlled by the same authority but with an additional agenda towards taking care of the Earth's environment / habitats / resources.

III. OBJECTIVES OF THE GREEN BANKING

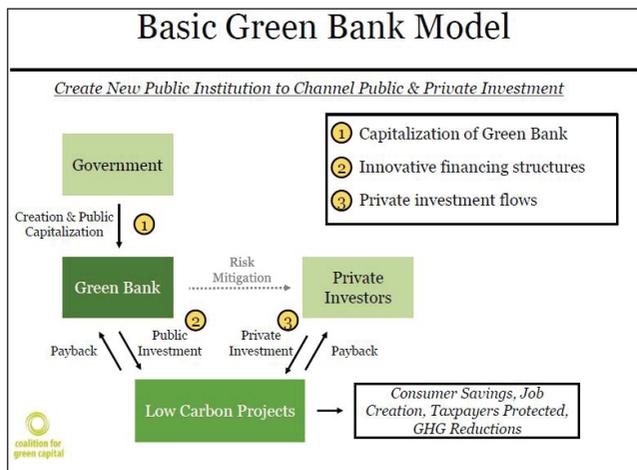
- i. To promote ecological environment friendly initiatives undertaking through adoption of a set of principles and strict devotion to those principles
- ii. To avoid financing in the industry(ies) / project(s)



- / business(es), which may be threat to the environment despite their financially viability
- iii. To encourage the employees, the existing and potential clients and other stakeholders to develop, practice & promote for developing & using Environment friendly /Green Technology/ products/production process
- iv. To encourage the bank to embrace E-Commerce as a facilitator to green banking
- v. To develop the attitude among the employees to motivate, encourage the stakeholders through initialization of appropriate in-house environmental risk management system through introduction of appropriate technology
- vi. To sponsor awareness programs for environment friendly products/technology through practice of Corporate Social Responsibilities (CSR)

IV. MAJOR PHASES IN GREEN BANKING

1. Using online banking instead of branch banking.
2. Paying bills online instead of mailing them.
3. Opening up accounts at online banks, instead of large multi-branch banks
4. Finding the local bank in your area that is taking the biggest steps to support local green initiatives.



V. BENEFITS OF GREEN BANKING

1. Avoids paper works as much as possible by way of rely on electronic / on-line transaction in its Banking activities.
2. Creates awareness to the business people about environmental and social responsibility enabling them to do a environment friendly business practice.
3. Green Banking adopt and implement environmental standards for lending, which is really a proactive area

that would enable eco-friendly business practices which would benefit our future generations.

4. Interest rate against credit facilities under Green Banking products to be comparatively less than normal rate of interest as Green Banking gives more importance to environment friendly factors – ecological gains. Natural resources conservation is also one of the underlying principles in a Green Bank while assessing capital / operating loans to extracting / industrial business sector.
5. Green Bank as a concept is a proactive and smart way of thinking with a vision for future sustainability of our Earth and contribute to higher and safe standard of living.

VI. NEED TO LAUNCH GREEN BANKING

Due to development of civilization and natural causes, the Earth’s environment is being polluted in different forms which caused harms to the Earth, resulting rapid change of the Earth’s climate. As a result, living beings of this planet are facing acute threat for their existence. Use of natural resources in planned or unplanned way, at the higher rate than nature’s capacity to restore itself results in pollution of the environment, i. e., air, water, and land.

Scientific inventions have been making our lives easier, faster and more comfortable as these inventions provides us more connectivity, different tools & techniques to make our daily works easier. All these activities, at the same time are also polluting the environment of our planet.

A. The sources / causes of environmental pollution:

Population growth is a fundamental pollution cause. With population numbers literally exploding around the world, the demand for food and other goods goes up. This demand is met by expanded production and use of natural resources, which in turn leads to higher levels of pollution.

Globalization is another major cause of pollution. Globalization has become an effective facilitator of environmental degradation. Developing countries like Bangladesh usually have much looser laws on environmental protection. With this “benefit” as well as the population growth and easy availability of cheap labor, big industry prefers to move its facilities to such “pollution havens” rather than work in more regulated systems.

Industrialization is the major cause of pollution. Among other things, industrialization set in motion the widespread use of fossil fuels (oil, gas & coal) which are now *the* main sources of pollution. Industrialization requires more natural resources for production and the pollution is be released into the environment. Chemicals, metals, toxic items, rubber, plastic, waste, oil, gas, radiation, poison, noise, carbon, excess heat, smoke, etc., are the elements which pollutes the environment.



Livestock farming uses vast amounts of resources and produces a lot of waste. Harmful fertilizers are widely used to grow cereals and other plants - such chemicals affect negatively the wider environment as well as human health.

Timber production is a major cause of global deforestation which releases carbon dioxide into the atmosphere.

At consumer level, a lot of pollution comes from landfill disposal of post-consumption waste which could actually be recycled. At the same time, there are many consumer goods which *cannot* be recycled - and they end up on the landfill as well. As for the wider residential sector, domestic gas heating systems and private transport are no doubt some of the major contributors to global pollution. On top of that, many residential items which can or cannot be recycled (ex., domestic furniture) are also sent to landfills. Food, clothing, other personal goods, private housing, private transport are the pollutants at consumer level.

Similar situation prevails in the commercial & social sectors. Any waste generated from the use of premises as well as transportation- all contribute to pollution levels in different ways.

VII. JOURNEY OF GREEN BANKING



Green Banking in India

Initiatives by Indian Banks- Many banks are now successfully implementing green banking

practices. In this study, the researcher has projected the green banking initiatives of some of the leading public sector banks.

1. State Bank of India (SBI) - SBI had launched Green Channel Counter (GCC) facility at their branches in 2010 to change the traditional way of paper based banking (SBI, 2014). It has become a signatory to the Carbon Disclosure Project in which they undertake various environmentally and socially sustainable initiatives through its branches spread across the length and breadth of the country (Yadav & Pathak, 2013).

2. Punjab National Bank (PNB) – According to Corporate Social Responsibility Report 2010-11 (PNB, 2011), they had taken various steps for reducing emission and energy consumption. PNB is conducting Electricity Audit of offices as an energy conservation initiative and maintained a separate audit sheet for assessing the impact of green initiatives taken by them. The bank had organized more than 290 Tree Plantation Drives. It started emphasizing on green building practices such as energy efficient lights immediate repair of water leakage, printing on both side of paper organization had signed a ‘Green Pledge’ with Ministry of New and Renewable energy under which they had set up the butterfly park at the compound of Guruvayur temple which houses 18 types of medicinal plants. They had formulated guidelines to ensure that all the necessary approvals and permissions, including from Pollution Control Board has been obtained before disbursement of term loans and for the project loans, compliance with environment and social safeguards including rehabilitation and resettlement of project affected people is to be ensured as pre-disbursement condition.

3. Canara Bank – According to Canara Bank (2013), the bank had taken many green initiatives such as: -The bank had adopted environmental friendly measures such as mobile banking, internet banking, tele-banking, solar powered biometric operations etc. Canara bank had set up e-lounges for high-tech banking facilities like internet banking, pass book printing kiosk, ATM, online trading, tele-banking and cash/cheque acceptor. The bank had implemented e-governance for HRM function and several other administration areas to reduce the paperwork. In terms of Lending policy, they are giving due preference and weightage to projects which can earn carbon credits like solar energy projects, windmills, etc. The bank is also not extending any finance to the units which are producing ozone depletion substances such as chlorofluoro carbon, carbon tetrachloride, aerosol products, solvents etc.

VIII. ORGANISATIONS PROMOTING SUSTAINABILITY CONCEPT AND GREEN BANKING

1. IFC:- The International Finance Corporation is a member of the World Bank group. It was established in 1956 and fosters the sustainable growth in developing countries by providing advisory services to governments and businesses, private sector financial services and mobilizing funds in the international financial markets. It helps the financial institution and companies in emerging markets to improve corporate governance and environmental performance, create jobs and contribute to their local economies (IFC, 2014).



2. UNFCCC:- United Nations Framework Convention on Climate Change is an international treaty was joined by countries in 1992. It was formed to consider what the countries could do to limit the average increase in global temperature and the resulting climate change. By 1995, countries realized that emission reduction provisions in the Convention were inadequate. They launched negotiations to strengthen the global response to climate change, and, two years later, adopted the Kyoto Protocol. The Kyoto Protocol legally binds developed countries to emission reduction targets. The Protocol's first commitment period started in 2008 and ended in 2012. The second commitment period began on 1 January 2013 and will end in 2020 (UNFCCC, 2014).
3. UNEP FI:- UNEP FI is an international public private partnership established between the United Nations Environment Program (UNEP) and financial sector. Over 200 institutions, including fund managers, insurers and banks, work with UNEP to know the impacts of social and environmental considerations on financial performance. It encourages the financial institutions in the implementation of sustainability principles at all levels of operation through the incorporation of ESG (Economic, Social and Governance) in risk analysis. It has developed and designed Principles of Responsible Investment (PRI) which has over 900 signatories (UNEPFI, 2014).
4. Bank Track:- Bank Track is the international network of civil society groups which is tracking the investments and operations of private sector commercial banks and their impact on people and the planet. Members and partners of Bank Track are civil society organizations which have proven track record in campaigning and monitoring on private sector banks. Their main aim is to promote changes in the operations of the bank so that while conducting their they should consider the ecological well being of the society and be accountable for the activities of their shareholders (Bank Track, 2014).
5. Indian Green Building Council- : It is formed in the year 2001 with a vision to build a sustainable environment and to facilitate India to be one of the global leaders in Green Buildings by 2025. The activities of Council enabled a market transformation in Green Building materials, technologies and concepts. LEED-India (Leadership in Energy and Environmental Design) Green building ratings are nationally and internationally accepted benchmark for the operation, construction and design of high performance Green Buildings. It provides architects, consultants, owners, project managers and facility managers the tools they need for designing, operation and construction of the Green (IGBC, 2014).
6. CERES- Center for Environmental Research and Education:- CERES is a Mumbai based not for profit

organization that works to promote environmental sustainability through the action oriented education, advocacy and awareness. They are pioneers in the field of carbon management system and corporate sustainability. They comprise of highly experienced and skilled professionals in all the fields ranging from climate change science to ecological literacy and have completed many development and education projects and national level researches in both rural and urban areas (CERE, 2014).

7. Center for Environmental Education:- CEE in India was established in 1984 as a Centre of Excellence supported by Ministry of Environment and Forests and also it is affiliated with the Nehru Foundation for Development. It is a national institution having its headquarters at Ahmadabad. The organization works to increase the awareness about sustainable development among the society and to ensure the due recognition is given to the role of education in the promotion of sustainable development (CEE, 2014).

IX. SUGGESTIONS

If Indian banks want to penetrate western markets or global economy, it is important for them to recognize their responsibilities as a global corporate citizen. Now it is a right time for banks to adopt following strategies:-

- i. The banks should change their routine operations through the adoption of paperless banking, online banking, mobile banking, mass transportation system, green cards made up of recycled plastic and efficient use of resources.
- ii. Concept of LEED certified green buildings should be adopted by banks, i.e. use of renewable energy generated through solar power plants, energy star-rated light fixtures, motion sensors, sewage treatment plant for re-using water waste, urinal and wash basin sensors, rainwater harvesting system, recycling of dry waste, etc.
- iii. The banks should start investing in low carbon technologies and develop new sustainable products and services that will mitigate the risks of climate change. They should indulge themselves in carbon credit business or can invest in those projects which can earn carbon credits.
- iv. It is important to adopt environmental standards for the lending and financing principles so that borrowers could direct themselves towards reducing the carbon footprint by using the appropriate technologies. They can go for discounted loan rates for the hybrid products, adoption of Equator Principles, green mortgages, green loans, etc.
- v. Banks must organize training on environmental and social risk and the relevant issues continuously to develop awareness of both employees and clients.



- vi. Bank employees must be given orientation on evaluation of Green finance projects like renewable energy projects, clean water supply projects, waste water treatment plants, solid & hazardous waste disposal plants, bio gas plants, bio-fertilizer plants etc.

X. CONCLUSION

From our analytical results it can be concluded that banks are taking new initiatives and promote different green banking products. They also adopt different environment friendly policies. Green banking will ensure the efficient use of resources of the country which will ensure energy conscious world. Bank employees must consider green banking as a necessity rather than desirability. This will create sustainable growth of banks in the long run. This will result in sustainable green economy in our country. If all parties of the world including banks act responsibly, we can make this world a better place to live for our next generation

REFERENCE

- [1] Axis Bank. (2013). Annual Report 2012-13. Mumbai: Axis Bank.
- [2] Bank of Baroda. (2013). 2012-13 Annual Report. Vadodara: Bank of Baroda.
- [3] BankTrack. (2014, 03 06). Home: Bank Track. Retrieved from Bank Track: http://www.banktrack.org/show/pages/about_banktrack
- [4] Bihari, S. C. (2011). Green banking -towards socially responsible banking in India. IJBIT, 82-87.
- [5] Biswas, N. (2011). Sustainable Green Banking Approach: The Need of the Hour. Business Spectrum, 32-38.
- [6] BSE-INDIA. (2014,03 06). Downloads:. Retrieved from BSE: <http://www.bseindia.com/downloads/about/abindices/file/BSE-GREENEX%20Factsheet.pdf>
- [7] Business Standard. (2014, 03 06). Article: Business Standard (April 19, 2010). Retrieved from Business Standard: http://www.business-standard.com/article/finance/sbi-to-set-up-windmills-for-captive-use-110041900118_1.html
- [8] Canara Bank 2013. (2013). 2012-13 Annual Report. Bangalore: Canara Bank.
- [9] Centre for Environment Education. (2014, 03 06). Home: Centre for Environment Education. Retrieved from CEE - Centre for Environment Education: <http://www.ceeindia.org/cee/index.html>
- [10] Centre for Environmental Research & Education. (2014, 03 06). Home: Centre for Environmental Research & Education. Retrieved from Centre for Environmental Research & Education: <http://www.cere-india.org/>
- [11] CERES. (2014, 03 06). Home>About Us>25 Years of Impact>The Ceres Principles: CERES. Retrieved from CERES: <http://www.ceres.org/about-us/our-history/ceres-principles>
- [12] Change, U. N. (2014, 03 06). Home > Essential Background: United Nations Framework Convention on Climate Change. Retrieved from UNFCCC: https://unfccc.int/essential_background/items/6031.php
- [13] Dharwal, M., & Agarwal, A. (2013). Green Banking: An Innovative Initiative for Sustaina



An Analysis of Financial Health of Chocolate Company in Pune District

Dr. C. P. Panse

Associate Professor, AIMS Baramati
cppanse1965@gmail.com

Monal Shital Vora

MBA Student, AIMS Baramati
monalvora1008@gmail.com

Abstract : This paper tries to analyze the financial health of Chocolate Company situated in Pune District for the years 2013 to 2015, using ratio analysis. However there is no internationally accepted benchmark for financial ratio against which the result can be compared. Therefore researcher used Edwin I Altman's Z-Score equation for Private Firms to analyze the company performance. This equation uses a combination of number of accounting ratios (liquidity, leverage, activity and profitability) to form an index of the profitability, which are effective indicator of corporate performance predicting bankruptcy well over a year or two in advance. This is a multi variate formula for measurement of financial health of the company. It also used as a powerful diagnostic tool.

Keywords : Ratio Analysis, Z-Score Chocolate Company, Altman Score.

I. INTRODUCTION

Financial Health is essential for maintaining liquidity, solvency and profitability of a business organization, irrespective of its size and nature of operations. The management of financial positions draws the close attention of finance managers as it involves frequent and dynamics decision-making to determine "the size of" current assets required for uninterrupted flow of activities of a business

Chocolate Company is Part of the MNC Group which is today the fourth largest manufacturer of chocolate and confectionary products in the world. It has started its operation into 2007.

The company produces the chocolate and confectionary products catering to the needs of kids & the whole family. Company has a presence in all metros and mini-metros with a nationwide robust distribution network.

Since single ratio does not convey much of sense, researcher used Altman's Z score model which combined a number of accounting ratios to form an index of profitability, which is regarded as an effective indication of corporate performance in predicting financial soundness of a firm.

This paper has made an attempt to analyze and predict the financial health by way of applying Altman's Z-Score.

II. "Z" SCORE ANALYSIS

The Z-Score formula for Predicting Bankruptcy of Edward Altman is a multivariate formula for a measurement of the financial health of a company and a powerful diagnostic tool that forecasts the profitability of a company entering Bankruptcy within 3 years period. Studies measuring the effectiveness of the Z Score have shown the model is often

accurate in predicting Bankruptcy.

Model-A of Altman's Z-Score is appropriate for a Private Firm.

Zone of Discrimination:

$Z > 2.9$ - 'Safe' Zone

$1.23 < Z < 2.9$ - 'Grey' Zone

$Z < 1.23$ - 'Distress' Zone

'Z' Score Bankruptcy Model:

$Z = 0.71X_1 + 0.847X_2 + 3.107X_3 + 0.420X_4 + 0.998X_5$

III. THEORETICAL BACKGROUND

The financial health analysis using Z score model of Indian Oil as studied by Vijaykumar, A and Gomathi (2013) should very healthy financial position for Indian oil industry.

While a study made to assess the financial health of Indian Automobile Companies using Z score model by Vijaykumar in 2012. This study also showed positive health of Indian Automobile Companies.

Reddy in 2011 did financial analysis using Z score model of two Pharmaceutical Companies and found overall financial health in the Safe Zone for Pharmaceutical Companies.

Similar studies carried out in Textile Industries showed the results that they are on the verge of financial bankruptcy by Mansur A. Mulla in 2002.

Venkat Janardhan Rao K. and Durga Prasad in 2009 critically examined the Z-Score Model by Altman to predict financial health with reasonable accuracy.



IV. RESEARCH METHODOLOGY

The main objective of the study is to evaluate the financial health of the Chocolate Company.

Samples of Chocolate Company for the year 2013 to 2015 were utilize in this analysis. The sources of data for the studies are collected from the Annual Reports of the Company. It was collected from Secondary source, where the information related to the company’s Balance Sheet and Profit & Loss Account are gathered.

V. DATA ANALYSIS

Following is the equation given by Altman for Private Firms.

$$Z = 0.71X1 + 0.847X2 + 3.107X3 + 0.420X4 + 0.998X5$$

Where, following five ratios are used, namely

X1= Working Capital/Total Assets

X2=Retained Earnings/Total Assets

X3=Earnings Before Interest And Tax/ Total Assets

X4=Book Value of Equity/Total Liabilities

X5=Sales/Total Assets

Tables below shows summary of the calculation of ratios & their respective Z scores.

Table 1: Ratio Calculations

YEAR	WC_TA (X1)	RE_TA (X2)	EBIT_TA (X3)	MVE_TL (X4)	S_TA (X5)
2013	0.0855	(0.9195)	0.0373	0.0184	2.1896
2014	0.0654	(0.2941)	0.0286	0.0351	0.9675
2015	0.0360	(0.1937)	0.0875	0.1918	0.9142

Table 2: Z Score calculations

YEAR	WC_TA* 0.71	RE_TA* 0.847	EBIT_TA* 3.107	MVE_TL* 0.420	S_TA* 0.998	TOTAL (z)
2013	0.0607	-0.7788	0.1160	0.0077	2.1852	1.5908
2014	0.0464	-0.2491	0.0890	0.0147	0.9656	0.8666
2015	0.0256	-0.1641	0.2718	0.0805	0.9123	1.1262

VI. CONCLUSION

To sum-up the financial viability of Chocolate Company taken for study revealed that the bankruptcy situation was most certainly found for the year 2014 & 2015. In fact for 2014 & 2015 the company was in “Distress Zone”, with Z score of 0.8666 & 1.1262 respectively, which needs to be improved.

The highest value 1.5908 was found during 2013 was also in the “Grey Zone”.

Science the company was never in “Safe Zone” during the period of study for three years, it is recommended that the financial situation needed immediate attention to be improved by the management of Chocolate Company.

REFERENCES

- [1] Vijaykumar, A and Gomathi.P.,(2013), “Use Z-Score Analysis for Evaluation of Financial Health Of Indian Oil Refineries” International Journal of Research in Commerce, Economics & Management, 3(3) March 2013, pp.53-62.
- [2] Vijaykumar, A., (2012), “Use of Altman Bankruptcy Model to Analy- sis the performance of Indian Automobile Companies”, College Sad- hana, 4(2);493-500.
- [3] Maheswara Reddy and Reddy (2011). “Application of z score analy- sis in evaluating the financial health of pharmaceutical companies- a case study”, International Journal of research in Commerce & Man- agement ,2(5):104-107.
- [4] Venkat Janardhan Rao K. andDurga Prasad M., “Z-score Analysis- A Tool to Predict Financial Health”, The Management Accountant, Vol.44, No.8, August 2009, pp.608-610.
- [5] Mansur A. Mulla (Jan – March, 2001), Use of ‘Z’ score analysis for evaluation of financial health of textile mills – A case study ,Abhigyan, Vol.XIX, No.4,pp.37-40.
- [6] S. Saravanan and V. Devaki Nandini (October 2015- March 2016) Journal of Accounting and Finance Volume 30, No. 1 “An Analysis of Financial Health of Paper and Pulp Manufacturing Industries In India”.
- [7] Website: http://en.wikipedia.org/wiki/Altman_Z-score



Digital India Campaign and Changing Insurance Scenario

Prof. Sayed Wajid Peerzade

Associate Professor in Commerce
Anjuman Degree College, Bijapur, Karnataka
wajid.hashmi@yahoo.com

Abstract : This paper tries to analyze the financial health of Chocolate Company situated in Pune District for the years 2013 to 2015, using ratio analysis. However there is no internationally accepted benchmark for financial ratio against which the result can be compared. Therefore researcher used Edwin I Altman's Z-Score equation for Private Firms to analyze the company performance. This equation uses a combination of number of accounting ratios (liquidity, leverage, activity and profitability) to form an index of the profitability, which are effective indicator of corporate performance predicting bankruptcy well over a year or two in advance. This is a multi variate formula for measurement of financial health of the company. It also used as a powerful diagnostic tool.

Keywords : Ratio Analysis, Z-Score Chocolate Company, Altman Score.

I. INDIA GOES DIGITAL, SO DOES ITS INSURANCE INDUSTRY

In today's scenario, Indians are no more afraid to purchase online protection policies. They buy, renew, make payment of premium online and even avail post-purchase services.

Going back in time, insurance sector started to penetrate the digital platform in the year 2005. Everything began with the concept of online comparison and research of insurance policies and this was made possible due to some web aggregators.

Web aggregators provided extra comfort to buyers by letting them **compare policy online**. Though, it was never easy to persuade researchers to buy policies through online mode. Nevertheless, transparency and safe payment gateways influenced more than half of the researchers and appealed them to make a purchase. Insurers also recognised the imprint online mode had made on the minds of consumers and therefore they initiated to promote **online term insurance quotes** and policies. In 2010-11, most of the insurers started selling online. And at present, insurers have made online mode a priority in their distribution strategy. Though, many insurers are still focusing on term plans, but a few of them have moved ahead beyond term and car policies.

II. WHAT FUTURE HOLDS FOR DIGITAL INSURANCE SECTOR?

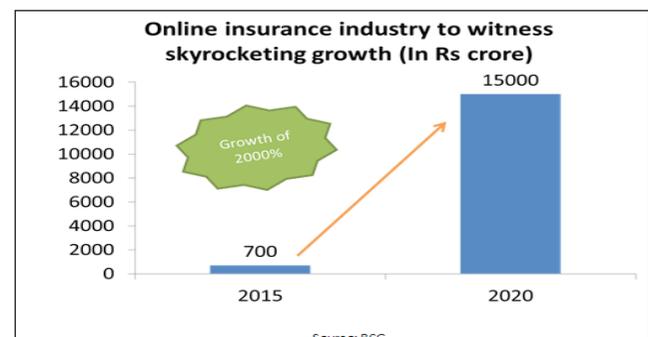
Interesting fact explored in reports states quite significantly that previously large amount of sales came

through metros and tier 1 cities. However, now people from even the mid-level cities like Indore, Jaipur, Lucknow, Surat, Belgaum, Hubli and other tier II and tier III cities are interested in buying.

There were around 165 million internet users in India in 2014. This figure has reached around 200 million this year. Online purchase of policies has increased from 2 per cent to 200 per cent in just two years. Looking at this, the growth rate of the online industry in the years coming ahead is expected to be in three digits.

If a report from management consulting firm like BCG is to be believed, digital insurance will skyrocket to Rs 15,000 crore by year 2020.

This research implies that the industry is slated to enjoy a growth of 2000 per cent in the next five years. Wondering how? Well, it has been estimated that online sales contribute around Rs 700 crore to the total turnover of the industry altogether





If this number is projected to reach Rs 15,000 crore, then the industry is going to multiply its online sales 20 times. That’s an amazing inference!

India is going digital in a massive way. Recently Prime Minister Narendra Modi launched the ‘Digital India’ campaign. Insurance industry in India will not be an exception.

More and more people are coming under the ambit of e-commerce and this trend will continue moving northwards. With the government of India itself supporting digitisation, the level of trust will go up. So, there is no looking back for a sunshine industry like insurance, which is already experiencing a phenomenal growth.

As per the BCG report, life segment garners almost 45 per cent of the total online insurance market. Vehicle protection is the second largest segment contributing Rs 250 crore to the total sales of Rs 700 crore. The other segments such as health and travel secure the remaining piece of the cake.

III. THE DIGITAL IMPACT

As per industry research and analyses, it is said that in the 2-3 years, three out of every four insurance purchase decisions will be influenced by digital channels of sales and marketing.

That’s an astounding number. It simply demonstrates the power of digital media and its growing role in the insurance sector in India.

Are digital insurance and online insurance different?

There is a thin line which makes a big difference. Digital is an overarching structure and online insurance sales is a part of it. Digital insurance also encompasses use of digital technology to not just promote the services but also to enhance the overall customer experience. It is also about efficiency and setting up systems and processes.

Online sales, is though a tangible aspect and an insurer can quantify the impact of its online marketing efforts.

What about consumer interests?

When it comes to the Internet, Google is one of the most credible force. Recently, this search engine giant conducted a study to analyse consumer trends over online platforms and found that since 2008, a number of people have been searching for **life and health insurance policy comparison** and related information online. This trend has grown by 450 per cent. The general insurance industry rather witnessed a cumulative growth rate of 600 per cent in the past five years.

These numbers reflect the magnitude of digital insurance in India and act as a testimony to the success of online channels.

IV. CRISIL’S LATEST REPORT ON INDIAN INSURANCE INDUSTRY (OCT 2015) – DETAILS & REVIEW

ASSOCHAM (The Associated Chambers of Commerce of India) in association with CRISIL (Credit Rating Information Services of India Ltd) has recently released a research report on Indian Insurance Industry. This report has some very interesting facts and figures about Insurance sector (covers both Life & Non-Life insurance industries) in India.

CRISIL’s knowledge report gives insights on wide array of topics like – Life and General insurances penetration in India, Insurance density in India, growth of insurance industry, statistics on Insurance Agency network, issues & challenges in insurance selling, Govt’s initiatives to promote insurance industry, technological initiatives & strategies etc.,

The Indian Insurance Industry (sector) was opened up to private participation with the enactment of the Insurance Regulatory and Development Authority Act, 1999.

Post liberalization, the number of participants in the insurance industry has gone up from six insurers (including Life Insurance Corporation of India, four public sector general insurers and General Insurance Corporation of India as the National Reinsurer) in the year 2000 to **52 insurers** currently operating in the life, non-life and reinsurance segments in India. Below are some of the key points from CRISIL’s report.

V. CRISIL’S REPORT ON INDIAN INSURANCE INDUSTRY

Insurance Penetration & Density in India

India’s insurance industry has come a long way since the reforms of the 1990’s. As of Sep 2015, 52 insurance companies were operating in the country, including 24 in life and 28 in non-life segments.

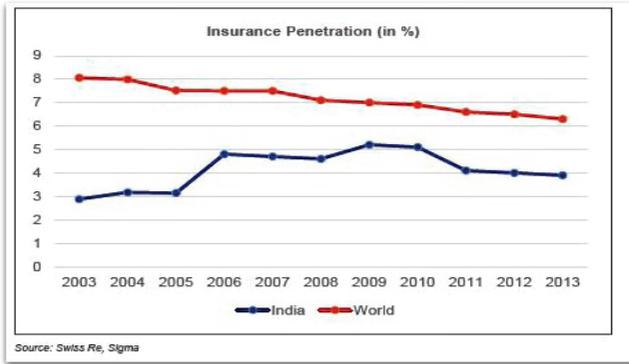
Though the number of insurance companies operating in India has increased significantly, hundreds of millions of people have limited awareness and/or access to insurance and financial services. India as a country still remains grossly ‘**under-insured**’ in terms of insurance penetration and density.

- Insurance penetration (*measured as a percentage of insurance premium to GDP*) rose from 2.71% in 2001 to 5.20% in 2009.
- It has then declined to 3.9% in 2013-14, indicating the growth in insurance premium is lower than the growth in national GDP.
- India’s insurance penetration is far below the **world average of 6.3%**, largely due to limited



financial awareness and literacy among the masses.

Further, while India stands at **3.1% in terms of life insurance penetration** versus a global average of 3.5%, it lags far behind in non-life insurance where the penetration is a **mere 0.8%** compared to the world average of 2.8%.



- India is also far behind advanced economies in terms of insurance density (which is measured as a ratio of premium to total population). The annual insurance premium per capita (density) is abysmally low at \$52 or less than 1% of annual income compared with 7% and 12% in the US and UK, respectively. **Life Insurance density is at \$41 and Non-life insurance’s density in India is at \$11 only.**
- Life Insurance penetration is very low in most of the North-Eastern states, Chattisgarh, Haryana and Delhi.
- Lack of Agency penetration is also observed in most of the districts in North-Eastern states.

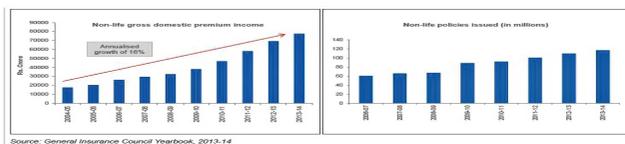
(The report does not talk about quantum of sum assured or the average sum assured per life insurance policy. I believe that this is also an important factor in terms of insurance penetration.)

VI. INDIAN NON-LIFE INSURANCE INDUSTRY

- The report indicates that awareness and popularity of general insurance requirements is increasing in India.
- The country’s non-life insurance sector (in terms of gross domestic premium income) has grown at an annualized rate of 16% from Rs 17,481 crore in 2004-05 to **Rs 77,525 crore in 2013-14**, compared with a 7% growth in the economy.

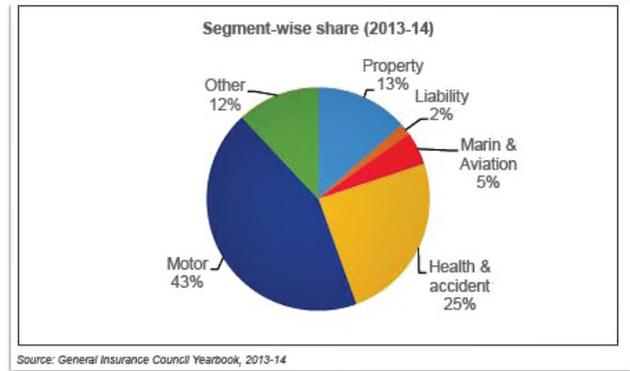
The share of India’s non-life insurance premium to total insurance industry premium increased to 20.9% in 2014 from 17.8% a decade ago.

- Though as an industry non-life segment is growing



at a rapid phase, India’s share of the global non-life industry is a mere 0.7% only. But, growth in terms of premium is higher than that of advanced and emerging countries.

Motor insurance is mandatory in India. Due to this reason, the motor insurance dominates the Non-life segment in India. India’s non-life insurance industry is dominated by **motor insurance (43%)**, followed by **health insurance at 25%**.



- The report points out that awareness levels about Health Insurance is on the rise in India. Health Insurance segment in India has been growing at 25.5% CAGR. It is estimated that the total premium has increased from Rs 3,999 cr in 2006-07 to Rs 19,677 cr in 2013-14.
- The growth in non-life insurance premium collections is an encouraging factor, but this growth is not uniform across the nation. As per the Insurance Regulatory and Development Authority of India (IRDA report 2013-14), four states – **Maharashtra, Tamilnadu, Karnataka, and Delhi UT** – accounted for 62% of the total health insurance premium, whereas the other 32 other states/UTs (union territories) accounted for just 38%. Of these, again, the eight states in the north-east contributed a meager 0.6%. This shows that the distribution and growth of health insurance segment has been very skewed.

VII. INSURANCE INTERMEDIARIES

Below table gives us an idea about how new business premium income has been sourced from (ie through which channel of distribution the new business has been coming from.)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Individual agents	65%	61%	54%	47%	46%	41%
Banks	8%	8%	10%	11%	11%	9%
Corporate agents - others	4%	4%	3%	2%	2%	1%
Brokers	1%	1%	1%	1%	1%	1%
Direct selling	21%	26%	32%	39%	40%	48%

The above figures clearly indicate that individual agents’ market share (life insurance) has declined in the past five



years, while there has been a surge in the popularity of the direct channel / online aggregators. But at the individual level, the majority of the life insurance policies are sold through individual Insurance Agents followed by banks.

The below table gives us an idea about the channel wise distribution of health insurance policies in India. The ‘direct channel’s’ market share has been on a decline whereas individual agents’ market share has remained more or less stable.

Channel wise distribution of health insurance policies (in %)					
	2009-10	2010-11	2011-12	2012-13	2013-14
Individual agents	37%	32%	32%	34%	36%
Others	2%	3%	2%	2%	4%
Banks	5%	2%	5%	6%	4%
Brokers	17%	23%	22%	22%	24%
Direct business	39%	40%	38%	36%	33%

VIII. MIS-SELLING PRACTICES

In India, Life insurance is primarily sold as a tax-saving instrument rather than as a risk coverage product. There is a considerable amount of misinformation about insurance in the mind of the average Indian investor and hence a crying need to change people’s perception and outlook on insurance.

The report indicates that the mis-selling is highly prevalent in India. This is leading to high number of complaints against mis-selling practices. It also says that the complaint resolution rate has increased drastically. The complaint resolution rate in life insurance increased from 86.41% in 2009-10 to 99.69% in 2013-14 and in the non-life segment from 79.63% in 2009-10 to 98.71% in 2013-14.

Recent regulations in insurance industry points to heavy penalization for mis-selling and mis-representation.

IX. GOVT’S INITIATIVES

The financial literacy in India is very low. Access to financial services especially in rural areas of India is also limited. But, recent Govt initiatives have proved that low-cost banking or insurance products with a clear purpose and aggressive marketing program could bring more people in to the financial system. The success of Jan Dhan Scheme or Pradhan Mantri Jeevan Jyoti Bima Yojana or Pradhan Mantri Surasksha Bima Yojana are examples for this.

Also, the FDI (Foreign Direct Investment) limit in insurance sector has been increased from 26% to 49%. The insurance business requires huge capital and higher FDI cap will benefit the sector. Higher FDI limit could help in deepening the insurance penetration in India.

CRISIL estimates that the current govt’s financial inclusion agenda, along with technological initiatives and increase in intermediaries, can potentially grow the insurance industry over 2.5 times in the next five years.

REFERENCES

- [1] Corporate Insurance Management By Sanjiv Shanbag.
- [2] Insurance Products (IIBF)
- [3] LIC- Impact of Privitisation and Performance.
- [4] IRDA Reports
- [5] Internet
- [6] CRISIL Report



A Study on Investment Avenues in India

Mrs. Nikita Yogesh Kakani

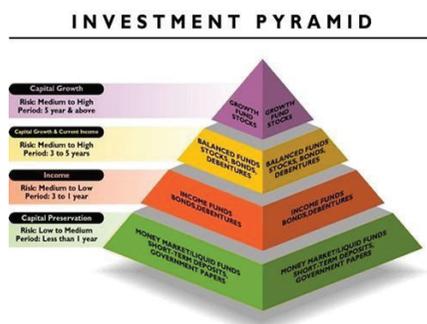
Research Student, BAMU, Aurnagabad
zawarnikita@gmail.com

Abstract : In this modern era, money plays an important role in one's life. In order to overcome the problems in future they have to invest their money. Investment of hard earned money is a crucial activity of every human being. Investment is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in future. Thus, it is a reward for waiting for money. Savings of the people are invested in assets depending on their risk and return demands, safety of money, liquidity, the available avenues for investment, various financial institutions, etc. This study deals with the behavior of the investor to identify the better investment avenues available in India. The investment strategy is a plan, which is created to guide an investor to choose the most appropriate investment portfolio that will help them to achieve their financial goals within a particular period of time. By increasing personal wealth, investing can contribute to higher, overall economic growth and prosperity. The process of investing helps companies where they can raise their capital through financial markets. Specific types of investments provide other benefits for the investor, corporate as well as the society. The Indian investors are very much aware about the concept of portfolio allotments and risk and return of the investment. The mantra of the investment is, "prevention is better than cure" which is expected with more income but Less risk.

Keywords : Investment Strategy, Investment Portfolio, Risk and Return.

I. INTRODUCTION

This decision making process investment management is required. Investment management involves analysis and selection of investments. For an individual investor as well as for other investors, Investment management is a part of overall financial decision making. An investor should draw an overall financial plan stating that how much total fund is to be invested, how much to be invested in real assets, such a financial plan should include decision whether to buy or not a house, as it is a major investment decision for an individual. For investing one has to keep trace of trends in the national economy and the competitive position of different industries. The investors must judge all the investment options and as per their convenience and choice they should select the options. For this they may take advice of an expert portfolio manager.



INVESTOR:

An **investor** is who makes an investment into one or more categories of assets-equity, debt securities, real estate, currency, commodity, derivatives such as put and call options, etc. with the objective of making a profit.

INVESTMENT:

Investment refers to the concept of deferred consumption, which involves purchasing an asset, giving a loan or keeping funds in a bank account with the aim of generating future returns. Various investment options are available, offering, differing risk-reward trade offs. An understanding of the core concepts and a thorough analysis of the options can help an investor create a portfolio that maximizes returns while minimizing risk exposure.

INVESTMENT OBJECTIVES:

The main investment objectives are increasing the rate and reducing the risk. Other objectives like safety, liquidity and hedge against inflation can be considered as subsidiary objectives.

RETURN:

Investors always expect a good rate of return from their investments. Rate of return could be defined as the total income the investor receives during the holding period stated as a percentage of the purchasing price at the beginning of



the holding period.

RISK:

Risk of holding securities is related with the probability of actual return becoming less than the expected return. The word risk is synonymous with the phrase variability of return.

LIQUIDITY:

Marketability of the investment provides liquidity to the investment. The liquidity depends upon the marketing and trading facility.

HEDGE AGAINST INFLATION:

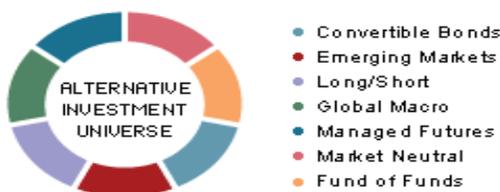
Since there is inflation in almost all the economy, the rate of return should ensure a cover against the inflation. The return rate should be higher than the rate of inflation; otherwise the investor will have loss in real terms. Growth stocks would appreciate in their values overtime and provide a protection against inflation. The return thus earned should assure the safety of the principal amount, regular flow of income and be a hedge against inflation.

SAFETY:

The selected investment avenue should be under the legal and regulatory framework. If it is not under the legal framework, it is difficult to represent the grievances, if any. Approval of the law itself adds a flavour of safety.

Various Investment options in India:

1. Savings Bank Account
2. Money Market Funds (also known as liquid funds)
3. Bank Fixed Deposit (Bank FDs)
4. Post Office Savings Schemes (POSS)
5. Public Provident Fund (PPF)
6. Company Fixed Deposits (FDs)
7. Bonds and Debentures
8. Mutual Funds
9. Life Insurance Policies
10. Equity Shares
11. Gold
12. New Pension Scheme
13. Real Estate
14. Government Securities



CLASSIFICATION OF INVESTMENT AVENUES:

Modes of Investment:

There are different types of securities conferring different sets of rights on the investors and different sets of conditions under which these rights can be exercised. The various avenues for investment, ranging from risk-less to high investment opportunities consists of both security and non-security forms of investment.

A. Security Form of Investment:

1. Corporate Bonds /Debentures

- (a) Convertible
- (b) Non convertible

2. Public Sector Bonds

- (a) Taxable
- (b) Tax Free

3. Preference Shares

4. Equity Shares

- (a) New issues
- (b) Rights Issue
- (c) Bonus Issue

B. Non Security Forms of Investment (non-marketable):

1. National Saving Scheme
2. National Saving Certificates

3. Provident Funds

- (a) Statutory Provident Fund
- (b) Recognised Provident Fund
- (c) Unrecognised Provident Fund
- (d) Public provident Fund

4. Corporate Fixed Deposits

- (a) Public Sector
- (b) Private Sector

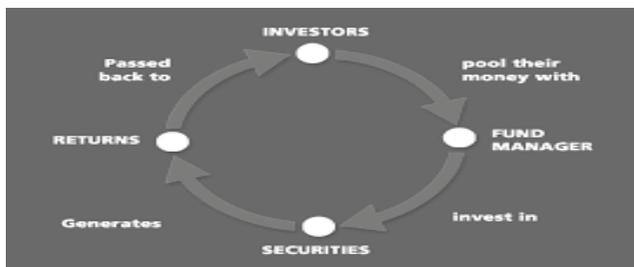


5. Life Insurance Policies

- (a) Whole Life policies
- (b) Limited-Payment Life Policy
- (c) Convertible Whole Life Assurance Policy
- (d) Endowment Assurance Policy
- (e) JeevanMitra
- (f) The special Endowment plan with Profits
- (g) JeevanSaathi
- (h) The New Money Back Plan
- (i) Marriage Endowment/Educational Annuity Plan with profits
- (j) BimaSandesh, Premium Back Term Insurance Plan
- (k) New Children’s Deferred Assurance plan
- (l) JeevanDhara
- (m) New Jana Raksha Plan with Profits
- (n) JeevanAkshay Plan
- (o) JeevanBalya Plan
- (p) JeevanKishor
- (q) JeevanGriha
- (r) JeevanSarita and others

6. Unit Schemes of Unit Trust of India (Some are marketable among these)

- (a) Re-investment plan, 1966
- (b) Unit Linked Insurance Plan, 1971
- (c) Capital Gains Unit Scheme, 1983
- (d) Children’s Gift Growth Funds, 1986
- (e) Parent’s Gift Growth Funds, 1987
- (f) Monthly income Unit Scheme with bonus plus growth
- (g) Master Shares
- (h) Master gains
- (i) Equity Linked Saving Scheme
- (j) Growing Monthly Income Unit Scheme
- (k) Master share Plus and Many More



There are many other UTI schemes on similar lines and a number of commercial banks and financial institutions have set up Mutual Funds. Various Schemes for equity investment, Debt and Balanced investment or some specialized portfolio Schemes have been launched by many public Sector and Private Sector Mutual Funds, some of which have foreign partner

7. Post office Saving Bank Account

- (a) Recurring Deposits
- (b) Time Deposits
- (c) Monthly Income Scheme
- (d) National Saving Certificates

8. Others

- (a) RahatPatras or relief Bonds
- (b) Senior Citizen’s Certificates
- (c) Kisan Vikas Patras

9. Deposits in Banks, Commercial and Cooperative

- (i) Recurring Deposits
- (ii) Time Deposits etc.

