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## INNOVATION CAPABILITY AND KNOWLEDGE FLOW OF INFORMATION COMMUNICATION TECHNOLOGIES: EMPIRICAL STUDY OF COMPARISON BETWEEN INDIA AND CHINA

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### ABSTRACT

Although it can be expected that India and China will increasingly influence global economic dynamics and technological development, especially in information and communication technologies (ICT). However, studies related to ICT between India and China are scarce. Innovation capability is very important for emerging countries to promote economical growth. Owing to the fact that a country can advance innovational capability through absorbing external knowledge, it is necessary to explore knowledge flow. Thus, this study aims to compare innovation capability and knowledge flow of ICT between China and India. Based on patent and citation data from USPTO (U.S. Patents and Trademark Office) during 1976- 2011, empirical findings are as follows. First, both India and China have a growing tendency of innovation capability in ICT. China is stronger than India both in innovation quantity and quality. Invented patents of both India and China are more than their owned patents. Second, India holds relative innovation strengths in telecommunications technological field. Electrical engineering is the main technological field of relative innovation strength in China. Third, fully developed countries are the most abundant knowledge sources of innovation in ICT for India and China, but China is found to have a high level of knowledge spillovers with Asia newly industrialized countries (Taiwan, South Korea). Finally, India and China play a role as knowledge acceptor rather than knowledge creator in ICT.

### KEYWORDS

innovation capability, knowledge flow, information and communication technology (ICT), patent and citation.

### INTRODUCTION

Innovation capability is very important for emerging countries to promote economical growth. Innovation capability is the ability to transform knowledge and ideas into new products and systems for the benefit of the firm (Lawson and Samson, 2001). The spillover of knowledge can be beneficial to innovation capability, because a country can take advantage of external knowledge to strengthen its innovational capability (Tseng, 2006; 2009). Understanding knowledge flow of technological innovation is helpful for a country to enhance innovation capability. High innovation capability and management of knowledge flow thus have become two keys to technology progress and economic development.

Information and communication technology (ICT) is the important infrastructure to build national competitive advantage (Porter, 1990). ICT is not only widely applied in different industries, but also boosts economy globalization. Although it can be expected that India and China will increasingly influence global economic dynamics and technological development, especially in information and communication technologies (ICT). However, studies related to ICT between India and China are scarce.

### REVIEW OF LITERATURE

R&D, patents, and new product are three common measurement categories for innovation capability. There are four advantages to use patents to measure innovation capability (Ernst, 2001; Tseng, 2009). First, they grant the inventor of a new product or process the exclusive rights to use, make and sell that product or process for a certain period. Second, since patents can be examined and eventually granted by the patent office, they are objective measures of technological innovation. Third, patent data are easily accessible from the free database. Finally, tracing citations between patents is very helpful to knowledge flow of an innovation.

Early studies about knowledge flow and spillover have used traded goods and R&D spillover (Coe and Helpman, 1995). Jaffe et al. (1993) employ patent citations data to trace knowledge spillover. These linkages among different patents demonstrate a trace of knowledge flows. Hu and Jaffe (2003) used patent citations as indicators of knowledge flow to investigate knowledge diffusion from the U.S. and Japan to Korea and Taiwan. Many studies also adopted patent citation method to investigate knowledge flow and spillover (Verbeek et al., 2003; Tseng, 2009; Park and Suh, 2013).

### OBJECTIVES OF THE STUDY

The objectives of the study is to analyze three topics related to innovation capability and knowledge flow of ICT in India and China.

1. This study uses different measurements of innovation capability to compare India with China in ICT.
2. This study investigates the relative innovation strengths in different sub-technological fields of ICT between India and China
3. This study demonstrates knowledge flows of technological innovation for ICT in India and China.

### RESEARCH METHODOLOGY

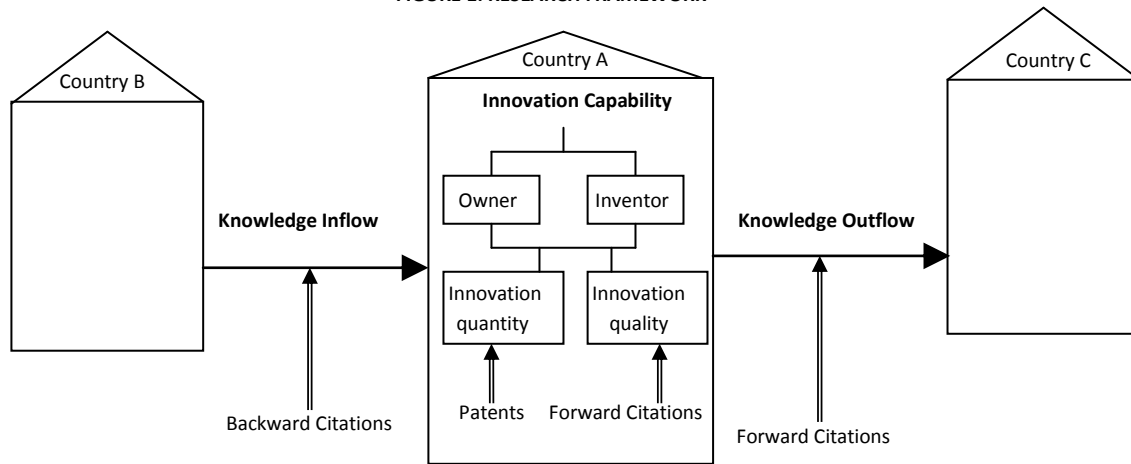
#### 1. RESEARCH FRAMEWORK

This study uses patent and citation data as major measure for innovation capability and knowledge flow. Many studies assert that patents with higher forward citations have greater economic value relative to other patents (Bloom and Reenen, 2002; Tseng, 2009). One measurement perspective for Innovation capability is based on owner level and inventor level. Another measurement perspective for Innovation capability is measured by innovation quantity (patent count) and innovation quality (forward citations). Citation data have been used to measure knowledge flow (Jaffe et al. 1993; Hu and Jaffe, 2003; Verbeek et al., 2003; Tseng, 2009; Park and Suh, 2013). This study uses backward citations and forward citations as two proxies for knowledge inflow and knowledge outflow. The research framework in this study is shown as figure 1.

#### 2. THE DATA AND VARIABLE

The patent and citation data are from all patents granted by U.S. Patents and Trademark Office (USPTO) during 1976-2011. Because inventorship and ownership are separate for a patent, this study respectively measures innovation capability based on patents of owner's country and inventor's country. To understand relative innovation strengths in different sub-technological fields of ICT between India and China, this study adopted a technology-oriented classification by Breschi et al. (2003), and aggregates IPC (International Patent Classification) codes into 5 sub-technology fields in ICT, including electrical engineering, audiovisual technology, telecommunications, computer technology and semiconductor.

FIGURE 1: RESEARCH FRAMEWORK



**ANALYSIS AND RESULTS**

**Figure 2** indicates the comparison of innovation capability in ICT between India and China from 1976 to 2011. India and China have a growth tendency of innovation capability in ICT after the 2000 year, and peaking in the 2011 year. In analysis of both owned patents and invented patents, Innovation capability of China is stronger than that of India. Invented patents of India and China are all more than their owned patents. **Table 1** shows that relatively innovation strengths in five sub-technological fields of ICT between India and China. In analysis of forward citations, innovation quality of China is stronger than that of India. In analysis of relatively innovation strengths based on patents by owner's country, *India holds relative innovation strength in telecommunications technological field*. Audiovisual technology and semiconductor are two relative innovation weaknesses in India. Electrical engineering is the main technological field of relative innovation strength and computer technology is relative innovation weakness in China. Results of relative innovation strengths based on patents by inventor's country are not different from preceding results. Knowledge flows of innovation in ICT between India and China are shown as **Table 2** and **Table 3**. Main knowledge sources of innovation in ICT between India and China are same from external knowledge inflow (99.65% and 97.65%). Both USA and Japan are main knowledge sources of innovation in India and China. France and Germany are third and fourth knowledge sources of innovation in India. In China, Taiwan and South Korea are found to be third and fourth knowledge sources of innovation in China. Top 10 countries of knowledge outflow for India and China are similar to results of knowledge inflow. India and China have high interrelationships with fully developed countries, but China has a higher level of knowledge spillover with Asia's newly industrialized countries (Taiwan, South Korea). On the other hand, knowledge inflows are more eight times than knowledge outflows in India and China. India and China are found to be knowledge accepters more than knowledge creators.

FIGURE 2: COMPARISON OF INNOVATION CAPABILITY IN ICT BETWEEN INDIA AND CHINA DURING 1976- 2011

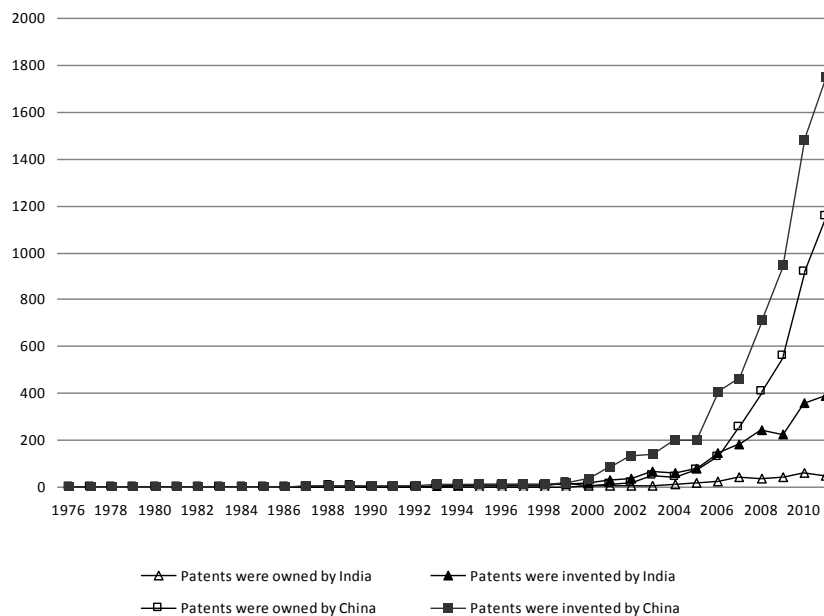




TABLE 1: RELATIVE INNOVATION STRENGTHS IN FIVE SUB-TECHNOLOGICAL FIELDS OF ICT BETWEEN INDIA AND CHINA

5 sub-technological fields of ICT	Innovation quantity-				Innovation quality			
	-Patent count-				-forward Citations-			
	India		China		India		China	
	Count	%	Count	%	Count	%	Count	%
<b>1. Patents by owner's country</b>								
Electrical engineering	41	13.02	1573	40.83	60	14.93	2783	42.20
Audiovisual technology	14	4.44	409	10.62	13	3.23	472	7.16
Telecommunications	194	61.59	1224	31.77	251	62.44	1361	20.64
Computer Technology	53	16.83	86	2.23	58	14.43	435	6.60
Semiconductor	13	4.13	561	14.56	20	4.98	1544	23.41
Total	315	100.00	3853	100.00	402	100.00	6595	100.00
<b>2. Patents by inventor's country</b>								
Electrical engineering	229	11.58	3196	46.37	789	10.55	9041	54.36
Audiovisual technology	131	6.63	658	9.55	550	7.36	1765	10.61
Telecommunications	1307	66.11	2024	29.36	4770	63.80	3035	18.25
Computer Technology	216	10.93	228	3.31	941	12.59	623	3.75
Semiconductor	94	4.75	787	11.42	426	5.70	2168	13.04
Total	1977	100.00	6893	100.00	7476	100.00	16632	100.00

TABLE 2: KNOWLEDGE INFLOW OF ICT IN INDIA AND CHINA DURING 1976-2011

Rank	India			China		
	Country	Backward Citations	Percent	Country	Backward Citations	Percent
1	US	3732	69.20%	USA	16393	52.28%
2	Japan	711	13.18%	Japan	5349	17.06%
3	France	156	2.89%	Taiwan	4417	14.09%
4	Germany	133	2.47%	South Korea	1035	3.30%
5	Canada	123	2.28%	China	737	2.35%
6	South Korea	121	2.24%	Germany	659	2.10%
7	Taiwan	99	1.84%	Canada	575	1.83%
8	Sweden	60	1.11%	France	371	1.18%
9	Holland	38	0.70%	Finland	340	1.08%
10	Finland	35	0.65%	Sweden	294	0.94%
	Others	185	3.43%	Others	1184	3.78%
	Total	5393	100.00%	Total	31354	100.00%

TABLE 3: KNOWLEDGE OUTFLOW OF ICT IN INDIA AND CHINA DURING 1976-2011

Rank	India			China		
	Country	Forward Citations	Percent	Country	Forward Citations	Percent
1	USA	275	68.07%	USA	1561	41.66%
2	Japan	26	6.44%	Taiwan	715	19.08%
3	South Korea	20	4.95%	Japan	447	11.93%
4	Taiwan	15	3.71%	China	386	10.30%
5	Germany	14	3.47%	South Korea	144	3.84%
6	India	14	3.47%	Germany	89	2.38%
7	Canada	9	2.23%	Italy	55	1.47%
8	France	8	1.98%	HongKong	51	1.36%
9	Finland	5	1.24%	Canada	38	1.01%
10	Holland	4	0.99%	Holland	38	1.01%
	Others	14	3.47%	Others	223	5.95%
	Total	404	100.00%	Total	3747	100.00%

**RECOMMENDATIONS**

1. This study integrated two measurement perspectives to measure innovation capability, one is owner's patent and inventor's patent and another perspective is innovation quantity and innovation quality. This integrated method is helpful for future study to correctly measure innovation capability.
2. This study constructs knowledge flow by forward citations and backward citations. Trace knowledge flow is the important method for the latecomer countries to understand how to enhance innovation capability.

**CONCLUSIONS**

1. India and China have a growth tendency of innovation capability in ICT. Innovation quantity and innovation quality of China are stronger than those of India. Invented patents of both India and China are more than their owned patents.
2. India holds relative innovation strength in telecommunications technological field. Electrical engineering is the main technological field of relative innovation strength in China.
3. Fully developed countries are the most external knowledge sources of innovation in ICT for India and China, but China is found to have higher knowledge spillovers with Asia newly industrialized countries (Taiwan, South Korea)
4. India and China are found be knowledge accepter more than knowledge creator in ICT.

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**FDI IN INDIAN MULTI-BRAND RETAIL-CONSUMER PERSPECTIVE**

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**ABSTRACT**

Foreign Direct Investment has been one of the most discussed topics in the Indian economy. Foreign direct investment is the talk of the day. Consumer's perception towards the impact of Foreign Direct Investment in India is unknown. This article gives an insight into Foreign Direct Investment in multi-brand retail. It analyses the advantages of foreign direct investment in multi-brand retail from consumer's perspective. It also analyses the disadvantage of Foreign Direct Investment in multi-brand retail from consumer's perspective. The impact of Foreign Direct Investment in overall development of the nation is also studied from consumer's perspective. Questionnaire was distributed to 100 respondents from various professions (Professionals, Government employees, Private employees, Women executives and Homemakers). Consumers perception on the basis of their profession is analysed.

**KEYWORDS**

FDI, multi-brand retail, forex reserve, logistics.

**INTRODUCTION****THE INDIAN SCENARIO OF FDI**

The recent announcement by the Indian government permitting Foreign Direct Investment (FDI) in retail, especially allowing 100% FDI in single brands and multi-brand FDI has created positive sentiments in Indian Retail Sector. FDI is a type of investment that involves the pumping of foreign funds into an enterprise that operates in a different country of origin of the investor. FDI refers more specifically to the investment of foreign assets into domestic goods and services.