As per the RBI data, published from time to time, on the proportion of investment in various terms of investments,

II. TRADITIONAL INVESTMENTS AND ALTERNATIVE INVESTMENTS

2.1 Bonds:

The investor purchases debt issued by companies or governments which promises to pay an annual return until the debt is repaid. The value of the investment changes as the level of general interest rates fluctuates, causing the bond to become more or less valuable.

2.2 Cash:

In cash investing, money is typically invested in short-term, low-risk investment vehicles like certificates of deposit, money market funds, and High Yield bank accounts.

2.3 Real estate:

In real estate, money is used to purchase property for the purpose of holding, reselling or leasing for income and there is an element of capital risk. It is of two types:

a. Residential Real Estate:

Investment in residential real estate is the most common form of real estate investment measured by number of participants because it includes property purchased as a primary residence. In many cases the buyer does not have the full purchase price for a property and must borrow additional money from a bank, finance company or private



lender.

b. Commercial Real Estate:

Commercial real estate consists of apartments, office buildings, retail space, hotels, warehouses, and other commercial properties. Investors may purchase commercial property outright, with the help of a loan, or collectively through a real estate fund.

c. Stocks and shares:

This involves purchasing a share in the equity of a company in the hope that the share price will increase

2.4 Alternative investments:

Alternative investments are sometimes used as a tool to reduce overall investment risk through diversification. Some of the characteristics of alternative investments may include:

- a. Low correlation with traditional financial investments such as stocks and bonds.
- b. It may be difficult to determine the current market value of the asset.
- c. Alternative investments may be relatively illiquid.
- d. Costs of purchase and sale may be relatively high.
- e. There may be limited historical risk and return data.
- f. A high degree of investment analysis may be required before buying.

Proportion of various investment types:

LIC/NSS/etc. 32%

FDs 31%

MFs 9%

Chits 6%

Jewellery 6%

Gold 3%

Secondary mkt. 5%

Primary mkt. 5%

Others 3%

III. FINDINGS

The study reveals that female investors dominate the investment market in India. Most of the investors possess higher education like graduation and above. Majority of the active and regular investors belong to accountancy and related employment, non-financial management and some other occupations are very few. Most investors choosing two or more sources of information to make investment decisions. Most of the investors discuss with their family and friends before making an investment decision.

In management of investments there is need for a sort

of expertise because investments are both a science and an art. The effective and proper management of investment involves:

- (1) Efficient use of cash and proper distribution of money among different investments.
- (2) Proper analysis of risk and returns of each of these investments.
- (3) Expertise in analyzing, information for proper investment decision based on a study of fundamentals, expectations and mood of the markets studies both by technical and security analysis.
- (4) Study of tax implications.
- (5) Time duration and proper strategy for reducing increasing taxes, the after tax return.

IV. SUGGESTIONS

- 1. Investors should make the investment with proper planning keeping in mind their investment objectives.
- 2. Investors should also consults the brokers or agents to seek information and advice but their decision should not merely be based on agents advice rather the decision should be based on their careful investigation.
- 3. The investors should select a particular investment option on basis of their need and risk tolerance.
- 4. The investors should diversify their investment portfolio in order to reduce the risk.
- 5. The investors should continuously monitor their investments.
- 6. The companies should provide all relevant information to the investors.

V. CONCLUSIONS

There are different investment options available for different types of investment needs. The investor on the basis of his/her requirement and choice can choose the investment option .For this he/she needs to study the investment. The management of an investment portfolio requires knowledge, experience, constant research, appraisal and reappraisal of security markets, sector within the market, and individual securities. For investing one has to keep trace of trends in the national economy and the competitive position of different industries. The investors must judge all the investment options and as per their convenience and choice they should select the options. For this they may take advice of an expert portfolio manager.



REFERENCES

- [1] Investment management by V. A. Avadhani, Himalaya Publication 2008
- [2] Investment Analysis and Behaviour, Mark Hirschey, John Notsinger, McGraw Hills Publication.
- [3] Investment Management (Security Analysis & Portfolio Management, Preeti Singh, Himalaya Publication.
- [4] e-journal on financial planning by www.mettamonmey.com
- [5] www.investmentkit.com
- [6] Punithavathy pandian, Security analysis and portfolio management, Vikas Publishing house Pvt Ltd.
- [7] C.R. Kothari, Research Methodology,
- [8] Abhijeet Chandra; Ravinder Kumar. (2012). Factors Influencing Indian Individual Investor Behaviour: Survey Evidence, pp142-167.
- [9] Kaushal A. Bhatt; Kinjal Bhatt (2012). Effects of Investor Occupation and Education on Choice of Investment: An Empirical Study in India. International Journal of Management, 29(4), pp 439-453.
- [10] Suyam Praba .R (2011). Investors' Decision Making Process and Pattern of Investments- A Study of Individual Investors in Coimbatore. SIES Journal of Management, 7(2), pp 1-12.
- [11] Manish Mittal. (2010). Study of Differences in Behavioral Biases in Investment Decision-Making between the Salaried and Business Class Investors. The IUP Journal of Behavioral Finance, pp20-34.
- [12] <http://kalyan-city.blogspot.com/2011/06/what-is-investment-meaning-and-types-.html>.
- [13] <http://fourtheconomy.com/4-key-factors-influencing-investment-choices-think-big-plan-small-team-up>.
- [14] <http://www.investfunds.in/investing-funds/10-best-investment-options-in-india>.
- [15] <http://jamaica-gleaner.com/gleaner/20121118/business/business6.html>.
- [16] <http://tips.thinkrupee.com/articles/short-term-investment-options.php>. Wishwa Prakaran.



Is Commodity Market Evolving? A Trend Study

Prof Vijaya Hake

Assistant Professor, Vishwakarma Institute of Management, Pune
vijayahake@vim.ac.in

Abstract : *Commodity market is very important market though Indian Regulator are against this market and they banned this particular market before 2006. Till that time Indian were thinking this particular market fuelled unnecessary speculation and were detrimental to the healthy functioning of the markets for the underlying commodities. It is one of the avenue available in the world economy and world has accepted this particular market in 2006. Government permitted futures trading in commodities in 2003 after the need for futures markets was stipulated in the National Agricultural Policy (2000) The Regulator re think their earlier decision and because of this decision after 2006 commodity market earned trade value from the future trading in commodities for more than US \$ 1 trillion.*

Keywords : *Commodity market, forward market, Market development*

I. INTRODUCTION

The commodity futures market in India dates back to more than a century. The first organized futures market was established in 1875, under the name and style of ‘Bombay Cotton Trade Association’ to trade in cotton derivative contracts. This was followed by institutions for futures trading in oilseeds, food grains, etc. The futures market in India underwent rapid growth between the period of First and Second World Wars. As a result, before the outbreak of the Second World War, a large number of commodity exchanges trading futures contracts in several commodities like cotton, groundnut, groundnut oil, raw jute, jute goods, Castor seed, wheat, rice, sugar, precious metals like gold and silver were flourishing throughout the country.

These markets influence the dynamics of production and resource allocation in the primary sector, along with pricing system of this market. The greatest achievement of this system was the establishment of the focused market. The prime impetus of this market is to provide a mechanism to determine the prospects of the future production and consumption which shall be brought to bear on the present prices. Thus, this market established a link between the present and future production and consumption cycles thereby facilitating the inter-temporal smoothing of prices. At present the Indian commodity market adopts a two-tier structure for the mechanism of the system, viz. Regional structures and Country wide structure. The regional exchanges are permitted to only a limited number of contracts whose membership is local. There are 21 regional exchange markets in India. The country wide national exchanges are multi-commodity electronic exchanges with a decentralized ownership pattern. Currently there are nineteen exchanges market working at country level in our country, out of which six markets are the prime

regulators. They are Multi Commodity Exchange (MCX) Mumbai, National Commodity and Derivatives Exchange (NCDES) Mumbai, National Multi-Commodity Exchange (NMCX) Ahmadabad, Indian CommodityExchange, the ACE Derivatives Exchange and the Universal Commodity Exchange. The commodity markets in India are regulated by the Forward Markets Commission of India established in 1953. The turnover of the commodity market in our country has grown potentially in a short span of time. With skewed market participation, it largely favors the speculators. The future market leaves a lot to be desired as an effective instrument of risk management and price discovery for the benefit of the consideration involving the discipline of checks and balances. The opening up of the commodity future market in India was an important initiative taken with an aim to improve domestic market efficiency. It further aids the price discovery process and provides a platform for price risk management in commodities. In September 2013, the regulatory body FMC has been brought under the control of Ministry of Finance. At present 46 commodities are traded in six National Exchanges and 11 Commodity specific exchanges. The futures trading in agricultural products constitute the total turnover in 2013-14, with food items contributing 55.6 per cent and non-agricultural products contributing 17.5 per cent. However, the volume of trade has declined by 39 per cent during 2012-13, over the previous year. The FMC has been implementing the price dissemination scheme to control the inflationary trends and to provide the requisite prices to the farmers. Under this scheme, the futures and spot prices of National exchange and the spot price of AGMARKNET are run on real time basis, which shall benefit the farmers. However the ban imposed by our government on the commodity market has been lifted, which has led to non-transparency and uncertainty in the market. The future markets help the farmers to predict



the price, as well as it helps the government to take the pre-emptive reaction when required. Though, it has been noted that the prices has been largely influenced by the Euro-crisis.

In a free market economy, Futures trading performs two important economic functions, viz., price discovery and price risk management. Such trading in commodities is useful to all sectors of the economy

II. RESEARCH PAPER REVIEW

Tang and Xiang has mentioned in his paper that the return correlation between Crude Oil and non-energy commodities have increasing trends into 2004 and t these increasing trends among the indexed commodities are significantly larger than those among the off index commodities. He finds significant increasing trend in the return correlation between crude oil and other commodities since 2004.

Silvennioinesh & Thorp shows that return correlation between commodities and stocks (or bonds) have increased well before the 2008 financial crisis.

Pen and sew find that the measures of traders hedging and speculative activities. Calculated from the CFTC data has significant explanatory power concerning the excess movement among commodities.

Basale and Pavlova develop a model to analyze the effect of financialization. They provide theoretical result that supports the empirical finding and show, among other things.

Brajesh Kumar (2004), Market has mentioned price dynamics of future market. Dynamics of inter linkages of spot and futures markets.

III. OBJECTIVE OF STUDY

The study has been framed with the following objectives:

1. To provide a detailed overview of the recent trends in the commodity market of India.
2. Beneficiaries of the Commodity market .
3. Analysis of the working of the commodity market in India.
4. Analysis of the challenges prevailing in the commodity market.

IV. BENEFITS OF THE MARKET

1. Benefits to Farmers:

Farmers and growers also benefit through the price signals emitted by the futures markets even though they may not directly participate in the futures market. The futures markets, through advance price discovery lead to a shift in sale-purchase patterns during harvest and lean seasons 2 and

thereby facilitate reduction in the amplitude of seasonal price variation and help the farmer realize somewhat better price at the time of harvest. These price signals help the farmer in planning his cultivation in advance as well as to determine the kind of crop which he should prefer to raise. These signals also help him in fine tuning his marketing strategy after the harvest. Empowered with the price information, the farmer is able to avoid excess sale immediately after the harvest and is also able to bargain for better prices from trade in the mandi.

2. Benefits to other stakeholder:

By providing the manufacturers and the bulk consumers a mechanism for covering price-risks, the futures market induces them to pay higher price to the producers, as the need to pass on the price-risk to farmers is obviated. The manufacturers are able to hedge their requirement of the raw materials and as also their finished products. This results in greater competition in the market and ensures viability of the manufacturing units.

3. Suitability of commodity for future trading:

- The commodity must be capable of being standardized into identifiable grades.
- Supply and demand for the commodity should be large and there should be a large number of suppliers as well as consumers.
- The commodity should be homogenous in nature, i.e., the concerned commodity should be capable of being classified into well identifiable varieties and the price of each variety should have some parity with the price of the other varieties.
- The commodity should flow naturally to the market without restraints either of government or of private agencies.
- There should be some degree of uncertainty either regarding the supply or the consumption or regarding both supply and consumption,
- The commodity should be capable of storage over a reasonable period of time.

Participants in the Commodity Futures Markets:

There are three broad categories of participants in the futures markets, namely, hedgers, speculators and arbitrageurs. **Hedgers** are those who have an underlying interest in the specific delivery or ready delivery contracts and are using futures market to insure themselves against adverse price fluctuations. Examples could be stockiest, exporters, producers, etc. They require some people who are prepared to accept the counter-party position. **Speculators** are those who may not have an interest in the ready contracts, i.e., the underlying commodity, etc. but see an opportunity of price movement favorable to them. They are prepared to assume the risk which the hedgers are trying to transfer in the futures market. They provide depth and liquidity to the



market. While some hedgers from demand and supply side may find matching transactions, they by themselves cannot provide sufficient liquidity and depth to the market. Hence, the speculators who are essentially expert market analysts take on the risk of the hedgers for future profits and thereby provide a useful economic function and are an integral part of the futures market. It would not be wrong to say that in the absence of speculators, the market will not be liquid and may at times collapse. **Arbitrageurs** are those who make simultaneous sale and purchase in two markets so as to take benefit of price imperfections. In the process they help, remove the price imperfections in different markets, For example, the arbitrageurs help in bringing the prices of contracts of different months in a commodity in alignment these three categories are beneficiaries.

4. Collaboration with International Regulators:

In order to strengthen co-operation with international regulators, the FMC took steps for collaborating with regulators in other countries. FMC is also an associate member of IOSCO, an international organization of Security and Commodities Market Regulators. In addition, FMC has also signed Memorandum of Understanding with the United States Commodity Futures Trading Commission (USCFTC) and the China Securities Regulatory Commission (CSRC). The Commission, in January 2010, had

signed MOU with the Commissao de Valores Mobiliarios – CVM (Securities and Exchange Commission of Brazil), Brazil. Due to this coll

5. Developmental Initiatives taken by Forward Markets Commission :

The Commission has taken the following steps in recent years to ensure that the markets are broad based and its benefits reach all the stakeholders of the Commodity Markets. • Increasing the awareness level of different categories of stakeholders especially farmers to make them aware of the existence of as well as benefits from the futures markets, sensitization of policy makers and capacity building in the commodity sector. • Working on various models of “Aggregation” to enable the farmers to take the benefit of actual hedging on the Commodity Exchanges to manage their price risks. • Working on a project of Price Dissemination through APMCs and other centers to empower the farmers with price information. • Meeting with various stakeholders to understand their difficulties, problems and felt needs so as to align/ design policies to feasible/ desirable objectives.

6. Ready delivery contract :

Ready delivery contracts are contracts for delivery of goods and payment of price therefor where both the delivery and payment are completed within 11 days from the date of

the contract. Such contracts are outside the purview of the Act.

7. Forward Contracts

on the other hand, are contracts for delivery of goods where 4 delivery or payment or both takes place after 11 days from the date of contract or where the contract is performed by any other means as a result of which actual tendering of goods for the payment of the full price therefor is dispensed with.

8. Creating awareness:

Creation of awareness amongst the farmers, related bodies and organizations including the ones which could be potential hedgers / aggregators and other market constituents has been one of the major activities of the Commission. During 2010-11, 829 awareness programs were organized for various stakeholders of the commodity futures market. Of this, 486 programs were held exclusively for farmers. In the previous year, (2009-10) 515 awareness programs were held, of which 423 were exclusively for the farmers. The programs were conducted at different locations all over the country. These awareness programs were attended by different category of market participants ranging from farmers, traders and members of Commodity exchanges to bankers, cooperative personnel staff and students of Universities, Government functionaries, warehouse professionals, agricultural extension workers, makers etc. These awareness programs have resulted in creating awareness among the various constituents about commodity futures trading and the benefits thereof. The programs were organized in association with various organizations/universities having connectivity with the farmers, viz. agricultural universities, NABCONS , farmer cooperatives and federations, GSKs, National & Regional Base Commodity Exchanges,

The share of various Exchanges in the total value of trade in 2010-11.

Value of the recognized Exchanges during 2010-11		
Name of the Exchanges	Value in ` Cr. %	% share to the total value of the commodities traded during 2010-11.
MCX	98,41,502.90	82.36
NCDEX, Mumbai	14,10,602.21	11.81
NMCE, Ahmedabad	2,18,410.90	1.83
ICEX, Gurgaon	3,77,729.88	3.16
ACE, Ahmedabad	30,059.63	0.25
NBOT, Indore	51,662.06	0.43
Total of six Exchanges	1,19,29,967.58	99.84
Others	18,974.77	0.16
Grand Total	1,19,48,942.35	100



Volume of Trading and Value of Trade 2010-11.

Volume of Trading and Value of Trade during the year 2010-11 in Major Commodities			
Volume of Trading – In lakh tonne			
Sr.No	Name of the Commodity	Value - In ` Crore	
		2010-11	
		Volume	Value
A	Bullion		
i	Gold	0.14	2700607.00
ii	Silver	7.24	2793280.23
iii	Platinum	0.0000002	4.89
	Total for A	7.38	5493892.12
B	Metals other than Bullion		
i	Aluminum	110.17	114081.70
ii	Copper	335.36	1239261.20
iii	Lead	356.88	366422.24
iv	Nickel	44.83	478789.31
v	Steel	86.66	22759.03
vi	Tin	0.002	18.35
vii	Zinc	463.25	465375.27
viii	Iron	12.56	965.89
	Total for B	1409.72	2687672.99
C	Agricultural commodities		
i	Chana/Gram	523.59	126158.29
ii	Wheat	26.78	3316.88
iii	Maize	16.36	1730.06
iv	Soy Oil	617.15	345286.26
v	Mentha Oil	6.21	60527.10
vi	Guarseed	1056.04	254690.88
vii	Guar Gum	83.15	49942.57
viii	Potato	269.22	14428.17

Volume of Trading and Value of Trade during the year 2010-11 in Major Commodities			
Volume of Trading – In lakh tonne			
Sr.No	Name of the Commodity	Value - In ` Crore	
		2010-11	
		Volume	Value
ix	Chillies	11.31	8493.79
x	Jeera(Cuminseed)	42.53	60864.48
xi	Cordmom	0.77	10882.04
xii	Pepper	42.25	84786.09
xiii	Rubber	11.78	23846.92
xiv	other agri	1461.21	4114361.10
	Total for C	4168.35	1456389.62
D	Energy	7220.12	2310958.58
E	Other	0.00	29.04
	Grand Total (A+B+C+D+E)	12805.57	11948942.35

The details of major commodities traded in the top 5 Commodity Exchanges which accounted for 99% of the total value of trade in 2010-11 are given below:-

Within a short span of time the newly set-up multi-commodity exchanges have been able to introduce a number of contracts, a fairly good proportion of which are liquid and have been attracting increasing volumes. In the year 2012-13 the bullion is the highest traded commodity with 46 per cent share and value of Rs 78.63 lakh crores, followed by the energy products with value of Rs 37.68 lakh crores and share of 22 per cent, base metals with a value of Rs 32.60 lakh crores and share of 19 per cent and the agricultural products quote value of Rs 21.56 lakh crores and 13 per cent share. Out of the nineteen exchange markets, the six exchanges – MCX, NCDEX, NMCE, ACE, and ICE contributes to 99.71 per cent of total value of the commodities traded.

Sector-Wise Commodity Market Development Within a short span of time the newly set-up multi-commodity

exchanges have been able to introduce a number of contracts, a fairly good proportion of which are liquid and have been attracting increasing volumes. In the year 2012-13 the bullion is the highest traded commodity with 46 per cent share and value of Rs 78.63 lakh crores, followed by the energy products with value of Rs 37.68 lakh crores and share of 22 per cent, base metals with a value of Rs 32.60 lakh crores and share of 19 per cent and the agricultural products quote value of Rs 21.56 lakh crores and 13 per cent share. Out of the nineteen exchange markets, the six exchanges – MCX, NCDEX, NMCE, ACE, and ICE contributes to 99.71 per cent of total value of the commodities traded. The total value traded in 2012-13 is represented in the graph.

MCX Mumbai

The leading commodity Traded in this exchange was Gold in the year 2013 -14, with a share of 28.83 per cent. The total quantity traded for Gold was 0.99 lakh tonnes at Rs. 2482438.18 4086933.38 crores. The second place was occupied by Silver with share of 20 per cent and value of Rs. 1780756.98crores. Further, crude oil, copper and natural gas occupies 3rd, 4th and 5 th position with 20.84 per cent, 9.70 per cent and 7.61 per cent share. The share of other commodities traded has been provided in the table.

COMMODITY VOLUME TRADED VALUE OF TRADE SHARE IN TRADE SHARE 2013-14

COMMODITY	VOLUME TRADED	VALUE OF TRADE	SHARE IN TRADE	SHARE
GOLD	0.99	2482438.18	28.83	28.83
SILVER	3.91	1780756.98	20.68	20.68
CRUDEOIL	4211.48	1794312.34	20.84	20.84
COPPER	336.15	43348.37	9.70	9.70
NATURAL GAS	26082271250 7.61	655322.01	7.61	7.61
LEAD	319.46 398401.56 4.63	398401	4.63	4.63
NICKEL	46.66	432047.18	2.90	2.90
ZINC	203.76 228653.60 2.66	228653.60	2.66	2.66
ALUMINIUM	126.53	134964.85	1.57	1.57

Source: Annual report, Forwards Market Commission, Government of India, 2013-14

Out of the above mentioned commodities, natural gas possessed the least unit price value of Rs 221.90 per mmBTu and the highest unit price value was quoted by gold for Rs 29394 per 10 gm. In the futures section commodities like gold, crude oil, natural gas, lead and zinc recorded rise in their value and the other commodities recorded a decline in their values at 2012-13 over the previous year.

NCDEX Mumbai

In this exchange market soya oil has been the leading commodity being traded with a share of 23.55 per cent. Being followed in the list by soybean, Caster seed, chana with 15.91 per cent, 14.05 per cent, 11.60 per cent, share, in total traded value. The values are tabulated below:



Value and Share of the Commodities Traded At NCDEX, Mumbai during 2013-14

COMMODITY	VOLUME TRADED	VALUE OF TRADE	SHARE IN TRADE	SHARE VALUR TO TRADE
SOYA_OIL	388.86	269914.56	23.55	23.55
SOYABEAN	488.29	182336.33	15.91	15.91
CASTOR_SEED	405.04	161068.66	14.05	14.05
CHANA	423.87	132966.22	11.60	11.60
DHANIYA	125.60	95259.02	8.31	8.31
RAPE_MUSTARD_SEED	239.78	84217.51	7.35	7.35
COTTONSEED_OILCAKE	328.85	51044.17	4.45	4.45
KAPAS	73.03	35461.41	3.09	3.09
TURMERIC	49.31	29606.19	2.58	2.58
JEERA	22.48	28917.50	2.52	2.52
OTHER COMMODITIES	200.34	75536.52	6.59	6.59
Total	2745.43	1146328.09	100.00	100.00

Source: Annual report, Forwards Market Commission, Government of India, 2013-14

NMCE Ahmedabad

In this market Raw jute acquired the maximum share of 13.25 per cent, which was quoted at Rs20,248.24crores and volume of 70.33 lakh tonnes. In the future section the price quoted was Rs 18916.78 over the year 2013-14. The ready price of Muster seed in this market was Rs17024crores and volume of 53.61 lakh tonnes.

Value and Share of the Commodities Traded At NMCE, Mumbai during 2013-14

COMMODITY	VOLUME TRADED	VALUE OF TRADE	SHARE IN TRADE	SHARE VALUR TO TRADE
RAW JUTE	70.33	20248.24	13.25	13.25
CASTORSEED	48.70	18916.78	12.38	12.38
RAPE/MUSTARD SEED	53.61	17024.17	11.14	11.14
CHANA	49.49	15264.09	9.99	9.99
COFFEE REP BULK	11.35	13807.78	9.04	9.04
OTHERS	76.75	67557.93	44.21	44.21

Source: Audit Report of Forward Market Commission 2013-14

UCX Mumbai

Volume and Share of the Commodities Traded At UCX, Mumbai during 2013-14

COMMODITY	VOLUME LAKH TONNES	VALUE - crore	SHARE OF VALUE	SHARE
CHANA	52.35	16515.55	22.62	22.62
KILO GOLD	0.00	12903.06	17.67	17.67
RAPE/MUSTARD SEED	32.30	11344.39	15.54	15.54
SOYA BEAN	23.85	8769.33	12.01	12.01
TURMERIC	14.33 11.85	8651.55	11.85	11.85
OTHERS	10.25 20.31	14829.31	20.31	20.31
TOTAL	133.07	73013.19	100.00	100.00

Source: Audit Report of Forward Market Commission 2013-14

UCX Mumbai

Channawas the largest traded commodity in this market with share of 22.62per cent, value of Rs 16515.55crores and volume of 52.35. The second largest traded commodity was Kilo Gold for share of 17.67 per cent, third largest commodity was mustard seed for share of 15.54 per cent.

V. CONCLUSION

India is developing country and going toward developed country. Commodity market is main market which will help the economy to boost. Due to this market we can see the farmer are able to trade property so it will definitely help our growth. There will be volatility in this market but by taking risk the using other heading tricks each and every person can earn profit. Trend is showing upward sign so it is All the above activities shall act as harbinger to the success of the commodity market in our country.

REFERENCES

- [1] Annual Report, 2013-16, Forward Markets Commission, Food and Public Distribution, Department of Consumer Affairs, Ministry of Consumer Affairs.
- [2] George A. Fontanills, “ Getting started in Commodities”, John Wiley & Sons, Inc., Hoboken, New Jersey.
- [3] NilanjanaKumari, (2014), “ Recent trend in commodity market of India”, Abhinav referred journal of Research ., volume 3, Issue 12.
- [4] www.mcx.com.in
- [5] Prof d.m.Pestongjee,(2011), “ An in depth study of organization and working of derivatives with reference to Indian Capital Market.
- [6] Ahuja N.L. (2006), “Commodity Derivatives Market in India: Development, Regulation, and Future Prospects”, IRJFE, Euro Journals Publishing, issue 2.
- [7] A.s. Marvi,(2015), “ Performance Analysis of Indian agriculture commodity market “, International journal of commerce, business, & Management , volume 4, issue 2.



A Study of Factors Affecting Decision About Life Insurance Policies With Reference to Kolhapur City

Dr. Kedar V. Marulkar

Assistant Professor, Department of Commerce and
Management, Shivaji University, Kolhapur
kvm_commerce@unishivaji.ac.in

Abstract : Life insurance is the most important element which provides financial protection to a person and his family at the time of uncertain risks or damage. Life insurance provides both safety and protection to individuals and also encourages savings among people. In India, number of private companies is providing insurance service but LIC of India plays a vital role in Indian insurance market. The present exploratory study was conducted with an objective to identify those factors which influence customers policy buying decision and also analyze the preferences of customers while life policy investment decision-making. Various insurance related factors have been discussed in the paper. The data for the study has been collected from both primary and secondary sources. The study area is limited to Kolhapur city only and sample size is 100 policyholders. Researcher has taken few hypothesis based on review of literature and general understanding in the subject. Some of this preference factors and tested them with the help of various statistical tools like chi-square, correlation and weighted average method. The analyzed data has been presented in the form of table, bar graphs and pie-charts. LIC is the most accepted and popular brand in life insurance, the market share of private insurers are gradually increasing with people trust and better services offered by them are some of the main findings of the study. Insurance companies should spread more awareness about life insurance, reduction in premium amount and giving more attention on need based innovative products are some of the suggestions provided by the researcher. The paper concludes with that demographic factors of the people play a major and pivotal role in deciding the purchase of life insurance policies.

Keywords : Life Insurance Policies, Factors, Decision Making, LIC

I. INTRODUCTION

Life insurance is an important factor, not from investment perspective, but from the point of view of family security. India, being a populated country, is being looked as a land of opportunities and a market for big insurance companies. Until 1999, the business of life insurance in India was the monopoly of Life Insurance Corporation of India (LIC). Privatization witnessed dynamic changes in the insurance industry and most of the private insurance companies are joint ventures with recognized foreign players across the globe. Customers are the main pillar of life insurance business. Every company tries to attract and retain existing customers to keep their profits high. The proper understanding of customers, their needs and expectations help insurance providers to bring improvement in product as well as services offered. When compared with the developed foreign countries, the Indian life insurance industry has achieved only a little because of low consumer awareness, poor affordability, delayed customer services, lack of suitable products. In today's cut throat competition, it becomes essential for life insurers to provide better

customer services, spread more awareness, emphasis on need based innovative products and reasonable price. So that, every individual may avail the benefits of insurance and protect their lives against future uncertainties.

II. REVIEW OF LITERATURE

Athma. P and Kumar. R (2007) in the research paper titled “an explorative study of life insurance purchase decision making: influence of product and non-product factors”. The empirical based study conducted on 200 sample size comprising of both rural and urban market. The various product and non-product related factors have been identified and their impact on life insurance purchase decision-making has been analyzed. Based on the survey analysis; urban market is more influenced with product based factors like risk coverage, tax benefits, return etc. Whereas rural population is influenced with non-product related factors such as: credibility of agent, company's reputation, trust, customer services.

Company goodwill and money back guarantee attracts many people for life insurance.



Girish kumar and Eldhose (2008), published in insurance chronicle icfai monthly magazine august 2008 in their paper titled “customer perception on life insurance services: a comparative study of public and private sectors”, well explained the importance of quality services and its significance in raising customer satisfaction level. A comparative study of public and private sectors help in understanding the customer perception, satisfaction and awareness on various life insurance services.

Jayakar (2003) in his study emphasized that new products innovation; distribution and better use of technology are helping the new private life insurers to take market share away from LIC, an only company before liberalization of insurance industry. With the privatization of insurance sector and with the entrance and cut throat competition with the private sectors gaining an ever increasing edge over the public sector.

Narayan. H. Jai (2009), in an article has made an emphasis on importance of customer in the business of insurance. He explained in phase of growing market competition, there is an intense need to go beyond mere efficiency in designing products. To understand the customer’s needs and to convey what they have to offer would perhaps bring in higher efficiencies in customer service. Insurance business revolves around the customer and fair treatment to customers is need of an hour to win their loyalty and trust. In a service based organizations, customer service is the most dominating feature that differentiate and gives good return to the insurers. Proper with customer complaints, effective customer grievances handling mechanism and fast claim settlement procedure are some of the ways through which satisfaction level of customers can be increased. Hence to serve the customers promptly and effectively is the key success of a life insurance business.

Praveen Kumar Tripathi (2008), in his summer training project report titled “customer buying behavior with a focus on market segmentation” conduct a research based study on buying pattern in the insurance industry with a special focus on HDFC standard life insurance. The various segments of the markets divided in terms of insurance needs, age groups, satisfaction levels etc were taken into account to know the customer perception and expectation from private insurers.

III. SIGNIFICANCE OF THE STUDY

The insurance industry is one of the fastest growing industries in the country and offers abundance growth opportunity to the life insurers. When compared with the developed foreign countries, the Indian life insurance industry has achieved only a little because of the lack of insurance awareness, ineffective marketing strategies, poor affordability and low investment in life insurance products. The huge and ever rising population levels in our country

provide an attractive opportunity but still nearly 70% Indian lives are un-insured. The study is basically intended to discover and examine the factors affecting customers’ decision towards life insurance policy.

IV. OBJECTIVES OF THE STUDY

The present study has been undertaken primarily with a view of satisfying the following objectives.

1. To understand the factors affecting decision in life insurance.
2. To evaluate preferences of the customers while taking life insurance investment decision.
3. To study and rank the factors responsible for the selection life insurance

V. HYPOTHESIS

1. Income has no significant impact on the life insurance decision.
2. Occupation and gender are independent of the life insurance decision.
3. People look at life insurance as investment, not as safety of family.
4. Customers’ view towards life insurance decision is largely affected by advisors.

VI. RESEARCH METHODOLOGY

The present study is an exploratory type of research study. The study aims to find out the factors influencing customer’s life insurance decision and their preferences at the time of policy buying decision. In order to conduct this study, 100 policyholders of Kolhapur city have been surveyed during September, 2016 and questionnaire method was used for data collection.

1) SOURCES OF DATA

The data for the study have been collected from both primary and secondary sources. The primary data have been collected through a questionnaire. The secondary data have been collected from IRDA annual reports, insurance journals, magazines and website.

2) DATA COLLECTION METHODS

The data collection method used to obtain the desired information from primary sources has been through direct interview, and questionnaire has been used as an instrument.

3) STATISTICAL TOOLS AND TECHNIQUES

For measuring various phenomena and analyzing the collected data effectively and efficiently to draw sound conclusions, a number of statistical techniques including



chi-square, correlation, and weighted average score have been used for the testing of hypotheses.

VII. DATA ANALYSIS AND INTERPRETATION

The respondents of different age groups, occupation, income and gender for study have been selected through purposive sampling method in order to achieve the research objectives. Socioeconomic factors such as age, income, occupation and gender are some of the important determinant in the decision of life insurance. The study is conducted with reference to the customers of Kolhapur city, Maharashtra. The demographic profile of the respondents is analyzed on the basis of age, monthly income, gender and occupation. The distribution of sample respondents is shown in Table no. 1 and it is quite evident from the table that a majority of the respondents (46%) fall in the age group of 30-40 years. Out of 100 samples drawn, 74% are male and it depicts the domination of male in the life insurance sector. Occupation-wise, around 38% respondents are govt. employees followed by private sector employees, businessman, professionals, and agriculture occupied respondents with 16%, 15%, 10 and 21% respectively.

TABLE 1 AGEWISE DISTRIBUTION OF THE RESPONDENTS

Age Group (Years)	No. of Respondents
Under 20	8
20-30	14
30-40	46
40-50	16
50-60	11
Above 60	5

TABLE 2 GENDER WISE DISTRIBUTION OF THE RESPONDENTS

Gender	No. of Respondents
Male	74
Female	26

TABLE 3 OCCUPATIONAL DETAILS OF THE RESPONDENTS

Occupation	No. of Respondents
Govt. employees	18
Private Sector employees	16
Businessmen	15
Professionals	10
Agriculturists	21

TABLE 4 INCOME DETAILS OF THE RESPONDENTS

Monthly Income (Rs.)	No. of Respondents
less than 15,000	34
15001, to 25,000	26
25,001 to 35,000	11
35,000 to 50,5000	19
Above 50,000	10

TABLE 5 DETAILS OF INSURERS OF THE RESPONDENTS

INSURER	No. of Respondents
LIC	64
ICICI PRU LIFE Insurance	11
HDFC Stand Life	9
SBI Life Insurance	18
Max New Life	4
Other	4

TABLE 6 TYPE OF THE POLICIES ISSUED TO RESPONDENTS

Type OF Policy	No. of Respondents
Money back	38
Unit linked	34
Endowment	19
Term	9

TABLE 7 FEATURES OF POLICIES FOR DECISION ABOUT POLICY

Features	No. of Respondents
Money back	34
Larger Risk Cover	28
Investment/Premium	21
Access to Insurer	17

TABLE 8 FACTORS INFLUENCING LIFE INSURANCE DECISION

Feature	No. of Respondents
Access of Advisor/Agent	36
Company's Reputation	20
Tax Benefit	18
Risk Cover	11
Premium	8
Term	7

1) MONTHLY INCOME OF RESPONDENTS AND LIFE INSURANCE DECISION

Correlation (r) = 0.74. Since the calculated value of r is positive, it is concluded that there is a significant relationship between monthly income and customer insurance decision. Hence income is one of the important determinants in life policy buying decision.

2) OCCUPATION AND GENDER ARE INDEPENDENT OF THE LIFE INSURANCE DECISION.

Chi-square test is applied to test the goodness of fit, to verify the distribution of observed data with assumed theoretical distribution. Therefore it is a measure to study the divergence of actual and expected frequencies. Here χ^2 calculated = $(o - e)^2 / e = 16.01$ at 5% level of significance for 6 df, the calculated value of chi-square is 12.59 since the chi-square calculated > chi-square tabulated, it is concluded that there is a no significant association between occupation and customer insurance decision. Hence occupation does not influence the customer life policy buying decision.



3) **GENDER OF RESPONDENTS AND LIFE INSURANCE DECISION**

Here χ^2 calculated = $(o - e)^2 / e = 1.66$ at 5% level of significance for 2 df, the calculated value of chi-square is 5.99. Since the chi-square calculated < chi-square tabulated, it is concluded that there is a significant association between gender and customer insurance decision. Hence gender influence customer life policy buying decision.

4) **PREFERENCE OF THE POLICYHOLDERS PREFERENCE TOWARDS LIFE INSURANCE COMPANIES**

It is revealed from the table no. 5 and g that a majority (64%) of the respondents preferred to buy policy from LIC. followed by the 11%, 9%, 8 % and 4% of respondents preferred to buy from ICICI prudential life, HDFC Standard Life, SBI Life and Max New York Life respectively. Remaining 4% respondents preferred other than these life insurance companies. Thus it can be inferred that LIC of India is the most preferred life insurance company and majority of them prefer government-owned LIC for getting insured because of security. The other private life insurance companies are having less percentage of share and those who prefer private insurers are because of better customer services and high returns.

5) **TYPE OF POLICY**

It is quite evident from the table no. 6 that there are various types of life insurance policies with customized features and value additions catering to the needs of specific target segments. Majority (38%) of the respondents preferred money back policy, followed by 34% of the respondents preferred unit linked plans and 19% preferred endowment plans. Out of 100 samples drawn, only 9% of the respondents preferred term plans. Thus it can depict that among many plans available, the most preferred one among the mass is money back plan. This plan helps you to withdraw your money at regular intervals and still staying insured. This plan is famous for its high liquidity advantage. The other product gaining popularity is ULIP (unit linked insurance plan), as it serves multiple purposes, it gives high returns, tax benefit, life insurance, critical illness cover and is admired for its flexibility for paying premium amount.

6) **FEATURES OF POLICY**

It is evident from the table no. 7 that features of policy that attract the most, majority (34%) of the respondents believe that ability to get money back is the most influencing factor in policy buying decision, followed by the 28% of respondents influenced with larger risk coverage. Remaining 21% and 17% of the respondents are influenced with low premium rates and easy access respectively. Hence ability to get money back is the main influencing factor during policy

purchasing decision.

7) **FACTORS RESPONSIBLE FOR INVESTMENT IN LIFE INSURANCE PRODUCTS**

During the study, it was found that the investors generally invested in life insurance due to the reasons like tax benefit, risk coverage, saving, return, insurance services, premium charges, security. During the survey, the respondents were asked to rank these factors and the data obtained is presented in table no. 8. It is revealed that among the surveyed people, majority of the respondents invest in life insurance because of agent's influence, and company's reputation followed by tax benefit, risk coverage, premium, term etc. Thus it can be stated that advisor/agent's influence is the main factor for customers while taking insurance policy.

VIII. FINDINGS

1. It is found that more people buying a life insurance policy are in the age group of 30-40 years. Particularly, very few people are from less than 20 years of age and more than 60 years of age. Actually, if the age is low, cost is low for insurance products.
2. There is a dominance of male policyholders in insurance business. The number of women policy holders is too low as compared to male policyholders.
3. It is also observed that there is more awareness among public sector employees in insurance. Agriculturists also have awareness about insurance which is a good sign.
4. Income level doesn't matter much for insurance as there are number of policy holders in different income groups. Even people below income of Rs.15,000 p.m. have also insurance policies.
5. In the study area, majority of policyholders have opted for LIC as preferred insurance company. Other private life insurance companies also have started to increase their share in the market by attracting the customers.
6. Money back policy and ULIP are the most widely sold insurance policies. It is very important to note that people are not much aware about term policies.
7. Money back along with risk cover is the two most important features of the insurance policies taken in the study area as perceived by the respondents.
8. Access to and influence of agent is the most important factor in taking decision about life insurance. Most of the policyholders have taken the policies on the recommendation of the policy by their friends or relatives who are working as



agent/advisor in the insurance company.

IX. SUGGESTIONS:

1. There is need to create awareness among policyholders about benefits of each type of insurance policy. People buy money back and ULIP policies mostly but they ignore pure term insurance. Term insurance does not involve money back but it serves as pure measure of protection against risk.
2. There is need to understand clearly the difference between insurance and investment. Mostly, people look at insurance as a weapon of investment. But it has to be different. In investment, we look for returns while in insurance we must look for safety and not only return. Return or money back should not be the objectives of insurance.
3. Insurance business is largely a seller's business. Those who market their product, they sell aggressively. But as there are large number of agents and advisors of various companies, there aggressive selling strategies and competition/target may persuade the customers to take up specific policy which enables them to complete their target/goal. This has to be controlled so that customers will get the policy as per their requirement.

X. CONCLUSION

In India, the penetration of life insurance is not that high. Still lot of market especially the rural area is untapped as far as insurance sector is concerned. In the urban and semi urban area, there are many factors which affect customers decision in life insurance and from the study it has been concluded that gender, agent or advisor's role play an important role in deciding the purchase of life insurance policies.

REFERENCES

- [1] Athma, P. And Kumar, R (2007)) “ An explorative study of life insurance purchase decision making: influence of product and non-product factors “, Icfai Journal Risk & Insurance, Vol. Iv, October 2007, Pg. No 19-21.
- [2] Eldhose.V and Kumar. G (2008), “Customer perception on life insurance services: a comparative study of public and private sectors”, Insurance Chronicle Icfai Monthly Magazine August 2008, Pg. No 32-36.
- [3] Jayakar. R (2003), “Covering lives”, Business Today, June 2003, Pp. 68.
- [4] Imtiyaz.Vasi do (2007), “Retention of the customers is the essence of insurance business”, Insurance Times, Feb. 2007, Pg. No 20. 123
- [5] Narayana. J (2009), “Role of CRM in life insurance business”, IRDA Journal, April 2009
- [6] Tripathi. P.K (2008), “Customer buying behavior with a focus on market segmentation”, summer training project, Chandigarh Business School Mohali, Page No. 42-46.
- [7] V.G.Murugan (2012) “Evaluation of investors behavior towards mutual funds”, International Journal Of Multidisciplinary Management Studies, Vol.2 Issue 1, January 2012, Pg. No. 278- 280
- [8] Irda annual reports.
- [9] www.irda.com
- [10] www.scribd.com
- [11] www.citehr.com



A Study of Costing Techniques and Co-generation Project With Special Referance to Yashwantrao Mohite Krishna Sahakari Sakhar Karkhana Ltd; Shivnagar, Rethare Budruk.

Dr. Ramdas. N. Bolake

Assistant Professor, YashwantraoChavan School of Rural
Development, Shivaji University, Kolhapur
ramdasbolake@gmail.com

Miss. Dipali S. Patil

Research Student
CSIBER, Kolhapur
patil.dipa66@gmail.com

Prof. Sachin S. Jadhav

Assistant Professor, Anekant Institute of
Management Studies (AIMS), Baramati
sachin3n5@gmail.com

Abstract : India is the largest single producer of sugar including traditional cane sugar sweeteners, Khandasari and Gur equivalent to 26 million tons raw value followed by Brazil in second place at 18.5 million tones .Even in respect of white crystal sugar India has ranked No.1 position in 7 out of last 10 years. In the early 2/3rd of sugar cane production is utilized for production of alternator sweeteners, Gur and khandasari. With better standards of living and higher income, the sweetener demand has shifted to white sugar. Currently about 1/3rd sugar cane production is utilized by the Gur and Khandasari sectors. Begging in the small sector, these two sectors are completely free from controls and taxes which are applicable to sugar sector.

Keywords : Sugar cane Production, Co-Generation etc.

I. INTRODUCTION

India has been known as the original home of sugar and sugar cane. Indian mythology supports the above fact as it contains legends the origin of sugar cane. India is the sound largest producer of sugar cane next to Brazil. Presently about 4 Million hectares of land is under sugar cane with an average yield of 70 tons per hectore. Traditional sweeteners Gur and Khandasari are consumed mostly by the rural population in India. The advent of modern sugar processing industry in India began in 1930 with grant of tariff protection to the Indian sugar industry. the number of sugar industries increased from 30 in the year 1930-31 to 135 in year 1935-36 and it is no's in year 2010-2011. out of total 200 No's in Maharashtra in which 177 Nos. Co-Operative and 23 No's privet sugar factory. The first Co-Operative sugar factory was established in Ahemadnagar District by Vikhe-Patil in Pravaranagar in year 1946.

II. ERA OF CO-OPERATIVE FACTORIES

Production of sugar through co-operative processing sugar cane was first attempt in India in 1933. There were four co-operative sugar factories in 1935. one in Uttar Pradesh (Biswan), and reaming three at Thummapala, Ktikoppaka and Vayyara in Andhra Pradesh. Ktitoppakka is the oldest

co-operative sugar factory is existence. Other two small factories are close down. There was no progress during the next two decades. During the first plane period license were granted to establish 13 co-operative sugar mills in Mumbai and three in Punjab.

The first co-operative sugar factory namely 'Pravara Sahakari Karkhana Ltd; Pravaranagar' in the state of Maharashtra was established in 1946. In those days the Government had a scheme if the growers collected Rs.10 Lack among themselves the Government would provide the rest of financial assistance to establish the co-operative sugar factory. During the second plane period 24 licenses were issued in Maharashtra. In the second plane the target of sugar production was fixed at 22.5 lacks tone for which on installed capacity 24.4 lacks tones was envisaged. The actual production of sugar was 30.3 lacks tones. By the end of third plan period the no. of sugar factories was about 78 and actual production of sugar was 35.32 lacks tones. During fourth plan there was a recorded production of 47.6 lacks tones. During the first five years plan (1975) 298 sugar factories and distillers were established in India out of these 74 sugar factories are in Maharashtra.

Now presently we are facing problem of power, so the Government has promoted to sugar factories for establishing



bagasse based Co-Generation plant to generate excess electricity power. The all India potential of bagasse based Co-Generation is around 6000 MW. As of 31st March 2010 only 1344 MW of capacity has been commissioned while another 530 MW capacity are under construction. These means only 31% of the potential has actually been achieved.

III. OBJECTIVES OF STUDY :

1. To study the variable cost, fixed cost, total production, and total sale of factories 16 MW Co-Generation plant.
2. To analyze Profit or Loss of Co-Generation plant of various years.
3. To study comparisons with standard ratio the study area.

IV. RESEARCH METHODOLOGY

A. PRIMARY DATA:-

Primary data is the data, is collected for the first time specifically for the study itself. The information collected through Interview of the employee and Questionnaire, Personal interview of Manager and workers was circulated among the employees to obtain information.

A. SECONDARY DATA : -

The secondary data are those which have already been collected by some other agency and annual report of the sugar factory, books magazines and various articles, which have already been processed.

A. SCOPE OF STUDY

Y. M. Krishna S. S. K. Ltd is running properly. Production is increasing continually but there is wide scope for study of different department, different activities but due to particular subject is sufficient time and topic “A study of costing techniques and Co-Generation Project with special reference to Yashwantrao Mohite Krishna Sahakari Sakhar Karkhana Ltd; Shivnagar, Rethare Budruk is selected to study.

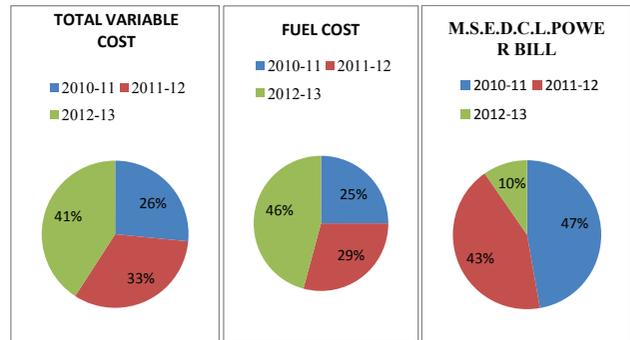
V. DATA ANALYSIS AND INTERPRETATION

**TABLE NO.1
CLASSIFICATION OF VARIABLE COST**

(Amount in Rs)

SR. NO.	PRITICULARS/F.Y.	2010-11	2011-12	2012-13
1	FUEL COST	103717677	121127812	189913449
2	WATER COST	0	517651	546451
3	FACTORY OVERHEADS	169729	255870	270500
4	INHOUSE POWER USE	11046127	22960218	18388810
5	MSEDCL ELECT. BILL	11763700	10744115	2403680
	TOTAL VARIABLE COST	126697233	155605666	194972890

(Source: Annual Report)



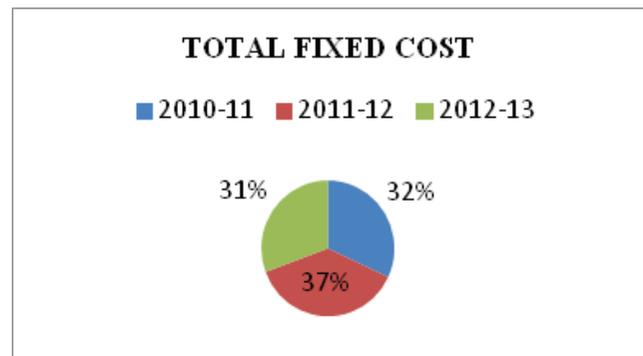
In year 2010-11 the cost spent on fuel was 25% which increased by 4% in year 2011-12 and becomes 29%. Again it was increased majorly by 17% in year 2012-13 and becomes 46% In year 2010-11 the cost spend on MSEDCL electricity bill was 47% which is reduced by 4% in year 2011-12 but it was majorly reduced in year 2012-13 by 33% and it was comes 10% In year 2010-11 the total variable cost is 26% which increased by 6% in year 2011-12 due to increase in fuel cost. It was again increased in year by 8% due to again increase in fuel cost.

**TABLE NO. 2
CLASSIFICATION OF FIXED COST**

(Amount in Rs)

SR.N O.	PARTICULARS/F.Y.	2010-11	2011-12	2012-13
1	REPAIR & MAINTENANCE	7742564	17820811	16158054
2	SALARY & WAGES	6066955	11489432	11094099
3	ADMIN. EXPENSES	2384164	2933218	2380250
4	INTREST ON TERM LOAN	43202378	30725071	2188420
6	DEPRECIATION	21429038	3185371	26331879
	TOTAL FIXED COST	80825099	94803903	77559002

(Source : Annual Report)



In year 2010-11 the fixed cost was 32% which was increased in year 2011-12 by 5% & becomes 37% because of increase in repair & maintenance cost, salary and wages. It was reduced by 6% and becomes 31% due to increase in production.

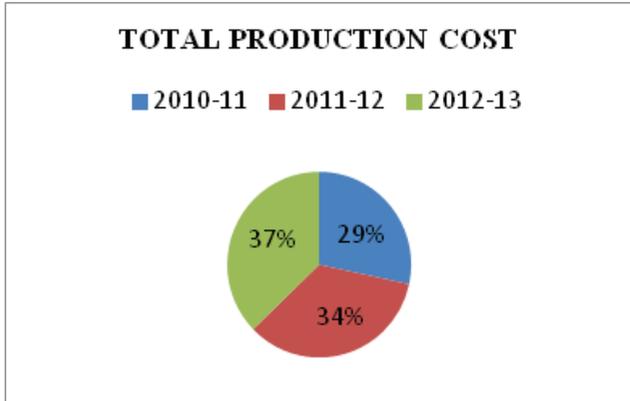


**TABLE NO. 3
TOTAL PRODUCTION COST**

(Amount in Rs)

SR. NO.	PARTICULARS/F.Y.	2010-11	2011-12	2012-13
1	VARIABLE COST	126697233	155605666	194972890
2	FIXED COST	80825099	94803903	77559002
	TOTAL COST	207522332	250409569	272531892

(Source : Annual Report)



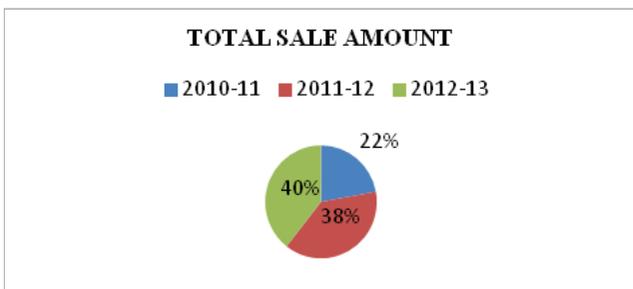
In year 2010-11 the production cost was 29% it was increased in year by 5% and becomes 34% due to increase in repair & maintenance cost, salary and wages cost as well as fuel cost. In year 2012-13 it was again increased by 3% and becomes 37% because fuel cost was increased.

**TABLE NO. 4
TOTAL SALE**

(Amount in Rs)

SR.NO	PARTICULARS/F.Y.	2010-11	2011-12	2012-13
1	POWER EXPORT TO GRID	120523858	135774312	130006382
2	INHOUSE POWER USE	11046127	22960218	1838810
3	POWER EXPORT TO SUGAR	20530932	57260637	47781386
4	STEAM GIVEN TO SUGAR PLANT	32143716	104453856	133252225
	TOTAL AMOUNT	184244633	320449023	329428803

(Source : Annual Report)



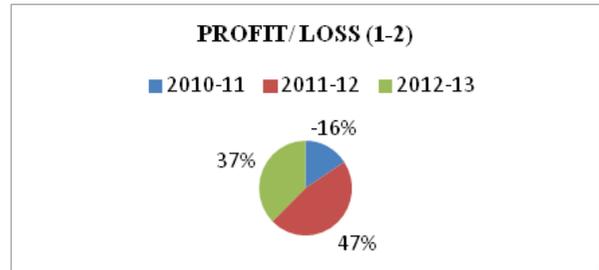
In year 2010-11 the sale was 22% which was increased by 16% in year 2011-12 and becomes 38%. Also it was again it was increased by 2% and become 40%.

**TABLE NO. 5
PROFIT AND LOSS**

(Amount in Rs)

SR. NO.	PARTICULARS/F.Y.	2010-11	2011-12	2012-13
1	SALE AMOUNT	184244633	320449023	329428803
2	PRODUCTION COST	207522332	250409569	272531892
	PROFIT/LOSS	-23277699	70039454	55896911

(Source : Annual Report)



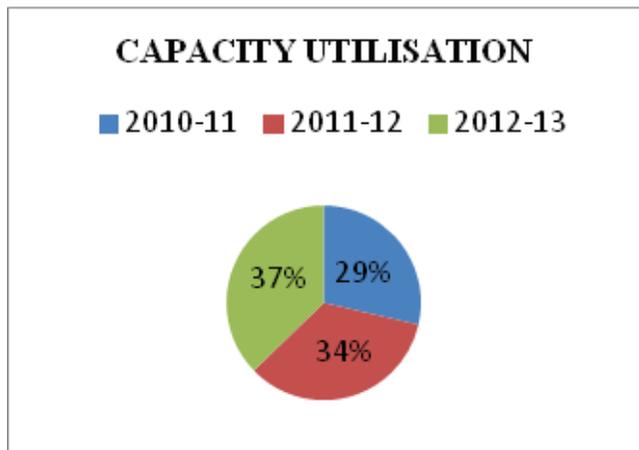
In year 2010-11 the sale was low due to this production cost was more than sale cost and project was in loss. In year 2011-12 the sale was increased by 16% due to this project was in profit by 31%. In year 2012-13 the sale was increased by 2% but fuel cost was increased by 17% due to this reason project profit was reduced by 10%.

**TABLE NO.6
COMPARISON WITH STANDARD NORMS**

VALUES IN %

SR. NO	PARTICULARS/F.Y.	STANDARD NORMS	2010-11	2011-12	2012-13
1	CAPACITY UTILISATION	100	59	70.56	76.87
2	POWER EXPORT TO GRID ON GENERATION	65	75.42	62.80	63.98
3	IN HOUSE USE ON GENERATION	10	12.07	10.62	9.80
4	SUGAR POWER USE ON GENERATION	25	12.39	26.57	26.09

(Source : Annual Report)



In year 2010-11 plant capacity utilization was only 59% which was increased by 11.5% in year 2011-12 and becomes 70.56% due to this project was comes in profit. Also again in year 2012-13 the capacity utilization was increased by 6.8% and becomes 76.87% but due to increased in fuel cost profit



was reduced. The plant capacity utilization is continuously goes on increasing.

VI. LIMITATION OF STUDY

There is a geographical and time limitation of study, the present study of related to Y.M.KrishnaS.S.K.Ltd; sugar factory of KaradTaluka in Satara District and the result of analysis are based on the data about sugar factory in KaradTaluka. The Co-Generation concept is new to all sugar factory so only three years 2010-11,2011-12 and 2012-13 data are available to study.

VII. OBSERVATIONS AND FINDINGS

1. In year 2010-11 the cost spent on fuel was 25% which increased by 4% in year 2011-12 and becomes 29%. Again it was increased majorly by 17% in year 2012-13 and becomes 46%
2. In year 2010-11 the cost spend on MSEDCL electricity bill was 47% which is reduced by 4% in year 2011-12 but it was majorly reduced in year 2012-13 by 33% and it was comes 10%
3. In year 2010-11 the fixed cost was 32% which was increased in year 2011-12 by 5% & becomes 37% because of increase in repair & maintenance cost, salary and wages. It was reduced by 6% and becomes 31% due to increase in production.
4. In year 2010-11 the sale was 22% which was increased by 16% in year 2011-12 and becomes 38%. Also it was again it was increased by 2% and become 40%.
5. In year 2010-11 the sale was low due to this production cost was more than sale cost and project was in loss.
6. In year 2011-12 the sale was increased by 16% due to this project was in profit by 31%.
7. In year 2012-13 the sale was increased by 2% but fuel cost was increased by 17% due to this reason project profit was reduced by 10%.
8. The plant capacity utilization is continuously goes on increasing.
9. The price of Bagasse i.e. fuel is depending upon availability of bagasse in market, if availability is more cost is low and vice-versa.
10. The price of export power is decided by Government by every three years not an every year.

VIII. SUGESATIONS AND CONCLUSIONS

1. Factory has try to utilize 100% capacity.
2. To minimize in-house power consumption to standard norms, factory has to do required modernization in Co-Generation plant.
3. Management has to control the fixed costs and variable costs.
4. From variable cost, fuel i.e. bagasse cost is much more affecting on production cost; so management has try to purches bagasse from market at lower price by doing agreement with non co-generation sugar plant to supply the excess bagasse at fixed rate at the time of crushing season.
5. To get maximum bagasse to co-generation plant, factory has to do the required modernization in old machinery to reduce steam consumption up to 40%.
6. Management has to attain to maximum profit, for this purpose they have try to reduce production cost by reducing fuel cost and utilizing 100% capacity to increase the sale.
7. Government has to change their price fixing policy of export power.
8. Factory has to provide extra quality seeds to farmers for purpose of improving quality of sugar product as well as to get more bagasse from cane crushing.

BIBLIOGRAPHY

- [1] Maheswari S. N. (1995) financial management, Vikas publishing House, New Delhi .
- [2] Rao Ghagadhar, (1991), Rural Unemployment and Rural Industrialisation Manak Publication Pvt. Ltd. pp. 124-125.
- [3] Rao R. V. (1986), the role of cottage and small Industries, Deep and deep Publications, New Delhi, 1986, pp. 27.
- [4] M. G. Patkar (2010), Management Accountancy, Published by Phadke Prakashan, Kolhapur.
- [5] M. N. Arora (1985), A Text Of Cost Accounting, Published By, Vikas Publishing House, Delhi.
- [6] Annual Reports of Yashavantrao Mohite Krishna S.S.K. Ltd; Rethare Bk. Tal.- Karad
- [7] Industrial Co-Generation Published by MNRE department of Government of India.



An Empirical Study of Employee Stock Options : Management Phenomena and its Impact

Dr. Meena Wadgule

Research Guide, Dr. Babasaheb Ambedkar Marathwada
University Aurangabad
meenawadgule@gmail.com

Mr. Vaibhav Vijaykumar Tayade

Research Scholar, Dr. Babasaheb Ambedkar Marathwada
University Aurangabad
vaibhavtayade04@gmail.com

Abstract : *This An employee stock ownership plan (ESOP) is an employee-owner program that provides a company's workforce with an ownership interest in the company. In an ESOP, companies provide their employees with stock ownership, often at no upfront cost to the employees. ESOP shares, however, are part of employees' remuneration for work performed. Shares are allocated to employees and may be held in an ESOP trust until the employee retires or leaves the company. The shares are then either bought back by the company for redistribution or voided. Some corporations are majority employee-owned; the term "employee-owned corporation" often refers to such companies. Such organizations are similar to worker cooperatives, but unlike cooperatives, control of the company's capital is not necessarily evenly distributed. In many cases, voting rights are given only to certain shareholders, and more senior employees may be allocated more shares than new hires; typically, they are tied to the compensation an employee receives from the company. Compared with cooperatives, ESOP-centered corporations often allow for company executives to have greater flexibility and control in governing and managing the corporation.*

Keywords : *Employee stock option, ESOP shares, employee-owned corporation, shareholders*

I. INTRODUCTION

Employee Stock Option Schemes ("ESOSs") once unheard of in India are gaining popularity rapidly, especially during the past few years.

Faced with the problem of poaching and brain drain, the software industry especially has realized the importance of employee stock options to recruit and retain the best talents. The technology world is divided about where ESOPs or employee stock options originated in India. Azim Premji led Wipro first brought the concept to India in the late 1980s. Infosys, the country's second largest IT services firm, was the first to offer stock options to employees when it went public in 1993 (ESOP Direct, 2011). Buoyant stock markets, coupled with brighter business prospects, are prompting companies to offer stock options to retain talented employees in India. Companies in India, which had introduced employee stock plans and their variants during the period 1994 - 1999, were not called stock options, because there were no options given by the company. The SEBI has formulated Securities and Exchange Board of India (Employee Stock Option Scheme/ Employee Stock Purchase Scheme) Guidelines 1999 to regulate ESOPs

In India ESOP, adoption is still in its nascent stage. Indian companies use stock options to attract and retain employees. ESOPs have been in vogue for over a decade in India and they still create excitement and hope among employees to

own shares of the employer company and create wealth all on a sudden in tandem with movements in stock market. Information Technology, Pharmaceutical, Communication, Entertainment, Financial and Technology driven companies use ESOPs as a tool to reward and motivate employees. Though originally conceived as long-term incentive plans, ESOPs were used as short-term incentives due to the boom in share prices in Pharmaceutical, Technology and Manufacturing sector.

II. OBJECTIVE

The purpose of this research paper is to explain concept of Employee Stock Option, its mechanism facts about it and it is one of the motivating factor for organization employees

III. RESEARCH METHODOLOGY

To complete study related to Employee Stock Option related to this research paper author have referred explanatory type of research method for this different types available secondary data is referred from different research papers, publications, reports and online published data.

IV. HISTORY OF EMPLOYEE STOCK OPTION PLAN

ESOPs as a financial instrument were the brainchild of a visionary economist named Louis Kelso, who said that for



capitalism to survive there needed to be more capitalists. In 1956, Peninsula Newspapers, Inc. approaches Louis Kelso to develop a succession plan. Louis Kelso structured an employee ownership plan in 1957, acquiring external funds for employees to purchase new equity, Stock ownership and Option plans have come a long way in their variety as well as their intensity of application

V. DEFINITIONS

ESOPs, “Employees Stock Ownership Plans” or “Employees Stock Options Plans” is the generic term for a basket of instruments and incentive schemes provided to the employees of the company to motivate, reward, remunerate and to retain the employees. Fiore (1990) defined ESOP as an employee “contribution plan designed to invest primarily in the stock of the company providing benefits to both the sponsoring corporation and the participating employees”. ESOP is unique reward system.

Such systems endeavour to motivate employees, increase participation, and enhance productivity to improve organizational competitive advantage.

According to Securities Exchange Board of India ESOP/ESPS Guidelines (1999) “Employee stock option” means the option given to the whole time Directors, Officers or employees of a company which gives such Directors, Officers or employees, the benefit or right to purchase or subscribe at a future date, the securities offered by the company at a predetermined price. “Employee stock purchase scheme (ESPS)” means a scheme under which the company offers shares to employees as part of a public issue or otherwise.

VI. MECHANISM OF ESOPS

A stock option is defined under the guidelines as “a right but not an obligation granted to an employee in pursuance of the employee stock option scheme to apply for shares of the company at a pre-determined price”. According to the guidelines issuance of ESOP rely on the twin principles of complete disclosure and shareholder approval. The company cannot offer ESOPs unless the shareholders of the company approve ESOPs by passing a special resolution in the general meeting.

At the time of seeking the approval of the shareholders, the exercise price or the pricing formula has to be disclosed or determined by the Company

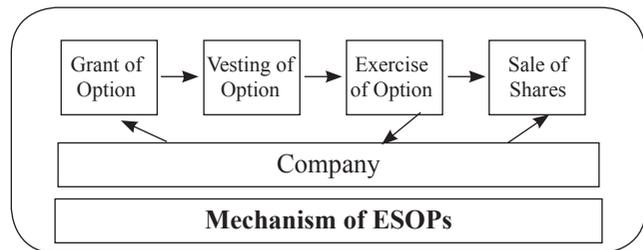
The option can be converted to shares if the holder of the option fulfils certain conditions. These conditions are the “vesting criteria” and it is based on number of years of continued service after receiving the option, or satisfaction of some performance goals either by the option holder, or by

both. When the vesting criteria are satisfied, the options are said to be “vested”. A vested option gives the option holder the right to exercise the allotted shares of the company. If the employee is terminated for misconduct, then the vested option may lapse. Exercise of an option is the process by which a vested option is converted into shares by payment of the exercise price.

The exercise price is normally determined at the time the option is granted to the employee. The option holder is not entitled to either dividend or voting rights until he exercises his option and is allotted shares

VII. MAJOR USES OF ESOPS

About two-thirds of ESOPs are used to provide a market for the shares of a departing owner of a profitable, closely



held company. Most of the remainder is used either as a supplemental employee benefit plan or as a means to borrow money in a tax-favored manner. Less than 10% of plans are in public companies. In contrast, stock option or other equity compensation plans are used primarily in public firms as an employee benefit and in rapidly growing private companies.

VIII. EMPLOYEE OWNERSHIP AND CORPORATE PERFORMANCE

A 2000 Rutgers study found that ESOP companies grow 2.3% to 2.4% faster after setting up their ESOP than would have been expected without it. Companies that combine employee ownership with employee workplace participation programs show even more substantial gains in performance. A 1986 NCEO study found that employee ownership firms that practice participative management grow 8% to 11% per year faster with their ownership plans than they would have without them. Note, however, that participation plans alone have little impact on company performance. These NCEO data have been confirmed by several subsequent academic studies that find both the same direction and magnitude of results.

IX. HOW ESOPS WORK

Companies set up a trust fund for employees and contribute either cash to buy company stock, contribute shares directly to the plan, or have the plan borrow money to buy shares. If



the plan borrows money, the company makes contributions to the plan to enable it to repay the loan. Contributions to the plan are tax-deductible. Employees pay no tax on the contributions until they receive the stock when they leave or retire. They then either sell it on the market or back to the company. Provided that an ESOP owns 30% or more of company stock and the company is a C corporation, owners of a private firm selling to an ESOP can defer taxation on their gains by reinvesting in securities of other companies. S corporations can have ESOPs as well. Earnings attributable to the ESOP's ownership share in S corporations are not taxable.

In other plans, approximately 800 employers partially match employee 401(k) contributions with contributions of employer stock. Employees can also choose to invest in employer stock. In stock option and other individual equity plans, companies give employees the right to purchase shares at a fixed price for a set number of years into the future. (Do not confuse stock options with U.S. ESOPs; in India, for example, employee stock option plans are called “ESOPs,” but the U.S. ESOP has nothing to do with stock options.)

X. HOW EMPLOYEES FARE

Participants in ESOPs do well. A 1997 Washington State study found that ESOP participants made 5% to 12% more in wages and had almost three times the retirement assets as did workers in comparable non-ESOP companies.

According to a 2010 NCEO analysis of ESOP company government filings in 2008, the average ESOP participant receives about \$4,443 per year in company contributions to the ESOP and has an account balance of \$55,836. People in the plan for many years would have much larger balances. In addition, 56% of the ESOP companies have at least one additional employee retirement plan. By contrast, only about 44% of all companies otherwise comparable to ESOPs have any retirement plan, and many of these are funded entirely by employees.

XI. ADVANTAGES AND DISADVANTAGES TO EMPLOYEES

In a US ESOP, just as in every other form of qualified pension plan, employees do not pay taxes on the contributions until they receive a distribution from the plan when they leave the company. They can roll the amount over into an IRA, as can participants in any qualified plan. There is no requirement for a private sector employer to provide retirement savings plans for employees.

Some studies conclude that employee ownership appears to increase production and profitability and improve employees' dedication and sense of ownership. ESOP advocates maintain that the key variable in securing these

claimed benefits is to combine an ESOP with a high degree of worker involvement in work-level decisions (employee teams, for instance). Employee stock ownership can increase the employees' financial risk if the company does badly.

ESOPs, by definition, concentrate workers' retirement savings in the stock of a single company. Such concentration is contrary to the central principle of modern investment theory, which is that investors should diversify their investments across many companies, industries, geographic locations, etc. Moreover, ESOPs concentrate workers' retirement savings in the stock of the same company on which they depend for their wages and current benefits, such as health insurance, worsening the non diversification problem. High-profile examples illustrate the problem. Employees at companies such as Enron and WorldCom lost much of their retirement savings by overinvesting in company stock in their 401(k) plans, but the specific companies were not employee-owned. Enron, Polaroid and United Airlines, all of which had ESOPs when they went bankrupt, were C corporations.

Most S corporation ESOPs offer their employees at least one qualified retirement savings plan like a 401(k) in addition to the ESOP, allowing for greater diversification of assets. Studies in Massachusetts, Ohio, and Washington State show that on average, employees participating in the main form of employee ownership have considerably more in retirement assets than comparable employees in non-ESOP firms. The most comprehensive of the studies, a report on all ESOP firms in Washington state, found that the retirement assets were about three times as great, and the diversified portion of employee retirement plans was about the same as the total retirement assets of comparable employees in equivalent non-ESOP firms. The Washington study, however, showed that ESOP participants still had about 60% of their retirement savings invested in employer stock. Wages in ESOP firms were also 5-12% higher. National data from Joseph Blasi and Douglas Kruse at Rutgers shows that ESOP companies are more successful than comparable firms and, perhaps as a result, were more likely to offer additional diversified retirement plans alongside their ESOPs.

Opponents to ESOP have criticized these pro-ESOP claims and say many of the studies are conducted or sponsored by ESOP advocacy organizations and criticizing the methodologies used. Critics argue that pro-ESOP studies did not establish that ESOPs results in higher productivity and wages. ESOP advocates agree that an ESOP alone cannot produce such effects; instead, the ESOP must be combined with worker empowerment through participatory management and other techniques. Critics point out that no study has separated the effects of those techniques from the effects of an ESOP; that is, no study shows that innovative management cannot produce the same (claimed) effects without an ESOP.



In some circumstances, ESOP plans were designed that disproportionately benefit employees who enrolled earlier by accruing more shares to early employees. Newer employees, even at stable and mature ESOP companies can have limited opportunity to participate in the program, as a large portion of the shares may have already been allocated to longstanding employees.

ESOP advocates often maintain that employee ownership in 401(k) plans, as opposed to ESOPs, is problematic. About 17% of total 401(k) assets are invested in company stock, more in those companies that offer it as an option (although many do not). ESOP advocates concede that it may be an excessive concentration in a plan specifically meant to be for retirement security. In contrast, they maintain that it may not be a serious problem for an ESOP or other options, which they say are meant as wealth building tools, preferably to exist alongside other plans. Nonetheless, ESOPs are regulated as retirement plans, and they are presented to employees as retirement plans, just like 401(k) plans.

XII. CONFLICTS OF INTEREST

Because ESOPs are the only retirement plans allowed by law to borrow money, they can be attractive to company owners and managers as instruments of corporate finance and succession. An ESOP formed using a loan, called a “leveraged ESOP,” can provide a tax-advantaged means for the company to raise capital. According to a pro-ESOP organization, at least 75% of ESOPs are, or were at some time, leveraged. According to citing ESOP Association statistics as cited in. In addition, ESOPs can be attractive instruments of corporate succession, allowing a retiring shareholder to diversify the company of stock while deferring capital gains taxes indefinitely.

Company insiders face additional conflicts of interest in connection with an ESOP’s purchase of company stock, which most often features company insiders as sellers and in connection with decisions about how to vote the shares of stock held by the ESOP but not yet allocated to participants’ accounts. In a leveraged ESOP, such unallocated shares often far outnumber allocated shares for many years after the leveraged transaction.

XIII. FORMS OF EMPLOYEE OWNERSHIP

Stock options and similar plans (stock appreciation rights, phantom stock, and restricted stock, primarily) are common in most industrial and some developing countries. Only in the U.S., however, is there a widespread practice of sharing this kind of ownership broadly with employees, mostly (but not entirely) in the technology sector (Whole Foods and Starbucks also do this, for instance). The tax rules for employee ownership vary widely from country to country. Only a few, most notably the U.S., Ireland, and

the UK, have significant tax laws to encourage broad-based employee ownership. In India, employee stock option plans are called “ESOPs”.

The most celebrated (and studied) case of a multinational corporation based wholly on worker-ownership principles is the Mondragon Cooperative Corporation. Unlike in the United States, however, Spanish law requires that members of the Mondragon Corporation are registered as self-employed. This differentiates co-operative ownership (in which self-employed owner-members each have one voting share, or shares are controlled by a co-operative legal entity) from employee ownership (where ownership is typically held as a block of shares on behalf of employees using an Employee Benefit Trust, or company rules embed mechanisms for distributing shares to employees and ensuring they remain majority shareholders).

Different forms of employee ownership, and the principles that underlie them, are strongly associated with the emergence of an international social enterprise movement. Key agents of employee ownership, such as Co-operatives UK and the Employee Ownership Association (EOA), play an active role in promoting employee ownership as a *de facto* standard for the development of social enterprises.

XIV. A STATISTICAL PROFILE OF EMPLOYEE OWNERSHIP

Table no : 1.Number of ESOPs and Participants, and Plan Asset Va

Type	Number of Plan	Total Participants	Employer Securities	Total Assets
Standalone ESOPs	5,489	1.66 million	\$102.9 billion	\$115 billion
KSOPs	1,306	12.26 million	\$159.4 billion	\$1.12 trillion
Total for all literal ESOPs	6,795	13.9 million	\$262 billion	\$1.23 trillion
ESOP-like plans	2,528	1.18 million	\$262 billion	\$64 billion
Total for ESOP and ESOP-like plans	9,323	15 million	\$284.6 billion	\$1.3 trillion

Source: NCEO analysis of the Private Pension Plan (PPP) Research File made available by the Department of labor from data reported on the Form 5500 for year filing years 2013

To count literal ESOPs, we include all sponsors with plan type codes 2O (ESOPs other than leveraged ESOPs), 2P (leveraged ESOPs), and 2Q (S corporation ESOPs).

Total asset amounts shown exclude funds held by life insurance companies under allocated group insurance contracts for payment of retirement benefits. These excluded funds make up roughly 10%-15% of total pension fund assets.

ESOP-like plans are here defined as profit sharing,



stock bonus, and other defined contribution plans that are substantially (at least 20%) invested in employer stock, and have at least five participants

Table no : 2. Summary Characteristics of ESOPs and ESOP Companies

Privately held company	92%
Public company	8%
Leveraged ESOP	44%
Non leveraged ESOP	56%
S corporation	45%
C corporation	55%
Fewer than 100 total participants	57%
100 or more total participants	43%
Manufacturing sector	22%

Determining the percentage owned by the ESOP is difficult since ESOPs are not required to report that figure. From our own survey research and knowledge of the community, we estimate that 30% to 40% of ESOP companies are 100% employee-owned. Allocation amounts are also not commonly reported. We estimate that the mean allocation to accounts as a percentage of payroll is 3% to 4% for public companies and 5% to 8% for private ones.

XV. EMPLOYEE OWNERSHIP IN AN SHRM FRAMEWORK

Several reviews of studies of the link between employee ownership on the one hand, and HRM outcomes and company performance on the other hand, have concluded that hardly any negative effects have been found, but at the same time that positive effects do not appear to come about

Automatically (Conte and Svejnar, 1990; Kruse, 2002; Kruse and Blasi, 1995; Sesil et al., 2001) However, there is no straightforward empirical evidence of exactly which conditions are sufficient or necessary for positive effects to occur, and some findings are simply contradictory.

One of the reasons for the relative weakness of the results from empirical research on the consequences of employee ownership is that, as yet, the theory behind many of the studies on the effects of employee ownership has been underdeveloped. In particular, no research has been done on comprehensive models of employee ownership and the broader HRM system, although several researchers have focused on combinations of employee ownership with certain specific HRM practices, predominantly participation in decision-making.

Nevertheless, there are a number of notable findings. The importance of the workforce philosophy, or management's commitment to employee ownership, for example, has been demonstrated by a number of studies (e.g. Culpepper et al., 2004; Gamble et al., 2002; Klein, 1987; Klein and Hall,

1988; Long, 1982; Rosen et al., 1986). Also, several HRM practices have been included in the research, with differing results. As indicated earlier, this mostly relates to forms of participation in decision-making, but also to, for example, information-sharing (e.g. Freeman et al., 2004; Frenchand Rosenstein, 1984; Kalmi, 2002), and profit-sharing (e.g. Brown et al., 1999; Freeman et al., 2004; Wilson and Peel, 1990). One study (Freeman et al., 2004) included a bundle of HRM practices as one variable, an 'HRM index'. Overall, however, the theory behind most of these studies lacks a sophisticated explanation of why specific practices would be important in relation to employee ownership, and what would be the added value of employee ownership, or what would be the added value of combining these other HRM practices with employee ownership. This lack of theoretical sophistication is reflected in the relatively weak empirical findings.

The 'Ownership High-Performance Work System'

Following McGregor's (1985) Theory X and Theory Y, Young(1991) introduced what she called 'Theory O', with the 'O' referring to 'ownership'. As the first feature of successful employee ownership companies – i.e. companies that apparently applied this Theory O – she referred to 'commitment by the top' (Young, 1991).

That is, in successful employee ownership companies the prevailing workforce philosophy is one in which the relative role and value of employees relates to their co-ownership. In successful employee ownership companies, employees are seen as worthy of their co ownership of the company and they are taken seriously as owners.

This should be reflected in the other core HRM practices in the HRM system, which therefore relate to the rights that make up the very construct 'ownership', that is: the right to use an asset, the right to its returns and the right to dispose of or sell an asset (e.g. Furubotn and Richter, 1998: 77; Putterman, 1996). Table 3 shows how these ownership rights translate into various organiza- tional practices.

As Table 3 shows, in order to be effective, an HRM system with employee ownership as a central element and core HRM practice should also include the following HRM practices: participation in

TABLE 3 : Translation of Ownership Rights into Organizational Practices

Ownership Rights	Corporate Governance Practices	HRM Practices
Use	Voting rights Shareholders meetings Board membership	1.Participation in Decision making 2. Information sharing 3. Mediation 4. Training for business Literacy
Returns	1. Dividends 2.Share price	1.Profit sharing
Sale	Simply decide to sell shares	1.Participation in decision making about employee ownership 2.Sharing of information with regard to employee Ownership 3.Training for business literacy to understand and be capable of the above



Decision-making, profit sharing, information sharing, training for business literacy and mediation. The relationships between these core HRM practices are partially conditional, and partially multiplicative. An employee cannot be a real owner if he or she has no say, if he or she does not share in the returns, if he or she has no information about the business or does not understand the information that is being shared – i.e. the employee owner must be ‘business literate

(Rousseau and Shperling, 2003: 558). Furthermore, real ownership is impossible if there is no way of solving conflicts fairly. The presence or absence of these core HRM practices determines whether or not the HRM system consistently sends the message that employees deserve to be owners and that they are taken seriously as such. An HRM system with employee ownership as a central element and core HRM practice is ‘strong’ only if these five other core HRM practices are present as well. This leaves the employee ownership firm with sufficient discretion to adapt the choice of non-core HRM practices and the specific design of the core HRM practices to its specific needs (e.g. different manifestations of employee ownership, participation in decision-making and the other core HRM practices). To sum up, the presence of the other five core HRM practices, reflecting that management is serious About employee ownership, is a necessary condition for this HRM system to be an ‘ownership-HPWS

XVI. CONCLUSION

The Concept of Employee Stock option is one of the most important concept which have introduce a new way of motivating the employee for their better performance so ultimately the performance of organization gets increased and also having one of the major impact on human resource management process , corporate management and the relationship between employees and management of organization. Related to Strategic human resource management employee stock option also have important correlation which impact on organization’s performance the ESOP can be introduced as one of the reward system in which employees get predefine share of profit at predefined time in this research paper authors have tried to explain the introduction, its importance in an organization and its impact on organization

REFERENCES

- [1] Blasi, J., Douglas, Kruse., Seril, James and Kruonmova, Maya, (2000) , “Broad - based Stock Options and Company Performance: What the Research Tells us”, Journal of Employee Ownership Law and Finance , Vol.12, No. 3, pp. 34-45.
- [2] Fiore Nicholas (1990), “ESOP Fables”, Academic journal article from Journal of Accountancy, Vol. 169, No. 2, pp. 10.
- [3] Maya K. Kroumova; James C. Sesil, (2005), “The Impact of Broad-Based Stock Options on Firm Performance: Does Size Matter?”, Working Paper Series in Human Resource Management, The state university of New Jersey Rutgers, pp.3-30.
- [4] Maya K. Kroumova; James C. Sesil (2006), “Intellectual Capital, Monitoring, and Risk: What Predicts the Adoption of Employee Stock Options?”, Industrial Relations, (October 2006); Vol. 45, No. 4, pp. 734-752.
- [5] Rahul Cherian and Lubna Kably (2001), “Stock Option Plans”, Nishith Desai Associates and The Economic Times, pp. 1-10.
- [6] A Pendleton, J McDonald, A Robinson and N Wilson, ‘Employee Participation and Corporate Governance in Employee-owned Firms’ (1996) 10(2) Work, Employment and Society 205-226
- [7] L Trehwhitt, ‘Employee Buyouts and Employee Involvement: A Case Study of Investigation of Employee Attitudes’ (2000) 31(5) Industrial Relations Journal 451, the way they vanished was ‘nothing short of dramatic’.
- [8] “Incentivising Share Ownership and the John Lewis Economy”. The Huffington Post. Retrieved 2016-09-02
- [9] “Implementing Employee Owner Status: Government Response to Consultation” (PDF). Department for Business Innovation & Skills. December 2012. Retrieved 2016-09-02
- [10] “S Corp ESOP Legislation Benefits and Costs: Public Policy and Tax Analysis.” Freeman, Steven F. and Michael Knoll. 29 July 2008
- [11] National Center for Employee Ownership, Employee Ownership for Multinational Companies, 2010
- [12] Whyte, W. F. and Whyte, K. K. (1991) Making Mondragon, New York: ILR Press/Itchaca.
- [13] Staubus, Martin. “Sustaining Employee Ownership for the Long Term: The Challenge of the Mature ESOP Company”. rady.ucsd.edu. Rady School of Management
- [14] Andrew Stumpff and Norman Stein, Repeal Tax Incentives for ESOPS, 125 Tax Notes 337, 339-40 (2009);
- [15] Brett McDonnell, ESOPs’ Failures: Fiduciary Duties When Managers of Employee-Owned Companies Vote to Entrench Themselves, 2000 Colum. Bus. L. Rev. 199, 235 (2000)
- [16] Brett McDonnell, ESOPs’ Failures: Fiduciary Duties When Managers of Employee-Owned Companies Vote to Entrench Themselves, 2000 Colum. Bus. L. Rev. 199, 235 (2000)
- [17] Chris Doucouliagos, Worker participation and productivity in labor-managed and participatory capitalist firms: A Meta-Analysis”, Industrial and Labor Relations Review, Vol. 49, No. 1, Oct., 1995.



A Study on Essential Welfare Facilities for Seasonal Migrant Sugar Cane Harvesting Labourers in Pune Dist.

Pravin Vitthal Yadav

Assistant Professor, AIMS, Baramati, Pune
praveen26dec@gmail.com

Dr. James Jacob

V.K.K.M. College of Commerce & Economics, Bhandup, Mumbai
jamesjacob63@gmail.com

Abstract : *The sugar cane harvesting labours are migrating from drought zone of Maharashtra, mostly from various districts such as Aurangabad, Usmanabad, Latur, Beed, Barshi, Parbhani, Amravati etc. These workers come to various talukas' of Pune district approximately for 6 months along with their wife and children. They only take essential material with them. These workers are facing various adversities related to health, living conditions, education to children etc. Their living and working conditions are extremely poor. As per the observation and news paper news, these labourers and their family members are suffering from serious diseases due to insufficient welfare and safety facilities, unhealthy environment etc. Therefore attempt has been made to study the current working conditions and need of essential welfare facilities for seasonal migrant sugarcane harvesting labourers in selected sugar factories in Pune district.*

Keywords : *Sugarcane, Harvesting, Welfare, Migration.*

I. INTRODUCTION

Western Maharashtra is well known and famous place for sugar belt. Western Maharashtra state, which includes districts of Pune, Solapur, Satara, Sangli, Kolhapur and Ahmednagar. The cooperative and private sugar factories prevailing in western Maharashtra in large number. As per the statistics more than 120 sugar factories only in western Maharashtra. Farmers in the region are economically well off due to fertile land, good irrigation. Most of sugar Cooperative factories in western Maharashtra work as power centre and play major role in politics. This place is developed in terms of irrigational facilities, loan availability, availability of market, education and other basic infrastructure. Due to this people gets employment opportunities, quality education to children, hospitals etc. Therefore most of the migrated people get settled in at this place.

Compare to this some region of Maharashtra such as Vidharbha and Marathwada are comparatively less developed. Every year this region suffered though draught, scarcity of water, hailstorm, hurricane etc. It is also found less availability of educational institutes, hospitals and other required basic infrastructure. As a result, there is not as much of employment opportunity to the people. Therefore every year thousands of farmers and landless agricultural labourers migrate seasonally to Western Maharashtra for survival and further development. The maximum people do the job of at sugar factories as sugarcane cutter. Once in year in the month of October or November sugar factories gets commenced and its remained start till entire sugarcane of area gets cut and processed in the factory. The duration of this process is near to 6 to 7 months but it depends on

availability of sugarcane area.