**DEVELOPMENT OF FDI IN MULTI-BRAND RETAIL**

This paper is a study of FDI in multi brand retailing. In an important policy move, the Indian government gave permission for up to 51% FDI in multi-brand retail in September 2012. The objective of this policy is to boost the retail business through adoption of international standards and practices. The entry of international products, practices and technology is expected to enhance the efficiency of domestic retailers.

As early as 1997 the Indian government had started its experiments with FDI, introducing restrictions and conditions. In 1997, the government approved 100 % FDI in "cash and carry" wholesale stores under the automatic route and, in 2006, 51 percent FDI was allowed in single-brand retailing, although with prior approval from the government. In December 2011, the government fully opened up FDI in single-brand retail stores more specifically to the investment of foreign assets into domestic goods and services. In 2012 the Indian government had made it mandatory for foreign multi-brand retailers to place at least 50% of their total investment in back-end infrastructure, thus giving a boost to facilities such as logistics and warehousing. The retailers (both single-branded and multi-brand) will have to source at least 30% of their goods from small and medium sized Indian suppliers. All retail stores can open up their operations in having population over 1 million. Multi-brand retailers must bring a minimum investment of US\$ 100 million. Out of this, half of the amount must be invested in back-end infrastructure facilities such as cold chains, refrigeration, transportation, packing, sorting and processing, in order to reduce the post harvest losses and to bring the remunerative prices to farmers.

**ADVANTAGES OF FDI IN MULTI-BRAND RETAILING**

With multi-brand retailers exploring opportunities in India, demand for retail space is likely to rise significantly. This will induce developers to launch new malls and, as store size requirements are significantly higher for multinational retailers, this will encourage them to build larger malls along with sufficient mall infrastructure. Quality will also receive a significant boost as the malls will be constructed to meet international standards and norms. The competitive environment is likely to enhance the productivity and efficiency of domestic retailers. With better and more transparent pricing, sales will improve significantly. Domestic retailers will also leverage their portfolios by adopting many of the new retail strategies followed by large international retailers.

FDI in Multi-brand retail invites a lot of investment in the country which will in turn provide transitional development in technology. The main points of the Government's proposal of pushing the FDI in retail are:

1. **Benefits to the farmers:** The big retail giants buy the produce directly from the farmers eliminating the middle men and offering them higher prices for their products. Thus farmers are less likely to get affected by the price raise in future. Middle-man mainly involves in speculative hoarding and creates

artificial shortages in perishable commodities, this leads to food inflation as demand is more and due to artificial shortage supply is less. Thus elimination of middle man will help in reducing food inflation.

- Increase in Forex reserves:** As per Government's proposal in increasing the FDI in retail, each retail giant is supposed to invest a minimum of 100 million dollars. Each retail giant is expected to open at least 15 stores across India and to open each store it may require 10- 15 million dollars which can total in billions of dollars in Forex reserves.
- Decrease in food wastage:** Today a major chunk of the food that is almost 30% – 40% of the produce is wasted in transportation. A lot of grains are also wasted in the government storage and go-downs. The government has made it compulsory to invest 50% of the investment in the development of infrastructure in logistics. Thus it will become critical to save a lot in storage and logistics.
- Better consumer choice:** Since most of the retail giants work on a large scale, they have large number of product varieties which generally the kirana stores in the neighbourhood are not able to store.
- Benefits to Real-Estate sector:** Retail is closely dependent on real estate as any retailer requires substantial spaces for setting up business. Real estate in India has gone through a revamp due to the demand of high end retail malls and people's changing perception towards an enjoyable shopping experience. Thus real estate can get a further facelift in India and receive more investment with the opening up of FDI in multi-brand retail.

**Other benefits include:**

- Huge Investments in the retail sector will provide gainful employment opportunities for the people especially in agro processing , sorting, marketing, logistics and front-end retail
- Increased competition in retail chain at domestic level will bring in more customization and standardization of existing brands and products.
- The customers will also get assortment of products at squat prices as compared to the market prices. They have more options to get international brands at one place. This ultimately improves the standard of living of the customers.
- Contributes to large scale investments in the real estate sector with major and global player
- Finally, the effective banking services (efficient and customized), is a result of effective competition which increases only after the foreign players were welcomed in arena.

### DISADVANTAGES OF FDI IN MULTI-BRAND RETAIL

Though many advantages are associated with FDI, there are many arguments against government's announcement in introducing FDI in Multi-brand retail.

- FDI will invite trouble by unemployment of small retailers who may fail to compete with the big retail giants like Wal-Mart & Tesco (The Economic Times).
- Increase in FDI in retail will also create a monopoly of foreign brands in the food sector in India.
- The big retail giants are investment intensive and create very few job opportunities.
- Increasing FDI will not only impact just the retailers or the small time retail stores but will eventually impact all of the businesses that rely on it like the distributors, the small time salesman, rickshaw pullers who carry the goods to the shops, helpers at the distributor's office and retail shops, small time logistics owners and many small scale industries who cannot afford to purchase shelf space at big stores and retail chains. .
- The big retail giants having greater resources and capital is less expected to follow ethical practices which eventually threaten increase in inflation in future.
- More over none of the FDI supporters can guarantee what the end consumer will be able to save while purchasing from these retail giants due to this FDI in retail influx.

### OPPORTUNITIES OF FDI IN MULTI-BRAND RETAILING

While it is important not to lose sight of the local "Mom and Pop" shops, there is a distinct opportunity for FDI in Multi Brand retail. At the present moment, Indian companies are exporting different types of products to numerous retailers across the globe. There is a large segment of the population which feels that there is a difference in the quality of the products sold to foreign retailers and the same products sold in the Indian market.

In view of the availability of higher disposable incomes for Indians, there is an increasing tendency to pay for quality and ease and access to a "one stop shop" which will have a wide range of different products. The introduction of FDI act as great opportunity to many of the big business houses in India. They support FDI because in reality, most Indian biggies who are in retail are running at losses. Except for Big Bazaar, most others like Reliance Fresh or others have been running at losses to different degrees. They have really not been able to compete with Indian retailers and traders who are mostly unorganized, and so want money and investment. Since they are not ready to invest their own money, 51% FDI in multi-brand retail helps as big companies like Wal-Mart will form collaborations with them and in turn, turn these losses into profits. The same companies would have cried if government had allowed 100% FDI, since then Wal-Mart can enter India on its own and have Walmart (India) which would have competed with these big businesses, further endangering positions of Reliance Fresh, Big Bazaar and Spencers. Hence, they are fine with 51% and not 100% FDI.

According to RBI Deputy Governor Subir Gokarn Government's decision to allow FDI in multi-brand retail will help increase productivity and ensure an efficient foodgrain distribution network to tackle high food prices. Rajan Mittal, managing director of Bharti Enterprises, says that farmers will gain in the form of better returns for their products with the introduction of FDI In multi-brand retailing as it develop direct procurement linkages with the farmers.

### REVIEW OF LITERATURE

Organised sector is one of the most notable emerging sectors of the Indian economy that continues to attract investment and interest policies from leading national and international retail players. Factors like technology ,labour skills, and infrastructure are very important to explain the patterns and trends on the geographical structure of FDI. Indian retailers have a number of inherent strengths which helped them not merely survive the competition from organized retail but flourish. The Indian Council for Research on International Economic Relations (ICRIER) study (M. Joseph and N. Soundararajan, 2009) has shown that hardly 1.7 per cent of small shops have closed down due to competition from organized retail. They have competed successfully against organized retail through adoption of better business practices and technology. A study conducted by Mukherjee and Patel (2005) found that foreign retailers are working with small manufacturers for in-house labels and are providing them technologies like packaging technologies and bar coding. Sourcing from India has increased with the advent of foreign retailers and they also bring in an efficient supply-chain management system.

Kamaladevi Baskaran, Research Scholar, Dravidian University, Andhra Pradesh, in her Article 'FDI in India's Multi Brand Retail-Boon or Bane' has mentioned about the global giant's entry to India and their myths and realities, highlighted on farmer's issues towards FDI in multi brand retailing and also stated the recommendations before allowing FDI in Multi brand retailing. The study concluded by stating the fact that ,to achieve the objective of modernization of Indian retailing, the government has to proactively assist traditional retailers by modernizing themselves ,should remove the domestic regulatory and interstate restrictions on retail and should allow foreign entry into Multi-brand retail.

Dr Deepali Moghe (Associate Professor, V.K.Krishna Menon College and Economics, Mumbai), in his article 'Critical study of Foreign Direct Investment in Indian Retail with special reference to Multi Brand Retail Sector, has mentioned the regulatory framework for FDI in retail sector and various entry options for FDI in retail. He suggested that the entry of foreign capital into multi-brand retailing need to be anchored in a way that it results in a win-win situation both for India and Global players. He concluded stating that a percentage of FDI should be sent towards building up of back end infrastructure ,logistics or agro processing units and at least 50% of the jobs in the retail outlet be reserved for the rural youth.

An Article 'Impact of Multi Brand Foreign Direct Investment in Retail sector in India by Prof.Dr.G.S.Popli and Prof.Sima Singh Delhi School of Professional Studies and Research, New Delhi, made a note on the trends in the Indian Retail Sector and the benefits and drawbacks of FDI in this sector, factors influencing the consumers to buy from the organized and unorganized retailers. The Liberalization of Indian Trade and Economy by the Government of India and the foreign participation in retail sector has registered substantial growth in this sector. From the study he concluded that, FDI in retail sector appears inevitable and

preferable as it prevents foreign players entry in to the Indian Market using other routes, it heat up competition by providing consumers a better deal both in prices and choices.

Rupali Gupta in her project on "FDI in Indian retail sector" states that, Indian retail industry is one of the sunrise sectors with huge growth potential. According to the Investment Commission of India, the retail sector is expected to grow almost three times its current levels to \$660 billion by 2015. However, in spite of the recent developments in retailing and its immense contribution to the economy, retailing continues to be the least evolved industries and the growth of organised retailing in India has been much slower as compared to rest of the world. Undoubtedly, this dismal situation of the retail sector, despite the on-going wave of incessant liberalization and globalization stems from the absence of an FDI encouraging policy in the Indian retail sector. In this context, the present paper attempts to analyse the strategic issues concerning the influx of foreign direct investment in the Indian retail industry. Moreover, with the latest move of the government to allow FDI in the multi-brand retailing sector, the paper analyses the effects of these changes on farmers and agri-food sector. The findings of the study point out that FDI in retail would undoubtedly enable India Inc. to integrate its economy with that of the global economy. Thus, as a matter of fact FDI in the buzzing Indian retail sector should not just be freely allowed but should be significantly encouraged.

In the International Journal of Multidisciplinary Research (Vol.2 Issue 6, June 2012, ISSN 2231 5780), Dr. Mamta Jain and Mrs. Meenal Lodhane Sukhlecha says that, Retailing is the interface between the producer and the individual consumer buying for personal consumption. This paper tries to establish the need of the retail community to invite FDI in multi brand retailing. In between the advocators and antagonists of FDI inflows in Indian retailing, there are few issues to be addressed for the consumer's rights to be saved, for the employment opportunities to be generated, for the regularization of the different retailers working in different areas, etc. Giant corporations like Wal-Mart and Reliance have started to try and take over the Indian retail sector. In spite of so many reasons behind allowing and not allowing FDI from entering our Indian borders, there are few examples of other developing countries who initially protested against the entry of foreign investment in retail sector and then, later on proved out to be the most effective decision in country's development and standing in the world.

The Hindu Business Line, November 18, 2012 says that, FDI in multi brand retail can strengthen supply chain links. India is the world's largest producer of fruits and vegetables, has the largest area under wheat, rice and cotton and is the second-largest producer of rice and wheat. That is the good news. But, at the other end of the spectrum, India loses about Rs 50,000 crore annually just on account of frail post-harvest infrastructure. A major scoop of these farm losses can be traced to a feeble supply chain system that includes storage, transportation and distribution. Inadequate warehouses and cold storages and poor road and rail transportation are some of the red flags in the Indian logistics landscape. Experts indicate that the advance of FDI could beef up the existing logistics infrastructure to a significant extent, which could translate into better prices for farmers and consumers. However, there is one rider. Retailers feel that unless there is a seamless implementation of this programme across states, robust supply chain architecture cannot be built. If some states chose not to open up FDI in their retail sectors, there would be a break in the chain. In a paper presented during a recent Confederation of Indian Industries (CII) seminar, Sunitha Raju from the Indian Institute of Foreign Trade, points out that direct procurement format resulted in an increase in farmers' net income by eight per cent, while consumers paid six per cent less and transportation wastage fell by seven per cent. This could further improve if supply chain logistics is strengthened.

Prof. (Dr.) G.S. Popli and Prof. Sima Singh in their research "Impact on multi brand foreign direct investment in retail sector in India" says that, India has been placed at first position in the category of countries with the best opportunity for investment in the Retail Sector by a survey of A.T. Kearney's 2005 on Global Retail Development. The increasing disposable incomes among the Indian middle class and increasing young population have been cited as the main reasons for such attractive optimism. This positive opinion of the experts has also encouraged the intense lobbying by certain sections for opening Foreign Direct Investment in this sector. Foreign investors are also very enthusiastic to invest in India's Retail Sector. The Government of India opened up FDI in 'Single Brand Retailing' in the year 2006. This was done with a primary motive of giving a boost to organized retailing in India. However, there's another equally strong lobby that has been opposing this idea of inviting foreign direct investment in multi brand. They claim that it will mop away the corner shops in every locality and chuck inhabitants out of the jobs and bring unthinkable melancholy. The Research Paper makes a modest attempt of developing an insight as to what are the trends in the Indian Retail Industry and to the benefits and drawbacks of FDI in this sector. It has also focused on whether this policy will be beneficial for the Indian Economy as a whole or not. It has also been observed that an efficient supply chain within the country may augment its linkage to the global supply chain. This in turn may boost farm exports significantly. Improved farm exports coupled with promised improvement in margins for farmers may bring in a happier and brighter tomorrow for our farmers.

## OBJECTIVES OF THE STUDY

1. To identify the advantages to consumers from FDI in multi-brand retail sector.
2. To analyse the disadvantages to consumers from FDI in multi-brand retail sector
3. To study from the consumer perspective, the impact of FDI in multi-brand retail sector on the overall development of the nation.

## HYPOTHESIS

### HYPOTHESIS 1

Null hypothesis: There is no significant relationship between the profession of the consumers and their opinion regarding the contribution of FDI in the economic development of the country.

Alternate hypothesis: There is no significant relationship between the profession of the consumers and their opinion regarding the contribution of FDI in the economic development of the country.

### HYPOTHESIS 2

Null hypothesis: There is no significant relationship between occupation of the consumers and their support towards FDI

Alternate hypothesis: There is significant relationship between occupation of the consumers and their support towards FDI

## METHODOLOGY

### DATA SOURCE

Both primary and secondary data were used for this study. Primary data was collected through questionnaires and secondary data were collected through journals, reports, articles and websites.

### SAMPLING

The sample size of this study is 100. Respondents were categorised into five groups according to their profession. Various categories were Government employees, Private Employees, Professionals, Women employee and Home makers.

### TOOLS OF ANALYSIS

Various statistical tools for analysis were percentage and chi-square test. Graphs, bar diagrams and pie-diagrams were used to give the pictorial interpretation.

## ANALYSIS AND INTERPRETATION

Questionnaire method was used for collecting data. 100 samples were considered for analysis. The detailed analysis of the data collected is as follows

### 1. GENDER

TABLE 1: CLASSIFICATION ON THE BASIS OF GENDER

Gender	Number of respondents	Percentage
Male	56	56
Female	44	44
Total	100	100

(Source: Primary data)

From the above Table, it is clear that majority of the respondents (56%) are male and the rest 44% are female.



2. AGE

TABLE 2: CLASSIFICATION OF AGE

Age	No. of Respondents
Below 25	16
25-35	36
36-45	28
Above 45	20

(Source: Primary data)

The above Table shows that majority of the respondents are in between the age of 25-35 (36%), 28% of the respondents are in between the age of 36-45, 20% of respondents are above 45 years and 16% of respondents are below 25 years.

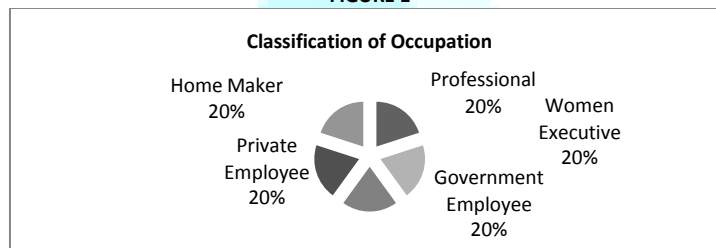
3 OCCUPATION

TABLE 3: CLASSIFICATION OF OCCUPATION

Occupation	No of Respondents
Professional	20
Women Executive	20
Government Employee	20
Private Employee	20
Home Maker	20

(Source: Primary data)

FIGURE 1



The above Table shows that the percentages of respondents are taken equally 20% each from home maker, private employee, Government employee, women executive and professional.

4 EDUCATION

TABLE 4: CLASSIFICATION OF EDUCATIONAL QUALIFICATION

Educational Qualification	No of Respondents
Graduation and Below	32%
Post-Graduation	32%
Professional	36%

(Source: Primary data)

The above Table shows that the majority of the respondents are professionals with 36%, 32% of the respondents are post graduate and the remaining 32% of respondents are graduate and below graduate.

5 ANNUAL INCOME

TABLE 5: CLASSIFICATION OF INCOME

Income	No of Respondents
Below 2.5 Lakhs	12%
2.5 -5 Lakhs	32%
5-7.5 Lakhs	26%
Above 7.5 Lakhs	10%
Not Applicable	20%

(Source: Primary data)

The above Table shows that the majority of the respondents (32%) earned '2.5-5 lakhs' annually, 26% of the respondent's annual income is 'Between 5-7.5 lakhs', 12% of the respondents annual income is 'Below 2.5 lakhs', 10% of respondent's annual income is 'Above 7.5 lakhs' and 20% of the respondents gave the option 'Not applicable'.

6 LEVEL OF AWARENESS

TABLE 6: LEVEL OF AWARENESS REGARDING FDI

Level of Awareness	No of Respondents
Excellent	16%
Good	46%
Satisfactory	30%
Poor	8%

(Source: Primary data)

From the above Table , 46% of the respondents which is the majority responded the level of awareness regarding FDI as good, 30% of the respondents responded as satisfactory, 15% of respondents responded as excellent and 8% responded as poor.

7 SUPPORT TO FDI IN MULTI-BRAND RETAIL

The classifications of the respondent base on their support level to the FDI in multi brand retail are shown below.

TABLE 7: SUPPORT TO FDI IN MULTI-BRAND RETAIL

Particulars	No. of Respondents
Support FDI	67%
Do not support FDI	33%

(Source: Primary data)

From the above table 72% of the respondents which is the majority supported FDI in multi-brand retail and 28% of respondents do not support FDI in the multi-brand retail.



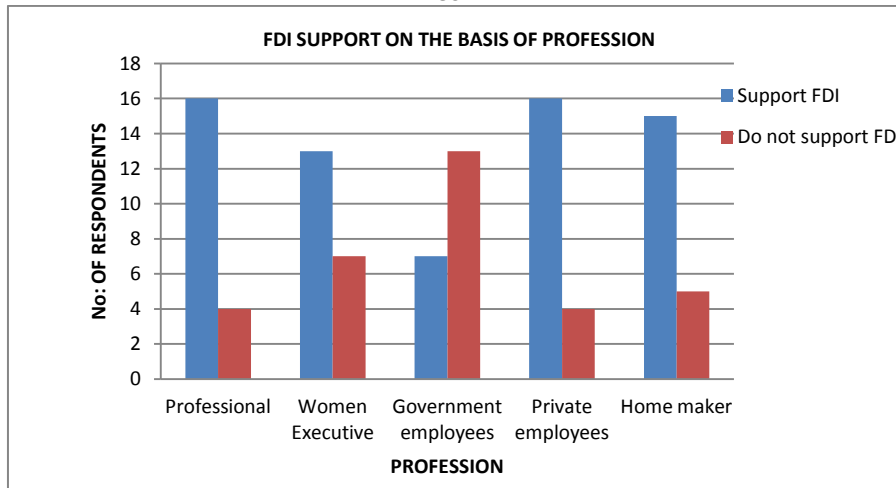
8 CALCULATION OF RESPONDENT'S SUPPORT TO FDI ON THE BASIS OF OCCUPATION

TABLE 8: CLASSIFICATION ON THE BASIS OF OCCUPATION

Occupation	Support FDI	Do not support FDI	Total
Professional	16	4	20
Women Executive	13	7	20
Government employees	7	13	20
Private employees	16	4	20
Home maker	15	5	20
Total	67	33	100

(Source: Primary Data)

FIGURE 2



From the analysis conducted using chi-square, calculated value for the above observation was 13.75. The table value at 5% significance with 4 degrees of freedom was 9.49. Since the calculated value is less than the table value, null hypothesis will be accepted i.e. there is no significant relationship between different occupational sectors of consumers and their support towards FDI

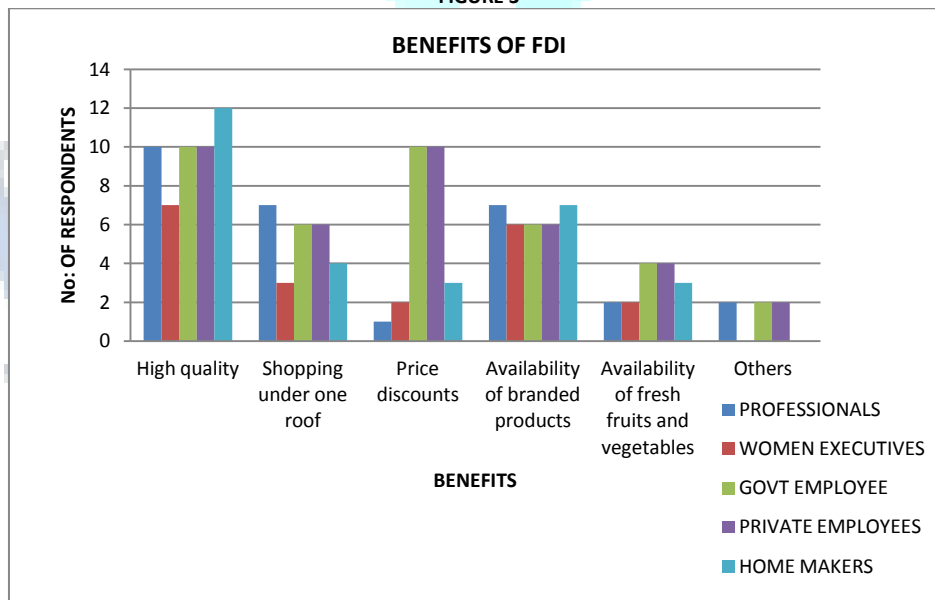
9 BENEFITS OF FDI IN MULTI-BRAND RETAIL TO CONSUMERS

The opinion of respondents towards various benefits of FDI in multi-brand retail was analysed. Various benefits analysed were 'High quality', 'Shopping under one roof', 'Price discounts', 'Availability of branded products' and 'Others'.

TABLE 9: BENEFITS TO CONSUMERS

Benefits	PROFESSIONALS	WOMEN EXECUTIVES	GOVT EMPLOYEE	PRIVATE EMPLOYEES	HOME MAKERS	TOTAL	PERCENTAGE (%)
High quality	10	7	10	10	12	49	32
Shopping under one roof	7	3	6	6	4	26	17
Price discounts	1	2	10	10	3	26	17
Availability of branded products	7	6	6	6	7	32	22
Availability of fresh fruits and vegetables	2	2	4	4	3	15	8
Others	2	0	2	2	0	6	4

FIGURE 3



From the analysis, majority of the respondents have opted for 'High Quality' (32%) as the benefit of FDI. 22% have opted for 'Availability of branded products'. 17% have opted for 'Shopping under one roof' and 'Price discounts'.

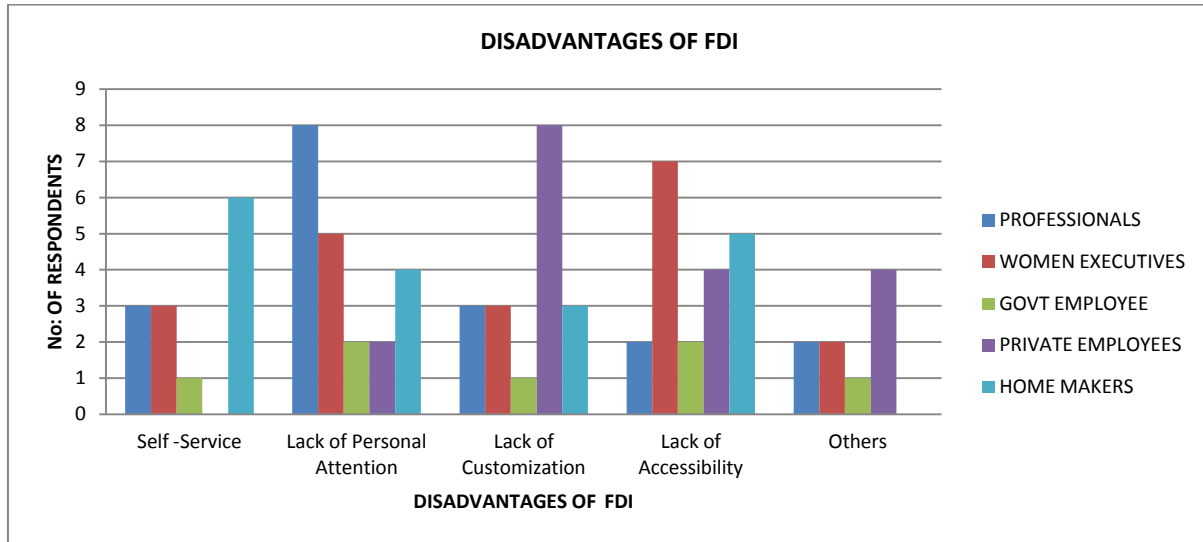
10 DISADVANTAGES OF FDI TO THE CONSUMERS

TABLE 10: DISADVANTAGES OF FDI

Disadvantages	PROFESSIONALS	WOMEN EXECUTIVES	GOVT EMPLOYEE	PRIVATE EMPLOYEES	HOME MAKERS	TOTAL	Percentage(%)
Self -Service	3	3	1	0	6	13	16
Lack of Personal Attention	8	5	2	2	4	21	26
Lack of Customization	3	3	1	8	3	18	22
Lack of Accessibility	2	7	2	4	5	20	25
Others	2	2	1	4	0	9	11

[Source: Primary Data]

FIGURE 4



From the analysis, majority of the respondents have considered 'Lack of personal attention' (26%) as the disadvantage of FDI. 25% have opted for 'Lack of accessibility as the reason. 22% opted 'lack of customisation' and 16% 'self-service'. 11% gave the reason as 'Others'.

11 THE REASONS FOR NOT SUPPORTING FDI IN INDIAN MULTI-BRAND RETAIL SECTOR

TABLE 11: THE REASONS FOR NOT SUPPORTING FDI IN INDIAN MULTI-BRAND RETAIL SECTOR

Reasons for not supporting	Professionals	Women executives	Govt Employees	Private employees	Home makers
Lack of Personalized service	25%	14%	38%	0%	44%
Lack of Accessibility	0%	43%	23%	0%	33%
Non-availability of local brands	0%	0%	15.38%	50%	11.11%
Cultural and Lifestyle change	25%	29%	8%	0%	11%
Others	50%	14%	15%	50%	0%
TOTAL	100%	100%	100%	100%	100%

Majority of the professionals have (50%) given the option 'Others' as the reason behind not supporting FDI. Majority of the women executives have given the option (43%) 'Lack of accessibility'. Government employees have given the reason 'Lack of personalised services'. Private employees have given the option 'Non-availability of local-brands' and 'Others'. Home makers have given the option 'Lack of personalised services' (44%)

12 CONSUMER'S PERCEPTION TOWARDS FDI IN MUTL-BRAND RETAIL'S CONTRIBUTION TOWARDS OVERALL DEVELOPMENT OF COUNTRY

TABLE 12: CLASSIFICATION OF CONSUMER'S PERCEPTION ON THE OVERALL DEVELOPMENT DUE TO FDI ON THE BASIS OF PROFESSION

Occupation	Support FDI	Do not support FDI	Total
Professional	16	4	20
Women Executive	13	7	20
Government employees	7	13	20
Private employees	14	6	20
Home maker	15	5	20
Total	67	33	100

From the analysis of Table using chi-square test, the final conclusion is that in consumer's perspective, there is no significant relationship between the profession of the respondent and their opinion regarding the role of FDI in economic development of the country.

Other than the government employees, all the respondents are of the opinion that FDI contributes towards the economic development of the country.

FINDINGS

- Level of awareness regarding FDI of majority respondents falls under the category 'Good' (46%).
- Majority of respondents support FDI
- The category of respondents who supported FDI are professionals (80%), women executives (65%), private employees (80%), homemakers (75%) .
- The categories of people who do not support FDI are Government employees (65%)
- The most attractive benefit of FDI is 'High Quality of Products' for all categories of consumers.
- Professionals have opted for 'Lack of Personal Attention' (44%) as the main disadvantage.
- Women Executives have opted 'Lack of Accessibility' (35%) as the major disadvantage.
- 'Lack of Personal Attention' (29%) and 'Lack of Accessibility' (29%) were the disadvantages opted by Government employees.
- Private employees have chosen 'Lack of customization' (45%) as the main disadvantage of FDI
- Home makers have opted for 'Self-service' (33%) as the main disadvantage of FDI in multi-brand retail.

- Professionals have opted the option 'Others' (50%) as the reason for not supporting FDI.
- Women executive has opted 'Lack of accessibility' (43%) as the reason for not supporting FDI
- 'Lack of personalized service' (39%) is opted as the reason behind not supporting FDI by women executives and home makers (45%)
- Private employees have chosen 'Non availability of local brands' (50%) and 'Others' (50%) as the reason for not supporting FDI
- From the total respondents, 65% has the opinion that FDI contributes to the overall development of the nation. 80% of 'Professionals', 65% of women executives, 70% of private employees and 75% of home makers are of the opinion that FDI contributes to the overall development of the nation. Whereas only 35% of Government employees seconded the same.

### SUGGESTIONS

- Multi- brand retail outlets should try to include local brands of good quality also in their merchandise.
- Steps could be taken to improve the accessibility to these multi-brand retail stores.
- Better policies should be adopted by multi-brands for protection of employee rights and Government should ensure it.
- Multi-brand retails should adopt sustainable development practices to protect the resources of the nation.
- Government should assure the public that the FDI in multi brand retail would in no way influence or affect the Government policies.

### CONCLUSION

The project aimed at identifying the advantages and disadvantages of FDI in multi-brand retail in consumer's perspective. It also identifies the overall development of the nation in consumer's perspective. The main advantage identified from the study due to FDI in multi-brand retail sector is 'High quality of products' available to consumers. The main disadvantage is lack of accessibility and personal attention to the consumers. Majority of the respondents were of the opinion that FDI in multi-brand contributes to the overall development in the nation. Majority have chosen all the stated options. The respondents who were against the opinion that FDI in multi-brand contributes to the overall development in the nation have mostly chosen the factor, foreign control on Government policies.