During the time migrant sugarcane cutting labourers works really hard since morning 04.00 am to evening till the cart with full of sugarcane gets empty at sugar factory. The nature of the job is really hard and extremely difficult. Not only men do this difficult job but their wife, sister also takes great deal of effort for their family. It is because of the illiteracy, the workers are not cautious about their food and health. Poverty does not allow them to spend necessary money on food. During the illness, workers do not take complete rest due to their target oriented heavy load of routine work. Parents found casual about their children's' health.

Thus, in this study the Researcher has made attempt to study the living and working conditions of sugarcane cutting labourers. The specific purpose of this study is to identify the essential welfare facilities for sugarcane cutting labourers and their family members through the personal observation of respective area, discussion with the labourers and their family members, and respective authority of sugar factory.

II. SCOPE OF THE STUDY

The scope of this study is to identify the essential welfare facilities which are required for improvement of sugarcane cutting labourers health, working conditions and keeping them happy and satisfied. The geographical scope of this study is confined to five sugar factories located in Pune District of Maharashtra.



III. RESEARCH DESIGN

The nature of the study is descriptive research; therefore quantitative research methodology has been used for this study. The study is based on the primary data collected through interview schedule, personal discussions and observation of living and working conditions of the sugar cane harvest workers. The schedule is administered on selected 85 respondents from the five sugar factories of Pune district during the sugar cane harvest season 2015-16. Due to uncertainty of daily work schedule for the selection of respondents on the spot sampling technique has been used.

IV. MAJOR FINDINGS

The collected information has been analysed carefully. The MS Excel and SPSS tools used to derive the results. In accordance to the analysis following are the major findings:

- The labourer does not get good accommodation facility. They used stay in the small temporarily built tent. These tents are designed by sheet and mulch therefore it cannot protect them from heavy rain, storm etc.
- The continuous supply of fresh water is not available. Therefore the labourers have to get it from nearby canal or open wells. Sometime this water affecting their health.
- The labourers are getting hospital facility from the sugar factory. The factory ambulance is also available for emergency if any. Further, sugar factory has also taken out the life insurance policy of each labour for the respective period. The premium of the same has been deducted from the labours remuneration.
- There is school for children at vicinity of sugar factory. Unfortunately many of the parents are not even aware about it.
- There is no crèche facility to small children of sugar cane harvesting labours.

V. SUGESTIONS

- Adequate welfare facilities should be provided to maintain healthy environment at factory premises.
- *Water is Life!* Fresh water is necessary for the survival of all living organisms on earth. Therefore supply fresh is highly required to sugar cane harvesting labourers.
- Training program for sugar cane harvesting labourers should organise and educate them about value and importance of education.

VI. CONCLUSION

Generally, welfare measures are recreational, medical, educational, housing, sanitation and so on. Every organization provides the statutory welfare measures but some organization provides some more welfare facilities to the employees so that they may retain the employees and their quality of work life. By the result of increased quality of work life among the employees they get satisfaction in their personal and professional life. An organization could see the reflection of these things in increased productivity.

As far as sugar industry is concerned welfare measures are very much essential because the sugar cane harvesting labours are temporarily migrated from one region to another. These workers are working hard since early morning to evening. Their family is also living in unhygienic environment. The health conditions of these people are very poor. As per the observation many of workers are suffering from cold, cough, fever etc. further, it leads various serious diseases. As a social responsibility statutory welfare facility must be given to these labours and their family to improve their living and working conditions. As a result of this, the sugarcane harvesting labours shall live their life happily and also sugar factory shall also get benefit in the form quality outcomes.

REFERENCES

- [1] Patil Nitinkumar M. Studies on General Status of Migratory Sugarcane Harvest Workers of Ahmednagar District in Maharashtra. *International Journal of Science and Research (IJSR)* ISSN (Online): 2319-7064 Impact Factor (2012): 3.358
- [2] Gaikwad, H. J., Khalache, P.G., A study of socio-biography of the sugarcane harvesting laborers and their constraints in Ahmednagar district, *Advance Research Journal of Social Science*, Vol.2 (2), Pp. 160-163, 2011.
- [3] Gore, H., D., Singru, S. A., Fernandez, K., Mhaske, M., Babanagre, S. and Gore S., Health profile of Sugarcane harvester working in rural Maharashtra, *India, Indian Journal of Applied Research*, Vol. 3 (12), Pp 451, 2013.
- [4] Parchure, P.K., and Shende, R.R., GoI, Ministry of Water Resources, Central Ground water Board, Ground Water Information, Ahmednagar District, Maharashtra. Pp 3, 2010.
- [5] V.B.Jugale, Migrant Workers Of Sugar Industry In Maharashtra, *Journal of Economic and Social Development*, Vol. VIII, No. 1, 2012 ISSN - 0973-886X
- [6] K V Somasundaram, Vidyadhar B Bangal, Living And Health Conditions Of Migratory Sugarcane Harvest Workers Of Ahmednagar District In Maharashtra, *International Journal of Biomedical and Advance Research IJBAR* (2012) 03 (02)



ESOP, Compensation and Incentive Plans : A Boundless Win-Win scenario For Employer and Employees

Dr. Jadhav Deepali Rajendra

Associate Prof., SVPM's College of Comm., Sci., & Comp. Edu. Malegaon Pune
jdeepali1@gmail.com

Abstract : *In today's era of globalization, Employee retention has become a buzzword and accordingly 'ESOPs' i.e, Employee Stock Option Plans has appeared as one of the most important tools to inspire, fascinate and preserve employees. ESOP is the brainchild of a visionary economist named Louis Orth Kelso, who pioneered this concept with the vision that for capitalism to survive there needed to be more capitalists. Employee Stock Option Plan/Equity Incentive Plan (commonly referred to as ESOP) is an employee-owner method that provides a Company's workforce with an ownership interest in the company. The option granted under the plan confers a right but not an obligation on the employee. Stock options are subject to vesting, requiring continued service over a specified period of time. Upon vesting of options, employees can exercise the options to subscribe to the Company's shares, by paying the predetermined exercise price. Extending benefits through ESOPs is like creating a win-win situation for both Employer & Employee. Earlier, when the Companies Act, 1956, was formulated, the concept of rewarding Employees through Stock Options Route was not recognized by the Indian market and was first introduced in early 90s when Indian IT Companies were facing the sectors as well. Considering the increased recognition and upward trend, lawmakers have also acknowledged the ESOPs and accordingly chalked down specific provisions for the same to ensure transparency in the process of rewarding employees.*

Keywords : *ESOP, Incentive & compensation, win win approach, retirement scheme.*

I. INTRODUCTION

An employee stock ownership plan (ESOP) is an employee-owner program that provides a company's workforce with an ownership interest in the company. In an ESOP, companies provide their employees with stock ownership, often at no straight cost to the employees. ESOP shares, however, are part of employees' remuneration for work performed. Shares are allocated to employees and may be held in an ESOP trust until the employee retires or leaves the company. The shares are then either bought back by the company for reallocation or voided.

Some corporations are majority employee-owned; the term "employee-owned corporation" often refers to such companies. Such organizations are similar to worker cooperatives, but unlike cooperatives, control of the company's capital is not necessarily consistently distributed. In many cases, voting rights are given only to certain shareholders, and more senior employees may be allocated more shares than new hires; typically, they are tied to the compensation an employee receives from the company. Compared with cooperatives, ESOP-centered corporations often allow for company executives to have greater flexibility and control in governing and managing the corporation.

II. DESCRIPTION OF ESOP

An employee stock ownership plan (ESOP) is a type of employee benefit plan which is intended to encourage employees to acquire stocks or ownership in the company. Under these plans, the employer gives certain stocks of the company to the employee for negligible or less costs which remain in the ESOP trust fund, until the options vests and the employee exercises them or the employee leaves/retires from the company or institution.

These plans are aimed at improving the performance of the company and increasing the value of the shares by involving stock holders, who are also the employees, in the working of the company. The ESOPs help in minimizing problems related to incentives.

III. ANTIQUITY OF ESOP

In the mid-19th century, as the United States transitioned to an industrial economy, national corporations like Procter & Gamble, Railway Express Agency, Sears & Roebuck, and others recognized that someone could work for the companies for 20 plus years, reach an old age and then have no income after they could no longer work. The leaders of those 19th century companies decided to set aside stock in the company that would be given to employees when they

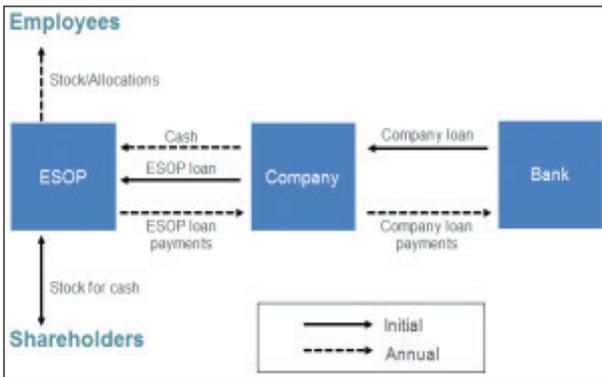


retired.

In the early 20th century, when the United States sanctioned an income tax on all citizens, one of the biggest debates was about how to treat stock set aside for an employee by his employer under the new US income tax laws. And ESOPs were developed as a way to encourage capital expansion and economic equality. Many of the early supporters of ESOPs believed that capitalism’s capability depended upon continued growth and that there was no better way for economies to grow than by distributing the benefits of that growth to the workforce.

The employee stock option scheme (ESOS) concept was developed in the 1950s by lawyer and investment banker Louis Kelso, who argued that the capitalist system would be stronger if all workers, not just a few stockholders, could share in owning capital-producing assets. In today’s world, the human capital is unarguably one of the most important resources to run any enterprise. Companies use untraditional methods of remunerating employees to retain their employees and attract new employees to their organization. Therefore, scheme like ESOS, ESPS and sweat equity has gained popularity in recent times.

IV. WHAT IS AN ESOP?



ESOP’s are Employee Stock Option Plans under which employees receive the right to purchase a certain number of shares in the company at a predetermined price, as a reward for their performance and also as motivation for employees to keep increasing their performance. Employees typically have to wait for a certain duration known as vesting period before they can exercise the right to purchase the shares.

The main aim of giving such a plan to its employees is to give shares of the company to its employees at a discounted price to the market price at the time of exercise. Many companies (especially in the startup phase) have now started giving Employee Stock Options as this is beneficial to both the employer as well as the employee

The technical definition of an ESOP is: “ A tax-qualified retirement plan designed to invest primarily in qualifying employer securities of the sponsoring employer. This simple

definition belies the complexity of ESOPs. Let’s examine the key elements of this definition.”

An ESOP is a “tax-qualified retirement plan.” This means that all the provisions of the Internal Revenue Code, IRS regulations, and other government pronouncements that apply to tax-qualified retirement plans (such as “profit sharing” plans) apply to ESOPs.

Therefore, an ESOP must satisfy the following requirements:

- The plan must be written;
• Plan assets must be held in trust for the benefit of the plan participants;
• The plan may not discriminate in favor of “highly compensated” employees;

An ESOP is a employee benefit plan that allows employees to become owners of stock in the company they work for. It is an equity based deferred compensation plan. Several features make ESOPs unique as compared to other employee benefit plans. First, only an ESOP is required by law to invest primarily in the securities of the sponsoring employer. Second, an ESOP is unique among qualified employee benefit plans in its ability to borrow money. As a result, “leveraged ESOPs” may be used as a technique of corporate finance.

- The plan must cover a reasonably broad cross section of the company’s employees;
• Employees must become vested in their plan benefits according to minimum standards; and
• The employer and the trustee have a fiduciary responsibility to guard the interests of plan participants.

The second key element of the definition is that the ESOP must be designed to “invest primarily in qualifying employer securities.”

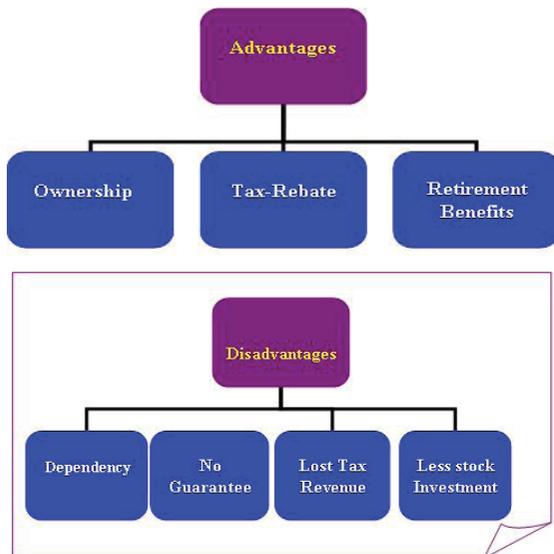
V. ESOP’S WORK PROCESS AND ITS ROLE IN MANAGEMENT





- The ESOP operates through a trust, setup by the company, that accepts tax deductible contributions from the company to purchase company stock.
- The contributions made by the company are distributed to individual employee accounts within the trust.
- The amount of stock each individual receives may vary according to pre-established formulas based on salary, service, or position.
- The employees may “cash out” after vesting in the program or when they leave the company. The amount they may cash out may depend on the vesting requirements.
- When an ESOP employee who has at least ten years of participation in the ESOP reaches age 55, he or she must be given the option of diversifying his/her ESOP account up to 25% of the value. This option continues until age sixty, at which time the employee has a one-time option to diversify up to 50% of his/her account. This requirement is applicable to ESOP shares allocated to employee’s accounts after December 31, 1986.
- Employees receive the vested portion of their accounts at either termination, disability, death, or retirement. These distributions may be made in a lump sum or in installments over a period of years. If employees become disabled or die, they or their beneficiaries receive the vested portion of their ESOP accounts right away.

VI. ADVANTAGES OF AN ESOP



Disadvantages of ESOP

- Align employees’ interests with those of shareholders;

- Recruit or retain key employees;
- Compensate for lower salaries and relieve pressure on cash flow;
- Lower the supervision required of employees;
- Increase innovation;
- Increase customer loyalty;
- Increase shareholder value;
- Motivate employees to become more productive;
- Improve the communication between employee and managers and increase cooperation;
- Increase loyalty and reduce staff turnover;
- Increase employee job satisfaction;
- Increase the Company’s likelihood of survival;
- Realise owner’s investment

VII. DISADVANTAGES TO COMPANIES

There can be some disadvantages:

- Where the share price of the company’s shares does not increase and the employee feels they have no control over the share price outcome, then it can affect morale and retention;
- There are costs associated with establishment and administration of the ESOP;
- Share Ownership, specifically option plans can be dilutive – i.e as more shares are issued each share you own becomes a smaller percentage of the company.

VIII. BENEFITS FOR EMPLOYEES

Benefits to employees can include:

- Financial rewards, linked to individual and organizational performance or a long term savings and ownership structure;
- An increased sense of ‘ownership’ and association with the enterprise;
- Improved awareness about the ‘big picture’ decisions; directions and corporate plans of the enterprise;
- There is a better partnership and communication between management and their employees;
- ESOPs are often linked with employee engagement and involvement and this presents the opportunity to influence decisions about products and process.

IX. RISKS FOR EMPLOYEES

Sometimes ESOPs can go wrong (if they are not properly structured) and some of the potential risks are:

- The employee has all their eggs in one basket. Essentially



the employee is over exposed to the company's shares, so if the company does not perform or worse goes into administration the employees investment is lost (this problem can be minimised by limiting the amount of salary or shares that the employee can buy);

- The share price can decrease and this can impact the value of the holding for an employee;
- The employee does not feel they can influence the share price or performance measures and as a result the plan has no value for them.

X. USAGE OF ESOPs

The ESOPs at present are mostly used to buyback the share of a retiring employee and as an incentive scheme for employees. ESOPs can also be used for financing in various areas such as financing expansion, when going for acquisition, creating a new division.

The basic purpose of ESOPs for many companies is to provide employee benefits or incentives. As they believe that by increased employee participation, with them perceiving themselves as owners and more involved with the company it will lead to a positive increase in their dedication to the company, improve work effort, reduce turnover and generally bring a more harmonious atmosphere to the company. All these in turn lead to improved profitability and a win – win situation for all concerned.

Another use of ESOPs is for financing in the form of leveraged ESOP, where the ESOP or the company can borrow from banking or other lending institutions. In return of this loan the company guarantees to make contributions in the ESOP trust hence enabling the trust to amortize the loan. The company can also borrow directly and make a payment to trust. If the leveraging is meant to provide new capital for expansion or capital improvements, the company will use the cash to buy new shares of stock in the company. If the leveraging is being used to buy out the stock of a retiring owner, the ESOP will acquire those existing shares. If the leveraging is being used to divest a division the ESOP will buy the shares of a newly created shell company, which will in turn purchase the division and its assets. ESOP financing can also be used to make acquisitions, buy back publicly-traded stock, or for any other corporate purpose.

The companies go for financing through ESOP as it provides two way tax benefits. Firstly as the ESOP contributions are tax deductible, thus the company would get the benefit of deducting interest as well as principal from taxes which in turn leads to reduced cost of financing. Another benefit is that the dividends paid on ESOP stock passed through to employees or used to repay the ESOP loan are tax deductible. ESOPs entitled to an employee can also be gifted by him to another person. But here the donor would have to pay income tax on the notional gains

received. These notional gains can be calculated keeping in mind the difference between the option price and the market price when it was issued. This change was added as gifting of ESOPs was done to evade the tax on transaction, but now it has to be paid.

XI. ESOP IN INDIAN COMPANIES

1. Infosys→ Infosys- pioneered the concept of ESOP in India in 1994→ Infosys has rewarded - plumbers, peons, electricians drivers with Infosys stock.→ Narayana Murthy's Chauffeur Kannan is a millionaire -His portfolio is worth 20 million rupees→ Sixty-seven others drivers are among 2000 Infosys millionaires.
2. BPO→ BPO pioneer- Raman Roy was setting up Spectramind in 2000-2001 when they offered shares to 500 staff members.→ Their idea was to share wealth with people who helped them start the company.→ The turnover among the top managers was zero.→ But when Wipro bought out Spectramind -Everyone made the equivalent of at least a year's salary on their ESOP plans.
3. Bharti→ Telecom major Bharti group began its ESOP journey in 2001.→ In 2005 - Everybody was covered and ESOPs were linked to the employee's loyalty and performance.→ In 2006, it offered performance share plan to senior executives .→ But by 2008 – They realized 2005 wide-base ESOP strategy wasn't working as the younger staff preferred deferred bonus plan or cash.→ Now the company has restricted the plan to the middle management and above.
4. Axis Bank→ The management decided to pass on the FBT burden to employees, taking advantage of a clause in the tax laws.→ April 2001 - More than one million options were exercised→ April 2004 - More than three million options were exercised→ The amount of wealth created had exceeded Rs. 100 crore in April 2004 .
5. Axis Bank→ April 2005 - Saw a fall in compare to first four years of the plan→ April 2007 - Less than 3 lakhs options were exercised→ The amount of wealth created came down to Rs. 10 crore→ April 2008 saw a big shift in Axis Bank's ESOP strategy→ They narrowed the scope of the plan to only employees in the middle management and above
6. Few more ...→ Bajaj Electricals hired staff from other sectors for as little as a 10 percent jump in salary (when 50-100 percent increases were normal), by using attractive ESOP offers.

XII. CHALLENGES FOR USAGES OF ESOP IN INDIAN COMPANIES

1. **Longer ESOP loan terms (an ounce of prevention...).**
A basic provision of ESOP finance is that when an ESOP



borrow money to buy stock, the shares that are purchased with that money are initially held by the ESOP trustee in a “suspense account,” and only allocated to employees over the succeeding years at the same rate as the borrowed money is repaid. But who is the lender? Bank financing for ESOP transactions is typically structured as a “mirror loan” arrangement. That is, in order to supply the ESOP with the cash to buy stock, the bank will loan money to the company (the outside loan), and once the company has the cash it will then make its own loan of that money to the ESOP (the inside loan). Banks like to be repaid fairly promptly by smaller, private companies, and will typically insist on a repayment schedule for the outer loan that gets the money back to them within five years. But the company and the ESOP are free to agree to a longer repayment schedule for the inner loan ? perhaps 10 or even 15 years. Importantly, the release of shares from the ESOP suspense account is based on the repayment of the inner loan. By stretching the term of that loan, a company can defer the day that the suspense account runs out of shares to release. And, by the time it does run out, there will be a larger number of veteran ESOP participants who are leaving the company, so their shares can be bought back from them and made available for allocation to the other employees. Which leads us to the next tool...

2. Recycling shares. When the time comes for a terminated employee to cash in his/her ESOP shares, there are three options for how to proceed: a) the company itself can buy the shares from the former employee and then simply retire the shares; b) the company can buy the shares and then (rather than retiring them) contribute them to the ESOP; or c) the ESOP can buy the shares (if it doesn't have necessary cash, the company can supply it). Options b and c effectively “recycle” the shares that are bought from departing participants. That is, the shares they cash in are returned to the ESOP where they will once again be allocated to all eligible participants according to the ESOP's standard allocation formula. There may be reasons why an ESOP company might want to chose option “a” and retire the shares of terminating employees. But they should be mindful of the negative effect of that practice with regard to the haves and have-nots problem. In fact, this “recycling” process is likely to be the largest single source of shares for allocation to the have-not participants.

3. Company contribution of new shares. In some years, the departure of some of the “haves” employees may produce an abundance of shares to allocate to newer employees, so that “recycling” becomes quite effective. But what if, in a given year, that isn't the case? What if there are no participant departures, and consequently no shares to recycle? An option is that the company can print up some new shares and contribute them to the ESOP. This will create a supply of shares that the ESOP can allocate

to the participants, and may also generate a tax deduction for the company, resulting in a cash flow increase. On the downside, however, it will result in share price dilution. For this reason, this is a tool that a company will use judiciously. If the prospect of share price dilution is a show-stopper, there is always...

4. Restorative shares with a new inner loan. For the most part, most companies simply pay their repurchase obligations out of cash flow. If x number of dollars is needed to redeem shares from departed participants, then the company contributes that amount to the ESOP so it can repurchase and recycle the shares. But there is another option: if the ESOP needs x number of dollars to repurchase shares, the company can loan that sum to the ESOP, rather than giving the money outright as a contribution. As with all loan-financed ESOP stock purchases, the shares will initially be held by the trust in a suspense account. The length of the loan can be set based on how long the repurchase forecast suggests would make sense. For example, if the value of the shares to be redeemed equals, say, 30 percent of company payroll, then a three-year loan term (to be repaid in equal installments) would result in annual releases of stock from the suspense account of roughly 10 percent of payroll. In short, this is a technique for smoothing the peaks and valleys that may occur from year to year in the number of shares being tendered by departed participants. But what if you don't have a large number of shares coming into the plan? Maybe you can manufacture an extra supply if you...

5. Offer early diversification. The law's requirement is that ESOP companies offer certain diversification opportunities to participants who meet both of the following criteria: they have at least 10 years of participation in the ESOP; and they are at least 55 years of age. Participants meeting those criteria must be offered the opportunity to cash in and reinvest up to 25 percent of the stock in their account. There is nothing in the law, however, that prohibits an ESOP company from offering diversification opportunities to participants who do not meet the above criteria. For example, the company could offer diversification to participants who reach age 50, or to those with only five years of participation, or they could increase the amount that can be diversified to 50 percent. By expanding diversification eligibility, the company may get more of the “haves” to take up that opportunity, which will generate more shares that can be recycled. Of course, the lion's share of this stock may still end up going to the other “haves” in the company, unless the company were to...

In this way An ESOP provides both unique opportunities and unique challenges. In terms of opportunities, it can provide a foundation for a profoundly different relationship between a company and the people employed by it. What



has come to be known as an “ownership culture” can generate the employee commitment and motivation that helps the company outperform its competitors. In turn, this high-performing arrangement changes employees’ lives ? not only by generating personal wealth but by changing their work life experience and by enhancing their sense of self-respect and personal dignity as business owners.

XIII. CONCLUDING REMARKS

ESOPs are yet evolving in India, we are yet to see companies differentiating on the basis of the sector they belong to, the category of target employee, etc. While in the US responses are faster (more than 30 % of the hi tech companies have re priced their options), the Indian companies are taking time to react. The benefits of an ESOP can be significant, both to the employer and the employee. However, the rules governing ESOPs are complex. For this reason, the cost of establishing and maintaining an ESOP is greater than for other retirement plans. It is important Compensation –Incentive Plans and Win- Win Scenario For Employer And Employees

REFERENCE

- [1] John Arnold, Ivan T Robertson, Cary L Cooper “Work Psychology- Understanding human behaviour in the work place”
- [2] P. Subba Rao “Business Policy and Strategic Management”
- [3] Edited by Audrey Collin and Richard a. Young –“The Future Of Career” Cambridge University Press
- [4] S. K. Bhatia –“Boost Your Professional Career- Contemporary Concepts”, Deep & Deep Publication
- [5] Jane Ballback and Jan Slater – “Unlocking Your Career Potentia”- Wheeler Publishing
- [6] Pfeffer, Jeffrey. 2005. The Myth of the Disposable Worker Some management gurus say high turnover is a good thing. Are they crazy? *Business 2.0*, 6(9): 78
- [7] Pugh, W. N., J.S. Jahera & S. Oswald (forthcoming) ESOP adoption and corporate performance: does motive really matter? *Journal of Business and Economic Studies*--- 1999. ESOPs, take-over protection, and corporate decision making, *Journal of Economics and Finance*, 23
- [8] Pugh, W. N., S. Oswald & J.S. Jahera. 2000. The effect of ESOP adoptions on corporate performance: Are there really performance changes? *Managerial and Decision Economics*, 21(5): 167
- [9] Putnam, Robert 2000. *Bowling alone: the collapse and revival of American community*, New York: Simon and Schuster.



Workforce Diversity: A Key to Improve Productivity

Ms. Sadhana Venkatesh

Asst. Professor, Department of Commerce
Tolani college of Commerce, Andheri, Mumbai
sadhanav@tcc.tolani.edu

Abstract : Workforce diversity means similarities and differences among employees in terms of age, cultural background, physical abilities and disabilities, race, religion, gender, and sexual orientation. No two humans are alike. People are different in not only gender, culture, race, social and psychological characteristics but also in their perspectives and prejudices. Society had discriminated on these aspects for centuries. Diversity makes the work force heterogeneous. In current scenario, employing diversified workforce is a necessity for every organization but to manage such diversified workforce is also a big challenge for management. This paper critically analyses the workforce diversity and its impact on productivity of an organization. The researcher after examining the literature and various research papers concluded that workforce diversity is strength for any organization but people still stick to their views related to caste, religion etc. and so consider diversity as a problem but if managed properly, can increase the productivity.

Keywords : Diversity; Interpersonal relations; Workforce; Productivity.

I. INTRODUCTION

As we enter the 21st century, a fundamental shift is occurring in the world economy. We are moving towards a world in which barriers to cross border trade and investments are tumbling, perceiver distance is shrinking due to advances in transportation and telecommunications technology in short we can say that day by day the world is becoming a global village due to globalization. In this interdependent global economy, an American might drive to work in a car designed in Germany that was assembled in Mexico, components made in the United States and Japan that were fabricated from Korean steel and Malaysian rubber.

From Indian perspective also, the world has now recognized India as one of the prime economic driver in the global scenario. Various companies are coming India to explore this opportunity. In order to survive in this type of cut throat competitive world the organizations have to hire an effective an efficient workforce that can handle such competitive environment. Employing diversified workforce is a very essence for every organization. In the current scenario the organizations that employ quality and competitive workforce regardless of their age, attitude, language, gender, religion, and caste can only compete at the marketplace. Human resource is an important asset for any organization. Capital and physical resources, by themselves, cannot improve efficiency or contribute to an increased rate of return on investment. On the basis of above statement, researcher has prepared the following model.

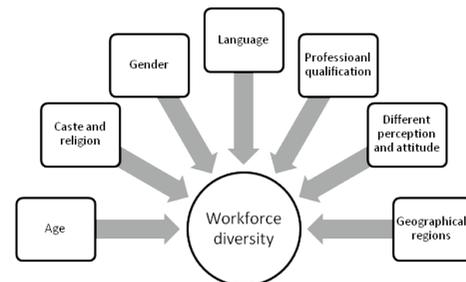


Fig.1 Workforce Diversity

It is through the combined and concerted efforts of people that monetary or material resources are harnessed to achieve organizational goals. But these attitudes, efforts and skills have to be sharpened from time to time to optimize the effectiveness of human resources and to enable them to meet greater challenges. Without employees, the organization cannot move an inch. Therefore, the management of this resource is also an important issue.

Human resource management is concerned with managing ‘human aspect’ of the organization in such a way that organizational objectives are achieved along with employee development and satisfaction. When the organizations employ human resource having different age, gender, perception, attitude, caste, religion, region then it will be very difficult for the management as well as for the employees to manage and adjust with that environment. To manage diversified workforce is a big challenge for any organization. Each individual is different from each other because of their different religion, educational background to which they belong, age and the perception. When different types of people in terms of thinking, perception, generation



come together to work at the same place then definitely a situation may come where all these different types of people may not agree at the same point. At that point, of time it is going to affect the interpersonal relationship among people. The researcher has taken some aspects, which are a part of diversity among workforce they are age, gender, caste, experience, professional qualification and the employees coming from various geographical regions. On the basis of above statement, researcher has prepared the following model.

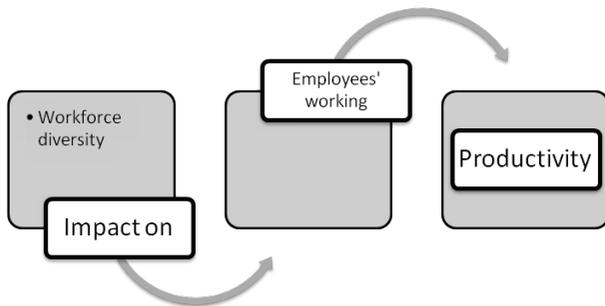


Fig. 2 Impact of Workforce on Productivity

Due to the increased rate of globalization, privatization and liberalization we can view the change at our workplace also, gone were the days where the people of same age, same professional qualification, same experience and same religion come together to work in an organization. Now day's females are also working in the equal ratio with males. Therefore the researcher is focusing over these critical aspects of diversified workforce that affects the working of employees. Next aspect that affects the work climate is language. People may speak different languages at work place because of different geographical region to which they belong. Due to which the people may find some problem. Employees coming from various geographical regions with their different mindset create contradiction among employees. Gender discrimination is also a major problem at Indian workplace. Cordial interpersonal relationship among the employees is one of the major ingredients for smooth functioning of an organization. Organization is a network of people who work together to achieve some common objective and if this network has some loopholes then it would be very difficult for any organization to achieve those objectives effectively. On the basis of above statement, researcher has prepared the following model.

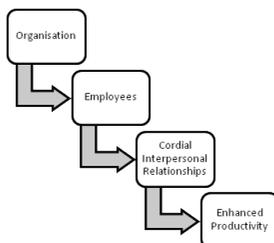


Fig. 3 Interpersonal Relationships

Productivity shows whether the activity of an organization is efficient and effective. Though the terms like productivity, efficiency and effectiveness are used together and practicing sometimes alternate their meanings, however we must not identify productivity with efficiency and/or effectiveness. Productivity requires both efficiency and effectiveness, because a certain activity will not be productive if it is only efficient, but not effective, or effective, but not efficient. Productivity in economic position is defined as the relation between output and input. Input element in an organization consists of resources used in the product creation process, such as labour, materials, energy. Output consists of a given product, service and the amount of both. The amount of output per unit of input (labour, equipment, and capital). A measure of the efficiency of a person, machine, factory, system, etc., in converting inputs into useful outputs is known as productivity. There are many different ways of measuring productivity. For example, in a factory productivity might be measured based on the number of hours it takes to produce a good, while in the service sector productivity might be measured based on the revenue generated by an employee divided by his/her salary.

II. LITERATURE SURVEY

This study tries to assess the impact of workforce diversity on productivity. From past years, many researchers have studied different aspects of workforce diversity in various organizations and various other areas not only at all India level but also at international level. The various findings of past researches were of great help for the researcher to sort out the different factors to be used in the study. This review also helped in finding out the differences between the past researches and the current research on the same topic. Let us look at glance on the earlier researches. (Jeffery Sanchez-Burks and Michal E. Mor Barak, 2005) the researcher has discussed one's perceptions, values, and behavior in such situations reflect deep-seated beliefs about the nature of interpersonal work relationships. He further emphasized that to understand and manage these differences requires understanding the nature of workforce diversity and how it influences relational and communication styles. (Ashok Chanda, Dec 2006).

In this article the author says that workforce diversity is a hot and burning issue in every organization of current scenario. Every human resource manager has to take care in managing this diversity and finally he concluded that there is a lack of awareness towards diversity management approach, the manager don't have sufficient knowledge and competency to manage diversified workforce. (Sharbari Saha, Dewpha Mukherjee Patra, 2008) in this the authors have focused over the requirements due to globalized market and benefits of workforce diversity further they said that if the organization is not employing the diversified workforce



then that organization is not competitive enough and the sales managers can make their diversified workforce effective and competent by providing them training. (Asmita Jha, 2009) in this article the author said that the most important asset of any organization is diversified workforce because the diversified workforce is good at problem solving as they provide different and creative ideas and gives competitive advantage to the organization. Further the author focused over making the workforce happier by proper understanding of the expectations and needs of each individual. (Kulin Patel and Anuradha Sriram, Oct 2010) in this article the author explore the role of managing diversified workforce in the case of mergers and acquisitions. The author said that the merger and acquisitions among the organization is just like a marriage which means that the compatibility among the employees of both the organizations having different cultures is most important for this the culture assessment of both the organizations is necessary. (Saumya Goyal, Aug 2009) In this article the author has depicted four models to understand the dimension of diversity they are diversity wheel in this model the author has classified the model into two dimensions first is primary which includes age, gender, mental/ physical abilities, race, ethnic heritage, sexual orientation and the secondary dimension includes geographic location, work experience, income, religion, first language, organizational role and level, communication style, family status, work style, education, military experience. Next model is four layers of diversity in this the author adds on two more layers with the diversity wheel they are personality at the core and external dimension includes work field, division, seniority, work location, union affiliation, management status, organizational dimensions. Third model is diversity iceberg in this the author adds one more dimension in diversity wheel which is tertiary dimensions like beliefs, assumptions, perceptions, attitude, values, group norms.

And the last model is kaleidoscope perspective of the individual in this the author has described various attributes like age, region, gender, qualification, caste, family status. (K KMallikarjunan, 2007) in this the author is saying that each and every individual is different, everybody is having their own perception, attitude and thoughts and to manage such type of different individuals require a specific skill because of the complexities involved in this process. (Radha Mohan Chebolu, 2007) in this article the author says that the culturally diversified workforce is really competent but to manage such a talent is not an easy task it requires such a leader that have an organizational vision and an attitude that are line in culture. (Arpita Saha, 2007) in this article the author says that due to the increased globalization the world is shrinking day by day. Hence the organizations have to recruit cross cultural employees but it is very difficult for the employees to adapt and adjust with a new environment

and culture. At this point of time a manager can play a very important role like a leader by providing the employees with training, interactive sessions so that they come to know about the rituals, dressings, mannerisms, food habits of different people. (Joyendu Bhadurya. E. Joy Mightyb, Hario Damarb, 1 June 1999). In this paper the researcher says that there are various political, social and economic factors that are responsible for increasing the diversity of workforce so the writer has depicted certain ways for increasing the effectiveness like to make people of different backgrounds work on common projects so as to facilitate understanding and communication between them. The researcher has also depicted one model which assumes that the population is classified into `families` where individuals within a family are `similar` with respect to the diversity criterion being used but are very different from individuals in other families. This enables the researchers to formulate their problem as a network flow problem. (Jakob Luring, 2009). In this paper the author says that in today`s scenario workforce diversity is a necessity for the development, both in terms of economic growth and satisfactory intellectual, emotional and moral existence. Further he explained that in business firms the workforce diversity among employees not merely means differences in languages, perception, and attitude but also the managed differences of skills and knowledge, because knowledge sharing is an important aspect to improve productivity among the organization which is guided by social interaction. (Janice L. Dreachslina, Robert Weech-Maldonadob, Kathryn H. Dansky, 2004). In this research paper the researchers have predicted a three leg stool model in order to reduce racial and ethnic disparities at workplace. The model is: Public policy: to ensure a legal and regulatory environment designed to eliminate disparities in access and health status; clinical practice: to ensure patient satisfaction and loyalty and improve treatment outcomes through the cultural competence of clinicians; and organizational behavior: to ensure that leadership, staff, and the culture of the health services organization represents and values the communities they serve. Further the authors have concluded that the third leg that is organizational behavior is the most effective tool to manage diversity at workplace because by implementing these management practices it is going to give positive outcomes on individual, group and organizational levels. (Emiko Magoshi a, Eunmi Chang, 2008). In this paper the authors says that diversity management is an important issue in current scenario due to increasing globalization. In order to make these diversified employees as competitive resources the organizations have to manage them effectively. Further the authors have concluded by saying that if the organizations will focus over managing the diversified employees then the employees will become more committed. (Marie-Élène Roberge , Rolf van Dick, 2010). In this paper the authors says that on one hand diversity among workforce results in positive affects like creativity,



problem solving, innovation but on other hand diversity may results in some negative aspects like increasing conflicts, decreasing group performance and decreasing group cohesiveness. Further the authors have depicted a multi level model to improve the group performance by considering individual- (i.e., empathy and self-disclosure), and group-level (i.e. communication, group involvement and group trust) mechanisms which underlie the process of learning from one another's identity within a group. (Patricia A. Kreitz, 29 January 2008). In this paper the author says that in today's scenario the organizations are facing diversity challenges from many areas like demographic changes in the workforce and customer populations, combined with globalized markets and international competition. The researcher focuses over the ways to manage diversity strategically. Further the researcher added that successful diversity management requires HR managers to possess skills in leadership, organizational development, change management, psychology, communication, measurement, and assessment. (Maria RiazHamdani, M. Ronald Buckley, 2010). In this paper the researchers are saying that the diversified workforce should not be merely treated as a means for generating economic benefits for an organization but we should also pay attention towards the factors that promote diversity at workplace.

Further the researchers have focused that we can promote diversity by understanding the complex dynamics of workplace diversity. And to understand the complex dynamics of workplace diversity institutional factors like regulatory structures, governmental agencies, lawmakers, courts, professional organizations, interest groups, and the general public must be considered. (Daniel Vloeberghs", 2005). The researcher says that managing diversified workforce is a biggest challenge in front of the human resource management department of the organizations. Further the author says that diversity can affect an organization's functioning through four ways first is diversity can have affective consequences, like lower organizational commitment or lower satisfaction, because people prefer interactions with similar others. Second, cognitive outcomes refer to an increase in creativity and innovation because through diversity people get an opportunity to interact with various people. Third, a diverse organizational workforce is a symbol of equality. And last, diversity also has clear implications on the communication processes within a group or organization, i.e. communication effects which means that workforce diversity has both positive as well as negative results. (Janice R.W. Joplin and Catherine S. Daus, 1997). In this paper the author emphasizes that various companies are focusing over capitalizing the skills of a diverse workforce but they have to face many challenges like diverse opinion, lack of empathy, differences in perception, lack of participation. Further the author has

concluded that these challenges can be faced by effective leadership style instead of implementing traditional methods. (Taylor H. Cox, 1991). In this paper, the writer has suggested that organizations should value diversity to enhance organizational effectiveness. Diversified workforce provides various advantages like creativity, problem solving, and flexible adaptation to change that may leads to competitive advantage But the management of such diversified workforce is an important issue and can be done by adopting key components like leadership, training, research, analysis and change of culture and human resource management systems and follow-up activities like additional training, discussions about diversity issues with the group members.

III. ADVANTAGES OF DIVERSIFIED WORKFORCE

An organization's success and competitiveness depends upon its ability to embrace diversity and realize the benefits. When organizations actively assess their handling of workplace diversity issues, develop and implement diversity plans, multiple benefits are reported such as:

- Diversity stimulates innovation and productivity and creates a world class culture that can outperform the competition.
- A multicultural organization is better suited to serve a diverse external clientele in a more increasingly global market. Such organizations have a better understanding of the requirements of the legal, political, social, economic and cultural environments of foreign nations (Adler, 1991).
- In research-oriented and hi-tech industries, the broad base of talents generated by a gender-and ethnicdiverse organization becomes a priceless advantage. "Creativity thrives on diversity" (Morgan, 1989).
- Multicultural organizations are found to be better at problem solving, possess better ability to extract expanded meanings, and are more likely to display multiple perspectives and interpretations in dealing with complex issues.
- Organizations employing a diverse workforce can supply a greater variety of solutions to problems in service, sourcing, and allocation of resources.
- Employees from diverse backgrounds bring individual talents and experiences in suggesting ideas that are flexible in adapting to fluctuating markets and customer demands.
- A diverse collection of skills and experiences (e.g. languages, cultural understanding) allows a company to provide service to customers on a global basis.
- A diverse workforce that feels comfortable communicating varying points of view provides a larger pool of ideas and experiences.



IV. STATEMENT OF THE PROBLEM

Diversified workforce is the latest and current trend in every organization today. Moreover, the major concern for every organization is to improve its productivity because organizations are economic activity and can only survive by competing in this cutthroat competitive world by increasing their profits. Due to the diversified workforce in some or the other way, people are facing lot many problems at the workplace. As if the diversified workforce may experience less cooperation from some of their colleagues but to achieve the organizational goals each member must be effective in terms of its functioning in the particular department. However, firing is not the solution. . The main consent of this research is to examine critically the impact of workforce diversity on the productivity of the organization from previous researches. A second contribution of this chapter is to suggest the ways to manage the diversified workforce in such a way that people can easily work with the diversified workforce and can bring quality results altogether.

V. FINDINGS AND SUGGESTIONS

After critically examining the literature and various research papers from different authors related with workforce diversity and its impact on productivity, it has been found that: An organization's major objective is to earn profit and to enhance its productivity, no doubt that almost all the authors are saying that employing diversified workforce is the very essence in today's scenario but to manage such a diversified workforce is a big challenge in front of the management. Hiring diversified workforce will definitely leads to improved productivity, but may prove to disaster if not managed properly because not only the management but employees are also feeling some problems like language problem (which is acceptable and is not due to thoughts of the employees), attitude clashes, and difference in perceptions, which is directly related to human behavior which ultimately affects the productivity of any organization. After considering all the findings in the research it becomes a compulsion for the researchers to suggest, the ways to handle the shortcomings found during the survey. It is really a big matter of concern for all HR professionals as one side we say that we should include new trends in HR policies and on the other hand, the latest trend like workforce diversity is treated as a problem. However, this problem can be solved by adopting various policies like:

- Encouraging the use of common language in the organization among the employees
- By conducting various motivational and mentorship programs
- By keeping the channels of communication open among the employees and employers
- By encouraging employee participation

- Further one should accept the fact it is not the matter of culture in fact it is the matter of quality. Therefore, for improving productivity, quality has to be maintained and not thrown out.