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**A STUDY OF INVESTOR'S BEHAVIOR IN NEPALESE STOCK MARKET****DR. SAROJ PANT****LECTURER****LAL BAHADUR SHASHTARI DEGREE COLLEGE****HALDUCHAUR****AMIT DUMKA****DY. MANAGER (E&T)****GOVERNMENT MEDICAL COLLEGE****HALDWANI****ABSTRACT**

*In the context of Nepal, security market are not very efficient and investors have not any uniformity in their investment decision. This paper attempts to explore various factors in explaining the behavior of investment decisions in Nepal and for prediction of the future prospects of Nepalese stock market in terms of investors' expectation. A survey was conducted on the sample of 98 respondents from different sectors of economy viz. service, manufacturing, hotels, education, health, food and beverages. The purposive sampling method was applied to select the respondents. The survey instruments were designed including a list of 48 questions with the use of different measurement scale including the Likert scale. The survey result shows that, it is quite evident that investors' not making informed investment decisions through the careful evaluation of available information. Most of the investors of the country have no access toward the secondary market opportunities. Almost all of the investors are purchasing shares in primary market only and there are not considering the risk involved in the initial public offering. The demand is not equitable both for securities and issuing sectors. They prefer common stock of banking sector followed by finance company and insurance company. Investors have not shown trust and faith in common stock and other securities issued by hotel and manufacturing sector. Traditionally, the purchase of land, construction of building and saving in the bank had been the major area of investment for the people but their attitude is changing toward shares, debentures and other new securities. However, there is a lack of sufficient, information therefore, most of the investors are forced just to run behind the market rumours and behave accordingly.*

**KEYWORDS**

Investment Behavior, Investment Decision, Nepalese Investors.

**INTRODUCTION**

Earnings and investor's psychology are the two major factors that affect stock prices. In the long term, earnings may be the foremost driving force for stock prices. However, investor's psychology plays a considerable role in moving stock prices in the short run. Much of the finance theories are based on the conviction that individual investors behave in a rational approach and that all existing information is embedded in the investment cycle. The famous Efficient Market Theory makes two major predictions. The first prediction is equilibrium price of securities - that the market prices are always striving toward the intrinsic value. In their words, financial assets have an intrinsic value based on economic condition, expected cash flows and their level of risk. The second prediction is informational efficiency - that prices adjust rapidly to the arrival of new information and therefore, because news arrives randomly, past price changes do not predict future price changes. But there are very few investors for whom the prediction is entirely correct, they are rationale, reflection of new information is immediate and accurate on stock prices as per Efficient Market Theory. The theory does not consider the influence of human behavior in the investment practice. Behaviorally, investors give different preference to the identical investment alternative and under the similar situation. Some theories of behavioral finance had attempted to elucidate the influence of human emotions in their investment decision. Psychology primarily deals with human unreliability, logical mistakes and prejudiced decision. These mistakes can cause investors to form biased expectations regarding the future that, in turn, can cause securities to be mispriced.

The establishment and operation of the stock exchange market has opened door to small investors otherwise limited by prevailing opportunities and inability to assemble diverse sources. The only probable option left for them was bank deposits. Thus, enterprising and venturesome small investors were deprived of opportunities to invest. However, the establishment of the securities market in Nepal in 1985 and Nepal Stock Exchange Market in 1994, has opened an avenue to them. The Securities Exchange Board (SEBO) is operating since 1993. However, to what extent, their interest is being given attention has remained an issue of concern in Nepal.

Security market is a place where buying and selling of securities takes place in an organized way. The parties involved in security market are investors, intermediaries and specialists. Investors who are willing to buy or sell securities quickly may be searching good offers or accepting poor offers with higher risk and of higher return. Securities markets provide options to all categories of investors and make the financial market most competitive in developing countries. The position of liquidity and profitability and the degree of risk embodied on it are indicators taken into consideration while selecting the best options for investment. Intermediaries take temporary positions of securities during a time period in between a flow of buy orders and a flow of sales order and make earning from the variations in supply and demand positions. Commission for security transaction is another source of income of intermediary.

At the time of study conduction, there were 40 members/ intermediaries comprising of stockbrokers (27), issue and sales managers (10), security dealers (2) and market maker (1). In the security market, investors are termed as customers and customers may be individuals, firms, companies and organized institutions. Members start their work by taking orders from the customers for buying and selling their securities. Customers make agreement with issue manager, security dealer and market maker for underwriting and issue management of shares and against that they take service charge from customers. Stockbroker is a security businessperson who deals on behalf of the investors in buying and selling of securities of a listed company. Issue manager is a security businessperson who carries out functions relating to public issue of securities on behalf of the issuing company in the primary market.

Security dealer is a security businessperson who buys securities in his name at the primary market and sells them from secondary market (stock exchange) either in his own name, or on behalf of customers' name through stockbrokers. Market maker is a security businessperson who deals with bonds issued by the government or bonds issued as per the guarantee made by the government. It carries out functions relating to public issue of mutual fund, unit fund and buying and selling of equity shares in his name of at least three organized institutions with the objectives of providing liquidity for them.

In the context of Nepal, security market is not efficient and investors have not any uniformity in their investment decision. The objective of this study is to explore are limited for a few high-income class and clever investors only. The study can be helpful for prediction the future prospects of Nepalese stock market in terms of investors' expectation.

**STATEMENT OF THE PROBLEM**

The development of capital market is an important object for both the emerging and developed economies. As economic development and financial market mature, markets are expected to evolve to bring together the demander of the fund and supplier of the fund. Economic development and progress is not solely

dependent to the government but closely allied to the appearance of the financial markets and institutions that can marshal resources, accommodate payments, pool risks, allocate credit and monitor borrowers and equity interests. Such condition depends on the degree of reform and pattern of legal system.

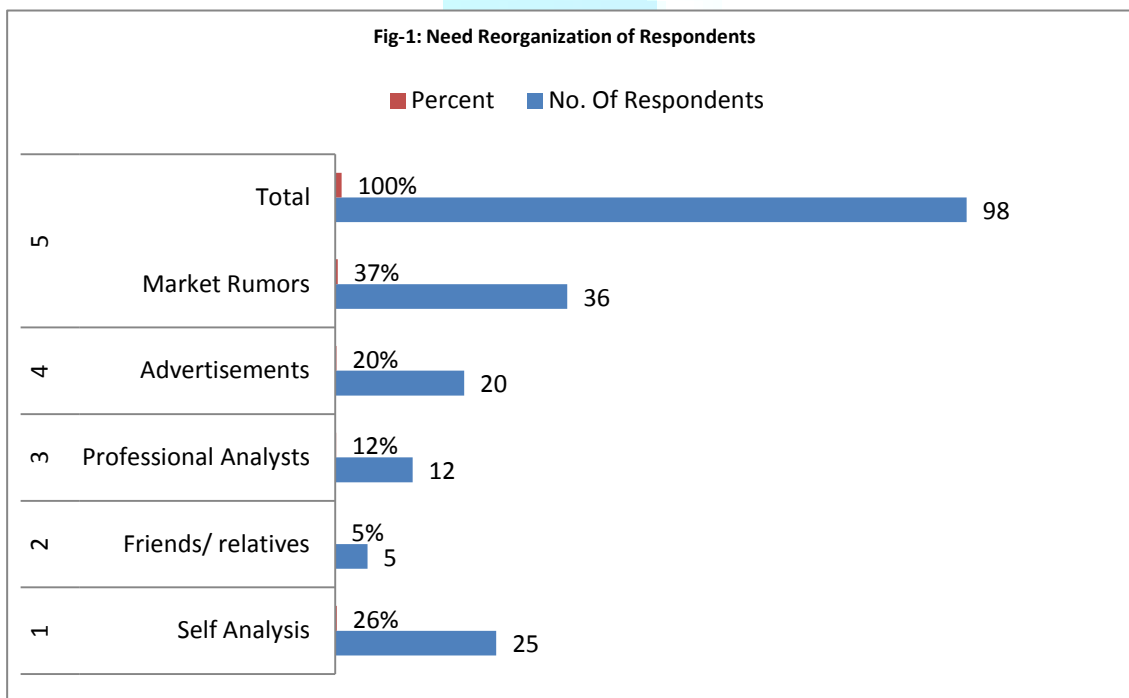
Realizing such prominent role of capital market, the government of Nepal is effortful to introduce necessary programmes and strategies to develop efficient capital market in Nepal by creating conducive investment atmosphere, reforming economic policies and adjusting regulatory and supervisory framework. The introduction of liberal economic policy in 1992 is a milestone in this regard. Necessary policies have been formulated to develop various savings and invest plans in order to mobilize small savings and to create legal support to suite the liberal economic policy. After the economic liberalization, the market scenario of Nepalese primary and stock market has been expanded in terms of both volume of fund raised and number of listed companies. Total fund raised and numbers of individual and institutional investors in the primary and secondary market have been expanded rapidly. This trend is an indication of bright future of stock market in Nepal.

Despite these efforts and development, what are the motivating factors behind the buying or selling securities in the stock market of the respondents? What are the investor's preferences and sector-wise preferences toward different securities available in Nepalese stock market of the respondents? What are the buying motives, size of the investments, demand-supply and potential major factors considered by the investors for investment decision and the expectations of the respondents?

**NEED RE-COGNIZATION**

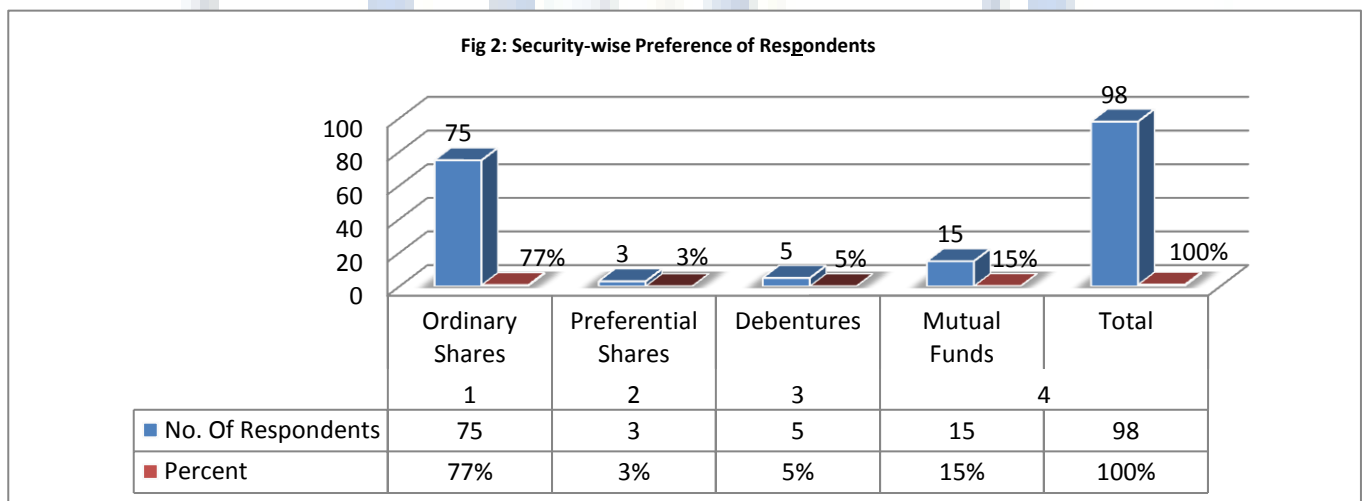
For analysis of investor's responses toward Nepalese stock market, responses from 100 individual investors were obtained through personal interviews (via telephonic conversation/video-chatting/e-mail) and through the administration of questionnaires. The first question asked to respondent was concerned with factor that motivated them to buy a share of a particular company.

The responses of investors have been presented in Fig-1. As revealed by Fig-1, most of the Nepalese investors responded that their motivator factor behind the buying or selling securities in the stock market is market rumours. Out of 98, 36 respondents opened that they bought shares when there is buying pressure in the stock exchange and sold their shares when other people started to sell. On the other hand, out of the 98, 25 respondents opined that they purchased shares as per their self analysis. These respondents were employee of banking and financial institutions, business persons and students of post graduated level especially from the faculty of management and economics. About 20% of the respondents were stimulated for buying shares through advertisement and nearly 05% from the advice of relatives and friends and 12% of respondents bought or sold shares with the help of professional experts.



**INVESTORS PREFERENCE**

The second question was aimed to know the preference of respondents toward different securities available in Nepalese stock market. The responses received from respondents has furnished in Fig-2.



A majority of respondents viewed that they prefer ordinary shares in comparison of preference share and debentures. Out of 98, 77% investors responded such view. Only 03% of the respondents opined that they prefer preference shares and 15% respondent preferred buying the units of mutual fund. From the analysis of respondents view, it can be concluded that most of Nepalese investors are attracted by the ordinary shares and preference shares and debentures are not popular among Nepalese investors whereas the Mutual Funds are also attracted by the Nepalese investors.

### SECTOR-WISE PREFERENCE

The preference of all the selected investor is not unique with regards to different sectors. Investors have top priority for investing in banking sectors followed by finance and insurance sector. On the other hand, investors are not attracted to invest in the shares of hotels and manufacturing sector. Following table explains the responses of 90 shareholders selected for interview.

**TABLE-3: SECTOR-WISE PREFERENCE OF RESPONDENTS**

Sl.No.	Sectors	No. Of Respondents	Percent
1	Commercial Banks	47	48%
2	Development Banks	10	10%
3	Financial Companies	11	11%
4	Insurance Companies	17	17%
5	Hotels	2	2%
6	Trading companies & Others	2	2%
7	Manufacturing companies	7	7%
8	Others	2	2%
Total		98	100%

About 48% of the responded preferred the securities issued by commercial banks and 17% respondents viewed that they want to invest in the shares of insurance companies whereas 11% and 10% respondents preferred shares of Development Banks and financial Institutions. The proportion of respondents preferring shares of hotel, trading companies and manufacturing companies were less than 10%. The reason behind such priority is the increasing market value of shares and regularity in payment of dividend as well as bonus shares.

### NATURE OF SECURITY MARKET

The expected return on securities cannot be attained unless these securities are bought and sold in the secondary market. However, a strong majority of the respondents expressed their view that they are stimulated to purchased shares from the primary market.

**TABLE-4: PLACE OF SECURITIES PURCHASED**

Sl.No.	Markets	No. Of Respondents	Percent
1	Primary	62	63%
2	Secondary	20	20%
3	Both	16	16%
Total		98	100%

As depicted by above table, more than 63% of the respondents had purchased the securities at the time when companies offered new issues and only 20% of the respondents acquired in the secondary market. The initial public offering is too much riskier in comparison of trading in secondary market. However, all of the respondents expressed the view that they ignored the risk of initial public offering. About 16% of the respondents bought the securities both from the primary issue and from the secondary market.

### BUYING MOTIVES

The motive of buying securities differs from investors to investors. Some investors seek growth stock. The investors interested in companies that have high potential for earning growth and they buy securities for holding not for immediate selling. Some investors are value investors who look for the stocks that the market has overlooked.

Value doesn't mean cheap as in low per share price, but under priced relative to the value of the company. They buy share for capital gain and sell when the price is higher than the purchase price. The final category of investors is income investors who invest in the securities of the companies paying high and consistent dividends. The companies that qualify for the income investor tend to be large and well- established. People in retirement are fond of this category. The motives of buying securities of Nepalese investors have been presented in Fig-3.



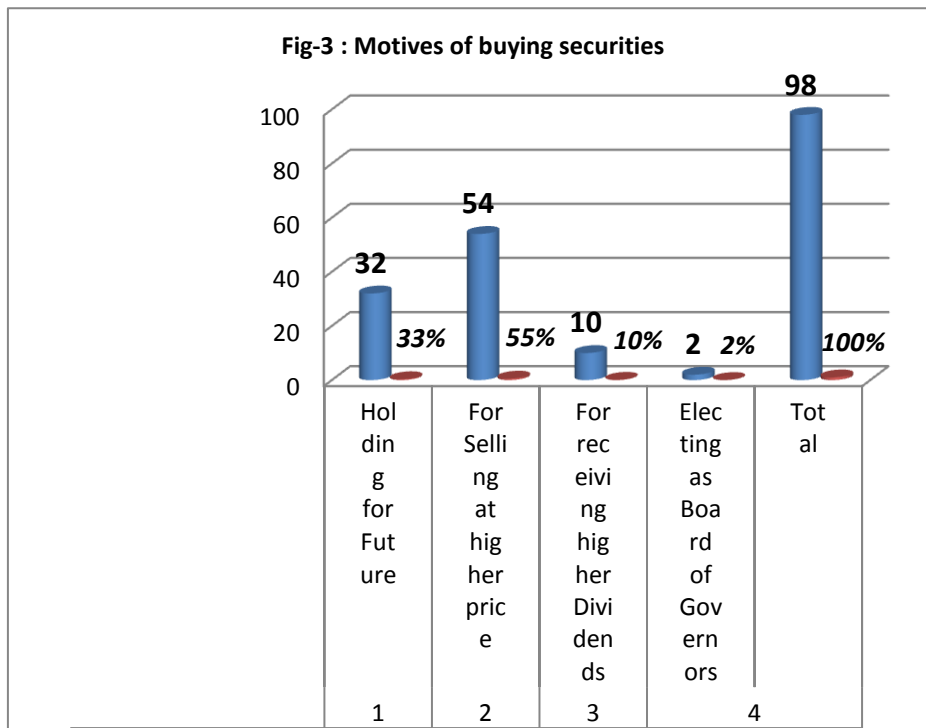


Fig-3 depicted that out of 98, 33% respondents opined that they purchased securities for the purpose of holding in future. 55% respondents expressed their view that their aim of buying securities was selling the stock at higher price. Out of the total respondents, only 10% were motivated for receiving regular dividend and about 02% respondents bought shares for the motive of electing in the election of board of directors. From this analysis it can be concluded that a majority of the Nepalese investors buy securities for the purpose of selling in futures when the price of securities increases. On the other hand, very few investors are interested to hold securities for becoming the candidate for board of directors.

**SIZE OF INVESTMENT**

For the aim of exploring the purchasing capacity of Nepalese investors, following information was obtained:

**TABLE-6: SIZE OF INVESTMENT**

Sl. No.	Amount (Rs)	No. of respondents	Percent
1	Up to Rs 100,000	30	30.61%
2	Rs 100,001 to Rs 200,000	26	26.53%
3	Rs 200,001 to Rs 300,000	13	13.27%
4	Rs 300,001 to Rs 400,000	10	10.20%
5	Rs 400,001 to Rs 500,000	9	9.18%
6	Above Rs.500,000	10	10.20%
	Total	98	100.00%

Source: Field survey

As per the data tabulated in above table, it is observed that most of the Nepalese investors are small investor. Out of the total, one third if the respondents articulated their view that their investment in securities was up to Rs 100,000 and about one fourth of the respondents expressed that they were able to invest up to Rs 200,000. About 19 respondents out of the total 98, viewed that their investment in shares was between the ranges of Rs 300,000 to Rs 500,000. From the view point of investment, there were only 10 respondents investing more than Rs 500,000 in financial assets.

**DEMAND FOR AND SUPPLIES OF SECURITIES**

The stability of effective stock market depends upon the consistency between the demand for securities and supply of these securities. All of the respondents expressed the view that they were able to buy or sell as the desired quantity in the secondary market. However, most of the respondents complained that they became unable to buy securities in primary market. The responses of selected investors have been shown in the following table:

**TABLE-7: INVESTORS DEMAND FOR AND SUPPLY OF SECURITIES IN THE PRIMARY MARKET**

Sl.No.	Shares applied	No. OF Respondents	% of Respondents	Shares Allotted	No of Respondents	% of Respondents
1	Up to 100	38	38.8%	No allotment	50	51.0%
2	101-200	22	22.4%	Up to 100	30	30.6%
3	201-300	15	15.3%	101-200	6	6.1%
4	301-400	9	9.2%	201-300	2	2.0%
5	401-500	4	4.1%	301-400	3	3.1%
6	501-600	10	10.2%	401-500	4	4.1%
				Above 500	3	3.1%
	Total	98	100.0%		98	100.0%

Out of the 98, more than 50% of the applicants for shares could not get any shares from the initial public offering. Out of the 38 applicants who applied for less than 100 shares, 30 applicants received the shares as per their demand. Similarly, Out of the 22 applicants applying for 100 to 400 shares, only 11 applicants received the shares. The number of applicants demanding more than 500 shares observed to be 10 and 30% of them received shares from the primary issue. From this analysis it can be concluded that most of the Nepalese investors are small investors and they are interested in buying, on average, 100 shares. From the supplied side, issuers are allotting large proportion of share either the applicant for less than 100 shares or to applicants for more than 500 shares.

**MAJOR FACTOR CONSIDERED BY INVESTORS**

Professional investors buy and sell securities through the fundamental and technical analysis. However, general investors make the invest decision on the basis of published information of the concerned company. None of the selected respondents are professional; therefore, most of investors make decision on the basis of published data such as stock market indicators, earning per share, dividend per shares, market price per share etc. The views of respondents have been presented in the following table-8:

**TABLE-8: FACTOR CONSIDERED WHILE PURCHASING SECURITIES**

Sl.No.	Factors	No. of respondents	Percent
1	Market Index	10	10.20%
2	Net Worth	8	8.16%
3	EPS & DPS	5	5.10%
4	Market Price of Shares	12	12.24%
5	Management of Company	5	5.10%
6	Industry Nature	43	43.88%
7	Market Noise	15	15.31%
<b>Total</b>		<b>98</b>	<b>100.00%</b>

From the analysis of responses it was found that majority of the investors made investment decision on the basis of nature of industries without any analysis of financial condition specially while making investment in the shares of commercial banks, finance companies and insurance companies. About 15% of respondents opined that their buying decision is based of market rumours and 12% of the respondents viewed that they made purchasing decision on the basis of changes in market price per share. 10 % of the investors were found to watch the stock index and only 5% made the investment decision through the analysis of earning per share and dividend per share. The proportion of respondent making investment decision after the analysis of management of the companies is negligible. This analysis helps to draw a conclusion that there is no risk for commercial banks, insurance companies and finance companies to issue securities in the stock market and investors are self-confident about the prosperity of these sectors. However, trading companies, manufacturing concerns and hotel sectors are still unable to win the confidence of investors.

**FUTURE EXPECTATION OF RESPONDENTS**

On the basis of existing stock market condition the investors responded the following views regarding their future plan for buying securities in case of primary issue.

**TABLE-9: FUTURE EXPECTATION OF RESPONDENTS**

Sl.No.	Sectors	Banking		Finance		Insurance		Hotels		Manufacturing	
1	Min 50 shares	18	18.4%	25	25.5%	22	22.4%	81	82.7%	75	76.5%
2	Up to 100	25	25.5%	37	37.8%	50	51.0%	15	15.3%	16	16.3%
3	101-400	47	48.0%	28	28.6%	20	20.4%	2	2.0%	7	7.1%
4	401 and above	8	8.2%	8	8.2%	6	6.1%	0	0.0%	0	0.0%
		98	100.0%	98	100.0%	98	100.0%	98	100.0%	98	100.0%

As per above table, almost all of the investors selected for interview responded their willingness to invest in the stock to be issued in future by banking sector, followed by the finance and insurance sector. In addition, a majority of investor's were stimulated to apply for 100 to 400 shares of banking sectors and their proportion was 48% followed by 25.5% for finance company and 18.4% for insurance company. On the other hand, more than 75% of the respondents had no desire for investing in shares of manufacturing trading and hotel sector and the rest of them expressed their view that they would purchase only 50 shares (minimum requirement) of these sectors.

On the overall observation of investor's responses, it is quite evident that investors' not making informed investment decisions through the careful evaluation of available information. Most of the investors of the country have no access toward the secondary market opportunities. Almost all of the investors are purchasing shares in primary market only and there are not considering the risk involved in the initial public offering. The demand is not equitable both for securities and issuing sectors. They prefer common stock of banking sector followed by finance company and insurance company. Investors have not shown trust and faith in common stock and other securities issued by hotel and manufacturing sector. Traditionally, the purchase of land, construction of building and saving in the bank had been the major area of investment for the people but their attitude is changing toward shares, debentures and other new securities. However, there is a lack of sufficient, information therefore, most of the investors are forced just to run behind the market rumours and behave accordingly.

**RECOMMENDATIONS/SUGGESTIONS**

From the findings of this study it would be useful to draw following suggestions that would be helpful to the investors, entrepreneurs, operators of the stock market, regulators, policy makers and other stakeholders for making rational decisions and implementing programmes more effectively:

1. For the operation of efficient stock market, sufficient number of financial assets should be available. However, Nepalese stock market is limited to government bonds and ordinary shares of public limited companies. Issuer's requirement and investors' attitude toward various financial assets are changing and the scope of new financial instruments such as different types of corporate and government bonds, preferred stock, convertible. Securities, mutual fund schemes and derivative securities is increasing. For introduction new and innovative instruments, the government and concerned authorities should play the role of catalyst. Similarly, foreign investors are not allowed to invest in the stock market; therefore, appropriate policies are essential for attracting the foreign investment in Nepalese stock market.
2. The activities of Nepal Stock Exchange Limited in the capital city of the country. For providing equitable investment opportunities to all the people of the country, the policy of operating either regional stock exchanges or establishing the network of over-the counter market should be formulated and implemented. The numbers of securities businesspersons are only 23 since the inception of NEPSE. If the number of market players is very few, it will create the monopolist stock market which helps to promote fraudulent and scandalous activities. Therefore, the number of securities businesspersons should be increased as soon as possible through the formulation of appropriate policy regarding the qualification, responsibilities, experience and ethical code of conducts of market participants.
3. Information plays a critical role in the development of a dynamic, competitive, credible, faire, efficient, transparent and responsible stock market. The existence of credible rules must be supported by a vigorous enforcement program which has the ability to respond to misconduct in the market.
4. Most of the Nepalese investors are making decisions of on the basis of market rumors. The government and other concerned regulatory bodies cannot protect investors from the loss resulted by their irrational decision. However, government and other concerned authorities should be responsible for creating the environment for making informed investment decision. Therefore, government should initiate to establish an effective credit rating agency and investors protection authority which can help to both individual and corporate investors to make rational investment decision and to protect them from the fraudulent behavior of market player.
5. From the analysis of public response rate toward different sectors it is revealed that public showed the highest response toward the issue of insurance companies followed by finance companies and commercial banks and lowest response toward manufacturing, hotel and other sectors. One of the causes of increasing public response to insurance companies is the political insurgency of the country. For the security of both public and private properties including vehicles, importance is given to the life and non-life insurance and the premium rate of the insurance companies' increases in abnormal rate. On

the other side, hire purchase and consumer loan became a new phenomenon for Nepalese customers and most of these functions are carried by finance companies. Due-to these reasons, insurance and finance sectors became able to attract the investors.

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**AN ANALYSIS ON INDO-CHINA TRADE AND ECONOMIC RELATIONS IN THE POST-LIBERALISATION ERA**

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**DELHI**

**ABSTRACT**

*India and China are the two largest countries in the world in terms of population; they are also the fastest growing economies in the world. India and China jointly are home to the world's largest pools of skilful human resources, and there is a general accord that these two countries will continue to be the devices of global economic growth in the 21<sup>st</sup> century. Increasing bilateral trade has come to be the strongest pillar of China-India rapprochement. In the past 61 years since the establishment of diplomatic relations, China-India relations have summoned all challenges and made impressive growth. Although there were some border and some other economic issues between India and China in 1960s but both the Countries reignite its bilateral and economic ties during 1980s till date. Booming trade relations between India and China are of more recent origin, more or less coinciding with the onset of contented levels of economic development in both the countries. The trade relations between India and China are analysed by some of the economic indicators i.e. (GDP, Imports and Exports). The GDP of India and China is analysed from 1991 to 2013. The data clearly signifies that the growth of GDP of China is much higher than that of India. The second economic indicator i.e imports and exports is also analysed in this paper. Different statistical tools like Mean, coefficient of variation and kernal pearson's coefficient of correlation have been used for analysing the growth and consistency of imports and exports.*

**JEL CODE**

O57, N70, N10.

**KEYWORDS**

China, Growth, India, Relations, Trade.

**INTRODUCTION**

India and China are the two largest countries in the world in terms of population; they are also the fastest growing economies in the world. India and China jointly are home to the world's largest pools of skilful manpower, and there is a general consent that these two countries will remain to be the engines of global economic growth in the 21<sup>st</sup> century. China and India, coined the Asian 'Evolving Giants,' are 'drivers' to increase the global economy as Globalisation is a historic process. It envisages a vision of a world without borders. Rooted in the precolonial and the colonial era, marked by enmities between national powers, the contemporary phase of globalisation is driven by Information and Communication Technology, and compact transportation costs. It has extended and reshaped flows (trade and finance), collective safety, and labour movements (albeit somewhat restricted). This is underscored by (a) compression of the world economy, blurring of national boundaries, and creation of a new space which coexists with the nation state and (b) a shift from state to non-state forces (international, regional, non-governmental, and multinational) to shape conflict reduction and development (growth and poverty reduction). Invariably, the capacity of developing nations to cope with globalisation may reveal acute differences. This has consequences for equitably distributing in its professed gains. In this respect, there is increasing reliance on China and India, due to their economic performance, of accelerating globalisation and benefiting developing countries.

Growing bilateral trade has come to be the strongest pillar of China-India rapprochement. This has not only since overtaken the speed of political confidence-building but also has an important impact on their mutual perceptions. Their border trade has specially brought about a noticeable transformation in their remote and problematic boundary regions. This has contributed to overall tranquillity and peace in the area and has as well facilitated progress in their border negotiations.

This boom in trade has also announced new trends. The two states are no longer only recipients on foreign direct investment but have entered into a new phase of being inflections, both mutually as in other regions. In this recent context, the growth of deficit in the energy sector and the competition to crack new markets present major challenges to sustaining this boom in their bilateral trade.

**LITERATURE REVIEW**

China has emerged as India's largest trading partner as it replaced the US in March 2008 (GoI, 2008).

Their integration in the global economy means that they are certainly affected by world economic developments, such as the last economic crisis.

On the other hand, the growth of China and India has a great influence on the world economy, not only in good times (as is well documented, for instance, by Srinivasan 2006) but also in bad times. In fact, the two Asian countries are helping to pull the world out of recession through their imports, despite persisting imbalances in specific trade relations (e.g. between China and the US). During the past two to three decades, China and India have attained extraordinary levels of economic progress by any standard. During 1980-90, China's and India's GDP grew at an average rate of 10.3 per cent and 5.7 per cent per year, respectively (Srinivasan, 2006, p.3716)

Australian Chamber of Commerce and Industry (2007) laid emphases on the integration of Indian and Chinese economies in Chindia and analyse that a Chindia economy, if realized, can become the second largest economy in the world behind United States..

Arvind Kumar (2010) analyses the broad contours of India –China relations and explore the areas on which both the countries can work together on mutual interest.

**NEED AND IMPORTANCE OF THE STUDY**

Since trade trends have already been studied in the past researches but they are confined to certain products or industry. This research paper analyses and interprets the overall trade trend with the help of economic indicators (GDP, IMPORTS AND EXPORTS) specifically in the post liberalisation era i.e from 1990-91 to 2013-14.