REFERENCES

- [1] Arpita Saha, (2007) “Nurturing Cultural Diversities A Leadership Challenge” HRM Review
- [2] Asmita Jha, (2009) “Need for Cross- Cultural Management” HRM Review ICFAI University Press
- [3] Ashok Chanda, (Dec 2006) “Driving Diversity Management in India: HR's Alienation” HRD News Letter Issue 9 Emiko
- [4] Jakob Lauring, (2009) “Managing cultural diversity and the process of knowledge sharing: A case from Denmark” Scandinavian Journal of Management (2009) 25, pp. 385—394
- [5] Janice L. Dreachslina, Robert Weech-Maldonadob, Kathryn H. Danksy, (2004) “Racial and ethnic diversity and organizational behavior: a focused research agenda for health services management” Social Science & Medicine 59 (2004) pp. 961–971
- [6] Janice R.W. Joplin and Catherine S. Daus (Aug 1997) “Challenges of leading a diverse workforce” The Academy of Management Executive (1993-2005) Vol.11 No.3
- [7] Joyendu Bhadurya. E. Joy Mightyb, Hario Damarb, (1 June 1999) “Maximizing workforce diversity in project teams: a network flow approach” Omega 28 (2000) pp.143- 153
- [8] KMallikarjunan, (June 2007) “Global Human Resource Management Maneuvering Cultural Currents” HRM Review L.M. Prasad, Organizational behavior, Sultan Chand & Sons, New Delhi (2007)
- [9] Marie-Élène Roberge, Rolf van Dick, (2010) “Recognizing the benefits of diversity: When and how does diversity increase group performance?” Human Resource Management Review 20 (2010) pp. 295–308
- [10] Patricia A. Kreitz, (29 Jan 2008) “Best Practices for Managing Organizational Diversity” The Journal of Academic Librarianship, Volume 34, Number 2, pp. 101–120
- [11] Radha Mohan Chebolu, (2007) “Culture Compatibility The Way Forward” HRM Review
- [12] Taylor H. Cox, (Aug1991) “Managing cultural diversity: implications for organizational competitiveness” The Academy of Management Executive Vol.5 No.3 pp.45-56.



A Study on Employee Turnover in Super Markets With Special Reference to Coastal Karnataka Region

Prof. Aheed Mohtisham

Assistant Professor, AITM, Bhatkal, Karnataka
aheed99@gmail.com

Mr. Mohammed MUSAAD

MBA Student, AITM, Bhatkal, Karnataka
aheed99@gmail.com

Abstract : *This Super market/hyper market have over taken the traditional groceries stores to a huge extent during this early 20th century, and with every year passing by we are coming across a new supermarket chain opening up with the similar concept “BEST PRICE OR LESS PRICE”, moving further even due to E commerce online super markets have also started trying to find its place in this sector. The basic idea behind every supermarket is to give the customers lowest price as much as possible in order to have a competitive edge over its competitors, but between this race and competition the employees working under this competition are facing severe pressure because of which the turnover is high in super markets. The employees are often put in to more pressure and stress because of the competition among the supermarkets and the irony is that it is not backed by rewards and healthy compensation by the management in most of the cases, due to which the moral and body language of the employees comes down, and now the present situation is very grim due to which supermarkets are also finding it difficult to find the competitive work force. With this study an effort is been made to diagnose the problem and find alternative answers to these problems and help the management take effective decision in order to improve their Human resources.*

Keywords : *Attrition, Grim, Compensation*

I. INTRODUCTION

Employees are the main part of the organization. Analyzing the attrition rate of the company is very beneficial as to know about the problems what the employees are facing, which will in return help the organization to know the company's status because if the employees are not satisfied in the organization then it is very difficult to run the organization smoothly. So, for the organization to run smoothly the attrition should be in less number which can be done by seeing to the problems faced by the employee of the organization, motivating them and giving better solution for their problems wherein they should feel happy being in the organization.

Employee turnover in other word is also called as ‘Churn’ which means Attrition. Employee turn refers to the process of reducing or cut down in the number of employees of the organization. In the broadest sense it is the measure of the number of discrete moving out of a collective group or specified period. When it applies to the employee base it refers to the process where the employee of the organization leaving his/her job in the short period due to the dissatisfaction of the customer towards the job. Attrition can be involuntary due to lay off or job elimination because the employment relation terminates based on employer's situation not employee's determination to leave the organization.

Compensation or final pay is the element that differentiate turnover from attrition. Turnover, weather voluntary or involuntary does not pay more than which the employee is entitled. When turnover transpire, it is not every time unpleasant talent that leaves. Attrition can help the firm to fill the new ability into the company by replacing the erstwhile employees with job applicant with innovative proposition, better skills and qualification.

Objectives of the study:

1. To understand the main cause of employee turnover in supermarkets
2. To examine and analyze the problems faced by the employee and employer.
3. To find out the effective solution for the problems for the effective working of supermarkets.
4. To identify the comparative significance provided by the organisation.
5. Helps to compare the previous and resent attrition rate and to improve in a better way.
6. To examine the gratification level of the employee.

II. METHODOLOGY

Since the research is of exploratory type importance is given more on qualitative type of data.



Selection of the supermarket:

Mainly organize supermarkets were targeted for the collection of data within the boundaries of coastal Karnataka which starts from Karwar to Mangalore. A approximate sample size was collected from each district.

Data collection: The data was collected using simple open ended questioner, the data was collected using snowball sampling technique since we had to focus more on qualitative type of data for effective data.

Selection of the Respondent:

Mainly only those employees were targeted who had worked over there from last one year or more in order to get healthy information, the interaction were also done from their immediate manager and branch manager in order to give more weight age to the data collection.

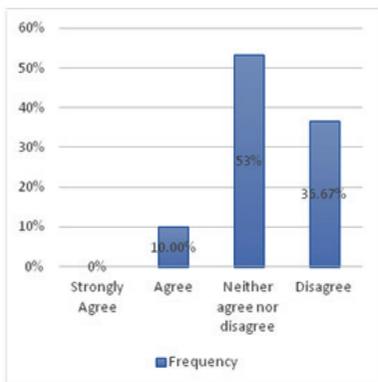
1. Data base: The data has been collected from both primary and secondary sources. Primary data has been collected from various journals and other company websites mainly dealing in supermarkets and hypermarkets.
2. The idea and content is also gathered from various research articles and news papers of local and international type.

III. DATA ANALYSIS/DESIGN

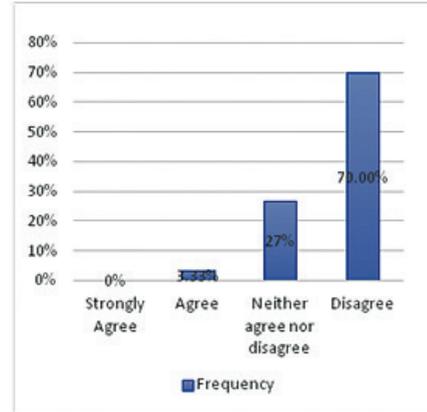
The primary and secondary data collected from the relevant sources have been compiled and tabulated in well structured statistical tables. The data in the statistical tables have been interpreted accordingly and appropriate inferences have been derived to arrive at useful conclusions. Simple statistical tools like averages, percentages and ratios have been used for arriving at conclusions useful for the study. Growth trends and other statistical tools have been used wherever necessary and useful for the study. Graphical representations have been provided with regard to some parameters to highlight their significance.

IV. SOME DATA EXPLAINING THE OVERVIEW OF DATA COLLECTION

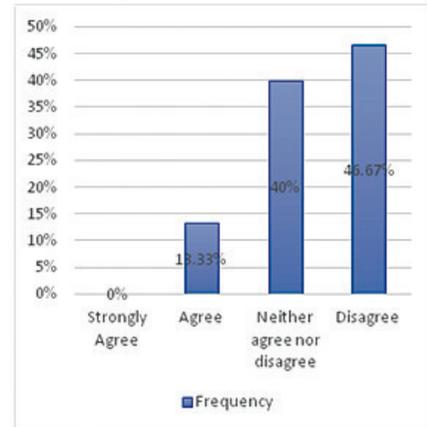
1. Well timed promotion is given to the employees?



2. Overtime pay is done in an effective manner?



3. Satisfied with the salary structure opted by the organisation?



VI. FINDINGS

After a series of question asked to the various employee across the coastal Karnataka region various eye opening fact came in to the picture

1. Most of the employees were not happy with the long working hours.
2. 13% of the respondent completely agree with the salary structure opted by the supermarket is satisfactory whereas 87% of the respondent disagreed with the same.
3. Asking about the stress, 47% of the respondent agree to the fact that they get stressed while working in the supermarket and the other part 53% of the respondent said no which means they are not being stressed working in that particular place.
4. 3% of the respondents agree that overtime pay is done in an effective manner, on the other side 97% of the respondent were disagree with the same fact.
5. Coming to the vacation part, 10% of the respondents



- said yes that they get enough vacation, whereas **90%** disagree with the same.
6. 10% of the respondent agrees that effectively all the problems are solved by the management whereas **90%** said that the problems are not solved by the management.
 7. 13% of the respondent completely agree with the salary structure opted by the supermarket whereas **87%** of the respondent disagree with the same.
 8. 26% of the respondents agree with the particular fact that the supermarket provide enough time for lunch break and in the same place 74% of the respondent completely disagree with the particular fact.
- The above findings give us the various reasons to which why the attrition rate is high in super markets of coastal Karnataka region.
5. The growth in the employee’s career and the promotional opportunities the supermarket should take necessary steps to give them.
 6. The management should realize the physical and psychological needs of the employees.
 7. Relationship between the employers and employees should be improved.
 8. Medical facilities should be properly maintained in the supermarket.
 9. Management should try to maintain the good atmosphere in the supermarket where employees stay happily.
 10. Employees of the organisation should also be provided with timely promotion.

VI. CONCLUSIONS

From the study we came to know that the employee turnover in the supermarket is very high which states that the satisfaction level of the employees in the supermarket is not up to the mark and that is the only reason because of which attrition rate is volatile.

The word employee turnover refers for the percentage of the employees who resigns the organisation and in return replaced by new employees. Here in the supermarket the turnover of the organisation is rising and the main reasons are explained in the earlier which is employee not satisfy with the timing and pay of the organisation.

So the supermarket to be in the healthier position the management should come up with strategies wherein they take in to consideration the steps which will benefit the employees of the supermarket and maintain their attention on the work.

VII. RECOMMENDATIONS

1. It is good to provide the fringe benefits, bonus, compensation etc. wherein the employee gets motivated and do good in their job.
2. The supermarket should take some corrective measure wherein they identify the talents of the employees of the supermarket and promote them as per their talent.
3. It is better if the supermarket takes the step to motivate the employees to be in the supermarket through various ways.
4. The supermarket should give priority to the training and development program adopted in the organisation and also go with the feedback wherein the problems can be seen and analyzed.

REFERENCES

- [1] A Study on Employee Turnover in Anfal Supermarket by Mohammed MUSAAD under the guidance of Aheed Mohtisham & Mr. IRSHAD LAKDA, 2016 SOURCE: <http://www.ibef.org/industry/retail-india.aspx>, Employee Motivation Project 2015
- [2] www.google.com
- [3] www.karnataka.com



A Study on Strategic Human Resource Interventions: A Theoretical Research

Mr. Sudhanshu Sinha

Project Manager – KMSC, IBM, USA
coolsudhanshusinha@yahoo.com

Dr. A. Y. Dikshit

Assistant Professor, AIMS, Baramati, Pune
ayds submits@gmail.com

Abstract : *With the growing internationalization of business, the concept of strategic human resource management and its associated interventions are gradually finding quite an important place in corporate decision-making drives across organizations. Strategic HR management is being known be quite a primary line activity at work to sustain external competition around the globe. This paper is based on a literature review based research in search of identifying the understanding, implementation, relevance and significance of strategic human resource management and its associated interventions in different countries around the globe. The study focuses on some selected countries viz.: UK, Phillipines, Ireland, Oman, Isreal, The Netherlands, Spain, Australia, South Korea, China, Sri Lanka, Egypt, Iran, Turkey and Africa. The paper concludes with Indian perspective of the notion of strategic human resource interventions in reality.*

Keywords : *Strategic, interventions, human resource, challenges, alignment, environment*

I. INTRODUCTION

The swing of Liberalization, Privatization and Globalization (LPG) was seen in India in the year 1991. This has been mostly referred to as ‘internationalization’. The Government of India announced the New Industrial Policy on July 24, 1991. The major objectives were aimed at building on the gains already made, correcting the distortions or weaknesses that might have crept in, maintaining a sustained growth in productivity and gainful employment and attaining international competitiveness.

In this backdrop, the 21st century industrial economy today calls for a proactive role on the part of the Indian Corporate Sector in bringing in globalization of business. The organizations’ search for competitive advantage has come to rest in the people factor that draws attention to the message of achieving competitive advantage through people.

This has ushered the orientation towards strategizing people-related priorities and human resource practices in terms of introducing ‘Strategic Human Resource Interventions’ (SHRI) at work. The elemental question is to what extent and how effectively, in the opinion of the management, SHRIs, when introduced and implemented in business premises, can rightly help organizations move towards a fundamental improvement in process, quality and cost to reach global standards in a competitive business environment.

II. OBJECTIVE OF THE STUDY

The aim of the study is to identify and gain familiarity with the notion of strategic human resource management and its associated interventions in some selected countries across the globe.

III. METHODOLOGY

The study revolves around secondary research based on literature review concerning strategic HR interventions in selected countries.

The Study:- Strategic HR Interventions - Vision Across Nations: Against the backdrop of ‘...the increasing internalization of business, globalization of markets and cross-national activity by multinational organizations’, literature seems to try to answer the question as to whether HRM policies and practices strategically vary subject to national differences. Keeping in mind the differences and variations in socio-cultural orientation among nations, literature tries to point out that the strategic formulation and implementation of HR interventions and initiatives within any particular country are both historically and socially embedded, and that they are context specific where changes are likely to be either fast, slow or gradual (Rosenzweig & Nohria, 1994).

The study makes an effort to bring to light a reflection of the identification of the strategic notion of the HR function in some identified countries across the globe as contained in the management literature. The idea here is to understand the nature and perception of strategic human resource management practices, initiations and interventions across



different cultures and national boundaries.

[i] SHRM and Call Centres in UK:

The practice of HRM in call centers in UK reflects a considerable association between HR practices and the central work design in the work units. The relevance of strategic HR practices seems to have a positive connection with the work structure and pattern within the work premises in the UK call centers. The positive association of HR is also seen in relation to the elements of relationship management, team building, task discretion and training within the work structure in the UK call centers (Ray Chaudhuri & Basu, 2009; Wood et al, 2006).

[ii] SHRM – Comparing Philippines with US and Canada:

Literature suggests that there is quite a high degree of transferability of HR practices from countries viz.: US and Canada to countries viz.: Philippines. It has been seen that most of the Western management practices viz.: hiring, training and development, performance appraisal, pay and occupational health, etc are found in most of the corresponding organizations in countries viz.: Philippines. Philippines therefore shows quite a high degree of inclination towards HRM interventions along the lines of US and Canada and hence one can understand that practices developed in the West are often easily transferred to other nations (Galang, 2004; Ray Chaudhuri & Basu, 2009).

[iii] SHRM and Power Stations in Ireland:

A study on three power stations in Ireland throws light on the criticality of the nature of choice of the HR strategic in a specific situation. The study highlights and all business situations need to focus on a certain identified set of HR bundles, which define a specific HR System. The power stations considered for the study clearly pointed out that not all HR interventions are of equal importance in a given context of operation. An HR System may comprise of a set of core and ancillary activities; but it is the choice of the identifiable set of activities or interventions that lies at the heart of the strategic essence of the HR function in the true sense of the term. Moreover, to make the HR function aptly strategic, the power stations considered takes care to see that the choice of HR practices goes hand-in-hand with business process change, i.e. old practices are eliminated before new initiatives are introduced to avoid overlap and also ensure that new practices do not fail due to lack of attention (Monks & Loughnane, 2006; Ray Chaudhuri & Basu, 2009).

[iv] SHRM Practices in Oman:

The economy of Oman is plagued with the problem of skill shortages. The problem is acute where high level and professional abilities are required. The futuristic vision of Oman emphasizes on development of human resources through upgrading the levels of education

systems, promotion of educational and vocational training, improvement in women’s participation in the labor market and development of the labor market mechanism with an eye for workers’ participation in the economy. There seems to be an increasing awareness of Omani managers regarding the role of HR in organizations – the dynamics of HR policies and interventions. Most organizations tend to have sub units in specific HR areas viz.: training, co-ordination and legal procedures. There is a considerable contribution of the HR function towards management of change at work. It has been increasingly identified that organizations should focus on separate HR functional departments within their organizational structures. Furthermore, most HR practitioners in Omani organizations feel the need for establishment of a well-structured HRD system aimed towards development of identifiable HR strategies. The strategic essence of HR stems from the desire to move towards capability-driven HR where the HR function is used to deliver organizational capabilities in work settings (Al-Hamadi et al, 2007; Ray Chaudhuri & Basu, 2009).

[v] SHRM and Development of HR Strategies in Israel:

With the impact of globalization and high technology industries, the HRM function in Israel became exposed to a new phenomenon. On the one hand, it faced recession management, labor issues of lay-offs and complex compensation management; while on the other hand it had to cope with the changing industrial environment and design effective change management strategies. The general business environment seem to nurture the need and focus towards people management strategies with strong emphasis on HR strategies, policies and practices. The strategic face of the HR interventions at the organizational level focuses on five domains viz.: acquisition, development, motivation, probity and involvement. HR practitioners emphasize decentralized authority, informality, open relationships, less power distance and a systematic planning (Ray Chaudhuri & Basu, 2009; Tzafirir et al, 2007).

[vi] SHRM and Identifiable Practices in The Netherlands:

Primarily three institutional mechanisms seem to influence decision-making on HR strategies and interventions in organizations in The Netherlands. These are coercive mechanism that stems from political influence and problem of legitimacy; mimetic mechanism that results from standard responses to uncertainty; and normative mechanism that are associated with professionalism. The most commonly identifiable strategic HR interventions are in the areas of employment security, high wages, employee ownership, information sharing, participation and empowerment, self-managed teams, training and skill development, wage compression, promotion from within, selective recruitment, long range planning, etc (Boselie et al, 2001; Ray Chaudhuri & Basu, 2009).



[vii] SHRM and Strategic Initiatives in Manufacturing Industries in Spain:

A study on 120 firms in the Spanish manufacturing industry established that a fit between a firm's strategic orientation and its human resource management initiatives and interventions has a positive impact on organizational performance in case of most manufacturing units in Spain. The study identifies that the 'making' of the internal human resource system exercises a positive effect on employee motivation and involvement at work and overall firm performance. So instead of hovering around skill recruitment and talent acquisition in the open market, the emphasis of creating an appropriate set of strategic HR interventions for overall business development seems to be on the cards for most manufacturing firms in Spain (Ray Chaudhuri & Basu, 2009; Rodriguez & Ventura, 2003).

[viii] SHRM and HR Interventions in Multinational Companies in Australia:

The essence of strategic HR interventions is quite evident in the multinational operations in Australia. A study on some randomly selected multinational organizations revealed that in most cases there has been a strong focus on industrial relations and trade union matters. The people management strategy predominantly adopted was 'conservative' in nature with a 'legalistic approach' to labour management. The gradual shift towards the notion of strategic HRM put forth a strong emphasis on HR initiatives viz.: recruitment and training initiative with focus on selection and promotion procedures, formal training schemes and skill development programs; appraisal and reward initiative with focus on staff appraisal schemes, performance related pay, individual performance pay and incentive and bonus schemes; work practices and employee involvement initiatives with focus on innovative work practices, just-in-time system, communication practices and meetings; and workplace governance initiatives with emphasis on disciplinary procedures and grievance handling systems. The exhibition of such workplace schemes, procedures and practices thus outlined a strategic orientation to the HR interventions at work in Australian MNCs (Ray Chaudhuri & Basu, 2009; Walsh, 2001).

[ix] SHRM and Transformation of HR Interventions in South Korea:

With the impact of globalization on the business environment at large, organizations in South Korea witnessed a process of 'convergence' of HR initiatives at work. This 'convergence' led to the adoption of 'best practices' in HR in most South Korean operations. The national system being less resistance to change, new HR strategies and policies on the lines of the more flexible western systems found expression in regular practice in work units. This in turn led to a total transformation of the HR strategies

and systems in most organizations. The strategic face of the HR function emphasizes on a core ideology based on individual respect, individual equity and adoption of market principles; human resource flow in terms of recruitment on demand, job mobility and development of professional competence; strategic work systems with flat structures, team systems and positions based on qualifications and merit; evaluation and reward systems focusing on ability and performance, merit pay systems, evaluation for pay increases, appraisal feedback and 360 degree appraisals mechanisms; and employee influence generation in terms of more involvement and more information sharing (Ray Chaudhuri & Basu, 2009; Rowley and Bae, 2002).

[x] SHRM and its Perception in China:

Adoption of HR practices in China has been rooted from both Western as well as Japanese management systems. HRM in Chinese parlance means 'Renli Ziyuan Quanli' with the same Chinese characters as in Japanese. Chinese organizations strongly harp upon the strategic orientation of the HR function. HR managers are recruited from Chinese B-Schools as well as CEIBS (Chinese-European International Business Schools) with an emphasis on professional competence and skills in the area of functional HRM. Business operations also seem to put of lot of emphasis on the adoption of 'best practices' in HR for a comprehensive approach towards strategic HR initiatives and interventions at work. All these point out to the relevance and significance of strategic HRM in Chinese work systems (Ray Chaudhuri & Basu, 2009; Warner, 2004).

[xi] SHRM and its Prevalence in Sri Lanka:

Mamman et al, 2006, studies the nature and prevalence of the human resource function in the context of Sri Lankan firms. The study also investigates as to whether the HR function is genuinely linked to the strategic process within organizations in Sri Lanka. The primary research question of the study is 'to what extent does HRM play a significant role in organizational strategy process in Sri Lankan organizations'. The export-oriented clothing manufacturing companies registered under the Board of Investment of Sri Lanka served as the population of the study. The study, based on a random sample of 100 companies from the above-mentioned population, revealed that most HR managers in Sri Lanka are of the opinion that the HR function is generally not given a high importance in the strategy-building process of organizations. Rather the linkage between HRM and organizational strategy is low in real terms in Sri Lankan firms. This, according to most HR managers in Sri Lankan firms, bears no difference in the cases of local companies and multi-national companies in practice. Although HR business managers seem to participate in the strategy-making process, the HR function does not have any significant importance in the strategy



building exercise in organizations. This clearly outlines the fact that HR initiatives do not play a symbolic role in strategic management within Sri Lankan organizations (Mamman et al, 2006).

[xii] SHRM in Egyptian Firms:

The work of Leat & El-Kot, 2007, makes a study on a sample of 58 selected Egyptian organizations with regard to the environment in terms of implementation of HR policies and practices within the work systems. The range of HRM practices and interventions have been identified through the study are activities relating to job description, filling of job vacancies, selection criterion, designing training content, focus on overall training and development of management and employees, acquisition of needed skills and talents, designing career path for employees and knowledge workers, designing wage and incentive structures, criteria of pay increase, employment security and setting up of the criterion for performance appraisal. These practices have been identified as well embedded in the sample organizations with a considerable amount of culture-bound influences on the same (Leat & El-Kot, 2007).

[xiii] Developments in SHRM in Iran:

The Middle East can be considered as a volatile region, often associated with political ups and downs. With a population of 70 million, Iran is rich in natural resources. The economy has experienced significant challenges due to war and revolution. Politics has played a key role in almost all aspects of Iranian life. In relation to the human resource management practices, Iranian firms are primarily characterized by individualism, strong in-group collectivism, high power distance, high performance orientation and most interestingly, a high degree of male orientation. Literature suggests that Iranian firms define HRM as a practice that is both strategic and values people in work settings. The feeling is that the biggest challenge of HRM is retaining people and the biggest liability is to create discipline and have staff to follow it. Most Iranian organizations are of the opinion that corrective action or punishment and generation of rewards and acts of recognition go a long way to advance the goal of an organization. Primary emphasis is laid on recruitment and selection, compensation, training and development and performance management system (Namazie & Frame, 2007).

[xiv] The art of SHRM in Turkey:

The work of Mehmet Ercek, 2006, illustrates the strategic notion of HRM in Turkish businesses. HRM interventions finds expression across most Turkish firms in three distinct flavors viz.: emphasis on labor relations and firm-level solutions to employment-relationship problems; significance of Total Quality Management towards a continuous process of business development and a certain degree of emulation

of Western practices in HRM to have a growing access to the inflow of state-of-the-art HRM ideas and strategies (Ercek, 2006).

[xv] Perceptions of SHRM conception and HR Interventions in Africa:

Michael Harvey, 2002 rightly points out ‘Africa is not a dream but HRM in Africa could be a dream-able experience. The sheer complexity and diversity found there can make the HRM process one of the more vexing decisions that management may have to undertake when doing business in Africa.’ Operational rules are a part of a dramatically changing process, which is generally dynamic and continuous. The constantly changing and dynamic business systems make the notion of strategic HRM all the more interesting and quite a matter of challenge in African businesses. It needs to be mentioned that there are situations where African organizations and employees ignore and bend rules and regulations on the face of the complex and constantly changing methods of operations. HRM in Africa brings to light three distinct pillars of management styles viz.: managing from knowledge where operational styles of delivery and implementation are knowledge-based; managing from unknowing where there exists a tacit ignorance of knowledge in managerial functions and managing from ignorance where that art of management rests on the notion of suppressed knowledge which are often incorrect and false generating taboos and denials at work (Harvey, 2002).

One of the very significant developing countries in Sub-Saharan Africa is Nigeria where the management of human resources has made a transition over the years from a status of insignificance to one of strategic importance. Operating in a global economy, Nigerian firms face continuous challenges ranging from raised national consciousness of host countries to people-related issues from every aspect of an organization’s daily functioning. Writings in the area of HRM have shown a transition trend reflecting the scenario in the global business context. There has been a gradual development of the SHRM concept and IHRM (International HRM) has been gaining attention with a firm grip in management literature in the context of Nigerian firms. Strategic HR interventions mostly considered are as diverse as manpower planning, recruitment and selection, training and development, motivating employees, formulating manpower policies, managing financial incentives and wage and salary and other fringe benefits, managing workplace learning and coordinating the practice of distance learning, management consulting on organizational policies, employee welfare, etc. It needs to be also understood that the dynamism prevalent in the general business environment in terms of rapid change, government regulations, skill shortages, impact of globalization, business ethics, competitive positioning, organizational



culture, nature of technology and nature of unions makes the art of management of HR, in the strategic essence, all-the-more challenging in Nigerian firms (Anakwe, 2002).

The drive to fathom the notion of strategic human resource management is quite up in the air. Barring a few cases and situations, most nations and cultures seem to distinctly recognize the need for strategizing the human resource function in its totality and aligning it with the essence of strategic management. Both theoretically as well as operationally, one can rightly say that the notion of strategic human resource management is a road towards operational and managerial efficiency at large.

IV. STRATEGIC CONCEPTION OF HRM – THE INDIAN SCENARIO

The liberalization policy and competition has made the notion of HRM quite significant in Indian organizations. Whether be domestic concerns or global business houses, Indian management style seems to be putting quite a lot of emphasis on the HRM function to acquire and retain talent in the workplace. Bhatnagar & Sharma, 2003, spell out certain typical identifications that are often considered as strategic HR roles in Indian organizations. The strategic essence of HR throws light on being an enabling tool to help management and employees achieve organizational objectives at a faster and a more rational pace compared to earlier times. Major strategic roles within the HR function in quite a handful of Indian businesses have been identified as activities relating to management and execution of strategic HR initiatives that makes HR a strategic partner to the business; management of firm infrastructure that hones an HR specialist to be an administrative expert; management of employee contribution that sharpens up the HR specialist to be an employee champion; and management of transformation and change that accelerates the HR leader to be a change agent in the workplace. Such an alignment of the HR function with the strategic orientation of business seems to be quite in the air of Indian business houses to create effective deliverables in terms of: clear executive strategy-sets, efficient business infrastructure, increased employee commitment and capability and renewed organizational culture (Bhatnagar & Sharma, 2003).

With the growing inclination towards HR interventions and with the rising need for effective alignment of HR strategies with business strategy, most Indian businesses are looking into developing clarity and focus in designing their HR departments within their work systems. The

significance of HR as an enabling tool to management has found expression with Indian organizations looking into designing HR departments consisting of essentially a vice-president HR, assistant manager, senior and junior officers and executives with major strategic enablers identified in terms of recruitment, training, performance appraisal, compensation management, retention strategies, attrition strategies to name a few (Budhwar et al, 2006).

A study by Budhwar & Boyne, 2004, has investigated a sample of 137 large manufacturing firms both in the private as well as public sector Indian businesses and has made certain elemental observations regarding the conception of HR as a strategic tool for Indian businesses. The study suggests that both private and public sector Indian organizations need to emphasize on having a well-designed HR department with specific managers and functional specialists. It has been felt that recruitment activities are gradually becoming dynamic with the practice of external recruitment through recruitment agencies; the art of compensation administration has been appearing as a growing challenges in most Indian businesses, where compensation is based on identified factors viz.: seniority and work experience, individual employee commitment and performance, individual employee skills and competencies or an amalgamation of all three; Indian organizations are gradually witnessing an accelerated growth in the spirit of training and development both in the private as well as the public sector and investments on such activities are on the rise; a significant emphasis is put on the employee relationship component at work and towards developing a smoother communication channel; relative significance of talent acquisition strategies is also on the rise; and initiatives and interventions are gradually being looked into to define and design the art of managing change in Indian work structures (Budhwar & Boyne, 2004).

V. CONCLUSION

With liberalization and globalization on the cards and international competition in the air, HR seems to be playing quite a strategic role in developing and harnessing firm performance towards business growth and development for Indian organizations. Hence there is a call for moving ahead towards the so called strategic orientation of the HR function with a step towards aligning HR strategies with business policies, strategies and structures for achieving high performance work units with a higher return on assets, growth in sales and a well-balanced price-cost margin (Singh, 2003).



REFERENCES

- [1] Al-Hamadi, A B, Budhwar, P S and Shipton, H (2007) “Management of Human Resource in Oman”, *International Journal of Human Resource Management*, 18(1): 100-113.
- [2] Anakwe, U P (2002) “Human Resource Management Practices in Nigeria: Challenges and Insights”, *International Journal of Human Resource Management*, 13(7): 1042-1059.
- [3] Bhatnagar, J and Sharma, A (2003) “Strategic HR Roles in India: A Rhetoric or Reality?”, *Indian Journal of Industrial Relations*, 38(4): 409-424.
- [4] Boselic, P, Paauwe, J and Jansen, P (2001) “Human Resource Management and Performance: Lessons from the Netherlands”, *International Journal of Human Resource Management*, 12(7): 1107-1125.
- [5] Budhwar, P S and Boyne, G (2004) “HRM in Indian Public and Private Sectors: An Empirical Comparison”, *International Journal of Human Resource Management*, 15(2): 346-370.
- [6] Budhwar, P S, Varma, A, Singh, V and Dhar, R (2006) “HRM Systems of Indian Call Centres: and Exploratory Study”, *International Journal of Human Resource Management*, 17(5): 881-897.
- [7] Ercek, M (2006) “HRMization in Turkey: Expanding the Rhetoric-reality Debate in Space and Time”, *International Journal of Human Resource Management*, 17(4): 648-672.
- [8] Galang, M C (2004) “The Transferability Question: Comparing HRM Practices in the Philippines with the US and Canada”, *International Journal of Human Resource Management*, 15(7): 1207-1233.
- [9] Harvey, M (2002) “Human Resource Management in Africa: Alice’s adventures in Wonderland”, *International Journal of Human Resource Management*, 13(7): 1119-1145.
- [10] Leat, M and El-Kot, G (2007) “HRM Practices in Egypt: The Influence of National Context?”, *International Journal of Human Resource Management*, 18(1): 147-158.
- [11] Monks, K and Loughnane, M (2006) “Unwrapping the HRM Bundle: HR System Design in an Irish Power Utility”, *International Journal of Human Resource Management*, 17(11): 1926-1941.
- [12] Manodip Ray Chaudhuri and Jayanti Basu (2011) “Strategic Human Resource Interventions: Vision around the Globe” *IJEMR*, 1(7): 13-26.
- [13] Namazie, P and Frame, P (2007) “Developments in Human Resource Management in Iran”, *International Journal of Human Resource Management*, 18(1): 159-171.
- [14] Ray Chaudhuri, M and Basu, J (2009) “The Strategic Face of HRM: Concepts and Country Experiences”, in *Partners in Success: Strategic HR and Entrepreneurship*, edited by N Muncherji, C Gopalakrishnan and U Dhar, Nirma University of Science and Technology, Ahmedabad, New Delhi: Excel Books.
- [15] Rodriguez, J M and Ventura, J (2003) “Human Resource Management Systems and Organizational Performance: An Analysis of the Spanish Manufacturing Industry”, *International Journal of Human Resource Management*, 14(7): 1206-1226.
- [16] Rosenzweig, P M and Nohria, N (1994) “Influences on Human Resource Management in Multinational Corporations”, *Journal of International Business Studies*, 20(2): 229-251.
- [17] Rowley, C and Bae, J (2002) “Globalization and Transformation of Human Resource Management in South Korea”, *International Journal of Human Resource Management*, 13(3): 522-549.
- [18] Singh, K (2003) “Strategic Orientation and Firm Performance in India”, *International Journal of Human Resource Management*, 14(4): 530-543.
- [19] Tzafrir, S S, Meshoulam, I and Baruch, Y (2007) “HRM in Israel: New Challenges”, *International Journal of Human Resource Management*, 18(1): 114-131.
- [20] Walsh, J (2001) “Human Resource Management in Foreign-owned Workplaces: Evidence from Australia”, *International Journal of Human Resource Management*, 12(3): 425-444.
- [21] Warner, M (2004) “HRM in China Revisited: Introduction”, *International Journal of Human Resource Management*, 15(4&5): 617-634.
- [22] Wood, S, Holman, D and Stride, C (2006) “Human Resource Management and Performance in UK Call Centres”, *British Journal of Industrial Relations*, 44(1): 99-124



Impact of HRM Practices on Employee Retention With Reference to PiaggioVespa Pvt. Ltd. Baramati

Prof. Shaila D. Phadtare

Assistant Professor, Maharashtra Institute of Management, Kalamb, Indapur
shailaphadtare.mim@gmail.com

Abstract : *The demand for talent in the country like India has increased to a great extent due to globalization. Globalization has changed not only the business world but also the minds of the individuals. Every organization is interested to grab the fittest talent from such a competitive environment. The retention of human resources has been shown for the development and the accomplishment of the organization's goals and objectives. Increased emphasis has been laid on retention especially with the onset of revolution of information technology which is human sensitive. In this paper, an attempt has been made to analyze the impact of HRM practices (career development opportunities, supervisor support, working environment, rewards and work-life policies) on employee retention in the manufacturing industries in Baramati.*

Keywords : *Employee, HRM, Retention*

I. INTRODUCTION

Employee retention, especially of the best, most desirable employees, is a key challenge in organizations today. The demand for talent in the country like India has increased to a great extent due to globalization. Globalization has changed not only the business world but also the minds of the individuals. Every organization is interested to grab the fittest from such a competitive environment. Employee retention is the most critical issue is faced by the organization. To overcome this issue organizations are Hiring top-quality individuals. The term, employee retention, first began to appear with regularity on the business scene in the 1970s and early 80s. Until then, during the early and mid-1900s, the essence of the relationship between employer and employee had been (by and large) a statement of the status quo: You come work for me, do a good job, and, so long as economic conditions allow, I will continue to employ you. It was not unusual for people who entered the job market as late as the 1950s and '60s to remain with one employer for a very long time—sometimes for the duration of their working life. Employee Retention is a process in which the employees are encouraged to be with the organization for the maximum time. Though, employee – employer relationship has undergone a fundamental change, which has implications on the attrition, motivation and retention of talented employees. Employee retention is beneficial for both the organization and employee. Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time. For retaining the most important asset, best HR practices need to be used. Studies have indicated that retention driven by several key factors, which ought to be

managed congruently: organizational culture, strategy, pay and benefits philosophy, and career development systems

According to Fitzenz (1990). Employee retention is important for firm performance. If the organization is not able to retain its employees, it will not be able to capitalize on human assets developed within the organization. According to Shekshnia, (1994). There are the five determinants such as Career Development Opportunities, Superior Support, Work Environment, Rewards, and Work-Life Policies to study the impact of HRM practices on retention of employees. In this study employee retention is dependent variable and others are independent variables.

I. LITERATURE REVIEW

A. Career Development Opportunities

(Leibowitz et al, 1986) Career development is a system which is organized, formalized and planned effort of achieving a balance between the individual career needs and the organizations workforce requirements. Career development opportunities is one of the most important variables as employees are more conscious about their career so they prefer a job where they can get more opportunities to develop their skills. A company that wants to strengthen its bond with its employees must invest in the development of their employees.

B. Superior Support

(Greenhaus, 1987) By having support, employees are less likely to leave an organization and be more engaged by having good relationship and open communication with the supervisor. According to Eisenberger and associates



(1990), an employee’s view of the organization is strongly influenced by their relationship with their supervisor. If the supervisor focuses towards the employee’s progress, other than the formal evaluation process; this improves the employee’s retention and commitment towards the organization. (Freyermuth, 2007).

C. Work Environment

(Perry-smith and Blum 2000: Solomon 1999) An employee loves to work at a place, where he is given a proper environment to work. Many companies are providing flexible schedules and work arrangements and are experimenting with other ways to help individuals manage their work and personal life issues.

Employees expect a work environment, where they can utilize their abilities and satisfy their basic needs.

Workspace designs have a profound impact on workers and tend to live with job as long as satisfied (Brill, Weidemann, Olsen, Keable & BOSTI, 2001). Workspace designs have a profound impact on workers and tend to live with job as long as satisfied (Brill, Weidemann, Olsen, Keable & BOSTI, 2001) Work environment is one of the factors that affect employees decision to stay with the organization (Zeytinoglu & Denton, 2005).

D. Rewards

(Pfeffer, 1998; Woodruffe 1999) Rewards can be financial or non – financial, intrinsic or extrinsic. It can be recognition such as naming a worker or employee of the year, and on the other hand a reward refers to a tangible incentive or a thing that an organization gives to the worker or employee in response of their contribution or performance so that they become motivated for future positive behavior. Attractive remuneration packages are one of the very important factors of retention because it fulfills the financial and material desires as well as provide the means of being social by employee’s status and position of power in the organization. Many researchers demonstrate that there is a great deal of inter-individual difference in understanding the significance of financial rewards for employee retention

E. Work Life Policies

Many researchers tested the impact of work and family benefits which comprise of flexible schedules, childcare assistance, parental leave, childcare information and parental leave on organization commitment. I show that there is greater organizational commitment if employees have access to work life policies and also these employees articulated considerably with lower intent to renounce their profession (Grover and Crooker, 1995). In today’s competitive environment, the employee willingness to opt for reduced hours schedules is not simply a matter of

scheduling it involves redesigning work arrangements which leads to change in organization culture and careers; viable reduced-hours career options require simultaneous changes in the areas of compensation, assignments and promotions. So it is more cost-effective and productive or management to design the work arrangements to fit the human than it is force the human to fit the system

F. Recruitment & Selection

Work by Silzer et al(2010):. However ,the process recruitment does not cease with application of candidate & selection of appropriate candidates ,but involves sustaining retaining the employees that are selected as stated by Silzer et al. It is the process of searching for prospecting employees and stimulating them to apply for jobs in the organization. The organization need the candidate to fulfill the vacant post .They can meet that requirement by adopting internally or externally. The internal source of recruitment is from within the organization. i.e. Transfer of the employees from other department of similar seniority. Employee’s referral, promotion, retirement etc. are useful to organization as well as employees. By the recruitment and selection process, easy to select the right person at right place.

G. Training & Development :

According to Kanter(1989) managerial work is undergoing such enormous & rapid change that many managers are reinventing their profession. Due to training, increase the knowledge, skills, attitudes, which is required? Training determines the areas where improvement of employees is required. It helps in decision making process. Sensitivity training is about making people understand about themselves and others reasonably, which is done by developing in them social sensitivity and behavioral flexibility. It leads to improved profitability and more positive attitudes towards profit orientation. When training programs are implemented properly, it gives effect on avoidance of mistakes. And training gives more satisfaction which result into employees retainon, reduction in absenteeism and accident. Overall training and development helps in developing leadership skills, motivation, loyalty, better attitudes and other aspects that successful workers and managers usually display. There is momentous discussion between scholars and professionals that training and development program has effective impact on objectives of employee and organizations. Some of the scholars suggest that training opportunities increase in high employee turnover whereas the other claimed that training is an instrument which is beneficial for employee retention. (Colarelli and Montei 1996; Becker 1993). Irrespective of all discussion, most of writers agree that employee training is a complicated human resource practice that can expressively influence on the accomplishment of the organizations. Furthermore, organizations are struggling to get success in



the worldwide economy, trying to differentiate on the basis of abilities, information, and enthusiasm of their workforce. Reference to a current report prepared by American Society for Training and Development, organizations are spending more than \$126 billion yearly on employee training and development (Paradise 2007).

H. Performance Appraisal

(Pfeffer, 1998; Woodruffe, 1999) It is a formal assessment and rating of individuals performance current or past relative to his /her work standard by their managers at usually an annual review meeting. The organization identity and provide the clear career progressive path. To update the individual existing skills by the regular and continuous development provided by the company. As per the organization need, based on the individual competencies the special tasks to be assigned. The employee will get an exposure to perform much functional role. The object of performance is to analyse the work behavior. As revealed in the findings, the respondents' technical skills and their knowledge and understanding of their task are strongly affected (4.58), it also indicated that the employee leadership skills, productivity and output and their initiative in pursuing higher education are strongly affected (4.51). On the other hand, it reflected that the employees work skills (3.43) and expertise (3.65) are moderately affected. The results imply that the employees seem to be lack in expertise that might have been attributed to insufficient trainings relative to their tasks assignments. The result of the study is supported by the findings of Martineau (1999) who stated that the staff perceived that the greatest asset of performance management was its ability to highlight and act on staff development needs. Armstrong-Stassen et al. (1993) use survey data on 121 individuals to investigate the determinants of employee attitudes to profit sharing. They find that prior company commitment and the perception of a connection between performance and payout are important.

I. Bonus & Incentives:

Marsden and Richardson (1994) and Marsden et al. (2001) evaluate the effect of merit pay on employee motivation in the United Kingdom. Bonus schemes and employee rewards strategies are established to fulfill a number of key business & HR objectives: To improve business performance (e.g. Productivity, sales or profit),to focus employees efforts on key objectives such as customer service , quality &on time delivery ,to increase employee motivation by establishing a clear link between pay and performance (at an individual or team level), to support stakeholder ideas by allowing employees to share in the success of business , to encourage change within the organization , to create the desired workplace culture by e.g. rewarding teamwork & good attendance. Taylor and Pierce (1999) evaluate the

consequences of introducing a performance management system in a small government organization in New Zealand on employee attitudes.

J. Employee Welfare:

Shobha, Mishra & Manju Bhagat, in their “Principles for Successful Implementation of Labor Welfare Activities”, stated that labor absenteeism in Indian industries can be reduced to a great extent by provision of good housing, health and family care ,canteen ,educational ,training facilities provision of welfare activities. Employee welfare is a comprehensive term including various services, facilities, and amenities provided to employee. Report of National Commission on Labor (2002), Government of India, made recommendations in the area of labor welfare measures which include social security, extending the application of the Provident Fund, gratuity and unemployment insurance etc.