**STATEMENT OF THE PROBLEM**

"An analysis on Indo-China trade and economic relations"

## OBJECTIVES OF THE STUDY

The present study is an in-depth enquiry into the trade and economic affairs between India and China. The primary objective of undertaking such a study is to examine trade and economic relationship with the help of economic indicators (GDP, IMPORTS & EXPORTS) in the post liberalisation era. The principal objectives are:-

1. The magnitude of trade between India and China.
2. To determine the GDP % of both the Countries from 1990-91 to 2013-14 in a tabular and graphical form.
3. To analyse and interpret the GDP % of both the Countries.
4. To represent trade relations between India and China in terms of value and % share of both imports and exports.
5. To represent growth and consistency analysis of exports and imports between India-China from 1990-91 to 2013-14 with the help of statistical tools like Mean, Coefficient of Variation and kernal pearson's coefficient of correlation.
6. To interpret the data of imports and exports of both the Countries from 1990-91 to 2013-14.

## RESEARCH METHODOLOGY

The study is based on the data on exports, imports and GDP compiled from the secondary sources i.e Ministry of Commerce & Directorate General of Commercial Intelligence and Statistics.

## RESULTS & DISCUSSION

### HISTORICAL BACKGROUND OF INDIA AND CHINA RELATIONSHIP

India and China are two great Countries with earliest civilizations linked by mountains and rivers. Our friendly exchanges can be traced back more than 2000 years ago. Two countries are mutually influenced and mutually enthused, which greatly enriched our particular civilization.

However, the initial focus of the leaders of both the Countries was not the foreign policy, but the internal development of their particular states. When they did concentrate on the foreign rules, their concern wasn't one another, but rather the United States of America and the Union of Soviet Socialist Republics and the alliance systems which were dominated by the two superpowers.

### SINCE 1950S TO 2013

The famous Panchsheel, the Five principles of Peaceful Co-existence, co-initiated by China and India in 1950s, persists to be the guiding principles in international relations. Although there were ups and downs in our relationship, mutual valuable cooperation between China and India has been the main feature of our bilateral interaction in the past few decades.

Meanwhile, India was the 16th state to mature diplomatic relations with the People's Republic of China, and did so on April 1, 1950.

Relations among contemporary China and India have been characterised by border disputes, resulting in three major military disputes — the Sino-Indian War of 1962, the Chola incident in 1967, and the 1987 Sino-Indian skirmish.<sup>[1]</sup> However, since the late 1980s, both countries have successfully cracked to reignite diplomatic and economic ties. In 2008, China became as India's largest trading partner and the two countries have also cracked to extend their strategic and military relations.<sup>[4][5][6]</sup>

Despite growing economic and strategic ties, there are few hurdles for India and the PRC to overcome in order to establish favourable dealings. Though bilateral trade has continuously grown, India faces immense trade imbalance heavily in favour of China<sup>[dubious – discuss]</sup>.<sup>[6]</sup> The two countries have failed to resolve their long-standing boundary dispute and Indian media outlets have repeatedly reported Chinese military incursions into Indian area.<sup>[7]</sup> Both nations have steadily established heavy military infrastructure along border areas.<sup>[7][8]</sup> Additionally, India remains cautious about China's strong strategic dealings with Pakistan<sup>[9]</sup> while China has expressed concerns about Indian military and economic activities in the disputed South China Sea.<sup>[10]</sup>

In June 2012, China stated its position that "Sino-Indian ties" could be the most "vital bilateral partnership of the century".<sup>[11]</sup> That month Wen Jiabao, the Premier of China and Manmohan Singh, the Prime Minister of India set a goal to increase bilateral trade between the two countries to US\$100 billion by 2015.<sup>[12]</sup> In November 2012, the bilateral trade was estimated to be \$73.9 billion.

It was reported in February 2012 that India will achieve US\$100 billion dollar trade with China by 2015.

On March 27, 2013, Chinese President Xi Jinping met with Indian Prime Minister Manmohan Singh said India and China, both ancient civilizations have a bright future.

Growing trade relations between India and China are of more fresh origin, more or less coinciding with the onset of comfortable levels of economic development in both the countries. India-China trade and economic support is marked by strong political commitment of the management of both countries in this regard. China has already been the top trading partner of India in the recent time. The process of globalization has established China and India as the new trade powers in the world scene. Their incredible pace of growth in the last decades has finally changed the relations and equilibrium among the economies taking part to the worldwide integration process.

### TRADE/ECONOMIC RELATIONS BETWEEN INDIA AND CHINA

India and China account for 40 percent of the World's population, 9 percent of the World's Gross Domestic Product (GDP) at market exchange rates and 16 percent of the world's GDP in Purchasing Power Parity (PPP) terms. India and China are the countries which have emerged most strong through financial crises. But still there are some pecuniary indicators (GDP, Exports and Imports) which can actually measure the growth of India and China.

Their year-on-year GDP expansion at 7.9 percent and 8.9 percent respectively, controls the third quarter world growth. At 35 percent and 42 percent of GDP, respectively, the levels of gross domestic fixed capital formation in India and China are the maximum in the world. The increasing rate of investment in India and China as compared to the decreasing rates in Japan and South Korea, have led to the former pushing back the latter as Asia's powerhouse.

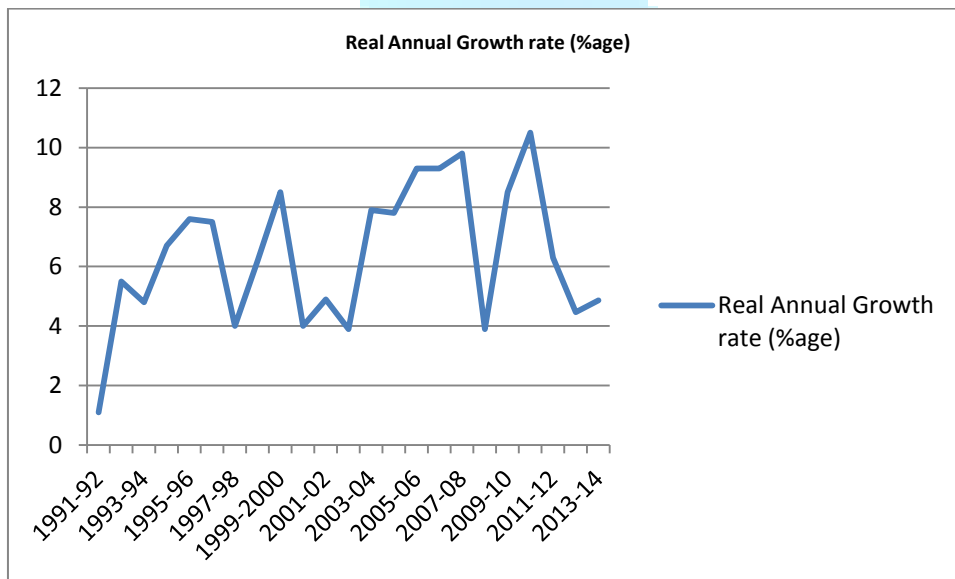
The following tables (table 1&2) shows per-year GDP of India and China

TABLE 1: GDP REAL GROWTH RATE IN INDIA

Year	Real Annual Growth rate (%age)
1991-92	1.1
1992-93	5.5
1993-94	4.8
1994-95	6.7
1995-96	7.6
1996-97	7.5
1997-98	4.0
1998-99	6.2
1999-2000	8.5
2000-01	4
2001-02	4.9
2002-03	3.9
2003-04	7.9
2004-05	7.8
2005-06	9.3
2006-07	9.3
2007-08	9.8
2008-09	3.9
2009-10	8.5
2010-11	10.5
2011-12	6.3
2012-13	4.47
2013-14	4.86

Source : World Bank

**GDP GROWTH RATE IN INDIA**



Source: Self developed on the basis of data given in table 1

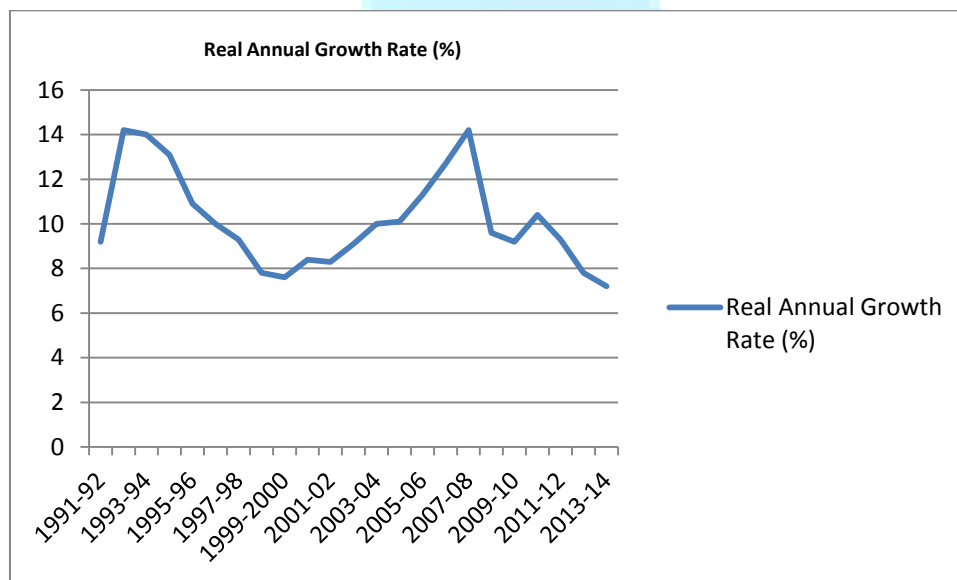


TABLE 2: GDP GROWTH RATE IN CHINA

Year	Real Annual Growth Rate (%)
1991-92	9.2
1992-93	14.2
1993-94	14.0
1994-95	13.1
1995-96	10.9
1996-97	10.0
1997-98	9.3
1998-99	7.8
1999-2000	7.6
2000-01	8.4
2001-02	8.3
2002-03	9.1
2003-04	10.0
2004-05	10.1
2005-06	11.3
2006-07	12.7
2007-08	14.2
2008-09	9.6
2009-10	9.2
2010-11	10.4
2011-12	9.3
2012-13	7.8
2013-14	7.2

Source : World Bank

GDP GROWTH RATE IN CHINA



X axis = years, Y axis = %

Source: Self developed on the basis of data given in table 2

DATA ANALYSIS AND INTERPRETATION OF INDIA'S GDP

The data clearly signifies that the growth of GDP of China is much higher than that of India. Since 1991 reforms led to an accelerated progress of 7.5% GDP growth but this growth was not sustained due to, in hindsight a mismanagement of monetary policy. Real long-term interest rates increased to double-digit levels in the mid-1990s and growth collapsed. This facts help explain two puzzles – non acceleration of growth in 1990s and the miracle “high” growth since 2003/04 or 2003. The revival in “high” growth 2003 was preceded by a drop in real interest rates of around 600 basis points (reversal of the mid-1990s increase) in a span of four years (1999 to 2002). However, many commentators, and analysts, trust that the recent high growth has been a consequence of overheating, and *not* because of a structural shift in the economy; the latter point is argued by Bhalla et. al. (2006). Some others believe that the recent acceleration was part of a worldwide phenomena of a “rising tide lifting all boats”; all emerging economies grew faster, and India was part of this upliftment.

The Indian economy<sup>8</sup> has been susceptible to the worldwide business cycle as shown in Table 1. During the periods 2001-2002 and 2008-09, India's growth performance was limping as compared to the years of buoyancy from in the global economy. Equivalently, after the worldwide financial crisis of 2008, all emerging economies will grow slower and revert back to the pre-2003 levels. When calculated in real terms, it is found that in India the percentage of GDP grew from 5.5% in 2000 to 9.2% in 2007, showing an improvement of 67.2% though it slipped down in 2008, bringing the real development in GDP to 54.5% comparison to that of the year 2000. In comparison China's GDP grew from 7% in 2000 to 10.7% in 2007, showing an development of just 52.8% and to 11.4% in 2008, i.e. an improvement of 62.8%. The pace of recovery in India was slow in comparison with China, though both countries revived from the global recession in 2010. With a rebounding of the economy, India could post a robust GDP growth of 10.1 per cent in 2010, agreeing per capita income to rise from \$1077 in 2009 to \$1371 in 2010. During the last decade, India increased its global share in World Gross Product from 3.7 per cent in 2000 to 5.5 per cent in 2010.

A stagnation-type environment is emerging in India. GDP growth has slowed sharply to 6.5% in the fiscal year ending March 2012, from 8.5% in the previous year. Inflationary pressures remain persistent despite the Reserve Bank of India (RBI) hiking the repo rate 13 times by a cumulative 375 basis points since March 2010. Although the latest figures show headline inflation to have eased to 6%-7% in July 2012 from the highs of 9%-10% over the last two years, the restraint was mainly on account of the cooling in food and fuel prices. Inflation is still significantly above the RBI's comfort zone of 5%-6% and underlying inflationary

pressures remain strong – the RBI has recently warned that inflation perils remain high in the short term owing to suppressed administered fuel prices as well as infrastructural bottlenecks in coal, minerals and power (Reserve Bank of India 2012). Poor monsoon conditions are also likely to have an adversative impact on food prices and, as a consequence, wages.

China's GDP largely depends on International Trade and thus the performance of the economy directly relates to the global economy. Any fluctuation in world imports shows its effect on Chinese export import and global economy. Whereas the growth in India economy led by services rather than manufacturing.

**DATA ANALYSIS AND INTERPRETATION OF CHINA'S GDP**

Since 1990, the China's growth has been fluctuating from 6 to 14%. The sustainability of China's economic growth is a key element of the global outlook due to which China's GDP grew by 10% during 1990s and 2000s. During the time of global buoyancy which spanned the year 2003 to 2010, its GDP growth rate accelerated to more than 10 per cent per year, while its maximum growth rate in recent time was recorded in 2007<sup>4</sup> as shown in Table 2. The global economic slowdown which began in 2008, influenced the Chinese economy (especially the export sector). China's real GDP growth fell from 14.2% in 2007 to 9.6% in 2008 to 9.2% in 2009. Although China's economic development is having sustainability, there has been lack of rebalancing towards private consumption, whose relative contribution to GDP growth reached historical lows in 2010, although it recovered slightly in 2011. However, contrary to common insights, China's private consumption has been very dynamic over the same period, having growth at more than 8% per annum. In the 2009-11 period consumption contributed to China's GDP growth by 4.3 % points compared to 4.8% pre-crisis average. From 2008 to 2012, China's real GDP growth averaged 9.2%. However, the economy has shown sign of showing Real GDP slowed by 7.8% in 2012. The International Monetary fund (IMF) in July 2013 anticipated that China's real GDP would grow 7.8% in 2013 and 7.7% in 2014 but actually it came to 7.2%.

Among others, the demographic dividend persists one of the most important factors, determining the growth prospects of China in the next two decades. Growth prospects are affected by the population structure because the dependency ratio, which is represented by relative size of the labour force to the total population, is the major yardstick of level of output. A rising share of workers in the population in China indicates that participation rate is properly accounted for in the production process. With declining fertility rate, there will be reduction in both population growth and dependency rate, leading to rise in the working age ratio. In case of India and China, increasing working age ratio would contribute to higher per capita income growth, or demographic dividend.

Here one can conclude that the rate of growth of GDP in real terms is maximum in India in comparison to that of China. Though China is having a sustainable growth without much fluctuations but India has faced a dip from 10.5 % in 2010-11 to 3.2 % in 2012-13.