II. OBJECTIVES

- To analyze the impact of HRM practices on employee retention.
- To find out any loop holes in existing HRM practices and give suggestions related to employee retention.

III. RESEARCH METHODOLOGY:

This study aims to study existing Recruitment and selection, Training and development, Employee welfare, performance appraisal, bonus and incentives, Work life policies, Rewards, Work environment, Superior support, Career development opportunities practices and analyze impact of these practices on employee retention.

K. Research design:

Population: Population of Piaggio Vespa Pvt. Ltd (Two Wheeler plant) is 250 employees.

L. Sample size selection and Justification:

I select 131 as sample size for research on the basis of Rao soft sample size calculator with 5% margin of error, 90%confidence level and 50% response distribution.

M. Respondents :

Respondents are employees working in all departments.

N. Sampling method:

Simple random sampling

O. Questionnaire design:

Structured Questionnaire is prepared for primary data collection and interviews has been taken.



P. Data collection :

Primary data is collected through questionnaire and secondary data is collected through past records, company magazines, reports and observations.

IV. DATA ANALYSIS AND INTERPRETATION :

Percentile analysis of data is done.

Responses of Various Employees related to HR practices.

HR Practices	Employee Response				
	Strongly Satisfied	Satisfied	Averagely satisfied	Moderately Satisfied	Dissatisfied
Recruitment & Selection	86	35	6	3	1
Performance Appraisal	88	40	1	1	1
Career management	82	40	5	3	1
Rewards	89	36	1	3	2
Bonus & Incentives	92	34	1	3	1
Employee Welfare	91	35	1	3	1
Superior support	90	32	5	2	1
Work environment	85	35	5	5	1
Work life policies	80	39	9	1	2

Q. Employee Service Duration :

The company Piaggio Vespa Pvt. Ltd. Baramati was established on 28 th April 2012. There are 250 employees are retained from last 4 years, i.e. from establishment of the Piaggio Vespa Pvt. Ltd. 2 wheeler plant Baramati ,due to HR strategies & polices used by the company.

V. FINDINGS :

Above table shows that 87.6% employees are strongly satisfied, 36% employees are satisfied to HR practices of the company. 3.5% employees are averagely satisfied, 2.6% employees are moderately satisfied & 1.2% employees are dissatisfied with HR practices of this company.

VI. CONCLUSION:

The conclusion builds on previous researches shows that HRM practices such as Training & development, compensation and welfare activities has significant effect on Retention of employee and are associated with superior organizational performance... However, it is very difficult to achieve customer-centric strategic management without first achieving employee satisfaction. Also when employees are satisfied, it results to customer satisfaction which ultimately increases the Retention that results in profitability and goodwill of the firm. Therefore, it is proved in the study, HRM practices have significant impact on Retention of employee and which is further related to Retention of knowledgeable and skilled Employees.

REFERENCES

- [1] Fitzenz (1990). An integrated model of strategic human resource planning and utilization. Human Resource Planning, 4, 189-203.
- [2] Shekshnia, (1994). The HRS matrix: Managing the HR function strategically. Human Resource Planning, 17(1), 1-21.
- [3] Leibowitz et al, 1986 Firm resource and sustained competitive advantage. Journal of Management Studies, 17(1), 99-120.
- [4] Eisenberger and associates (1990),. Managing Human Assets. New York: The Free Press.
- [5] Perry-smith and Blum 2000: Solomon 1999. If HR were really strategically proactive: Present and future directions in HR's contribution to competitive advantage. Human Resource Management, 38, 337-352.
- [6] Brill, Weidemann, Olsen, Keable & BOSTI, 2001 Strategic human resource management: Italian style. Sloan Management Review, 34, 59-67.
- [7] <http://www.raosoft.com/samplesize.html>



Journey of Total Quality Management : A Literature Review in the Light of TQM Dimensions

Manisha P. Firke

Research Scholar

Dr. Babasaheb Ambedkar Marathwada University, Aurangabad
manisha.firke@rediffmail.com

Abstract : Total Quality Management is not a process or system but it is a belief on the concept and execution of it for the achievement of desired results. The basic aim of this article is to explore the areas of total quality management on the basis of various dimensions in the light of previous studies conducted by various philosophers and researchers. Through a literature survey the author reflects on the current status of the quality movement. The TQM dimensions were developed and restructured on the basis of total quality management journey and developmental stages. Dimensions revolve around need of firm and organization for achievement of total quality in and for the organization.

Keywords : Total Quality Management, quality movement, development, dimensions.

I. INTRODUCTION

The aim of this article is to reflect on the evolutionary journey of total quality management (TQM) as the most widespread quality management approach in the light of various concern dimensions. Growing global competition is challenging task for the firms to develop strategic initiatives to better serve customers with higher quality products or services to gain a competitive market advantage. Total quality management (TQM) is one such initiative that has attracted much attention from both practitioners and researchers from around the world. In an empirical study conducted by Powell (1995), TQM success was found to depend critically on intangible resources like executive commitment, open organization and employee empowerment, and less upon such QM basics as benchmarking, training, manufacturing, process improvement and improved measurement etc.

II. OBJECTIVES OF THE STUDY

1. To study various literature developed by previous philosophers for developmental phases of quality concepts.
2. To identify quality dimensions for overall quality management as a total
3. To explore relation between TQM and its dimensions.

III. RESEARCH METHODOLOGY

This study is completely exploratory and explanatory by nature and based on the secondary data. Author explored previous literature for this empirical study and selected articles and research papers from various reputed journal.

IV. DEVELOPMENT OF QUALITY CONCEPTS

The concept of quality has existed for many years and is been used by business firms. The concept has changed and evolved over time. In the early twentieth century, quality management meant inspecting products to ensure that they met specifications. In the 1940s, during World War II, quality became more statistical in nature. Statistical sampling techniques were used to evaluate quality, and quality control charts were used to monitor the production process.

In the 1960s, with the help of so-called “quality gurus,” the concept took on a broader meaning. Quality began to be viewed as something that encompassed the entire organization, not only the production process. The journey of development of quality concepts are as-

FIGURE 1: Journey of quality concept development.

Sr no	Quality Guru	Contribution Area			
1	Walter A. Shewhart	Contributed to understanding of process variability. -eveloped concept of statistical control charts	3	Joseph M. Juran	Defined quality as “fitness for use.” -Developed concept of cost of quality.
2	W. Edwards Deming	Stressed management’s responsibility for quality. -Developed “14 Points” to guide companies in quality Improvement	4	Armand V. Feigenbaum	Introduced concept of total quality control
			5	Philip B. Crosby	Coined phrase “quality is free.” -Introduced concept of zero defects
			6	Kaoru Ishikawa	Developed cause-and-effect diagrams. -Identified concept

Since all concepts were responsible for product quality and all shared the costs of poor quality, quality was seen



as a concept that affected the entire organization. This development now considered all the broad spectrum of business area and well-known as Total Quality Management.

Numerous philosophers provide insight on the quality practices happening in industries. Ahire (1995) examined total quality management and explained as it is an integrative management philosophy aimed at continuous improvement in the quality of products and process to achieve customer satisfaction. Management gurus from around the world, on the basis of their experience and observations developed the concepts of quality management, total quality management. TQM is nothing but improvement in the traditional way of executing business activities. Change in the actions of management willingness and the business culture and actions of an entire organization develop total quality in an overall business. On the basis of observations management philosopher Ishikawa (1985) defined TQM as a total system approach, and an integral part of high level strategy which works horizontally across functions and departments, involving all employees, top to bottom, and extends backwards and forwards to include the supply chain and the customer chain.

TQM is for the most part of common sense about need of business environment... Analysing the three words, can be explained as -

Total Made up of the whole firm and relevant elements as a single entity

Quality Degree and specification of standards and excellence in product or service

Management *Act*, art, style or manner of handling, controlling, directing, and executing.

On the basis of analysis TQM can be explored as both a philosophy and a set of guiding principles which represent the stable foundation of a continuously improving organization. It is the application of quantitative methods and human resources to improve all the processes within an organization and exceed customer needs now and in the future. TQM integrates entities like fundamental management techniques, existing improvement efforts, and technical tools under a disciplined approach. This development of TQM is contribution of numerous management gurus.

V. LITERATURE STUDY

A number of scholars explored the area of total quality management and its applications in various industries all over the world. Total quality terminology was used for the first time in a paper by Feigenbaum at the first international conference on quality control in Tokyo in 1969. In the 1980s to the 1990s, a new phase of quality control and management began, and known as Total Quality Management (TQM).

Having observed Japan's success of employing quality issues, western companies started to introduce their own quality initiatives. Most of the conclusions work around total quality management as a assembling of quality standards and their applications for achievement of total quality in overall organization. So now TQM is used as standard to measure the organizational performance. Quality management system is a collective interlinked system of quality management practices interlinked with organizational performance (Cuaet, al, 2001). Total quality management can offer benefits like improvement in quality of products and services, reduction of production cost, improvement in the customer and employee satisfaction level, with improvement in financial performance of the firm (Powell, 1995). So total quality management generate a broad spectrum for gaining competitive advantage in the business world. Quality management is not only demand of market but it is a need of business survival and then growth (Agus Arawati, Zafran Hassan).

Total quality management in Indian scenario was studied by the researchers (Faisal Talib, Zillur Rehman, M N Qureshi,) concluded that in Indian service industries TQM applications and relevant practices are partially related to quality culture and quality performance. TQM is not a single phenomenon, it is a multidimensional concept. Dimensions of total quality management were also explored by researchers. Manufacturing industry prove a wide area for application of quality concepts so reveal about such dimensions. An empirical Study conducted on Indian manufacturing industry (S. Subba Rao ,T.S. Raghunathan , Luis E. Solis,) cover human resource dimensions of quality management concludes that on human performance is related to employee participation and involvement of all employees is essential for internal quality performance.

Different market scenarios to study the organizational performance explained that there is no quick and fix method to achieve maturity level of total quality management (V.K. Khanna, Prem Vrat , Ravi Shankar , B.S. Sahay ,. Wankhede, and Dabhade (2005,) also reveal area of TQM and explain responsible factors like role of quality department, product design, training, etc. But another study elaborates that success of Total Quality program is more concern with application of required concept in relevant areas rather than focus on the entities (Motwaniet, al, 1994).

VI. DIMENSIONS OF TOTAL QUALITY MANAGEMENT

TQM is a systematic and integrated approach for planning and execution of business processes to achieve continuous improvement. To survive, companies had to make major changes in their quality programs. Many hired consultants and instituted quality training programs for their employees. A new concept of quality was emerging. One result is that



quality began to have a strategic meaning. Today, successful companies understand that quality provides a competitive advantage. They put the customer first and define quality as meeting or exceeding customer expectations.

Since the 1970s, competition based on quality has grown in importance and has the origin of the concept TQM is in manufacturing industry but now is adopted by almost every type of business firms. Harding (1995) states that successful TQM programs share four characteristics: an emphasis on tangible results; an insistence on performance measurement; an integrated program; and a clear commitment from top management. These elements: customer focus, continuous improvement, teamwork, and scientific approach.

FIGURE 2: Dimensions of TQM

Sr. no.	Parameter	Description
1	Results	This is a primary operating characteristic that determines financial and non financial performance
2	Compatibility	Meeting specification or industry standards,
3	Commitment	Involvement of all employees from top to bottom
4	Satisfaction	Quality level of product or services and need of business or customers
5	Culture	Business environment and internal atmosphere including employees, practices, rules, procedures etc of the firm



FIGURE-3: DIMENSIONS OF TQM
SOURCE: AUTHOR

Total Quality Management is an approach needs continuous efforts so management of quality concepts can works in the light of dimensions. Figure -3 explain the dimensions and bottom to top philosophy for business firms.

Study on TQM and organizational performance was focused in various studies explained relation and linking between TQM applications and benefits to firms (Vinod Kumar, al, 2009). Another study TQM insights on the requirements of vision and knowledge about more advanced technology, attitudes and behavior as a discipline in every process demands the application of science, technology and art. For the achievement of performance (Syamsul Bahri al., 2012) this study concludes performance as a critical factor for success.

Research has shown that there are five types of competence in business (Spenser, 1993). First, knowledge of the individual in a particular field of work or area. Second, skill or the ability to exhibit physical or mental performance. Three, self-concept or individual attitudes and values that espoused self-image. Four, traits or physical characteristics that being consistent to the situation or information. Fifth, motives or thoughts or constant intentions that serve as a basis and encourage individuals to act or behave in a certain way. Quality is also considered as competitive weapon for organizational excellence. (Bank, 1992; Dale, 1994; Drummond, 1992; Oakland, 1993)

Study conducted by Barkar and Emory (2006) for more than 250 manufacturing firms, opine that TQM certainly leads to customer satisfaction. Han and others (2007) also ascertaining the relationships between, TQM, competitiveness, customer satisfaction, and performance, with conclusion as they together enhance competitiveness which in turn improves the performance. A comparative study of TQM firms and non TQM firms explored that respondents (supervisors) in TQM firms were more satisfied with top management support, commitment and encouragement (important elements of overall organization support) compared to non-TQM firms (Golhar et al., 1997). Both these studies provide empirical evidence of the significant role of organization support in firms implementing TQM practices.

TQM movement is connected with customer orientation, sustainable development, empowerment and data based decision making (Kannan and Tan, 2005). An organization may encourage support in a number of areas, especially for the development of organization culture, innovative practices etc. TQM implementation is employees' linked with commitment to continuous improvement of business processes. Organizations implementing TQM practices acknowledge and reward employees' new and useful ideas are more likely to experience a favorable effect on performance

Organizational culture consist of TQM basic assumptions or unconscious, often taken-for-granted beliefs, perceptions, thoughts and feelings. Westbrook in his study (1973) explain the relation between TQM and organizational culture. The interrelation between TQM and organizational culture was also identified (Lukas ova 2004) as organization culture also influences the adopted quality system The basic assumptions, such as perception of human nature, the nature of human interaction or the basic understanding of time or truth are often implicit and not consciously known to employees.



CONCLUSION:

TQM is for long-term business performance and profitability. So it is mainly concerned with continuous quality improvement. TQM is a combined effort and organizational activity can work on the basis of various dimensions. All the mention dimensions show their impact on business which is priority for any firm. TQM dimensions -performance results, compatibility, commitment, satisfaction and culture provide a framework for the execution of quality concept to achieve total quality in all areas of business transactions. TQM dimensions also clears the priorities and organizational vision about how and on which grounds quality can be measured.

REFERENCES

- [1] Ahire, S.L., Landeros, R. and Golhar, D.Y. (1995), “Total quality management: a literature review and an agenda for future research”, *Production and Operations Management*, Vol. 4 No. 3, pp. 277-306
- [2] Barker K.J., and Emery C.R., (2006), ‘The Effect of TQM Factors on Financial and Strategic Performance: An Empirical test using Manufacturing Firms’, *Academy of Strategic Management Journal*, Vol. 5, 39 – 58
- [3] Dale, B.G. (ed.) (1994) *Managing Quality*, 2nd edn. Hemel Hempstead: Prentice Hall.
- [4] Drummond, H. (1992) *The Quality Movement: What Total Quality Management is Really All About!* London: Kogan Page
- [5] Golhar, D., Deshpande, S. and Ahire, S. (1997), “Supervisors’ role in TQM and non-TQM firms”, *International Journal of Quality & Reliability Management*, Vol. 14 No. 6, pp. 555-68.
- [6] Han S.B., Chen S.K., and Ebrahimpour M., (2007), ‘The Impact of ISO 9000 on TQM and Business Performance’, *Journal of Business and Economic Studies*, Vol. 13, No. 2, Fall 2007
- [7] Harding, R. (1995). *Bridging the TQ/CI gap: the case of Lucas Car Diesel Systems*, Sudbury. *Creativity and innovation management*, 4(2): 100-09.
- [8] Ishikawa, K. (1985), *what is Total Quality Control? The Japanese Way*, Translated by David, J. LU, New Jersey: Prentice-Hall, Englewood Cliffs.
- [9] Oakland, J.S. (1993) *Total Quality Management: The Route to Improving Performance*, 2nd edn.
- [10] Oxford: Butterworth Heinemann
- [11] Powell, T.C. (1995) ‘Total Quality Management as Competitive Advantage: A Review and Empirical Study’, *Strategic Management Journal*, 16: 15±37.
- [12] Spenser L.M. , Spensesr. S. M. , *Competence at Work*, *Human Resource Development Quarterly*, 5(4), 1993, 391–395
- [13] Syamsul Bahri 1, Djabir Hamzah 2, Ria Mardiana Yusuf 3, 2012, *IOSR Journal of Business and Management (IOSR-JBM) ISSN: 2278-487X*. Volume 5, Issue 1 (Sep-Oct. 2012), PP 10-24 www.iosrjournals.org
- [14] Vinod Kumar, Franck Choisine, Danuta de Grosbois, Uma Kumar, (2009) “Impact of TQM on company’s performance”, *International Journal of Quality & Reliability Management*, Vol. 26 Issn: 1, pp.23 – 37



TQM : A Quality Revolution

V. Basil Hans

Associate Professor & HOD of Economics
St. Aloysius Evening College, Mangaluru, Karnataka
vhans2011@gmail.com

Abstract : *Business is becoming customer-centric; organisations are putting emphasis on customer relationship management (CRM) in marketing and marketing research. With quality assessment and assurance becoming the order of the day for corporate/conglomerates, total quality management (TQM) is vital for business growth and sustainability. TQM is one of the current issues in marketing research and strategic management. TQM is essential and significant for emerging countries' business environment both at the micro and macro levels, given the ingredients of digital technology, smart cities, strategic alliances, social responsibility etc. Some experts express reservations about TQM. Failure of an organisation is not the failure of TQM. There is need to go beyond the rhetoric There is much to learn by linking the past to the future though current practices and performance (rather than conformance). Therefore, in this paper, an attempt has been made to discuss the origin, elements and importance of TQM in business management and governance. Factor analysis of the potential barriers to TQM implementation in some of the educational and community-based institutions considered for this study revealed five underlying constructs: lack of customer orientation, lack of planning for quality, lack of total involvement, lack of management commitment, and lack of resources .*

Keywords : *Business, corporate, customer, governance, performance, strategic, TQM.*

I. INTRODUCTION

This “At the end of the first decade of the 21st century, Indian manufacturing companies are at par with the best in the world from a quality perspective. The next step will be to gain scale.” (Surinder Kapur)

Business is becoming customer-centric; organisations are putting emphasis on customer relationship management (CRM) in marketing and marketing research. The dynamics of the business have changed the way in which companies do business both in relationship management and streamlining of their operations. From product to service, from service to quality, from quality to total quality, and from total quality to total quality management, the business world has come a long way. With quality assessment and assurance becoming the order of the day for corporate/conglomerates, total quality management (TQM) is vital for business growth and sustainability. TQM is one of the current issues in marketing research and strategic management too.

TQM is an approach to the art of management that originated in Japanese industry in the 1950s and has become steadily more popular in the West since the early 1980's. TQM as a concept and practice enjoyed widespread attention during the late 1980s and early 1990s before being overshadowed by ISO 9000, Lean manufacturing, and Six Sigma in TQM as an academic subject peaked around 1993.

TQM becomes a point where quality meets loyalty. Customer loyalty is the proof of customer satisfaction with equity. While quantity (coverage of customers) by ‘reaching’ can build a base, quality ensures ‘touching’ them at very touch point. For that, the company or organisation needs to have a good business climate.

The concept of TQM was developed by W. E. Deming (regarded as the father of TQM), in 1960s in Japan in the context of post-war reconstruction of industries. However, TQM was not confined to repair/rehabilitate/reconstruct conundrum but developed as a regular approach for creating optimum value in every enterprise. Total Quality Management (TQ, QM or TQM) and Six Sigma (6s) are sweeping “culture change” efforts to position a company for greater customer satisfaction, profitability, and competitiveness. In fact the goal of TQM is customer satisfaction by means of continuous improvement.

Joseph M. Juran, Philip Crosby, A.V. Feigenbaum and others further developed the TQM concept and philosophy, with new parameters.

TQM has the potential to bring about a quiet revolution in the polity, society and economy of a country in terms of security, accountability, discipline and ease of doing any business – private or public.



II. THEORETICAL BACKGROUND

A. Nature of TQM

Total quality management (TQM) consists of organisation-wide efforts to install and make a permanent climate in which an organisation continuously improves its ability to deliver high-quality products and services to customers.

- According to the US Defence Department (1988), TQM is “a strategy for continuously improving performance at every level, and in all areas of responsibility. It combines fundamental management techniques, existing improvement efforts, and specialised technical tools under a disciplined structure focused on continuously improving all processes.”
- The British Standards Institution says, TQM is “A management approach of an organisation centred on quality, based on the participation of all its members and aiming at long term success through customer satisfaction and benefits to all members of the organisation and society.”
- In the view of the International Organisation for Standardisation, TQM refers to “A management approach of an organisation centred on quality, based on the participation of all its members and aiming at long term success through customer satisfaction and benefits to all members of the organisation and society.”
- In the words of Greg Hughes, President, AT&T Transmission Systems, “The essence of Total Quality Management is a common sense dedication to understanding what the customer wants and then using people and science to set up systems to deliver products and services that delight the customer.”
- According to the American Society for Quality (ASQ), “A core definition of total quality management (TQM) describes a management approach to long-term success through customer satisfaction. In a TQM effort, all members of an organisation participate in improving processes, products, services, and the culture in which they work.”
- James Cortada goes for a broader canvas as he defines TQM to “encompass process work, quality tools (such as statistical process control techniques), and fundamental management philosophy.
- B. Mahadevan says that “TQM can be defined as an organisation wide effort to develop systems, tools, techniques, skills and the mind-set to establish a quality assurance system that is responsive to the emerging market needs”.
- Thus, we may state that, “TQM is a management approach that places emphasis on continuous

improvement in quality, in the interest of the organisation and that of its customers.”

Following are some of the features of TQM:

- 1) *Customer Focus*: - US Defence Dept. in 1980s used to say, “Quality is defined by customers’ requirements”. TQM places emphasis in meeting the requirement of both the internal as well as the external customer. In order to meet the requirements for the external customer, it is necessary to meet the needs of the internal customer. The initial focus should be on meeting needs of internal customer before an attempt is made to meet the requirements of the external customers.
- 2) *Continuous Process*: - “Increased quality comes from systematic analysis and improvement of work processes” (US Defence Dept.). TQM is a continuous process. Constant and continuous efforts are made to improve the quality, and to reduce internal costs. Quality improvement helps the organisation to face the challenges of the competitors and to meet the requirements of the customers. TQM is a process which goes on forever, because at no time the quality can be 100% right. There is always a possibility for new and better way of doing things.
- 3) *Defect-free Approach*: - TQM place emphasis on the defect-free work most of the time. The defect free approach is phrased in various ways as right first time, working smarter or zero defects.¹ The best example is that of the 10,000th experiment by Thomas Alva Edison that gave us the bulb. Mistakes may occur, but when they recur, stop the production, until the process can be corrected, to prevent the production of more defects (stop in time).
- 4) *Employees Involvement*: - In TQM, everyone is involved in the process from the management director to the junior clerk or worker in the organisation. It is not just manufacturing people, but also the accounting, finance, marketing, and even the cafeteria (canteen) people are involved in the TQM process. It involves every stakeholder of the organisation is one or the other step. Maximum involvement overcomes even minor resentment! Right person for the right job; and right job for the right person is embedded in a good TQM practice. One of the basic ideas is to rely on employees closest to the situation to improve it.
- 5) *Recognition and Rewards*: - Recognition and rewards is an integral part of company’s TQM Programme. Positive reinforcement through recognition and reward is essential to maintain achievement and continuous improvement in quality.



- 6) *Synergy in Team Work*: - Best outcomes are possible with synergy (work together). The Japanese are great believers in synergy or cooperation. Engineers, technicians, and workers look upon themselves as equals and communicate easily as they work side by side. They create what professor Okuda has called a ‘synergetic Partnership’.²
- 7) *Techniques*: - TQM can take place by following various techniques such as quality circle, value engineering, statistical process control, etc. Through such techniques, it is possible to improve systems and procedures.
- 8) *System Approach*: - TQM is a system approach to managing the business and improving the performance. Without the total commitment on the part of chief executive officer and his senior executives, TQM cannot take off to a good start. System approach helps to prevent sub optimisation.

B. Elements of TQM

From the definitions and features of TQM, we can identify the following elements of TQM:

- Customer-focussed
- Total employee involvement
- Process-centred
- Integrated system
- Strategic and systematic approach
- Continual improvement
- Fact-based decision making
- Communications

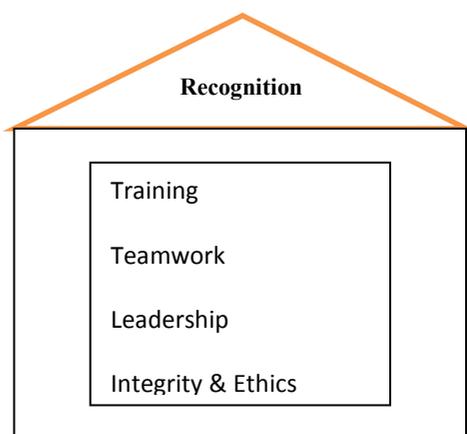


Fig. 1: TQM Building (derived from the principle of CSR)

The elements are not to remain as planning elements but go forth as applying elements, working elements are evaluating elements. As Napoleon said, “Take time to deliberate, but when the time for action has arrived, stop

thinking and go in.”

TQM – EVOLUTION

The practice and principles of quality check or control or measurement was always there in the human society. The primitive people had the ability to measure – at least mentally – how far a prey was or how heavy a stone or how good a seed. Ancient Babylonians and Romans developed the art of standardisation in stone quarrying and construction works. England had standard weights system as early as 1631. During the 16th and 17th centuries many European countries introduced quality inspection of the manufacturing processes. The principles of precision and feedback also followed soon. The World Wars stimulated quality control and standardisation, beginning with America and Japan. Japan even put it in its overseas business. Later China and the Asian Tigers began pursuing quality in a serious manner.

(TQM) began initially as a term coined by the Naval Air Systems Command to describe its Japanese-style management approach to quality improvement. An umbrella methodology for continually improving the quality of all processes, it draws on knowledge of the principles and practices of:

- The behavioural sciences
- The analysis of quantitative and non-quantitative data
- Economics theories
- Process analysis

In the 1920s USA applied TQM to industry. The Hawthorne experiments in the late 1920s showed how worker productivity could be impacted by participation. In the 1950s Deming taught methods for statistical analysis and control of quality to Japanese engineers and executives. Crosby’s³ promotion of zero defects paved the way for quality improvement in many companies. The 1960s saw the development of concepts like “quality control”, quality leadership” etc. Soon TQM became the name for the philosophy of a broad and systemic approach to managing organisational quality. What began with manufacturing soon spread to designing, marketing and after-sales service too. It was applied to all resources – specifically – human resource, in the public, private and voluntary sectors. Specialised professionals and departments were set up for quality management. Ombudsman Scheme, slogans such as “Made in England”, “Made in China”, and the most recent “Make in India”, “minimum government, maximum governance” emerged. Internationally, ISO 9000:1994 and ISO 9000:2000, and quality award programmes such as the Deming Prize and the Malcolm Baldrige National Quality



Award offer different models (with incentives) of quality.⁴ In India standard marks for products such as ISI, Agmark etc. became popular.

In the early 1980s, confederation of Indian industries (CII) took the initiatives to set up TQM practices in India in 1982 quality circles were introduced for first time in India. The companies under which the quality circles were launched are Bharat Electronics Ltd, Bangalore and Bharat Heavy Electricals Ltd, Trichy. In 1986 CII invited professor Ishikawa to India, to address Indian Industry about quality. In 1987, a TQM division was set up the CII this division had 21 companies agreed to contribute resources to it and formed the National committee on quality”. In February 1991 an Indian company with assistance of the CII, obtained the first ISO 9000 certification in India. In 1996, the Govt. of India announced the setting up of quality council of India and a national agency for quality certification was setup as a part of WTO agreement.

In the field of higher education in India we have mechanisms like the Quality Assurance Cell (IQAC), National Assessment & Accreditation Council (NAAC), an autonomous institution established in 1994 etc. Since 1970s, in the field of governance we have the Lokayukta, an anti-corruption ombudsman organisation in the Indian states. Certification and awards for environment-friendly products, for drivers with accident-free records, regular meetings between administrators and public officials with the general public etc. are some of the best practices today. The sad part of the story is that often the assessment reports do not translate to action plan and performance.

Quickly quality management became part of strategic marketing management – with the essential components of strategic planning, resource management, and control and evaluation of implementation.

III. EXECUTING TQM

A. Steps of TQM

TQM can never follow a pedestrian approach; it needs a scientific pre-test and an appropriate strategy. There are various steps in the implementation and the managing of TQM. The steps in implementation are –

1. Assess the company’s organisational current reality and distinguish it from the surreal (bizarre). This is also called Task identification – knowing what is real and what is desired
2. Announce the change goals, be ready for change, and make preparations, putting together your building blocks (see Figure 1): creating and developing sufficient management structures and strategies for building commitment, designing mechanisms to communicate

the change, and assigning resources (including outside consultation and training).

3. Bring the ‘change’ at the appropriate time, i.e. when the atmosphere is ready for change; and implement the change strategically
4. Institutionalise the change with the help of action vehicles

Thus, TQM is a long-driven process but if it is purposive, it will be powerful and useful.

B. Tools and Implementation of TQM

There is what is called, the ‘Kaizen’ practice or approach, originally developed by Walter Shewart but renamed Deming Cycle in 1950s as Deming promoted it extensively (see Figure 2). The Sino-Japanese word “kaizen” simply means “change for better”.⁵ The word refers to any improvement, one-time or continuous, large or small, in the same sense as the English word ‘improvement’. The tools are of visual management and value management – pictures, parameters, numbers, check sheet, control chart, histogram, scatter diagram etc.



Fig. 2: Kaizen

TQM is not an enabler, but a driver. It is more than a ‘system’; it is a ‘movement’ too, moving on a cycle of continuous improvement. In any endeavour and enterprise TQM cannot be a “one-man show”. It requires all stakeholders’ efforts to work as “clock-builders”, not “time-tellers”. Political leaders, academics, civil society groups (e.g. RTI activists), the government need to work in a mission mode for zero defect (e.g. zero corruption). Together, all of them, and each of them individually. With transparency and accountability, the targets, the approaches, and the differences should be demonstrated and outcomes evaluated with evidence. That would be a good campaign for good governance, with capacity-building and sustainable development exercises. After all, sustainable approaches make for attainable goals



V. CRITICAL ASSESSMENT

A. Advantages of TQM

- Need-based: - TQM helps in highlighting the needs of the market. Its application is universal and helps the organisation to identify and meet the needs the market in a better way. Today the compulsion of competitive business is not merely to do well, but to do better.
- Quality Assurance: - TQM stresses on bringing attitudinal changes and improvements in the performance of employees by promoting proper work culture and effective teamwork. It provides excellent opportunities for self-development, increasing worker-morale and also increasing employee's interest in the job. As Rockefeller said, "Good management consists in showing average people how to do the work of superior people".
- Reduces Wastes: - Under TQM, quality improvement teams are constituted to reduce waste and inefficiency of every kind by introducing systematic approach. Such efforts are helpful in achieving cost-effectiveness and safety in the organisation.
- Helps meet Competition: - TQM techniques are greatly helpful in understanding the competition and also developing an effective combating strategy.
- Good Communication: - TQM techniques bind together members of various related sections, departments and levels of management for effective communication and interaction. In fact, TQM is by communication and through communication. It takes 'communication' one step higher from "listening to reply" to "listening to understand and implement".
- Continuous Review: - TQM helps to review the process needed to develop the strategy of never ending improvement. Quality improvement efforts have to be undertaken continuously to meet the dynamic challenges.

Thus, TQM brings tangible benefits (e.g. better product quality, improvements in productivity, increased market share and profitability etc.) as well as intangible benefits (e.g. effective team work, enhancement of job interest, improvements in human relations, participative culture, customer satisfaction, improved communication and building better image of the company. If planned, implemented, evaluated well TQM can be a good census with consensus, reducing rejection and raising satisfaction levels.

B. Disadvantages of TQM

- High Costs: - The costs of implementing TQM are usually high. New projects may be expensive, but benefits may be non-financial. In addition, when workers are away

from work for training purpose – increasing cost of time – output may fall.

- Unseen Benefits: - Early on the benefits may be unseen or difficult to gauge. The effects of total quality management will not be seen until employees get used to doing better quality work. People take time to break old habits. Companies have to change the culture of the company to adapt to total quality management, as total quality management will create a new culture over time.
- Resistance: - It is normal yet painful when often you face resistance for changes in standard practices from some corners: "why to change?", "changing is difficult", and "change will not work". These reactions are real and must be recognised and responded to, for the sake of transformation. An alert is that "you can't teach old dog new tricks". Hard as it may sound: "if people don't change, change the people". While being patient is necessary, pushing hard for action is equally important.
- Skill-shortage: - A company with mostly unskilled workers may struggle to successfully implement TQM.
- Less Scope: - Some critics say that long-range plans advocated by TQM may (a) limit an organisation's flexibility and agility, (b) divert your efforts away from the original objectives and result in de-motivation, (c) bring a change that is not a radical reform; and (d) not maintain the change and therefore, stagnate.
- Counter-productive: - W. Edwards Deming himself is supposed to have said that "The term is counterproductive. My work is about a transformation in management and about the profound knowledge needed for the transformation. Total quality stops people from thinking."
- There is the danger of treating TQM as rhetoric of managers and consultants. We may be missing the **missing the woods for the trees**, if we do not treat practices like TQM seriously as sectors of reality with legitimate technical content.

Thus, implementing TQM is not easy, Apart from good money and method you need a strong mind-(set) also for bringing about meaningful changes. As it is a long-term investment, the prime movers must have a lot of patience too. The standards by which we judge the 'desirability' or 'optimality' of an outcome will depend on the setting and the actors. For instance, corruption in a workplace adversely affects total factor productivity. Public confidence must meet public (life) discipline. Most research on TQM in India reveal that the most problems were a lack of top management commitment, a lack of understanding regarding TQM and a hesitancy to change. The most important TQM barriers in Indian industry are: "no benchmarking of other company's practices" and "employees are resistant to change". Factor



analysis of the potential barriers to TQM implementation in some of the educational institutions studied for this research revealed the following five underlying constructs: lack of customer orientation, lack of planning for quality, lack of total involvement, lack of management commitment, and lack of resources. By far the most common improvement from TQM was improvement in process control but other significant results are expressed in empowered employees, increased morale and team work and increased focus. One of the lessons learned is that “the only difference-maker is people”. TQM philosophy reminds us “creative destruction” process, explained by J.A. Schumpeter in his theory of capitalist development. TQM always welcomes innovations spurred by inquisitiveness and inventions. “We must no longer wait for tomorrow - it has to be invented”, says Gaston Berger. And George Patton says, “Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity”. However, today, there is much debate and research on the reality and rhetoric of TQM. While the individual and institutional quality and standards are influenced by many diverse motives – emotional, economic, cultural, and political – technical reality of TQM may either develop or get distorted. So, an ironic controversy has erupted. The controversy pits TQM advocates – who see it as a unique and effective method for improving organisational performance, against opponents – who see it only as one of many modern organisational fads. Even the related principle of just in time (JIT) manufacturing has come under criticism. Therefore, before arriving at any conclusion about the success or otherwise of TQM in any context one needs to scale and examine every input and output of the organisation not only in terms of its objectives but also in terms of efficiency, experience, effectiveness and excellence. This is absolutely required to ensure quality concern and commitment at all levels and all times. Add to it: programme-based quality assurance efforts also need to be scrutinised and monitored and if required timely refined and reengineered

VI. CONCLUSION

TQM, once thought of as a “thought revolution”, has now become an “action revolution”. It is both vision and mission oriented. Today both the consumer and firm levels the forms of ‘behaviour’ in relation to necessity or need may differ but each one is more conscious of expectations and experience. Just like quality of life, quality of work and product has an important bearing on the evaluation of the individuals/entities. Objectivity in claims is sought. You may be slow, but never give up a good race. Quality management must be in-built in your company. It should not be artificial or superficial. It must be powerful enough to meet both change and challenges. Everyone must be knowledgeable about errors too – identifying and rectifying. Organisational failures are justification for TQM. Then we

can improve our business without complicating things. You will then have the expertise and can work with ease. It can ensure better individual performance, product performance and organisational performance. Unfortunately modern marketing is becoming more and more data based but not moral-based. Ethical code of conduct for business is a must; otherwise what is the need for discussing TQM and CSR in today’s business and society?

REFERENCES

- [1] Bhat, K.S. *Total Quality Management: Text & Cases*, Himalaya Publishing House, Mumbai, 2009.
- [2] Cortada, J.W. *TQM for Information Systems Management – Quality Practices for Continuous Improvement*, McGraw-Hill, Inc., New York, 1996.
- [3] Dam, R.H. *Total quality management: What is it and how can it be implemented in roads construction?*, BSc. Student Project, faculty of Engineering, Built Environment and Information Technology, University of Pretoria, Oct 2010.
- [4] Gupta R. K. “Implementation of Total Quality Management (TQM) in Indian Industry”, Special Issue of *International Journal of Recent Advances in Engineering & Technology* for National Conference on Recent Innovations in Science, Technology & Management (NCRISTM), Gurgaon Institute of Technology and Management, Gurgaon 26th to 27th February 2016, pp. 33-38. Retrieved on 23/9/2016 from http://www.irdindia.in/journal_ijraet/pdf/vol4_iss2/7.pdf
- [5] Hans, V. B. “How high is Higher Education in India? An Assessment for Action” in *Higher Education Challenges Ahead*, Dejjamma and Seema P. (Eds.), Centre for Advanced Studies in Commerce and Management Canara College, Mangalore, 2013, pp. 122-127.
- [6] Hans, V. B. and Jayasheela. “Mechanism Design: Synthesising Incentives, Institutions and Information”, Proceedings, Workshop on Relevance of Mechanism Design and Game Theory in Modern Economic Analysis, Government of Karnataka, Karnataka State Higher Education Council (KSHEC), Bengaluru, 2013, pp. 27-39.
- [7] Hans, V.B. “Creativity and Innovation in Research: Scope for Multidisciplinary Research”, *International Journal of Educational Research and Information Science* Vol. 2, No. 3, pp. 54-60.
- [8] Hans, V.B. “Sustainable Development: Goals and Approaches”, Guest Lecture, PG Dept. of Economics St Aloysius College (Autonomous) Mangaluru, September 6, 2016.
- [9] Kapur, S. “India’s quality revolution”, *Business Standard*, October, 4, 2010.
- [10] Kelemen, M. L. *Managing Quality: Managerial and Critical Perspectives*, Sage Publications Limited, London, 2003.
- [11] Mandal, S.K. *Total Quality Management: Principles and Practice*, Vikas Publishing House Pvt Ltd., Noida, 2011.
- [12] Rao, C.R.V. Foreword, in Nair, S.S. *Total Quality Management*, Sonali Publications, New Delhi, 2011, pp. v-ix.
- [13] Rao, N.B. *Good Governance: Delivering Corruption-free Public Services*, Sage Publications, India Pvt. Ltd., 2013.
- [14] Pradeep, R.S. “Total Quality Management”, Occasional Papers on Management & Current Issues by MBA Students. Retrieved on 22/9/2016 from <http://www.indianmba.com>
- [15] Tiwari, A. and Singh P. “Customer Relationship Management in e-Business” in *New Perspectives in Indian Management*, Janakiram, et al (Eds.), pp. 230-235, Himalaya Publishing House Pvt. Ltd, Gurgaon, 2014.
- [16] Welch, C.E., and Grover, P. L. “An Overview of Quality Assurance”, *Medical Care*, Vol. 29, No. 8, Supplement: Inappropriate Use of Acute Hospital Care: Extent, Causes, and Ameliorative Approaches, Aug. 1991, pp. AS8-AS28.
- [17] Westcott R.T. (Ed.). *The Certified Manager of Quality/Organizational Excellence Handbook*, Fourth Edition, American Society for Quality, Wisconsin, 2013
- [18] Zbaracki, M. J. “The Rhetoric and Reality of Total Quality Management”, *Administrative Science Quarterly*, Vol. 43, No. 3, Sep. 1998, pp. 602-636.



A Study of Cost Reduction in Supply Chain Management in Milk Industry With Special Reference to Schreiber Dynamix Dairies Pvt. Ltd. Baramati

Miss. Deokate A. S.

SVPM's College of Commerce, Science & Computer Education, Malegaon, Baramati, Pune
amrutadeokate2655@gmail.com

Miss. Todkar R. S.

rupi.todkar@gmail.com

Miss. Wabale T. S.

tejashwiniwable@gmail.com

Abstract—This Various definitions of Supply Chain Management are given. Among the most widely used is the one provided by Handfield and Nichols: “The supply chain encompasses all activities associated with the flow and transformation of goods from raw materials stage, through to the end user, as well as the associated information flows. Material and information flow both up and down the supply chain. Supply Chain Management and Cost Management are among the top issues on the agenda of business practitioners and academic researchers “Cost management encompasses all measures, that aim to influence cost structures and cost behavior precociously. Among these tasks the costs within the value chain have to be assessed, planned, controlled, and evaluated.”. Cost reduction is among the most cited objectives in supply chain management. There are many opportunities to reduce total cost in supply chains, which are responsible for many unnecessary overhead costs to generate forecasts, count inventory on-hand, generate purchase order inputs through MRP (Material Requirement Planning) systems, place purchase orders, wait for parts to arrive, expedite those that are late, receive materials, warehouse, group into kits for scheduled production, and distribute within the plant. These costly and time-consuming steps can be avoided with a spontaneous supply chain, which is able to pull in materials and parts on-demand.

Keywords: Supply Chain Management, Cost Reduction, Cost Management, Supply Chain Costing.

I. INTRODUCTION

A supply chain is basically a group of independent organisations connected together through the products and services that they separately and/or jointly add value on in order to deliver them to the end consumer. Supply chain management is key element in business success. It is very much an extended concept of an organisation which adds value to its products or services and delivers them to its customers. But what is the benefit of understanding the value adding from the supply chain perspective? Why managing supply chain is becoming necessary and important to today's business success? These are some of the fundamental questions that must be first addressed before discussing the “how to” questions.

The supply chain cost means, the task of purchasing and selling was relatively easy - competition was less and the market was assured. But suddenly all that changed - the markets opened and competition increased; selling is now possible only if prices are reduced and quality improved - in other words, the customer wants more and more per unit cost.

The supply chain cost can occur in different areas such as areas are Inventory carrying cost, Handling and storage cost, Inspection & testing cost, Transportation & freight costs, Packing & forwarding costs, Duties & taxes, Margins of supplier, Labour & other overheads, Manufacturing cost, Raw Materials cost.

Cost reduction refers to the real and permanent reduction in the unit cost of the goods manufactured or services rendered. Cost reduction can be effected by either of the following ways:

(i) By reduction in unit cost of production:

This is usually brought by elimination of wasteful and non-essential elements in the design of products and from techniques and practices carried out.

(ii) By increasing productivity:

This refers to increase in the volume of output with the expenditure remaining the same. But this should not be achieved at the cost of the characteristics and quality of the product.



II. OBJECTIVES OF THE PROJECT

1. To reduce the overall supply chain cost of milk processing industry.
2. To improve effectiveness and efficiency of milk supply chain.
3. To improve overall supply chain performance at best possible least cost.
4. To draw meaningful outcome for practitioner and academicians to design best strategies in future

III. LITERATURES REVIEW

According To CF Nicholson, MI Gómez There is increased interest in greater localization of food supply chains but little evidence about the effects of localization on supply-chain costs. Assessing these effects is complex in multiple-product, multi-process supply chains such as the dairy industry. In this study, we develop a spatially-disaggregated transshipment model for the US dairy sector that minimizes total supply-chain costs, including assembly, processing, interplant transportation and final product distribution.

According To Gyan Prakash, focuses on supply chain cost find that the Indian food industry is fraught with many difficulties such as inefficiency, deterioration of perishable food items, unsatisfactory quality of commodities, malpractices in weights and report on Indian dairy industry shows that:

- ❖ Lack of proper cold chain facilities,
- ❖ Gaps in information,
- ❖ Lack of trained and skilled workers,
- ❖ Logistics,
- ❖ Lack of infrastructure,
- ❖ Leads to revenue and milk losses.

According To Y Yu, Z Wang, L Liang Fast deteriorating raw materials such as raw milk, fruit and vegetables are commonly used to produce slowly deteriorating finished products such as milk powders, cheeses, and pastas. This paper studies a Vendor Managed Inventory (VMI) type supply chain where the manufacturing vendor decides how to manage the system-wide inventories of its fast deteriorating raw material and its slowly deteriorating product. The decision variables are a common replenishment cycle of the product and the replenishment frequency of the raw material.

According to, Rangasamy& Dhaka, Show that the cost of collections and the chilling respectively with the

dairy cooperative societies and the bulk milk cooler seep son rising due to low milk procurements, which further increases the cost of transportation, and processing.

According To MMAung, YS Chang, The food industry is becoming more customer-oriented and needs faster response times to deal with food scandals and incidents. Good traceability systems help to minimize the production and distribution of unsafe or poor quality products, thereby minimizing the potential for bad publicity, liability, and recalls. The current food labeling system cannot guarantee that the food is authentic, good quality and safe. Therefore, traceability is applied as a tool to assist in the assurance of food safety and quality as well as to achieve consumer confidence. This paper presents comprehensive information about traceability with regards to safety and quality in the food supply chain.

According to Jan Stentoft, The offshore wind energy sector is a young industry that must reduce cost compete with other forms of energy. Applying a supply chain perspective in the offshore wind industry has hitherto been limited to the academic community. The SCM framework that includes three interdependent aspects of reducing CoE – innovation, industrialization and supplier partnering – to guide the industry towards sources to reduce cost. Jan Stentoft (2015) also conclude that supply chain cost is the important factors. **According to M Eriksson, I Strid, PA Hansson** Food waste is a major problem and therefore measures are needed to reduce it. Since expired best-before date is a frequently cited cause of food waste in supermarkets, prolonging shelf life could reduce food waste. Longer shelf life could be achieved in different ways, e.g. reduced storage temperature. However, there is limited knowledge regarding the extent to which longer shelf life actually leads to reduced food waste, and whether the benefits of reduced waste exceed the increased energy costs of maintaining reduced storage temperature. Therefore this study calculated the net effect of reducing food waste in supermarkets by reducing the storage temperature through simulating the relationships between food waste reduction, longer shelf life, reduced storage temperature and increased energy costs.

IV. RESEARCH METHODOLOGY

Research in common parlance refers to a search for knowledge. It is a scientific and systematic search for information on a specific topic. It can also be said to be a movement on a path from the known to the unknown. Research is an academic activity and as such the term should be used in a technical sense.



Research is thus an original contribution to the existing stock of knowledge making for its advancements. It is the pursuit of truth with the help of study, observation, comparison, and experiment. In short the search for knowledge through objectives and systematic methods of finding solution to the problem is “Research”.

According to Clifford Woody:

“Research comprises defining and redefining problems, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; making deductions and reaching conclusions; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis.”

V. DATA ANALYSIS AND INTERPRETATION

A. How to reduce the manpower in industry?

Table No. 5.1

Sr.No.	Particulars	No. of Manpower
1	Before using Robotics	10
2	After using Robotics	1

(Source: primary data)

B. How to avoid the wastage of milk, to reduce the cost?

Table No.5.2

Sr. No.	Particular	Wastage (In Litters)	
		Before	After
1	Cold storage	500000	50000
2	Deep Freezer	400000	25000

C. Which technology is used to reduce the cost in production?

Table No. 5.3

Old Technology	New Technology
1000000	2000000

D. a) Use of racks can increase the stock limit of product? Ans. Yes, Use of racks can increase the stock limit of product.

b) Can it reduce the cost?

Ans. Yes, it reduces the cost.

Table No. 5.4

Sr.No.	Particulars	Capacity (In Metric Tons)	
		BEFORE	AFTER
1	TROPICANA	2000	4000
2	KDD	500	1000
3	NESTLE	100	200
4	BRITANIA	200	400
5	MOTHER DAIRY	150	300
6	D'LECTA	500	1000
7	DANONE	1000	2000

a) The company have its own warehouse and cold storage?

Ans. No, company has its own warehouse and cold storage.

b) Where does company put finish goods and raw material?

Ans. The finish goods store and raw material store 10KM away from the company.

c) How to reduce cost the cost in warehouse and cold storage?

Table No. 5.5

Particular	Cost per week	
	Warehouse	Cold storage
Before	1000000	500000
After	90000	25500

E. How to reduce the cost in physical damage and losses in Cart Board tray?

Table No. 5.6

Sr. No.	Particular	Physical Damage per day	
		Before	After
1	Forklift	2500	150

VI. SUGGESTION

- In the company three machines are used for packaging of products then total 10 person are used, But when the Robots are used for packaging of products it can be reduce the manpower. So it can be reducing the expenditure.
- In the company it cannot used the rack system, so the increase space. If the company can used the rack system, it can be reduce the space but increase the storage of products.
- In the company can used for old technology for producing a products if the new technology (Tetra Pak) are used to reduce the cost up to 40 percent.



- The company don't have its own warehouse and cold storage facility, which is responsible for increase in expenditure. If the company hire a warehouse and cold storage in nearby company, it will help to reduce the transportation cost and regarding manpower.
- Physical damages of finish goods causing more losses to company and major factors for physical damages of goods is improve handling, so i suggest that if uses the forklift to reduce the loses.
- 6. Company should apply the warehouse management system which contains following:
 - WMS will reduce inventory cost.
 - WMS will reduce labor costs.
 - WMS will increase storage capacity.
 - WMS will increase inventory accuracy

VII. CONCLUSION

The cost reduction in supply chain literature speaks of good cost reduction in supply chain management structure is a deliberate act of adopting proper sequence in supply that focuses primarily on consistent delivery, reducing cost of inventory of raw material and finished goods, waste elimination through acquisition of production of material just as that material is required by internal and external customers.

The whole research study is concluding that the supply chain management process structure of the company. There are different problems which I was studied how to reduce the cost in supply chain. I was studied is wastage during the material handling and the inventory traffic in store. The findings and suggestions of my project show how the problems between supply chains overcome with effective planning and managing resources.

REFERENCES

- [1] Bhatnagar, A. (2010). *Textbook of Supply Chain Management* (2nd Revised and Enlarged ed.), pp. 1-9.
- [2] Gandhi, V., Kumar, G., & Marsh, R. (2001). Agro industry for rural and small farmers development: issues and lessons from India. *International Food and Agribusiness Management Review*, 2, 331-344.
- [3] Srivastava, U. K., & Patel, N. T. (1994). *Managing Food Processing Industries in India*. New Delhi: Oxford & IBH Publishing Company Private Limited.
- [4] Goyal, S. K. (1994). Policies towards Development of Agro-industries in India. *Economic Liberalization and Indian Agriculture*, Chapter VII, 241-286. New Delhi: Institute for Studies in Industrial Development.
- [5] (1997). *Modernizing the Indian Food Chain, Food & Agriculture Integrated Development Action Plan* (FAIDA). New Delhi: CII and McKinsey and Company.
- [6] Retrieved 16 Jun 2011, from <http://www.nddb.org/statistics/milkproduction.html> (2010) *Public Private Partnership in India Dairy Industry*. Technopak. Retrieved from http://www.technopak.com/resouces/food/PPP%20indian%20dairy%20industrytechnopak_CII_background%20papermay08,2010.pdf
- [7] Chand, S., Saraiya, A., & Sridhar, V. (2010). *Public Private Partnership in India Dairy Industry*. http://www.technopak.com/resouces/food/PPP%20indian%20dairy%20industrytechnopak_CII_background%20papermay08,2010.pdf
- [8] http://www.halfcostproducts.com/scm_cost_reduction.htm
- [9] https://www.unioldenburg.de/fileadmin/user_upload/wire/fachgebiete/produktion/download/Introduction_CMSC.pdf



Cloud Computing Technology for SMEs’ (Small & Medium Enterprises)

Ms. Manisha A. Vhora

Assistant Professor, AIMS, Baramati, Pune
manishavhora@gmail.com

Abstract : *Cloud Computing is a technology, which delivers applications as a service over the internet, using hardware and software resources. Cloud is the data center of network with hardware and software system. The Cloud symbol was used to represent the Internet services in 1994. Telecommunication companies started Virtual Private Network (VPN) services. i.e. point to point data circuits which offers effective bandwidth and useful network traffic services. As compared to other services, it gives lower cost and better quality. Virtual machines can run on Linux and Windows server which provides cloud services like –Platform as a Service (PAAS), Infrastructure as a service (IAAS), Data Management and Media Services etc. A company salesforce.com founded Software As A Service (SAAS). Customer Relationship Management (CRM) solution breaking down SAAS services into Sales cloud, Service cloud, Custom cloud etc. Cloud Computing are virtualized adaptable services especially in Information technology. It is a most cost effective development and expansion of this extends boundary to cover data centers, servers and network infrastructure.*

Keywords : VPN, SAAS, PAAS

I. INTRODUCTION

In Information technology Cloud computing is virtualized adaptable services especially in many organizations and enterprises. Cloud Computing is a technology, which delivers applications as a service over the internet, using hardware and software resources. Cloud is the data center of network with hardware and software system. It is essential for organizations and enterprises to analyze the growth and adopt the technological development as per the requirement. In this aspect cloud computing is a cost effective development and expansion of this in large extends covers data centers, servers and network infrastructure of overall organization.

Cloud Computing is more popular in small and medium enterprises (SMEs) and organizations from the economical as well implementation point of view. Firstly it provides number of benefits like reduced cost, security and storage, backup technologies, IT infrastructure etc. Secondly for SMEs it is easy to use, reliable and scalable application that helps them to expand and grow widely.

SME: A small enterprise is that having investment in ranging between Rs. 25 lakh and Rs. 5 crore. If the investment in plant is between Rs. 5 crore and Rs. 10 crore, then it is said to be a medium enterprise. When the investment is not above Rs. 10 lakh, then it is called a micro enterprise.

It is observed that, in India growth of cloud applications is 20% in Medium and Large sized companies and expected to grow between 30% to 35% in next two years. Small and

Medium Enterprises (SMEs) mostly use cloud applications like web, storage and backup services to reduce cost by getting services according to demand and pay. Cloud Computing services offered to SMEs are: Platform As A Service (PAAS), Software As A Service (SAAS) and Information As A Service (IAAS).

A. Architecture of Cloud Computing

Cloud computing requires an intricate interaction with the hardware which is very essential to ensure uptime of the application. These two components (hardware and application) have to work together seamlessly. If the application fails, the hardware will not be able to push the data and implement certain processes. On the other hand, hardware failure will mean stoppage of operations. For that reason, precaution has to be done so that these components will be working as expected and necessary fixes has to be implemented immediately for prevention as well as quick resolution.

Data Centers : One of the most distinguishing characteristics of cloud computing architecture is its close dependency on the hardware components. An online application is just a simple application that could be launched in different servers but when the application is considered with cloud computing, it will require massive data centers that will ensure the processes are done as expected and timely. Data centers for cloud computing architecture are not your run-of-the-mill data processing centers. It’s composed



of different servers with optimal storage capacity and

processing speed. They work together to ensure that the application will be operating as expected. The area is usually in a highly controlled environment where it would be constantly monitored through various applications and manually checked for actual physical problems.

B. Significance of the Study

For many businesses Cloud Computing are virtualized adaptable services especially in Information technology. It is a most cost effective development and expansion of this extends boundary to cover data centers, servers and network infrastructure.

Cloud Computing is more popular for business and organizations because of number of advantages like reduced cost, security and storage, backup technologies, IT infrastructure etc. According to a survey, 98% respondents agreed on the concept of cloud to stay. It is observed that, growth of cloud applications is 20% in Medium and Large sized companies and it is expected to grow that use in between 30% to 35% in next two years. Small and Medium Enterprises (SMEs) mostly use cloud applications like web, storage and backup services to reduce cost by getting services according to demand and budgetary constraints. Educational Institutes have started utilizing Cloud Computing for distance education to support teaching and learning experiences via the internet access. Administrative and consulting services are also making use of Cloud Computing software allowing the customer e-learning and online education system via Internet browser.

II. OBJECTIVES

Following are the objectives of the study -

- To study the different areas where Cloud Computing is being used.
- To study and find different types of services provided by Cloud Computing.
- To analyse efficiency and effectiveness of Cloud Computing.
- To study the effect of Cloud Computing services in the SMEs.

III. LITERATURE REVIEW

According to Shivkumar and Raju (2010), Cloud Computing is utilized according to the types of services and users. It eliminates the need for large capital outlays to launch new applications moving the decision out of the investment and into the operational. Cloud user offers a sound business strategy to reduce cost of production services.

Sagar Sahni, Robin Walia, (February 2012) traced that, Cloud Computing is particularly valuable to SMEs,

where effective and affordable IT tools have become more productive without spending more money. It increases profitability by improving resource utilization. Thus, it implies a service oriented architecture with great flexibility, reduced total cost, on demand service.

Christian (July 2011) emphasized on, Cloud Computing is taking its part into global market with very promising services that seem to render that not only immediate economical yields, but also a better way to manage corporate IT infrastructure. Cloud computing market evolves and mature complying with it customer's needs, offered solutions will reach the level of sophistication required. However evaluating the propositions of available vendors according to the service demanded, getting a firm grasp on how they can improve the operations of the organization and analysing the provider's capabilities, is a reasonable approach before for jumping into the cloud.

Rehan Saleem (January 2011) concluded that - Most of enterprises are striving to reduce their computing cost through the means of virtualization. This demand of reducing the computing cost has led to the innovation of cloud computing. Cloud computing offers better computing through improved utilization and reduced administration and infrastructure cost. Cloud computing is better for medium and small sized enterprises as compared to large enterprises in terms of both cost and data security.

C. Conceptual Background and Developments in Cloud Computing

In 1960 – John McCarthy opined that – “Commercially, Cloud was used, for computation to represent software as a service. Cloud Computation may be organized as a public utility”. In 1990, telecommunication companies started Virtual Private Network (VPN) services. i.e. point to point data circuits which offers effective bandwidth and useful network traffic services. As compared to other services, it gives lower cost and better quality. The Cloud symbol was used to represent the Internet services in 1994.

Former Oracle Executives Marc Benioff Paker Harris, Dave Moellenhoff and Frank Dominguez founded a company salesforce.com specializing in *Software As A Service (SAAS)* in March, 1999. This company delivered cloud application via web.salesforce.com. Customer Relationship Management (CRM) solution provided by the company, was breaking down SAAS services into Sales cloud, Service cloud, Custom cloud etc.

In July 2002, Amazon web service provided online service for websites and client side applications. In 2004, Amazon launched Amazon.com store, which made a profit on the required network infrastructure known as Amazon Elastic Compute Cloud (EC2). Access of EC2 was granted on First Come First Serve basis.



Google started providing a free web based data storage services on March 2006 but publicly available from August 2006, and it continued to maintain its own user system integrated with Google account from September, 2006. To provide compatibility with Amazon, EC2 and S3 services, in 2008, Eucalyptus provided implementation of private Cloud Computing on computer clusters.

Microsoft Windows Azure is a platform used to build, deploy and manage applications through a global network. In June, 2012 it provides services like website development using ASP.net, PHP or node.js. Virtual machines can run on Linux and Windows server which provide cloud services like- Platform As a Service (PAAS), Infrastructure As A Service (IAAS), Data Management and Media Services etc.

D. Reasons Why Small & Medium Businesses Adopt Cloud Computing

According to a survey, 98% of respondents said that the cloud is no longer seen as a passing fad and that the concept is here to stay. In Asia, India is an example of growth, list with 20% of medium and large sized companies that already have some application in the cloud. According to projections, the number of adherents to the cloud applications are expected to grow between 30% and 35% in the next two years. Being a simple solution to online backup services or outsourcing, the use of cloud computing is an unavoidable reality, especially for small and medium enterprises, which may use it according to demand and pay for what they use, all with security, reduce costs and without worrying about infrastructure, web applications, web professionals and maintenance.

POSSIBILITY TO HIRE “RENT” THE HARDWARE AND SERVICES

Purchase of equipment and maintenance support teams are the expenses that small businesses cannot always maintain. By hiring this type of input as a service, these companies have a world-class infrastructure, charged according to use. This reduces the company’s fixed cost, obviates the need for constant updating of equipment with newer technology and faster access to more effective solutions.

MANAGEMENT GLOBALIZED WAY FROM THE MAIN COMMUNICATION TOOL USED BY COMPANIES: E-MAIL

The e-Mail is a major communication tools of any organization, and by increasing the amount of information, the tendency is to look for spaces on the Internet that offer security and availability. This option makes it easy to manage via the web, making it global, transversal, collaborative and focused on its customers and partners without the need to pay software and licenses.

ACCESS TO STORAGE AND BACKUP TECHNOLOGIES THAT PREVIOUSLY ONLY LARGE COMPANIES COULD AFFORD

The volume and sophistication in data format, such as texts, videos and photos, the guard of the information has become a major challenge, especially for small companies. Today, there are backup services security, continuity of service e-mails and uninterrupted access to data even during periods of inactivity, assisting in security and information management, even for those who have not budgeted for a multinational.

TO ENLARGE AGILITY’S INFRASTRUCTURE

Hardware as a service, organizations can have access to workstations (fixed or mobile), Switch, Router, Firewall, VPN, UTM without having to invest in the acquisition of hardware for users or local network infrastructure. The technology upgrade of equipment, such as installation and configuration of the same, and support the local microcomputer with pre-defined tools via the Service Desk.

ACCESS TO TECHNOLOGIES THAT BRING INTELLIGENCE AND INCREASE COMPETITIVENESS

For a small company, have access to an Enterprise Resource Planning as well as complementary solutions Management Vertical (different markets with different processes and controls). With the possibility of purchasing the service, they can integrate all data and processes and bring intelligence to customer information, which improves the ability to compete with MNCs.

SECURITY GUARANTEE

Small and medium businesses can rely on a system that ensures the security of information stored in the cloud, beyond the low cost of deployment, the system integrates multiple scan engines and monitoring to provide comprehensive protection, increasing server performance of companies.

E. How Can Cloud Computing Help Small And Medium Enterprises

Cloud computing is becoming more and more popular, especially for businesses and organizations. A lot of enterprises are shifting to the clouds because it offers a lot of benefits. With cloud computing, SMEs no longer have to maintain software and servers on their premises. There is no need to employ highly technical personnel to maintain the IT infrastructure. SME s when shift to the clouds, O they can save on costs. There is no need to invest on hardware and not use it fully. With cloud computing, SMEs can pay only for what they have utilized. Cloud computing service



providers take care of IT support, licenses, and costly equipment. They also ensure that they have the newest software versions installed on their systems. Thus, SMEs need not worry about software installations and updates. Also, cloud computing service providers employ IT experts who can help users with their needs.

With cloud computing, a growing company can buy additional services and space from its cloud computing service provider. Cloud computing also allows SMEs to use high quality software which they may not afford had they chosen to buy the software themselves. SMEs can save up to 70% of IT costs if they move to the clouds because they are charged only for what they have consumed monthly but the best infrastructure, platforms, and software are offered for their use. Another benefit of cloud computing is SMEs can use it quickly. A business can be up and about at the shortest possible time. Also, it is much greener when companies take advantage of cloud computing because IT equipment is utilized to the fullest. Electricity consumption can also go down because each SME need not maintain its server on site.

IV. FINDINGS

- 1) In Cloud Computing customer access Central Data Centre, Remote server and Internet services. The main purpose of Cloud Computing is to reduce the processing burden on the user's terminal possible by improving the handling ability of the Cloud. As Cloud Computing uses the Internet for meeting the demands generated by users and processes the data within wide range of users' requests.
- 2) In Business Operations found that– Cloud Computing is utilized according to the types of services and users. It eliminates the need for large capital outlays to launch new applications moving the decision out of the investment and into the operational. Cloud user offers a sound business strategy to reduce cost of production services.
- 3) It was observed that – Applications of Cloud Computing in Education Institutions Cloud based applications will certainly bring fresh found abilities to converse, collaborate and carry out research to the Academic Institutes for policy decisions required to make and operational regulations. It is important to scrutinize and to provide secure and procure computing environment. IT Administrators in Academic Institutions serve as

customers for cloud computing and look for capacity and systems whereas end users seek performance. Cloud Computing is rapidly changing landscape of Information Technology to teachers and students through cloud based services. It can be accessed anytime, anywhere from any device by lowering the cost simplifying the delivery of educational services in terms of skills and training

- 4) In dealing with the modern business world, Cloud Computing is more effective service for sharing information in a secure, technological and cost effective manner.

Cloud Computing is particularly valuable to SMEs, where effective and affordable IT tools have become more productive without spending more money. It increases profitability by improving resource utilization. Thus, it implies a service oriented architecture with great flexibility, reduced total cost, on demand service.

V. RESEARCH SCOPE

After studying the services and challenges of cloud computing implementations and applications there is further development will be needed as–

- Analysing and Understanding the deviations in receiving quality of services with standard quality of services.
- Developing and Implementing technique /model keeping view of the deviations.
- Measuring the effect of quality of services in SMEs.
- To reduce the cost effect for new system installation and suggesting flexibility in software applications.

REFERENCES

- [1] Sagar Sahani and Robin Walia – Cloud Computing and their Benefits to Future Applications- International Journal of Research in IT and Management –Volume2, Issue2 –February 2012
- [2] B. L. Shivkumar and Dr. T. Raju -Emerging Role of Cloud Computing in Redefining Business Operations – Global Management Review- Volume 4, Issue 4-August 2010
- [3] Christian Arturo Meza Alvarez – Cloud Computing and Challenges for its adoption in SMEs and large companies in Japan –July 2011
- [4] Rehan Saleem – Cloud computing's effect on enterprises in terms of cost and security - January 2011
- [5] <http://smb-trends.com/2011/02/definition-for-indian-smes>
- [6] http://en.wikipedia.org/wiki/Cloud_computing
- [7] www.935.ibm.com/services/us/cloud/index.html



Influence of Demographic Factors on Online Shopping Behaviour of Students in Kerala

Sreya R

Senior Research Fellow-UGC, Department of Management Studies Kannur University, Kannur, Kerala
sreya.r222@gmail.com

Dr. P. T. Raveendran

Department of Management Studies, Kannur University, Kannur, Kerala
ravindranpt@gmail.com

Abstract : *This paper examined the influence of demographics on online shopping behaviour. Data for the study was collected from 400 post graduate students from four universities from Kerala. A structured questionnaire was used as the data collection instrument. Chi square test of independence was used as the primary statistical tool of analysis. It was found that gender and experience with the internet had significant relationship with online shopping behaviour i.e. with both frequencies of purchases as well as amount spent on purchases. However age and geographic location did not have any relationship with either purchase frequency or amount spent on online purchases. Source of money for making online purchases was found to have a relationship with frequency of online purchases but not with amount of money spent.*

Keywords : *Demographics, online shopping frequency, online purchase*

I. INTRODUCTION

Consumer background characteristics are an innate part of a consumer's make up. These are the things that consumers are- the way that individuals describe themselves and the way they label others. These characteristics are stable aspects of a consumer's life that cannot be changed. Demographic characteristics are examples of background characteristics. Consumer demographics are the external influence factors that include the consumer's age, gender, occupation, education, income, living area etc (Wu, 2003).

Previous consumers of e-commerce behave differently from new comers in term of the attitudes towards online shopping (Weisberg et al., 2011). Familiarity obtained from ongoing experience as well as past experiences positively influences the likelihood that people will purchase goods via the internet (Kuhlmeir & Knight, 2005). The heavy users of the web were found to be the most prolific shopper on the web and were likely to spend the most money and buy most frequently from the web (Korgaonkar & Wolin, 2002). Contrary to this proposition, Hernandez et al. (2011) opined that once individuals attain the status of experienced e-shoppers, their behaviour is similar, independently of their age, gender or income level.

Black (2005) identified general economic, demographic and geographic factors affecting willingness of a consumer to make an online payment for an item purchased in an e bay auction. Male consumers were more likely to make online payments than women; consumers living in communities with higher incidence of college degrees and higher household incomes were more willing to make online

payments. People living in rural areas were shown to be less likely to make online payments for e- Bay purchases than those in urban areas.

Demographic variables such as age, gender, education and household income were significantly related to consumers online purchase preferences (Girad et al., 2003). The significant demographic determinant of a recent online purchase is gender, with females shown to be positively correlated with online shopping. It was also found that household income and access to credit cards or PayPal accounts had a higher likelihood of purchasing online. Weekly internet usage is not significantly correlated with recent purchases. Males, educational attainment, possession of an online deferred payment account are all positive determinants of the percentage of income spent online (Hannah & Lybecker 2010). Age and occupation of the respondents do not have any effect on consumer's attitude to make online purchases; whereas income had effect on consumer's attitude towards e- purchases. Also a significant relationship was found between e-commerce experience and attitude towards online shopping; however no significant relationship was found between hours spent on internet and attitude towards online shopping (Jusoh & Ling 2012). Richa (2012) examined the impact of demographic factors on online shopping behaviour of consumers in India and found that family size and education impacts online shopping in Indian context, whereas marital status and income does not significantly affect online shopping. It was also found that women buy more frequently than men.

From the above review it is clear that certain demographic



characteristics have an influence on online shopping behaviour. Thus it becomes necessary to explore which are those characteristics that have a profound influence on online purchasing behaviour in Kerala state.

II. OBJECTIVES

1. To explore the effect of general demographics on purchase frequency of online shoppers
2. To examine the effect of demographics on amount of money spent on online purchases.

III. HYPOTHESES

- H1 : There is a relationship between gender and frequency of online purchases.
- H2 : There is a relationship between age and frequency of online purchases.
- H3 : There is a relationship between source of money and frequency of online purchases.
- H4 : There is a relationship between hours spent on the internet and frequency of online purchases.
- H5 : There is a relationship between geographic location and frequency of online purchases.
- H1a : There is a relationship between gender and amount of money spent on online purchases.
- H2a : There is a relationship between age and amount of money spent on online purchases.
- H3a : There is a relationship between source of money and amount of money spent on online purchases.
- H4a : There is a relationship between hours spent on the internet and amount of money spent on online purchases.
- H5a : There is a relationship between geographic location and amount of money spent on online purchases.

IV. METHODOLOGY

The respondents for the study are 400 students from 4 State run University campuses from Kerala state. The respondents were so selected such that they had experience in online purchases Primary data was generated by means of a structured questionnaire that explored general demographic characteristics such as gender, age of the respondent, geographic location, time spent on the internet and source of money to purchase online. Also shopping behaviour was measured by asking the respondents on their frequency and amount of online purchases for the past one year. Since these variables were measured on a non-metric scale, chi square test of significance was used as the primary statistical tool of analysis.

Table 1: Respondent status

Particulars	Details	Respondents	
		(Number)	(Percentage)
Gender	Male	187	46.8
	Female	213	53.3
Age in years	18-22	191	47.8
	23-27	164	41
	28-32	45	11.2
Geographic location	Rural	149	37.3
	Semi urban	152	38
	Urban	99	24.8
Source of money for making purchases	Pocket money	92	23
	Part time job	58	14.5
	Parents/relatives	191	47.8
	Fellowships	59	14.8
Hours spent on internet per week	7 hours or less	164	41
	8-14 hours	114	28.5
	15-21 hours	53	13.3
	22-28 hours	27	6.8
	more than 28 hours	42	10.5

Source: Survey data

V. RESULTS AND DISCUSSION

Table 2: Summary of hypothesis testing

Particulars	Chi-square value	p value	Hypothesis	Remarks
Gender of the respondent * Frequency of purchase in the last 12 months	15.916	0.007	H1	Significant*
Age of the respondent * Frequency of purchase in the last 12 months	21.886	0.111	H2	Not significant
Source of money for purchasing * Frequency of purchase in the last 12 months	43.019	0.000	H3	Significant*
Hours spent on internet per week * Frequency of purchase in the last 12 months	37.527	0.010	H4	Significant*
Geographic location * Frequency of purchase in the last 12 months	5.313	0.869	H5	Not significant
Gender of the respondent * Amount spent on shopping in the past 12 months	11.431	0.022	H1a	Significant*
Age of the respondent * Amount spent on shopping in the past 12 months	13.545	0.331	H2a	Not significant
Source of money for purchasing * Amount spent on shopping in the past 12 months	26.446	0.09	H3a	Not significant
Hours spent on internet per week * Amount spent on shopping in the past 12 months	41.332	0.00	H4a	Significant*
Geographic location * Amount spent on shopping in the past 12 months	5.33	0.722	H5a	Not significant

Source: SPSS output

*5% level of significance

There is a significant relationship between gender and



frequency of online purchases, $X^2(5, N=400) = 15.916$, $p < .05$. There is a significant relationship between source of money and frequency of online purchases, $X^2(15, N=400) = 43.019$, $p < .05$. There is a significant relationship between hours spent on the internet per week and frequency of online purchases, $X^2(20, N=400) = 37.527$, $p < .05$. There is a significant relationship between gender and amount spent on online purchases, $X^2(4, N=400) = 11.431$, $p < .05$. There is a significant relationship between hours spent on the internet per week and amount spent on online purchases, $X^2(16, N=400) = 41.332$, $p < .05$. It is thus clear that gender and hours spent on the internet has relationship with both frequencies of purchases as well as amount spent on purchases. Source of money for making online purchases was found to have a relationship with frequency of online purchases but not with amount of money spent. Age and geographic location was found to have no relationship with both online shopping frequency as well as amount spent on online purchases.

VI. CONCLUSION

The study examined the influence of demographics on student's online shopping behaviour. As is clear gender and experience with the internet had significant relationship with online shopping behaviour which is consistent with previous researches. It thus proves that men and women shop differently regardless of the channel choice. Also it highlights the fact that experience in using technology or internet also effects online purchase behaviour. In India with growing internet penetration coupled with usage of smartphones will thus augur well for online shopping. Even though age was not found to have a relationship, since this study used only students a wider range of respondents from different age groups need to be studied for making predictions is age has influence.

REFERENCES

- [1] Black, G. S. (2005). Predictors of consumer trust: likelihood to pay online. *Marketing Intelligence & Planning*, 23(7), 648-658.
- [2] Girard, T., Korgaonkar, P., & Silverblatt, R. (2003). Relationship of type of product, shopping orientations, and demographics with preference for shopping on the Internet. *Journal of Business and Psychology*, 18(1), 101-120.
- [3] Hannah, B., & Lybecker, K. M. (2010). Determinants of recent online purchasing and the percentage of income spent online. *International Business Research*, 3(4), 60-71.
- [4] Hernández, B., Jiménez, J., & Martín, M. J. (2011). Age, gender and income: do they really moderate online shopping behaviour?. *Online Information Review*, 35(1), 113-133.
- [5] Jusoh, Z. M., & Ling, G. H. (2012). Factors Influencing Consumers' attitude towards E-commerce purchases through nline Shopping. *International Journal Of Humanities And Social Science*, 2(4), 223-230.
- [6] Korgaonkar, P., & Wolin, L. D. (2002). Web usage, advertising, and shopping: relationship patterns. *Internet Research*, 12(2), 191-204.
- [7] Kuhlmeier, D., & Knight, G. (2005). Antecedents to internet-based purchasing: a multinational study. *International Marketing Review*, 22(4), 460-473.
- [8] Richa, D. (2012). Impact of demographic factors of consumers on online shopping behaviour: a study of consumers in India. *International Journal of Engineering and Management Sciences*, 3(1), 43-52.
- [9] Wu, S. I. (2003). The relationship between consumer characteristics and attitude toward online shopping. *Marketing Intelligence & Planning*, 21(1), 37-44.



Online Purchasing and the Customers

Dr. I. M. Khairdi

Asst. Professor, Dept. of English
C. B. Khedgi's College, Akkalkot, Solapur
iftekharhairdi@gmail.com

Abstract : Online marketing refers to a set of powerful tools and methodologies used for promoting products and services through the Internet. Online marketing includes a wider range of marketing elements than traditional business marketing due to the extra channels and marketing mechanisms available on the Internet. With the advent of internet, the popularity of online shopping has caught the attention of many. Many studies have been done in developed nations to know the attitude and behavior of consumers towards online shopping. For instance, previous studies on online shopping behavior found that ease of use, usefulness, perceived risk and product attributes have significant influence on intention to buy. The growing use of Internet in India provides a developing prospect for online shopping. If E-marketers know the factors affecting online Indian behavior, and the relationships between these factors and the type of online buyers, then they can further develop their marketing strategies to convert potential customers into active ones.

Keywords : Online shopping, ease of use, usefulness of product attributes.

I. INTRODUCTION

This Internet is changing the way consumers shop and buy goods and services, and has rapidly evolved into a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets. Companies also use the Internet to convey communicates and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers. Customers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities the will receive if they purchase the product from a particular store. Many experts are optimistic about the prospect of online business. In addition to the tremendous potential of the E-commerce market, the Internet provides a unique opportunity for companies to more efficiently reach existing and potential customers.

Online shopping as defined by MasterCard Worldwide Insights (2008) is the process of purchasing goods and services from merchants who sell over the internet. Generally, it is also known as internet buying, electronic shopping, online purchasing or internet shopping. Nowadays, online shopping has become the norm and consumers are adopting it as it has many advantages. On consumers' perspective, online shopping provides low and transparent prices, comprehensive assortment of goods and services and a much more convenient shopping alternative that has eliminated such traditional shopping inconveniences of squeezing through crowds, stuck in long queue at cashier counter,

battling for parking spaces at a busy mall. On the other hand, retailers see it as a huge business opportunity to grab. The Internet has brought a sweeping revolution in the way we shop or buy products today. With the advent of internet, online shopping becomes popular and most preferred by certain segment of consumers for products like travel, books, music, gadgets etc. Though Internet penetration and online shopping is highly evolved in developed nations. Despite the dampeners, the country offers enormous potential. According to McKinsey report 2012, E-commerce in India is projected to reach \$2 billion in sales by 2015. It is estimated that India will have 38 million active online shoppers by then. In 2011, investors pumped \$305 million in e-commerce in India. Today companies have entered this online space to tap its enormous potential. Players like Flipkart, Amazon e-Bay to name a few are very active in this space. These players are very aggressive in attracting young population by offering convenience, choice, better bargain and speed of Online Shopping in India has emerged as one of the fastest growing market and now-a-days a most common trend which people is using to buy any assets. With the growth of Internet over the last 5 years, most of the Businesses have now shifted online and the most successful among them are those who have invested huge amount for opening an Online Shopping Site in India. On the demand side, consumers are time pressed. With more and more consumers becoming increasingly familiar with internet and its benefits, online shopping is gaining popularity and preference among the set of consumers who seek better value proposition when compared to offline shopping in terms of information, convenience, cost, and choice. Besides,



youngsters today are not afraid of experimenting with new ways of shopping which has also led to the popularity and growth of online shopping in India. With online shopping grabbing the eyeballs of many, understanding variables that influence the intention to buy through online needs more attention. This will help companies in identifying variables that play a major role in influencing customer's **intention** to buy there by helping them in crafting strategies which drives consumers to prefer online shopping. For instance, if an online retailer understands that perceived risks are high in certain categories that influence consumer's intention to buy, retailers can craft strategies to minimize perceived risks and drive consumers to buy through online.

As mobile internet user base grows in India, mobile phones is also becoming a contributor in the surge for online shopping with Google witnessing 2X growth in number of queries from mobile phones in the year 2011 to 2012. Currently, 30% of all shopping queries in India come from mobile phones. These trends were also validated with the help of an online research conducted by TNS Australia of the internet users in the age group 18 to 50 from Delhi, Mumbai, Kolkata, Bangalore, Ahmedabad Region, and Hyderabad & Pune.

Shopping online has never been so easy. With the flourishing numbers of online merchants, people nowadays have various choices to do their shopping. All they have to do are just browse for the product they want in the website and within a few mouse clicks they are off. Such simplicity is what makes online shopping appealing for consumers. The question is, why do many people still deny shopping online? Well, for most people, privacy and security issues are their concerns. Big companies such as eBay and amazon.com have introduced many value added features to help the customers to decide what to shop for. With features such as price comparison, product photos and user reviews, consumers can shop easily and smartly without even going to the stores and having such a hard time looking for the products they want. Hence, here I will discuss customers' perception of privacy and security issues, the reality of such issues and ways to avoid those issues, all based on some trustworthy sources I have found. When we purchase a service or product through internet with an electronics media, it is called “Online Shopping”. Basically online shopping is divided into 2 categories: Travel/Tourism and Online Retail Business. Travel/Tourism websites are like Makemytrip.com, IRCTC.com, Bookmyshow.com, Paytm.com and Yatra.com. These all sites provide some kind of either tickets or service. Like Paytm.com helps to do online recharge while makemytrip.com helps us to make Air/Bus/Rail ticket. They deliver the purchased goods to our doorstep. Online Ticketing/Tourism/Services contribute 75% to the total revenue. The growth rate of Online Shopping is gaining pace in India. Online Retail Websites

are those, from where we purchase a product and the product is delivered to our doorstep. Like Flipkart.com, eBay.com and Amazon.in. These websites have a wide range of variety of products and brand. India is 3rd largest country in this race lacking behind only USA and China. The growth rate of Online Shoppers is more than 30% while world's average growth rate is just 6-7%. You may be wondered to hear that only 11% of India population is using Internet and only 10 million online shoppers. Think about the number of online shoppers, if 50% of India's population gets start online shopping. The revenue generation was \$2.5b in 2009, \$6.3b in 2011 and \$14b in 2012 and it is expected to reach to \$24b by 2015. It is expected to contribute 4% to our GDP by 2020

The majority of the online purchases happen once in a month. More than 51% of users do online shopping once in a month. Over 33% users say that they purchase more than once in a month. It evidences that customers are comfortable and aware of online purchase, which will increase in future over the traditional shop purchases. 5% of customers buy products through online every week. 10% of customers say that they are interested in purchasing more than once in a week due to ease of online purchase.

Computer peripherals are also preferred by most of the people because of the reduction in transportation cost of those products. Most of those products are home delivered by the e-tailers. Entertainment industry also grows with the help of internet. Booking tickets for movies, parties and shows happens over online which in turn give steady growth for the internet based companies.

It has been identified that most of respondents are satisfied with online shopping. Only few of respondents are not satisfied with the online shopping. The reason being, the delivery delay and defective products shipped etc. The online retailers should make sure that they deliver products with quality at the promised time, which will ultimately increase the customer satisfaction. Gender influence has very little impact on a consumer's intention to purchase online. Almost equal percentage of male and female prefer online shopping. Other factors like income, age does not play a significant role.

The present study confirms that perceived risk, ease of use and product attributes of online shopping has a major influence on consumer's intention to buy. Hence online retailers should try and reduce perceived risks among consumers. This can be achieved through giving money-back-guarantee, offering quality merchandise, secured online transactions and improved customer service. Online retailers can also use Cash on Delivery as a mechanism to reduce perceived merchandise delivery risks and perceived merchandise quality risks. Rating of merchandise by consumers, credentials from consumers would also reduce perceived risks significantly. The retailer should also focus on better packaging that can reduce product tampering.



It is also critical for online retailer to make the web more user-friendly. Online consumers should find the web easy to navigate. Retailers should provide adequate information about merchandise, facility to compare the merchandise on various dimensions such as price, features, likes, etc., would help consumers in making a better choice. A well-organized web layout, neat arrangements of merchandise under different categories, more choices at various price points, better visuals would enhance the chances of conversion rates and also improve web footfalls. Encouraging consumers to opt-in for receiving product related e-mails, offers would also drive traffic to the portal. This also helps in up-selling and cross-selling of products.

Mobile internet is being enormously responsible for opening up the online world to Indian consumers. There are reports suggesting that by the end of 2013 over 300 million Indians will have access to the internet through mobile phone technology and other platforms, about the same amount of people in USA to put that into context. Reports show that out of the millions accessing the internet in India, over 8 million regularly shop through internet. This figure is set to grow exponentially as well. Google is the internet search engine that is predominately used throughout India. Since the beginning of the 1990s the use of information and communication technology (ICT) in education has developed rapidly, a development that is reflected in the results of our literature search. The ability to use ICT and the Internet becomes a new form of literacy – “digital literacy”.

II. CONCLUSION

Online shopping is rapidly changing the way people do business all over the world. In the business-to-consumer segment, sales through the web have been increasing dramatically over the last few years. Customers, not only those from well developed countries but also those from developing countries, are getting used to the new shopping channel. Understanding the factors that affect intention, adoption and repurchase are important for researchers and practitioners alike. Online shopping is gaining popularity among people especially the younger generation but in today scenario to become equally popular among all age groups e-marketing will have to cover a longer distance. People are tradition bound & have doubt in mindset as far as issue of online shopping/ purchase of product is concerned but we found that Indian consumers are finding online shopping very comfortable because of many variables like cash on delivery, customization or personalization of the websites, home delivery etc. An attempt has been made only to study consumer variables. There is a scope for researchers to study retailer’s attributes and its influence on intention to buy. Hence the scope is huge. It is useful to incorporate other perspectives of analysis that allow a depth understanding of various relationships among different variables and its influence on intention to buy.

REFERENCE

- [1] Consumer psychologist. (2014, 03 01). Retrieved 03 01, 2014, from www.consumerpsychologist.com:
- [2] http://www.consumerpsychologist.com/cb_Attributes.html
- [3] Fernandez, a. a. (2013). Consumer Perception of privacy and security Risk for online shopping. In a. a. Fernandez, Consumer Perception of privacy and security Risk for online shopping (pp. 27-44).
- [4] Gotland, H. p. (2014). E marketing.
- [5] karp, g. (2009). The morning Call. Allentown.
- [6] Marketography. (2014, 03 01). Retrieved 03 01, 2014, from
- [7] www.marketography.com:
- [8] <http://www.marketography.com/2010/10/17/understanding-consumer-attitudes>
- [9] Bettman, J.R. (1979), “An information Processing Theory of Consumer Choice, Reading, Mass.” *Addison-Wesley*.
- [10] Mauldin, E. & Arunachalam, V. (2002), “An Experimental Examination of Alternative Forms of Web Assurance for Business-To-Consumer E-Commerce”, *Journal of Information Systems, Vol. 16*.