**TABLE 3: REPRESENTS TRADE RELATIONS BETWEEN INDIA AND CHINA IN TERMS OF VALUE AND % SHARE (US \$ million)**

Year	India imports from China	India total imports	% share of total indian imports	India exports to China	India total exports	% share of total indian exports
1990-91	196.6	24072.5	0.82	614.7	18145.2	3.39
1991-92	127.1	19410.5	0.65	662.5	17865.4	3.71
1992-93	296.4	21881.6	1.35	906.3	18537.2	4.89
1993-94	490.7	23306.2	2.11	1528.7	22238.3	6.87
1994-95	1047.8	28654.4	3.66	1771.6	26330.5	6.73
1995-96	1200.0	36675.3	3.27	2154.1	31794.9	6.77
1996-97	756.91	39132.4	1.93	614.8	33469.7	1.84
1997-98	1112.05	41484.5	2.68	717.95	35006.4	2.05
1998-99	1096.71	42388.7	2.59	427.16	33218.7	1.29
1999-00	1282.89	49670.7	2.58	539.04	36822.4	1.46
2000-01	1502.2	50536.5	2.97	831.30	44560.3	1.87
2001-02	2036.39	51413.3	3.66	951.95	43826.7	2.17
2002-03	2792.04	61412.1	4.45	1975.48	52719.4	3.75
2003-04	5545.9	78149.1	7.10	2955.08	63842.6	4.63
2004-05	7097.98	111517.4	6.36	5615.88	83535.9	6.72
2005-06	10868.05	149165.7	7.29	6759.10	103090.5	6.56
2006-07	17475.03	185735.2	9.41	8321.86	126414.1	6.58
2007-08	27146.14	251439.2	10.80	10871.34	162904.2	6.67
2008-09	32497.02	303696.3	10.70	9,353.50	185,295.36	5.05
2009-10	30824.02	288372.9	10.69	11,617.88	178751.4	6.50
2010-11	43479.6	369769.1	11.76	15482.70	251136.2	6.17
2011-12	55313.58	489319.4	11.30	18076.55	305963.2	5.91
2012-13	52248.33	490736.6	10.65	13534.88	300400.68	4.51

Source : Ministry of Commerce & Directorate General of Commercial Intelligence and Statistics

**TABLE-4: REPRESENTS GROWTH AND CONSISTENCY ANALYSIS OF EXPORTS AND IMPORTS BETWEEN INDIA-CHINA**

Exports Growth			
	Mean	CV	Karl Pearson's coefficient of correlation (r)
1990-91 to 1999-00	993.69	53.20	0.22
2000-01 to 2012-13	8180.57	192.29	0.96
1990-91 to 2012-13	5055.84	272.01	0.97
Imports Growth			
	Mean	CV	Karl Pearson's coefficient of correlation (r)
1990-91 to 1999-00	760.72	69.49	0.22
2000-01 to 2012-13	22217.40	70.81	0.96
1990-91 to 2012-13	12888.41	106.70	0.97

Source : Author Calculation, CV – Coefficient of Variation

**INTERPRETATION**

The analysis of the data shows the use of three statistical tools like Mean, Coefficient of variation and Karl Pearson's coefficient of correlation. The Mean shows that the imports and exports have been increasing since 1990 to 2013 but they are increasing more from 2000 to 2013. The coefficient of variation also shows that there is direct relation between imports and exports as both the variables are on the increasing trend. The Karl Pearson's coefficient of correlation also shows that there is less positive relation between India and China in terms of exports and imports from 1990-91 to 1999-00 but the relationship is perfectly positive from 2000 to 2012-13 and from 1990-91 to 2012-13.

**RECOMMENDATIONS/SUGGESTIONS**

In order to improve Indo-China trade and economic relationship, the following steps need to be improved :

1. An increasing market access for the bilateral trade between the two nations and countrywide level treatment for investment by each of the Countries can be treated as the initiation of economic coordination amongst the two countries.
2. So far it may be perceived the areas of trade as well investment are just a selected few. In order to guarantee sustainable long term relations trade and investment with a wider base is received and thereof diversification of trade basket is a pre-requisite.
3. India has strength in the service sector specially banking and passenger and cargo carriage. Thus this is another area where we can try to support our position.
4. India and China can join hands in the area of software and hardware. India can gain the advantages offered by China in the area of hardware; similarly China can get software advantage from India. It is important that the two nations should expose their requirements so that it may be admired by the counterpart.
5. An increasing market access for the mutual trade between the two nations and national level treatment for investment by each of the nations can be treated as the beginning of economic co-operation amongst the two countries.
6. So far it may be observed the areas of trade as well investment are just a selected few. In order to ensure sustainable long term relations trade and investment with a broader base is welcomed and thereof modification of trade basket is a pre-requisite.
7. India has strength in the service sector specially banking and passenger and cargo transportation. Thus this is another extent where we can try to strengthen our position.
8. India and China can join hands in the area of software and hardware. India can avail the advantages offered by China in the area of hardware; equally China can get software advantage from India. It is important that the two nations should expose their necessities so that it may be complimented by the counterpart.

**CONCLUSIONS**

India and China are the largest countries in the world in terms of population; They are coined the Asian 'Emerging Giants,' are 'drivers' to boost the global economy as Globalisation. Growing bilateral trade has come to be the robust pillar of China-India rapprochement. India and China have very strong historical background in terms of relationship. The founding of new China in 1949 and the independence of India in 1947 opened new era of our association. In the past 61 years since the establishment of diplomatic relations, China-India relations have summoned all challenges and made impressive development. The era of "Hindi-Chini Bhai Bhai" has deeply rooted in the hearts and minds of the two peoples. The economic indicators like GDP, exports and imports are actually evaluated to find the economic growth. In terms of GDP growth, both the Countries have a fluctuating trend since 1990s but in 2003 India revived to high growth due to dropping in real interest rates of around 600 basis points (reversal of the mid-1990s increase) in a matter of four years (1999 to 2002). The worldwide economic slowdown which began in 2008, impacted both the Chinese and Indian economy. Both the economies revived but faced a dip after 2011. The other economic indicator i.e. Exports and Imports also showed the fluctuating growth trend and also tested with Statistical tools like Mean, Coefficient of Variation and kernal 2 coefficient of correlation which showed the positive relationship between imports and exports since 1990-91 to 2012-13.

**LIMITATIONS OF THE STUDY**

- **EFFECT OF DISTRUST ON THE COMMERCIAL GROWTH BETWEEN THE COUNTRIES**

Further adding to the preexisting distrust between the two countries is India's economic growth, specifically as China's GDP growth rate is likely to decline in the recent future though India's is supposed to steadily increase.

- **POLITICAL FIRMNESS OF OTHER KEY REGIONAL NATIONS**

The political stability of other key regional countries – such as Afghanistan, Pakistan and Myanmar – all have the potential to impact India-China relations as well.

- **CHINA AS A RISK TO INDIA**

As China gains an increasing range of influence in the world ground, many Indians, including high-ranking officials, see China as a potential rival or even a threat to India. This may partly enlighten why India has yet to recognize China's market economy status, while over 60 countries have decided such status to China. Such anti-China feelings will not help cultivate a friendly atmosphere for bilateral ties to increase, but rather sow the seeds of distrust between the two countries.

- **SUSTAINABILITY OF GROWTH**

Maddison's (2002) estimates of China's and India's per capita real incomes show that, starting from roughly identical levels in 1870, India forged ahead of China until the outbreak of the First World War. Though both experienced drops in their per capita incomes thereafter (China more so than India) by 1950, India's per capita income was near 40% higher than China's, and it took roughly the next three decades for China to catch up. In India, the usual yearly rate of growth of GDP was close to 6% during 1980-2001. It got a peak of 7.8% in 1996-97 from the low of 1.3% in the crisis year of 1991-92. Since then, it has varied between a low of 4.0% in 2002-03, a year in which the economy was affected by a dangerous drought to a high of 6.5% in 1998-99. In both countries, the issue of sustainability into the forthcoming (of say, the next two decades or so) of current growth rates is important. Clearly, if the high rates of savings and investment are not sustainable, and the efficiency of investment is doubtful, then Chinese growth rates will drop. Indeed, with greater quality and a larger number of various consumer goods (including durables, such as passenger cars) becoming increasingly offered in the market, Chinese households may consume more and keep less out of their rising incomes than they are doing now.

- **COMMERCE IN GOODS AND SERVICES**

China continues to outpace India in global integration. In 2002, it was the World's Fifth largest exporter of products, with a portion of 5% of world exports. China is tenth in commercial service exports, with a share of 2.5%. Its growth in the share of merchandise exports is extraordinary, more than quadrupling during 1983-2002. India is a distant 30th in world merchandise trade, with a share of 0.8% in 2002, which represents a growth of only 60% during 1983-2002. Bottelier (2003) points out that in exports of commercial services, India lags less behind China, being the 19<sup>th</sup> largest exporter, with a share of 1.5%. Although growth of China's service and merchandise exports far outpace average development of world exports, its merchandise exports raised much faster than service exports, so that the share of service exports in total exports has fallen to one of the lowest such ratios for any chief Country. He notes that, in contrast, India's service exports are growing at near double the rate of its products exports, and if current trends continue, the share of service exports in total exports will exceed 50% in a decade. Clearly, if the high rates of savings and investment are not maintainable, and the efficiency of investment is unsure.

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**FERTILIZER MARKETING IN CHHATTISGARH: UNDERLYING PROBLEMS AND SOLUTIONS**

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**ABSTRACT**

*Agriculture for an honourable and high-minded man is the best of all occupations by which men procure the means of living. Advances in medicine and agriculture have saved vastly more lives than have been lost in all the wars in history. Agriculture in Indian states has direct and indirect effect on the lives of Indian people and in order to live up to the expectations, the sector has vastly grown and increased the output to several times. Improved means of cultivation, technological advancements, modern equipments and high quality fertilizers have made it possible. Rapid growth and lack of crop rotation measures have made to lose the soil fertility, thereby increasing the demand for fertilizers in India. The present paper highlights various issues in fertilizer marketing in the state of Chhattisgarh. Firstly, it explores an idea on problems related to the sector in the state and secondly, attempts have been made to study the marketing mix of fertilizer in the state.*

**KEYWORDS**

fertilizer marketing, fertilizer demand, Chhattisgarh.

**INTRODUCTION**

Chhattisgarh, the 26<sup>th</sup> state came into existence in 1<sup>st</sup> November 2000, is now among the fastest growing states of India. The high productivity of the state has earned it the name of "Rice Bowl of India". With 34.24% of the total area under cultivation in the state, engages 80% of the total population in agricultural and agro-based activities. The growth of agriculture in the state has created demand for the firm input. Consumption of fertilizers has become necessary and its utility is realised significantly. It has opened the doors of chances for the marketer and the potential entrepreneurs to make investments and optimise the earning sources. It is therefore essential to understand the issues relating to fertilizer marketing in Chhattisgarh. The current paper attempts to identify various problems and its tentative solutions, relating to fertilizer marketing in Chhattisgarh. It also highlights the needful marketing mix for the same.

**OBJECTIVES OF STUDY**

Present study aims in fulfilling two key research objectives:

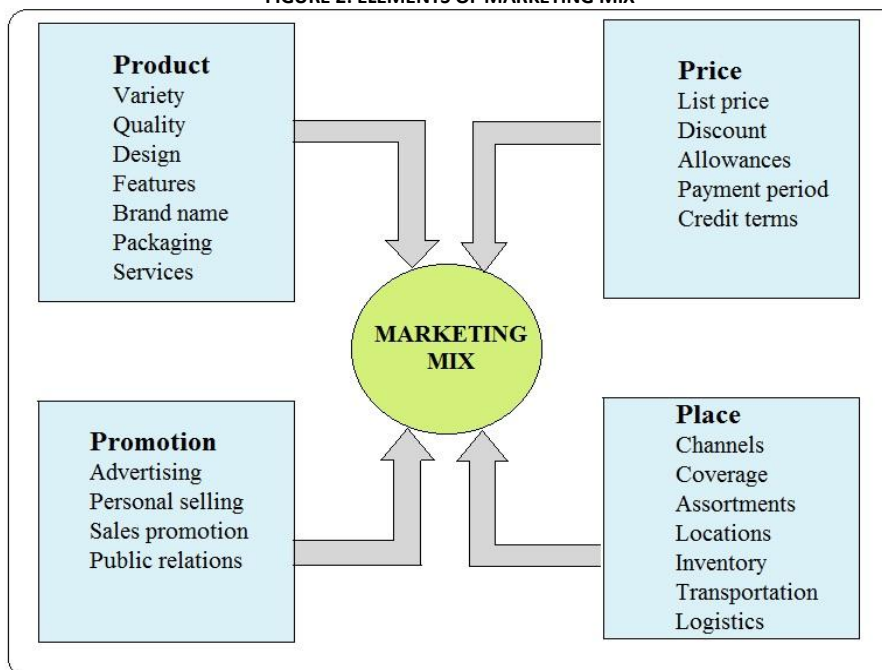
1. To determine the problems in fertilizer marketing in Chhattisgarh.
2. To study the marketing mix of fertilizer Industry in Chhattisgarh.

**REVIEW OF LITERATURE**

"Marketing mix is the set of the marketing tools that the firm uses to pursue its marketing objectives in the target market" (Kotler et al. 1999). "Theories of marketing management and strategy need to evolve and change to keep pace with changes in the marketplace and in marketing practice" (Goldsmith, 1999). "Central to marketing management is the concept of the marketing mix (Figure 1). The marketing mix is not a theory of management that has been derived from scientific analysis, but a conceptual framework which highlights the principal decisions that marketing manager's make in configuring their offerings to suit customers' needs. The tools can be used to develop both long term strategies and short term tactical programmes" (Palmer, 2004). The original marketing mix includes product planning, pricing, branding, channels of distribution, personal selling, advertising, promotions, packaging, display, servicing, and physical handling. Marketing variables is divided in two parts. The first part covers the offering that includes product, packaging, brand, price and service. Second part refers to the methods and tools that include distribution channels, personal selling, advertising, sales promotion and publicity (Frey, 1961). Three more elements called goods and services mix, the distribution mix and the communication mix (Lazer and Kelly, 1962; Lazer et al. 1973; Rafiq and Ahmed, 1995) are identified as a part of marketing mix. McCarthy (1964) regrouped these broad elements into four P's.



FIGURE 2: ELEMENTS OF MARKETING MIX



### PROBLEMS IN FERTILIZER MARKETING IN CHHATTISGARH

Following are some of the basic problems in marketing of fertilizers in the state of Chhattisgarh:

- Underdeveloped and tradition bound people:** Chhattisgarh people are underdeveloped and traditional bound. They follow old tradition and custom. They don't easily adopt new practices. Change is a continuous process but rural people accept change gradually. The majority of the farmers are still practicing the traditional methods of cultivation, resulting in low growth rates and productivity.
- Inadequate Transport Facilities:** Many rural areas are not connected by rail transport. Many farmer use bullock cart for transporting their produce from the village to the market and this method of transport is time consuming. Kacha roads become unserviceable during the monsoon and interior villages get isolated. Physical communication to these villages is highly expensive. During rainy season about 50% of villages in Chhattisgarh are not accessible as the road gets flooded.
- Warehousing:** There is always gap between demand and supply of product. Warehousing play important role to fill this gap and create balance in demand and supply. It is almost impossible to distribute effectively in the interior outlets in the absence of adequate storage facilities.
- Underdeveloped markets:** Chhattisgarh markets are underdeveloped market, which is also big hurdle in fertiliser marketing.
- Differences in languages and dialects:** In Chhattisgarh main language in hindi but in most of villages in Chhattisgarh is hindi speaking belt and villagers speak and understand only Chhattisgarhi. Since fertiliser product is technical product so there is much more problem in convincing farmer to their own typical Chhattisgarh language.
- Seasonal Demand:** Demand for goods in rural markets depends upon agricultural situation, as agriculture is the main source of income. Agriculture to a large extent depends upon monsoon and, therefore, the demand or buying capacity is not stable or regular.
- Low literacy levels:** Literacy is one of the important factors in developing awareness and knowledge about technological changes. 70% farmers are illiterate or semilliterate. Due to low literacy rate in famers many difficulties and problem are faced by them, like not having information about proper paper procedures for getting loans and insurance.
- Inadequate Credit Facilities:** Inadequate credit facility is also big hurdle in fertiliser marketing. The farmers facing high interest rates for their credits (local money lending system) fertiliser dealers do not give easily credit facility to farmers. The provision of credit at right time and in right quantity through local and specialized banks and microfinance institution is necessary for promoting balance use of fertilizer.
- Low per capita income and disposable income; financial instability:** Most farmers have small lands and many villages are brought prone, this result in low per capita income. In additions, the farmers with small agricultural land holdings have also been unable to take advantage of the new technology. Due to low per capita of income their consumption pattern is also very low.