The Role of Social Media Marketing in Current Business Scenario

Mr. Ashish Kailaschandra Malani

Research Scholar,
Dr. Babasaheb Ambedkar Marathwada Aurangabad
ashishmalani6@gmail.com

Dr. P. T. Bhosale

Head Department of Commerce & Research, Guide
Shankarrao Patil Mahavidyalaya, Bhoom, Osmanabad
ashishmalani6@gmail.com

Abstract : *The study is mainly carried out to find out the role of social media and usage of social media for the business. As everyone knows that social media sites are more popular in today's overall scenario i.e. personal and business. All the people are habituated of using social networking sites for the communication and entertainment purpose. And now a day's people are using it for the business purpose too. Therefore it is very important to study the role and importance of social networking sites and what benefits they are providing to the users. With the help of social networking sites people comes closure and performing various activities which are very useful for the society.*

Keywords : *Social media, facebook, twitter, linkdin, youtube*

I. INTRODUCTION

Social networking sites are the most popular medium of communication. Social networking sites are helpful for the people to connect with each other, share their ideas and feelings, experiences of purchases and sales, exchange pictures, images, audio and video etc and mainly exchange variety of information. The use of social media marketing is rapidly increasing among the all people like students, businessmen, children's, men's, women's etc. The use is mainly increasing because of the easy availability of the internet at very low cost. Every person is having access to the internet from the laptop, personal computers and mainly via their smartphones. The usage of social networking sites is mainly increased within last 2 to 3 years. The social media now a days is effectively used in the business for earning profits.

Features of Social Networking Medium

1. Social networking and social interaction
2. Participation
3. The use of different providers (e.g. search engines, blog spaces, etc.)
4. Openness
5. Collaboration (between both users and user groups)

II. OBJECTIVES OF THE STUDY

1. To find out the role of social media marketing in current business scenario
2. To analyze the different social networking sites available for business purpose

3. To study the benefits of social networking sites

III. RESEARCH METHODOLOGY

1. The primary data are those which are collected for the first time and thus happen to be original in nature.
2. The secondary data, on the other hand are those which have already been collected by someone else and which have already been passed through the statistical process, i.e. websites, Journals, Books, Online stores etc.

I have collected data from primary sources such as discussion with people who are using online channel of social media sites and secondary sources i.e. websites, online journals etc.

IV. RESULTS OF THE RESEARCH WORK

Benefits of social media marketing:

Social media marketing helps the marketers in following ways

1. Generate business and increase the business
2. Building new business and helps in creating partnerships with other people
3. It also helping in increasing search engine rankings of the business
4. It helps in increasing the sell of products and services
5. It reduces the marketing and advertising expenses of the organization

Social media marketing helps to be in touch with their customers. It includes continuous interaction with their prospects and it also helps in understanding their needs and it makes the products and services better.



V. DIFFERENT SITES AVAILABLE FOR SOCIAL MEDIA MARKETING FOR BUSINESS

FACEBOOK :- Facebook is a social networking website launched in February 2004, and it is privately operated by Facebook, Inc. (Facebook, 2004). As of July 2015, Facebook has more than 700 million active users. In January 2009, Facebook was ranked as the most used social network worldwide. Also, in May 2010, Google announced that more people visited Facebook than any other website in the world. It declares that this was discovered from findings on 1,000 sites across the world. (TIMES, 2010). Users may create a personal profile; add other users as friends, and exchange messages, including automatic notifications, photos and comments when they update their profile. Additionally, Facebook users may join common interest user groups, organized by workplace, school, college, or other characteristics. Facebook allows anyone who is at least 13 years old to become a registered user of the website.

Facebook is mostly used now a days for business purpose and businessmen are sharing their products catalogue information, price list, images of the products and services via Facebook and its reaching to thousands of people within seconds.

On a daily basis, traffic to Facebook network is on the rise. Facebook also became the top social network across eight individual markets in Asia—the Philippines, Australia, Indonesia, Malaysia, Singapore, New Zealand, Hong Kong and Vietnam.



LINKEDIN :- LinkedIn was founded in 2002 by the Reid Hoffman, Konstantin Guericke, Eric Ly, Jean-Luc Vaillant and Allen Blue and the site was launched on the 5th of May 2003. It is the largest professional network in the world and is counting more than 200 million members over 200 countries since December 31 2012. LinkedIn counts among its members, executives from all the 2012 Fortune 500 companies and more than 2.7 million companies have a

LinkedIn company page. Also, the website is composed of more than 1.5 million groups.

LinkedIn offers very useful tools for companies in order to “hire market and sell”. Indeed, LinkedIn enables companies to reach a big bunch of professionals who can be potential future partners, employees or clients and it gives the opportunity to engage them and to share valuable content, actions that can lead to actions offline. Some LinkedIn features are used by the users to reach their goal, such as the Talent Solutions, making the recruiting process way easier for businesses; the Marketing Solutions, consisting in delivering valuable content to the most relevant prospects for a business; the Premium Subscription, providing effective tools to any kind of user to reach and manage people corresponding to their needs, the best and easiest way possible.

THE BLOGS AND MICRO BLOGS :- Susan Gunelius, president and CEO of KeySplash Creative, Inc., a marketing communication company, and also author of several books talking about the blogosphere and other social mediums, defines a blog as “a website consisting of entries (also called posts) appearing in reverse chronological order with the most recent entry appearing first”. It is also called a “weblog” or “web log”.

She also defines three other main terms linked to the blog medium that are “blogging”, “blogger” and “blogosphere”. Blogging is “the act of writing a post for a blog”. A blogger is “a person who writes content for a blog”. Finally, the blogosphere is “the online community of blogs and bloggers”.

TWITTER :- Twitter was founded in March 21, 2006 and was launched in July 2006 by Jack Dorsey, in San Fransisco, California, USA. The social and micro blogging platform counts over 500 million registered users and 200 million active users, worldwide (Wikipedia, May 2013). The site enables to share real-time information as well as participating in conversations according to what interest people, under the form of messages with a limited amount of characters (140 characters) called tweets. This platform is also ideal for businesses as it enables them to engage their audience in real time and to build or strengthen their relationship with their customers, by instantly responding to feedbacks and sharing information (Twitter, 2013).

YOUTUBE :- YouTube was founded in February 2005 by Jawed Karim, Steve Chen and Chad Hurley (YouTube, 2013a) and the platform counts more than 1 billion monthly unique users worldwide. YouTube has a Partner feature that was created in 2007, enabling video creators to earn money from it. Also, businesses, mainly small ones, have the possibility to use an ads platform via Google to promote them on YouTube, which is a way of monetization for the social website (YouTube, 2013b).



S. Pace (2008) supports that YouTube is also a platform to create communities, but in a more original and attractive way than blogs. Indeed, a video is more attractive than text or images; a thing that businesses should not ignore.

PINTEREST :- Z. Wilkinson (2013a) explains that Pinterest is a bookmarking website but also a photo and video sharing site, launched publically in March 2010 by Ben Silbermann and Paul Sciarra, then opened to the whole public in August 2012, as it was first opened on invitations. According to ComScore, the site counted in January 2012 11.7 million unique visitors, which indicates that the website is growing really fast (Wikipedia, May 2013).

Z. Wilkinson (2013b) supports the fact that more and more businesses are using Pinterest as it appears that Pinterest users are really likely to purchase a product found on Pinterest, more than on any other social platform, like Facebook. Pinterest has a bookmarklet feature called Pinmarklet, allowing any user to pin photos on any website he visits, which can definitely increase the visibility of a business website on search engines as well. The article this author wrote is based on the example of libraries, however, it can completely work for businesses as well; the benefits are the same. Indeed, the website is perfect for building a community and to share the story and lifestyle of the business through photos as well as showing products, getting in touch with other businesses having a similar activity and strengthening the brand image.



VI. FINDINGS OF THE STUDY

The study shows that the social media marketing is effectively used in the business for earning more profits. Social media helps the businesses to make their presence online in front of thousands of customers at a time. It is giving more emphasis on creating social presence and

creating value to the business. There are different social media marketing sites which are available like Facebook, Twitter, LinkedIn, You Tube, Pinterest etc which are helpful for the business to be social and work socially. Social media marketing possesses all the benefits such as creating social network, time consuming, cost effective, faster response time and easy way to reach thousands of people at a time. Social media marketing is also giving advantages of collaboration and openness where we can express our views via this platform. Social media is growing rapidly and we can see that from the above diagram that fortune 500 companies, large scale organization, small and medium scale organizations are also interested to make their presence online.

VII. CONCLUSIONS OF THE STUDY

After studying on the role and benefits of social media marketing in current business scenario, we came to know that social media is important element in the business. The social media is gaining more importance because of the features and benefits. It is also gaining more importance because of easy availability internet to the people via smartphones, laptop etc. The study also concludes that the importance of social networking sites helps the organization to increase their business and increase the more followers for their business. Companies are designing websites and making social presence on the net which is helping them to create social awareness among the general public. Social networking sites is the easy way to communicate and reach to the target customers. Lastly we can say that social media marketing is the need of today's business and it is overcoming the traditional way of marketing. If we compare the traditional way of marketing and online marketing scenario, people now a days are preferring social networks, online marketing to market themselves.

REFERENCES

- [1] www.arno.unimaas.nl/show.cgi?fid=2720
- [2] www.dl.acm.org/citation.cfm?id=1701808
- [3] http://articles.economictimes.indiatimes.com/2014-11-02/news/55682578_1_amazon-india-flipkart-ebay-india
- [4] <http://www.blog.finesseim.com/e-commerce-trend-india/>
- [5] <http://www.anblik.com/list-of-top-30-online-ecommerce-shopping-sites-in-india/>
- [6] http://sevenbridges.nclcoll.ac.uk/Lists/SB_Journals/Attachments/15/sevenbridges_v01_02_ch07.pdf
- [7] <http://researchtrend.net/ijet31/13%20KAMAL.pdf>
- [8] Use of social media by college students: Relationship to communication and self-concept by Megan Sponcil, Priscilla Gitimu Youngstown State University Journal of Technology Research
- [9] The Use of Social Networking Sites among the Undergraduate Students of University of Nigeria, Nsukka by Helen N. Eke Miss, Charles Obiora Omekwu & Jennifer Nneka Odoh Library Philosophy and Practice (e-journal) Libraries at University of Nebraska-Lincoln



Changing Face of Retailing in Indian Pharmaceutical Industry: A Literature Review

Mr. Sagar G. Nimbalkar

Assistant Professor, VIIT, Baramati, Pune
sagar.nimbalkar@gmail.com

Dr. Avinash Ganbote

Associate Professor, SVPMIOM, Malegaon, Pune
avinashganbote11@gmail.com

Abstract : For Indian pharmacy retail market, the last few years were packed with several significant developments. The most prominent among these is the advent of retail chain pharmacies. Pharmacy retail market in India is one of the most unorganized and has the highest profit margins. It is a considerably big market and has tremendous scope to grow further. This has attracted many organized players in pharmacy retailing. This paper focused on theoretical and literature review of changing face of retailing in Indian Pharmaceutical Industry.

Keywords : Retail, unorganized retail, organized retail, pharmaceutical industry.

I. INTRODUCTION

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space. The pharmaceuticals retailing market in India is largely unorganized and fragmented. The market is wide spread within the urban landscape while the rural area is largely underserved. This is compounded by the fact the Indian pharmaceuticals retail industry uses elongated logistics and distribution chains resulting in poor management and sometime counterfeiting. The pharmacy retail market in India will continue to grow at a considerable pace in the next few years with the proliferation of pharmacy retail stores in different regions across the country especially in tier-2 and tier-3 cities, thus easing the access to pharmacy retail products. The market is predicted to grow at a CAGR of 14.0% from FY'2016-FY'2020 and is expected to cross INR ~ billion by FY'2020. The future of the industry is predicted to be driven by large investments by organized retailers and technologically driven with the increase in adoption of Pharmacy Information System (PIS) software.

Many retailers have started utilizing smart devices to provide alerts through SMS, keep customer data to assist in medications and many more. Spurring investments to open up new retail stores, increase in penetration in rural areas, and establishment of online pharmacy are a few of the trends witnessed by the industry. The idea of organized pharmacy retail chains is relatively new in the business and will observe a higher growth rate in the future and widen its customer base coupled with expansion in their market share. Key factors that will drive growth of pharmacy retailing

will include elevation in urbanization, improvement in medical and health related awareness, increase in household expenditure, and rising literacy rate.

With the augment in penetration of internet and smart phones, the demand for online pharmacies would rise, resulting in rapid expansion of online pharmacies. In addition to that, with the introduction of new technologies such as telemedicine and e-prescriptions, it is likely that expenditure on IT investments mainly on software such as PIS would further rise to integrate billing and with the patient's records across hospital based pharmacies and standalone organized pharmacies.

This market is predictable to grow fast as more number of organized retailers is anticipated to enter the pharmacy retail market. Moreover, with an increase in self-medication trend amongst the people, the sale of OTC drugs will likely bolster in the next five years. The growth of this market in the long run will be further infused by the transformation of organized pharmacy retail stores to "wellness stores".

II. THEORETICAL FRAMEWORK

Retail : The world retail is derived from the French word 'retailier' meaning 'to cut a piece off' or 'to break the bulk'.

Retailing : Retailing is defined as a conclusive set of activities or steps used to sell a product or service to consumers for their personal or family use.

Retailer : A retailer is a person, agent, agency, company or organization which is instrumental in reaching the goods, merchandise, or services to the ultimate consumer.

Retail Organization : The term retail organization refers to the basic format or structure of a retail business designed



to cater the needs of the end customer.

Retail Chain : A chain retailer operates multiple outlets (store units) under common ownership; it usually engages in some level of centralized (or coordinated) purchasing and decision making. Chain store(s) or retail chains are retail outlets that share a brand and central management, and usually have standardized business methods and practices.

Organized Retailing : Organized retailing, in India, refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the publicly traded supermarkets, corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses.

Unorganized Retailing : Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local corner shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc.

Franchising : Franchising is a long-term cooperative relationship between two entities—a franchisor and one or more franchisees—that is based on an agreement in which the franchisor provides a licensed privilege to the franchisee to do business. The franchisor grants the franchisee the right to use a developed concept, including trademarks and brand names, production, service and marketing methods and the entire business operation model, for a fee. The franchisee then provides the time, capital, and desire to utilize the brand and services provided by the franchisor to build a thriving business.

The product, method or service being marketed is usually identified by the franchisor’s brand name, and the holder of the privilege (franchisee) is often given exclusive access to a defined geographical area for a defined period of time, all of which is defined in the Franchise Agreement.

Franchise

A privilege or right officially granted to offer specific products or services under explicit guidelines at a certain location for a declared period of time.

Franchise Agreement

The legal document between the Franchisor and the Franchisee that governs the relationship between the two entities for a specified period of time. It frames the relationship in a concise manner.

Franchisee

A person or entity to whom the right to conduct a business is granted by the franchisor or licensor.

Franchisor

The company owning/controlling the rights to grant franchises to potential franchisees.

III. PHARMACY RETAIL SCENARIO IN INDIA

The pharmaceuticals retailing market in India is largely unorganized and fragmented. The market is wide spread within the urban landscape while the rural area is largely underserved. This is compounded by the fact the Indian pharmaceuticals retail industry uses elongated logistics and distribution chains resulting in poor management and sometime counterfeiting.

Latest market research report titled Pharmacy Retail Market in India 2015 states that the market is distinctly fragmented into organized and unorganized players with a major share of the market being dominated by the unorganized segment. However there should be a significant change in the market segmentation by 2019.

Health awareness among Indian consumers will result in a gradual shift towards the modern pharmacy retailers. The organized retail pharmacies provide many value added services like availing medicines in air-conditioned surroundings, 24x7 operations, door delivery, credit-card acceptance, insurance cover, nurse station and online pharmacy. Most organized players are operative regionally.

Indian pharmacy retail market is sustainable and is projected to attain considerable growth based on the already existing varied disease profile as well as the emergence of newer diseases and the fact that the growing domestic population is being affected by such diseases. However the pharmacy sector in India is highly regulated, yet it tends to suffer from the circulation of sub-standard and counterfeit drugs that hampers the retail segment of the business. The government is also taking major initiatives to provide medicines at subsidized rates as well as engage in teleconsultation services and distribution of medicines in the rural belt.

Many organized players are providing loyalty schemes in the form of rewards, points, gifts, free health insurance for retaining customers. A variety of value added services are also being incorporated by the organized players to gain a larger market share. Currently, Pharmacy retail has become the fastest growing traditional trade channel for FMCG companies. To sum up, the pharmacy retail segment comprises a stable market at present and has strong growth potential in the upcoming years. Major players having their organized retail pharmacy chains are Apollo Pharmacy, Fortis Health world, Medplus Health Services, Thulasi Pharmacies, Guardian Pharmacy, Himalaya Healthcare Etc.

These new players include not just those with pharmaceutical or healthcare background, but also corporate from other sectors. Corporate tycoons like Reliance Industries and Aditya Birla Group have already forayed into pharmacy retail market. Even the central and state governments ventured into this segment with Jan Aushadi outlets and Karunya pharmacy etc. Moreover, government



has paved the way for global medicine retail chains into the country by opening up multi-brand retail sector to FDI.

As per estimates, there are approximately 8,00,000 pharmacies in India today with about 60,000 distributors. Out of these 20 to 30 per cent is from all the organized retail companies and rest is dominated by traditional/local pharmacists. There are plenty of opportunities for the organized players to grow in Indian retail pharmacy market. The organized retail pharmacies provide better consumer experience compared to the Mom and Pop retail medicine stores. They are bringing in international best practices into their operations by offering value added services like availing medicines in air-conditioned surroundings, 24x7 operations, door delivery, credit-card acceptance, insurance cover etc. The benefit of retail chain pharmacy is that the customers get genuine medicines and also entire requirement of their medicines. The key challenge of pharmacy chain is availability qualified pharmacist. As per law, qualified pharmacists alone can sell drugs. The required labour strength is more and expensive at chain stores whereas the margin is fixed as per government drug price control order. Adding to this, problems like rigid licensing norms and lack of effective regulatory mechanism, etc. are some of the key constraints.

Retail chain pharmacy is considered as a sunrise industry in India. It is still in its nascent stage and has tremendous scope to grow in the future. At present in India, there are approximately 25 chains with total outlets aggregating to 2,000. Retail chain pharmacy has bright future since the customers can get all the required medicines at reasonable rates.

By easing FDI norms in multi-brand retail and opening up door to global chains such as Walmart and Tesco, India to see an exponential growth in retail chain pharmacy sector.

IV. LITERATURE REVIEW

Bodreau, Charles W., “The Corporatization of Retail Pharmacy : Changes inefficacy, Reliability, and Expedience” (2015). In this literature review, the researcher examined the effects of shift in ownership from private to corporate in the form of chain pharmacies in order to determine both, the benefits and areas of concern regarding this change. This review suggests that the benefits include: Decreasing filling time and increases in patients of satisfaction. The areas of concern include: Decreasing patient-pharmacists counseling rates, increases in Adverse Drug Reaction Rates and decreased pharmacy costs but no patient costs. It is concluded that the areas of concern outweigh the potential benefits. In order to improve on these areas of concern regarding corporatized pharmacies several changes must be made. First, pharmacists must be educated on proper counseling techniques in reduced time-frame to ensure patient understanding of medication. Second, these

pharmacies should consider more staffing to ensure that patient- pharmacist counseling times don't decrease more. Finally, more research needs to be done into the specific effects of corporatization in order to draw a more robust and complete conclusion on its overall effects on the retail pharmacy.

Dr. Raman Sreedhara (2013) “Retail Strategies of Successful Unorganized Pharmacy Stores – a case study in Bangalore” “The study identified the factors responsible in contributing to the better performance of some pharmacy stores, especially the unorganized pharmacy stores. The study revealed seven major strategies used by the successful pharmacy stores namely Store Location & Personal Interaction, Clarity in Customer Needs, Eye-catchy Store Atmospherics, Attractive Discounts, Easy Payment & Credit facility, Quality Products and Customer Service, Free Home Delivery. Interestingly, these retailers never relied on very big promotional activities. Rather, all the successful pharmacy stores depend completely on the word-of-mouth promotion. This can be attributed to their power of seizing and maintaining their loyal customers for longer periods of time. The strategies identified in the study are certainly useful if they are pursued and maintained suitably by retailers.

Sunil Patel, Himanshu Barot, Keyur Darji (2010), “Study on Customer Perception of Planet Health Retail Pharmacy Chain-Store at Ahmedabad City.” The study attempted to examine perception of customers towards Planet Health Retail Pharmacy Chain-Store in order to offer suggestions for improving the level of service. The customers feel that the store ambience and decor are up to the mark and does not require changes in it. The store layout is such that the customer find easy to search for the products and also is their way through it. The product range should be expanded both horizontally and vertically to cater the needs of customers. The staffs are adequately trained in handling customers and customer relationship which provides an edge to planet health over other retail store. But the staff needs to be trained in the technical part that is creating understanding about various products and its usage. The billing and payment system is optimized for reduce waiting time. While testing the hypothesis, it was found that the customer perception towards planet health was on the positive side. Thus the management is making the right moves towards better customer satisfaction.

Amit D. Kandhare, Kiran S. Raygude, Pinaki Ghosh, Tejas P. Gosavi, Subhash L. Bodhankar (2011). “A Comparative Cross Sectional Descriptive Study of Individual Pharmacy vs Mall Pharmacies to Evaluate Customer Satisfaction as well as Purchasing Behaviour.” This study reviewed pharmacy chain formats, organized chain or mall pharmacy, modes of operations of mall pharmacy and operational pharmacy chains in the Indian



Market. This study was designed in order to measure the level of customer satisfaction and also their purchasing behavior when purchasing a drug in retail drug store and in mall pharmacies. In case of chain or shopping mall pharmacy drug store where the staff have lack of proper knowledge of medicines their ingredient as well as there is no direct customer interaction. Therefore the customer get dissatisfied with the services that are provided by the chemist. Customers get irritated by shortfalls of medicines or absence of medicine range and availability also the mall pharmacist unable to suggest the medicines to patients in such situations customer may divert to other stores. Also the displaying discounts structure may create a cheap impression on customer mind. The billing system in mall pharmacy is good but there need to be two billing counters so that during the rush it reduces the waiting time of the people. Therefore management has to provide some sort of training programme to improve staff knowledge in the mall pharmacy drug store. The training provided to the staff, in terms of handling customers, is adequate as the customers are found to be satisfied with the service of staff. The billing system is good but there need to be two billing counters so that during the rush it reduces the waiting time of the people. A broad conclusion about store choice behavior among consumers indicates that image and perceptions along with individual characteristics have significant impact on the final outcome.

REFERENCES

- [1] Donald R. Cooper & Pamela S. Schindler & J. K. Sharma (2012). Business Research Methods, Tata McGraw –Hill, 11th ed. pp. 12,13,14
- [2] S. Shajahan (2000). Research Methods for Management, JAICO Publishing House, 4th ed. pp. 1-29
- [3] C. R. Kothari (2011). Research Methodology Methods and Techniques, New Age International Publishers, 2nd revised edition, pp. 1-21
- [4] Philip Kotler, Armstrong, Agnihotri, Haque, Principles of Marketing, Prentice Hall Pearson
- [5] Anne J. Coughlan, Erin Anderson, Louis Stern, Adel I El-Ansary, R. C. Natarajan, Marketing Channels, Pearson 7th edition
- [6] Subba Rao Chaganti, Pharmaceutical Marketing in India; Concepts, Strategy, Cases, Pharmamed Press
- [7] Levy and Pandit, Retailing Management, McGraw Hill Companies, 6th edition
- [8] Berman, Evans, Mathur, Retail Management : A Strategic Approach, Pearson
- [9] Chetan Bajaj, Rajnish Tuli, Nidhi Shrivastava, Retail Management, Oxford Higher Education
- [10] Swapna Pradhan, Retailing Management : Text & Cases, Tata McGraw Hill Education Pvt. Ltd. 4th edition
- [11] Suja Nair, Retail Management, Himalaya Publishing House
- [12] Bodreau, Charles W., “The Corporatization of Retail Pharmacy: Changes in efficacy, Reliability, and Expedience”(2015). University Honors Theses. Paper 181
- [13] Dr. Raman Sreedhara (2013) “Retail Strategies of Successful Unorganized Pharmacy Stores – a case study in Bangalore”, Pacific Business Review International, Volume 5 Issue 12 (June 2013)
- [14] Sunil Patel, Himanshu Barot, Keyur Darji (2010), “Study on Customer Perception of Planet Health Retail Pharmacy Chain-Store at Ahmedabad City” Asian Journal of Management Research Online Open Access publishing platform for Management Research
- [15] Amit D. Kandhare, Kiran S. Raygude, Pinaki Ghosh, Tejas P. Gosavi, Subhash L. Bodhankar (2011). “A Comparative Cross Sectional Descriptive Study of Individual Pharmacy vs Mall Pharmacies to Evaluate Customer Satisfaction as well as Purchasing Behaviour.”Scholars Research Library, Der Pharmacia Lettre, 2011: 3 (4), 71-83
- [16] Nitin Bhargava and Ajay Phaltankar (2014). “Organized Pharma Retail Chains : Prospects and Issues”, Journal of Management Value & Ethics, Jan-Mar.14 Vol4. No.1
- [17] Caliber Pharmaceuticals Pvt. Ltd. “A Study on Consumer Perception towards the Services of Retail Pharmacy Chain.”
- [18] Dr. Mrunalini Shah and Dr. Sumi Jha (2007). “Emergence of Organized Pharmacy Retail in India : Challenges and Opportunities.” Journal of Business and Retail Management Research (JBRMR) Vol. 2 Issue 1 October 2007.
- [19] <http://www.ibef.org/industry/retail-india.aspx> : 06/08/2016, 9:24 am
- [20] <http://www.novonous.com/publications/pharmaceuticals-retailing-industry-india-2015-2020> : 06/08/2016, 9:29 am
- [21] <http://www.thehansindia.com/posts/index/Business/2015-12-01/India-Pharmacy-Retail-Market-Outlook-to-2020/190243>: 06/08/2017, 9:38 am.



The Product Life Cycle Management

Mr. P. P. Shastri

Research Scholar, Bamu, Aurangabad
praddyumnashastry@gmail.com

Abstract : Product life cycle management is the integrated management of information related to all phases of the product life cycle, from the analysis of customer requirements and product planning, to the maintenance and recycle phases. This makes product life cycle management one of the emerging strategies for organizing production information that is able to satisfy the various requirements of the manufacturing industry, such as a rapid product development and collaboration. Today, manufacturing companies are introducing a variety of data management systems, such as product data management and manufacturing process management. Business process reengineering is an essential process in the construction of these systems. The aim of this research is to develop a methodology that can be applied in the business process reengineering phase for the effective construction of a product life cycle management system. We analyzed the objectives and characteristics of product life cycle management based on the existing product life cycle management definition analysis. Through this, we analyzed the strengths and weaknesses of the existing process modeling methodology. Finally, we developed the product life cycle information and process analysis methodology to integrate the analysis and design of task procedures, information, and work environments.

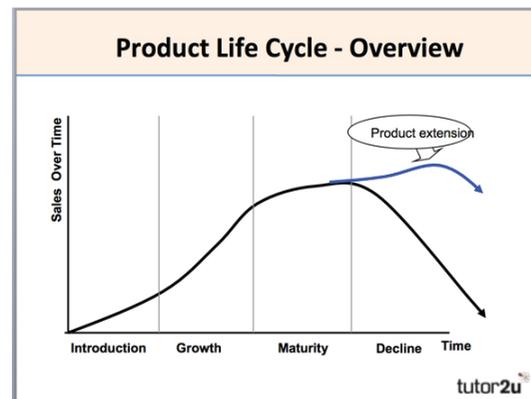
Keywords : component; formatting; style; styling; insert (key words)

I. INTRODUCTION

The **product life cycle** is an important concept in marketing. It describes the stages a product goes through from when it was first thought of until it finally is removed from the market. Not all products reach this final stage. Some continue to grow and others rise and fall.

The main stages of the product life cycle are:

- **Introduction** – researching, developing and then launching the product. During the introduction stage, the product is promoted to create awareness and develop a market for the product.
- **Growth** – when sales are increasing at their fastest rate. In the growth stage, the firm seeks to build brand preference and increase market share.
- **Maturity** – sales are near their highest, but the rate of growth is slowing down, e.g. new competitors in market or saturation. The primary objective during the maturity phase is to defend market share while maximizing profit.
- **Decline** – final stage of the cycle, when sales begin to fall. Firms have several options when deciding how to deal with a product in the decline phase.
- Marketers must take care not to miss opportunities by following strategies based on the product life cycle model too closely.



II. OBJECTIVES OF STUDY

1. To Study the product life cycle concepts
2. To Study the strategies of product life cycle
3. To study the impact of product life cycle in marketing strategy

III. RESEARCH METHODOLOGY

There are two types of research.

1. Primary Data
2. Secondary Data

Primary data is happens to be original in nature and which is collected first time by the researchers. Whereas



Secondary data is the published data which is collected from the books, journals, magazines, newspapers, books etc

I have collected the data with the both methods like primary and secondary. I have also used the books for research purpose.

IV. RESULTS OF THE RESEARCH

Product life cycle

- It is important for marketing managers to understand the limitations of the product life cycle model.
- A given product may hold a unique product life cycle shape such that use of typical product life cycle models are useful only as a rough guide for marketing management.
- Facebook is in the mature phase of the product life cycle.
- The iPod touch is currently in the mature phase of the product life cycle.

Stages in the Product Life Cycle

- There are four stages in the *product life cycle*: introduction, growth, maturity, and decline.
- There are four stages in the *product life cycle*: introduction, growth, maturity, and decline.
- At this stage of the *life cycle*, the company usually loses money on the *product*.
- In the maturity stage of the *product life cycle*, sales will reach their peak.
- There is no set schedule for the stages of a *product life cycle*.

The Product Life Cycle

- Product development and product life cycles go hand-in-hand.
- For example, consider the product development and life cycle of a video game.
- Products have a limited life and, thus, every product has a life cycle.
- The product life cycle begins with the introduction stage (see).
- Discuss the rationale behind the marketing concept of product life cycles

Impact of the Product Life Cycle on Marketing Strategy

- The stage of the life cycle of the product affects how it is marketed.
- The stages through which individual products develop over time is called commonly known as the “Product Life Cycle”.

- The product life cycle is a well-known framework in marketing.
- They can rescue products struggling in the maturity phase of their life cycles and get them back to the growth phase.
- By viewing the product life cycle in the same way, marketers pursue similar positioning strategies for products and services during each stage of the life cycle.

Product Advertising

- The stage of the Product Life Cycle (PLC) often determines the type of advertising that is used by advertisers for a particular product.
- The stage in the Product Life Cycle (PLC) of which a product is in often determines the type of advertising that is used by advertisers.
- It is heavily used in the introductory stage of product life cycle when a new product is launched.
- This type of product advertising provides in-depth information of the benefits of using a product or service.
- The type of product advertising a company chooses depends on where the product is in its life cycle.

When to Modify Products

- While the decision to modify products happens ideally at the design stage, products can be changed during any phase of the life cycle.
- The product life cycle (PLC) encompasses the multiple phase products pass through during their ‘life’ in the market.
- At some point during the life cycle, products may be modified to compete more effectively in the market, and appeal to evolving consumer and business demand .
- Other products are never re-introduced and deleted entirely from the product roadmap.
- Product recalls, which can happen at any stage of a product life cycle, are costly and can severely damage a brand’s reputation if managed poorly.

Considering the Organizational Life Cycle

- The life cycle of an organization is important to consider when determining its overall design and structure.
- The life cycle of an organization, industry, and/or product can be an important factor in organization design.
- From an organizational perspective, “life cycle” can refer to various factors such as the age of the organization itself, the maturation of a particular product or process, or the maturation of the broader industry.
- Daft theorized four stages of the organizational life cycle,



each with critical transitions:

- The Enterprise Life Cycle comes strongly into play in the elaboration stage.

Extending the product life cycle

Extension strategies extend the life of the product before it goes into decline. Again businesses use marketing techniques to improve sales. Examples of the techniques are:

Advertising – try to gain a new audience or remind the current audience

Price reduction – more attractive to customers

Adding value – add new features to the current product, e.g. improving the specifications on a smartphone

Explore new markets – selling the product into new geographical areas or creating a version targeted at different segments

New packaging – brightening up old packaging or subtle changes

V. CONCLUSIONS OF THE STUDY

The **product life cycle** is an important concept in marketing. The main stages of the product life cycle are: Introduction, Growth, Maturity and Decline.

In introduction stage product is launched and promoted for awareness and development of market is the essential steps. In the growth stage the firm and organization wants

to build the product by developing different promotional strategies. Firm wants to increase market share and they want to earn goodwill from the market

In the maturity stage the sales reach at the highest point but the rate of growth in the market slows down. This situation is happening because of the competitors in market. The organization starts to reach at the saturation point. The objective of phase is to defend the market conditions. The final stage is decline where sales falls down rapidly and products starts to diminish from the market.

Therefore organization needs to take care that their product should not reach the decline stage and that's why they are organizing the promotional activities and marketing activities for survival of the business. The organization needs to think for building the strategies for sustains the business environment. The organization needs to study the overall competition in the market and needs to launch the strategies accordingly.

REFERENCES

- [1] “Impact of the Product Life Cycle on Marketing Strategy.” *Boundless Marketing*. Boundless, 20 Sep. 2016. Retrieved 26 Sep. 2016
- [2] <https://www.boundless.com/marketing/textbooks/boundless-marketing-textbook/products-9/product-life-cycles-69/impact-of-the-product-life-cycle-on-marketing-strategy-348-10771/>
- [3] <http://www.tutor2u.net/business/reference/product-life-cycle>
- [4] www.inc.com/encyclopedia/product-life-cycle.html
- [5] <https://www.nibusinessinfo.co.uk/content/introduction-stage-product-life-cycle>
- [6] www.netmba.com/marketing/product/lifecycle/



Marketing Practices for Non-Steroidal Anti Inflammatory Drugs (NSAIDs) in Maharashtra

Mr. Pramod S. Jadhav

HSBPVT's, GOI, Parikrama Institute of Management, Kashti, Ahamadnagar
professorpramodjadhav@gmail.com

Abstract : Nonsteroidal anti-inflammatory drugs (NSAIDs), including both traditional nonselective NSAIDs and the selective cyclooxygenase (COX)-2 inhibitors, are widely used for their anti-inflammatory and analgesic effects. NSAIDs are a necessary choice in pain management because of the integrated role of the COX pathway in the generation of inflammation and in the biochemical recognition of pain. This group of drugs has recently come under scrutiny because of recent focus in the literature on the various adverse effects that can occur when applying NSAIDs. This review will provide an educational update on the current evidence of the efficacy and adverse effects of NSAIDs. It aims to: evaluate the factors regarding the acceptable NSAID drugs and study the maximum off-take/demand for NSAID drugs, develop the variables of marketing mix and create a road map for designing the marketing strategies for NSAID drugs.

Keywords : COX-2 specific inhibitors, NSAIDs, Pain

I. INTRODUCTION

Indian economy is one of the fastest growing economies in the world. Its GDP growth rate at 9.2% and GDP of Rs. 177000 crore is the 12th largest economy in the world. The speed of India's industrialization is measured as the second fastest in the world. The Pharmaceutical sector is one of the major industries in our country, and among the most organized sectors. The industry plays an important role in promoting and sustaining development in the field of global medicine.

A burgeoning healthcare market and a resultant window of opportunities have set the stage for rapid expansion of the Indian pharmaceutical industry. The pharmaceutical industry is already growing at a rate of 9% p.a. which is expected to rise further in the years to come.

Indian companies have also developed a considerable service industry for the global pharmaceutical market. Indian pharmaceutical companies are able to provide FDA approved facilities for the complete range of services for drug development, R & D services, API sourcing, finished formulation manufacture and clinical trials can all be completed in India, at less cost than in many developed markets. Leading Indian pharmaceutical companies are also beginning to increase market presence and market share in the US and EU markets. Global pharmaceutical companies have already begun to take advantage of the changing regulatory and economic conditions in India. It is estimated that the coming years will see further mergers and acquisitions including key overseas acquisitions.

Anti-inflammatory drugs are used to reduce inflammation and pain. This class of drugs is used clinically in the treatment of musculo skeletal disorders such as rheumatoid arthritis, Osteo arthritis, ankylosing spondylitis, headache, sports injuries, and menstrual cramps. These drugs are also employed as analgesics against —PAIN Prostaglandins are a family of chemicals that are produced by the cells of the body and have several important functions. They promote inflammation, pain, and fever support the blood clotting function of platelets, and protect the lining of the stomach from the damaging effects of acid. Prostaglandins are produced within the body's cells by the enzyme cyclooxygenase (COX). There are two COX enzymes COX 1 and COX 2. Both enzymes produce prostaglandins that promote inflammation, pain, and fever. However the COX 1 produces prostaglandins that supports platelets and protect the stomach. NSAID'S block the COX enzymes and reduce prostaglandins throughout the body. As a consequence ongoing inflammation, pain, and fever are reduced.

II. INNOVATIVENESS OF THE TOPIC

Treatment of disease with drugs has been practiced from time immemorial. Search for newer and newer drugs have continued the ever Expanding pharmacopeias are a testimony. Newer information on the existing drugs has resulted in numerous articles being published in the clinical trials and journals. The more important therapeutic areas in which significant progress and reappraisal are being made are reviewed by clinicians recognized to be among the



world’s leading authorities in this field.

There is something even more substantial than the drug discoveries lighting up the picture of modern medicine to the man behind these drugs- the man whose knowledge can restore the health to the sick--- the PHYSICIAN.

What really cures a sick person—is not merely the use of drugs or instruments for the instruments cannot make a diagnosis by themselves, nor can drugs alone affect a cure.

The cure is achieved by the man who knows how to use these drugs correctly and effectively- it is the knowledge of the PHYSICIAN that performs the miracle of CURE of and INFECTION. Therefore the marvelous resources at our disposal would be of no great avail if they are not used by men skilled in their profession.

The final objective of treatment of patients is accomplished by a combination of factors involving the work of providing useful information through a scientific communication on the drugs we have with us and the knowledge and the discriminative ability of the physicians pertaining to the diagnostic resources and the differential efficacy of drugs at their disposal.

The physician is beginning to understand that in his struggle against disease two factors are involved::his own science aided by chemotherapeutic resources, and the ailment itself, and that between the two a fascinating game of—chess is being played in which the human body is the chess board and the life of the patient is at stake.

As a dance ballet it is necessary for each participant to anticipate the reactions of the others if the dance is to reach a successful end, the microbes or disease defend themselves by resisting the drugs and developing new forms of attacks .Hence the aphorism —Be quick to use a remedy while it is still effective.

III. OBJECTIVES

1. To develop the variables of marketing mix for NSAID drugs
2. To evaluate the factors regarding the acceptable NSAID drugs among doctors
3. To study the maximum off-take/demand for NSAID drugs among chemists
4. To create a road map for designing the marketing strategies for NSAID drugs
5. To suggest effective strategies for marketing of NSAID drugs

IV. METHODOLOGY

1) Sources of data

a) Primary Data

Survey using structured questionnaire to Doctors

Survey using structured questionnaire to Chemists

b) Secondary Data

Literature from Text Books

Literature from articles published in magazines and newspapers

Literature from Websites

Literature from articles published in journals pertaining to pharmaceutical industry.

c) Research Design:

Descriptive Cross sectional design

The research aims to study the various factors taken into account by doctors for prescribing an NSAID drug depending upon the disease/problem, and the maximum demand for NSAID at the chemist’s level .It would be descriptive in nature because it measures the impact of the drug, price, side effects, promotion and the doctor’s role in recommending the drug. Hence the research design adopted for the study will be quantitative descriptive cross sectional design.

2) Sampling Method:

It refers how sampling units are selected.

Types of sampling : Probability Sampling

Method of Probability Sampling

d) Stratified Random sampling

This method will be highly suitable as depending on the usage of anti-inflammatory drugs doctors will be divided into different strata like orthopedic surgeons / general surgeons / general medical practitioners / Gynecologists / dentists physicians /physiotherapists

e) Simple random sampling

This method will be highly suitable for identifying chemists / druggist without any difficulty.

These methods provide an excellent opportunity to interact and discuss with doctors and chemists.

3) Research Area

The study will be conducted in Maharashtra.

V. RELEVANCE OF TOPIC

The pharma industry is one of the major industries contributing to the economic growth of the country. The growth of the pharma industry is very essential as it directly takes care of the overgrowing population and the wellbeing of the people of the country. Operations research group



(ORG) studies indicate the growth of pharma industry at 10-15% per annum. Pharma industry is basically a research based industry having competition among various multinationals and Indian companies in the country.

The pharma industry also comes under drug price control from the govt. and prices are fixed at reasonable levels so that the common man can buy them. As there is more stringent price control in manufacture of antibiotics, most of the pharma cos think of making vitamins, anti-inflammatory drugs, anti-diarroheal drugs, tonics etc. where there are better profit margins, Anti-inflammatory drugs contribute to 25 to 30% of the total drugs used by the country.

The study will give at a glance the various anti-inflammatory drugs in the hands of the Doctor and scope for adding newer molecules. The study will help pharma cos, medical and para medical people and others involved in pharma trade. It will also indicate the % of Prescription vs. self-medication.

VI. APPLICABILITY OF THE WORK

Operations research group (ORG) studies indicate the growth of pharma industry at 10-15% per annum. Pharma industry is basically a research based industry having competition among various multinationals and Indian companies in the country.

The pharma industry also comes under drug price control from the govt. and prices are fixed at reasonable levels so that the common man can buy them. As there is more stringent price control in manufacture of antibiotics, most of the pharma cos think of making vitamins, anti-inflammatory drugs, anti-diarroheal drugs, tonics etc where there are better profit margins, Anti-inflammatory drugs contribute to 25 to 30% of the total drugs used by the country.

The study will give at a glance the various anti-inflammatory drugs in the hands of the Doctor and scope for adding newer molecules. The study will help pharma cos, medical and para medical people and others involved in pharma trade. It will also indicate the % of Prescription vs. self medication in.

VII. CONCLUSION

The pharma industry is one of the major industries contributing to the economic growth of the country. The growth of the pharma industry is very essential as it directly takes care of the overgrowing population and the well being of the people of the country. For pain relief, no significant short-term (6 months) differences were found among oral NSAIDs, topical NSAIDs, or between oral and topical NSAID. NSAIDs are a necessary choice in pain management because of the integrated role of the COX pathway in the generation of inflammation and in the biochemical recognition of pain.

REFERENCES

- [1] Maria Dolores Baldacchino, The Use of NSAID's and Patient Safety, Lambert Academic Publishing.
- [2] Bateman DN. NSAIDs: time to re-evaluate gut toxicity. Lancet1994;343.

Commemoration : National Conferences



National Seminar 2012

“Agricultural Development- Role of Women : Emerging Perspectives, Issues, Challenges and Strategies” conducted successfully on 31st October, 2012.



National Conference 2013

“IT & Management: Innovations and Inventions - Global Perspectives” commendably completed on 24 - 26th October, 2013.



National Conference 2014

“Indian Ethos in Management Practices: The Catalyst for Entrepreneurship” efficaciously organised on 9th & 10th October, 2014



National Conference 2015

“Science, Technology and Management : New Horizons” effectually steered on 7th & 8th October, 2015





ISBN : 978-81-925257-1-6

Volume - II