### MARKETING MIX OF FERTILISER INDUSTRY IN CHHATTISGARH

Fertilizer product is chemical product and for making fertilizer rules of chemistry are followed by manufacturer. Farm land require mainly three types of nutrients N P K and fertilizer product is made through right combination or proportion of nutrient, therefore manufacturer of fertilizer has nothing to do. According to the crop and soil requirement combination and proportion of nutrient NPK are made. According to need of farm land and crop, right combinations of nutrient are converted into fertiliser product. Therefore scope of innovative and new product is low in case of fertiliser product. Basic purpose of the product is to supply N, P, K nutrients.

#### PRODUCT

According to legislation fertiliser product cannot be marketed by trade or brand name. Fertilizer is to be marketed only by generic name therefore fertilizer companies add their brand name to the generic name, example IFFCO urea. Most of the farmers are generally illiterate in rural area. They would remember brand only by picture, logo, and symbol instead of name. This is also widely used in fertiliser market. Marketing of fertilizer is highly controlled by government regulation. Government laws, rules and code of conduct are applied in fertilizer market, with view to protect the interest of sellers and buyer by both essential commodity act (ECA) and fertilizer control order (FCO).

#### PRICE

Government play important role in ensuring that farmer receive fertilisers at the lowest possible cost commensurate with a reliable and timely supply. Before 1992 all fertilizer Industry was in complete control with government of India. But after 1992 partial deregulation and decontrol were implemented. At present urea is such fertiliser product which is controlled by government of India. Except urea all other fertiliser are decontrolled or free of control by government. Price is totally governed and regulated by the government. However manufacturer may offer discount to their dealers but such discount or rebate is not covered as subsidy, government also decide margin for channel members. Figure 2 shows the quarterly MRP of different fertilizers during the period 2008-13.



FIGURE- 2: QUARTERLY MRP OF FERTILIZERS DURING THE PERIOD 2008-09 TO 2012-13

	Grade of fertilizers	18-06-2008 to	2010-11(QTR.WISE)				2011-12(QTR.WISE)				2012-13(QTR.WISE)	
		31.3.2010	I	II	III	IV	I	II	III	IV	I	II
1	DAP :18-46-0-0	9350	9950	9950	9950	10750	12500	18200	20297	20000	24800	26500
2	MAP:11-52-0-0	9350	9950	NA	NA	NA		18200	20000	20000	20000	24200
3	TSP:0-46-0-0	7460	8057	8057	8057	8057	8057	8057	17000	17000	17000	NA
4	MOP:0-0-60-0	4455	5055	5055	5055	5055	6064	11300	12040	12040	16695	23100
5	16-20-0-13	5875	6620	6620	6620	7200	9645	14400	15300	15300	15300	18200
6	20-20-0-30	6295	7280	7280	7395	8095	11400	14800	15800	15800	19000	24800
7	23-23-0-0	6145	NA	NA	NA	7445	7445	7445	NA	NA	NA	NA
8	10-26-26-0	7197	8197	NA	8300	10103	10910	16000	16633	16386	21900	22225
9	12-32-16-0	7637	8637	8237	8637	9437	11313	16400	16500	16400	22300	23300
10	14-28-14-0	7050	NA	NA	NA	NA	NA	14950	17029	NA	NA	NA
11	14-35-14-0	8185	NA	NA	NA	9900	11622	15148	17424	17600	17600	23300
12	15-15-15-0	0	NA	NA	NA	7421	8200	11000	11500	11500	13000	15600
13	AS:20.3-0-0-23	10350	8600	8600	7600	8700	7600	11300	10306	10306	11013	11013
14	20-20-0-0	5343	5943	NA	6243	7643	9861	14000	15500	18700	18700	24450
15	28-28-0-0	7481	NA	NA	NA	11181	11810	15740	18512	18700	24720	24720
16	17-17-17-0	5804	NA	NA	NA	NA	NA	NA	NA	17710	20427	20522
17	19-19-19-0	6487	NA	NA	NA	NA	NA	NA	NA	18093	19470	19470
18	SSP(0-16-0-11)	*	3200	3200	3200	3200	3200	4000	T0	6000	6500-7500	6500-7500
19	16-16-16-0		NA	NA	NA	7100	7100	7100	15200	15200	15200	NA
20	DAP lite(16-44-0-0)		NA	NA	NA	NA	11760	17600	19500	19500	19500	24938
21	15-15-15-09		NA	NA	NA	6800	9300	12900	15750	14851	15000	15000
22	24-24-0-0		NA	NA	NA	7768	9000	11550	14151	14297	14802	16223
23	13-33-0-6		NA	NA	NA	NA	NA	16200	17400	17400	17400	NA
24	MAP lite(11-44-0-0)		NA	NA	NA	NA	NA	16000	18000	18000	18000	NA
25	DAP lite-II(14.4-0-0)		NA	NA	NA	NA	NA	14900	18690	18300	18300	NA
26	Urea	4830	5830									

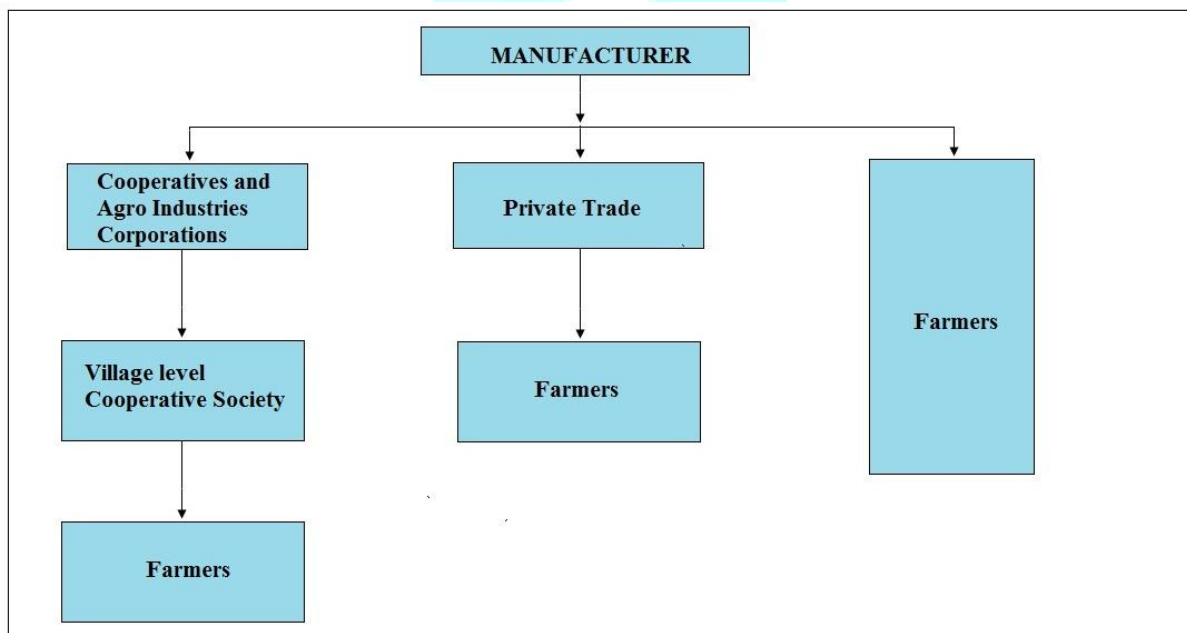
Source: Department of fertiliser, Government of India

**PLACE**

A channel of distribution (or marketing channels) is “a set of interdependent organizations involved in the process of making product or service available for use or consumption by the consumer or buyer”(Kotler, 2009). A distribution channel is a pathway through which final products of manufacturers reach the end users. If a company’s product is good, available in appropriate price and promotional strategy are very attractive but distribution channel by which product are transferred from manufacturer to final user is not effective and appropriate, company cannot strive for the targeted goal to earn long term profit in a market place. Channels of distribution plays an important role in marketing of fertilizers because of many vital function performed by them. Distribution system has to carry out the function of storage, transportation and sales to the farmers spread throughout the country.

It is not possible for manufacturer to reach out farmers scattered in whole Chhattisgarh state. In order to reach farmers, fertilizer companies take help of distribution networks. Traditionally the Cooperatives and Agro industries Corporations played a significant role, but of late private trading have also taken to the fertilizer distribution in a big way, because of attractive margins. Earlier the proportion of fertilizer distributed between the cooperative and private trade was in the ratio of 60:40. Presently trend is reversed and private trade account for 60 percent, while cooperative and agro industries cooperation for only 40 percent. So mostly the fertilizer marketing is through a dealer network which consists of Cooperatives, Agro-industries Corporation and private trade. Some fertiliser companies have their own retail outlets where directly farmers are contacted and promotional activities are done. All under one roof farmers are not only provided with all agricultural input like fertilizers, seeds but also with technical assistance.

FIGURE 3: DISTRIBUTION CHANNEL FOR FERTILIZER



Source; Hand book on Dealer development FAT, 1988

Above shown figure indicates distribution system of fertilizer through different tier. There are many tier systems for fertilizer marketing in India. Some manufacturing companies supply product to marketers. Marketers reach farmers through dealer (wholesalers or retailers). This is called three tier systems. This system is preferred by manufacturer when company directly does not want to pay more attention for marketing of product. Here all the essential functions are

performed by the marketers on the behalf of Fertilizer Company. Some companies prefer two tier systems where fertilizer companies supply fertilizer product to dealer (wholesaler or retailer) and dealers distribute fertilizer product to farmer or final user. Some fertilizer companies establish their own retail outlet here fertilizer company directly connects with the final user. There are no intermediaries' in this channel. In retail outlet farmers can get all types of fertilizer products, seeds, and agricultural products under one roof. Here Manufacturing Company does not take support from marketers or dealers. All activities are self performed. It is very clear that if channels is long than final user get product at higher cost because of profit margin are distributed to all intermediaries'. In shorter channel farmers get fertilizer products at low price. There are many factors which decide channel of distribution of marketing of fertilizer in India. Cooperative society help in efficient distribution of fertilise so as to ensure that the right products are available to the farmer at the right time and at the optimum price, consistent with the provision of a reliable service.

## DISTRIBUTION OF FERTILISER THROUGH COOPERATIVE CHANNEL

### MEANING OF COOPERATIVE MARKETING

The cooperative sector has been playing a distinct and significant role in the country's process of socio-economic development particularly the weaker sections in rural areas during the last hundred decades and more. They has been striving to provide better marketing facilities to the Chhattisgarh agriculturists, fair prices for their produces, even direct purchase of the commodities whenever required for stabilizing the commodity market, elimination of intermediaries and middlemen, uninterrupted supply of agricultural inputs at fair prices and on easy terms of payment . MARFED is now successfully handling and distribution of agricultural fertilizer and pesticides etc. They function as a bridge between producers and farmers.

Since there are many problems in fertilizer marketing in Chhattisgarh. Cooperative society is widely spread all over Chhattisgarh to ensure fertilizer products are easily distributed to farmers in unreached areas. There are many institutional agencies which are engaged in distribution of fertilizer. They are state agro-industries development corporations, commodity federations and state department of agriculture, cooperative etc. Cooperatives are the main institutional agency in the country for handling fertilizers.

According to Reserve Bank of India "Cooperative marketing society is an association of cultivators formed primarily for the purpose of helping the members to market their produce more profitably than possible through the private trade". Cooperative society is to provide high quality fertilizers in right time and in adequate quantities to farmers with an objective to increase crop production and productivity is the prime objective. The cooperation department is mainly concerned with agricultural credit, market agricultural produce, distribute fertilizers and essential commodities and with the legal framework which governs the functioning of all cooperatives.

In Chhattisgarh, cooperatives have a three tier structure with Chhattisgarh State Cooperative Marketing Federation (MARKFED) at state level, district or regional marketing society at the district level and primary cooperative stores at the base level.

### MARKFED

In Chhattisgarh State level Apex Cooperative Marketing Federation act as wholesalers. This State level Apex Cooperative Marketing Federation is called MARKFED. The Chhattisgarh State Cooperative Marketing Federation (MARKFED) is an Apex level Federation of Cooperative Marketing Societies in the State of Chhattisgarh. Chhattisgarh State Cooperative Marketing Federation Limited, Raipur (Registration No. 216 dated 31.10.2000) came into existence simultaneously with the creation of new Chhattisgarh State on 1st November 2000. MARKFED executes the work of paddy procurement under Price Support Scheme and supply of chemical fertilizers and plant protection material to the farmers of the state as per the instructions of Government.

MARKFED'S present activity consists of Sale of farm inputs like chemical fertilizers, pesticides and seeds and maintenance of warehouse and procurement of agricultural commodities through its member societies. In fact, the cooperative channel in Chhattisgarh has very strong infrastructure and through this channel, farmers get agriculture inputs and therefore private traders can save them from exploitation. Cooperative societies are formed and functioned with the help of the government at the state, district and village levels. Cooperative has good infrastructure of bulk purchases and distribution of fertiliser to their member societies, even in remote rural areas.

### OBJECTIVES OF CHHATTISGARH MARKFED

1. Supply of inputs like Fertilisers.
2. Undertaking price support operations.
3. Acting as an agent to the Govt for procurement, supply and distribution of paddy. Commodities and also nodal agency for supply of inputs.
4. Undertaking commercial operations of agricultural produce.
5. Supply of quality products to customers.

### PROMOTION

Promotion is the method used to spread the word about product or service to customers, stakeholders and the broader public. Promotion is the one of marketing mix element. Good products with reasonable price, reaches the right place creates the right marketing mix. But without promotion, the above three P's are ill functioned. Therefore it is important to create product awareness by the means of communication to create influence for product purchase. Promotional strategy is the function of informing, persuading, and influencing a consumer decision. Highbrow strategies of promotion of rural marketing will not work. They have to be down to earth strategies; literally many products are sold well in Indian rural markets if the wares are put on the ground. Since fertiliser products are technical product used by farmer in rural market where farmer are illiterate and unbound traditional people, so there is big difficulty for promotion of fertiliser product to farmer.

The main purpose of fertilizer companies' promotional activities is to educate farmer and cooperative personnel to increase crop productivity through integrated and balanced use of fertilisers. In order to reach the target customer, fertiliser companies uses media that are not only flexible and feasible, but also relevant and appropriate for fertiliser markets. Modern promotional activity of fertiliser companies inform, guide, educate as well as protects farmers, so that they can buy intelligently and raise their standard of living.

AIDA model is considered by fertiliser marketers or companies. AIDA model consist attention, interest, desire and action. The marketer should make attention of prospective farmers, then create interest in the fertiliser product, inspire desire to buy and make the farmer act favourable to purchase

Large number of programmes are being organised by the fertiliser industry to educate farmers, fertiliser dealers on various aspects of fertiliser use and agricultural development. Since the normal promotional mix tools were inadequate for rural market, fertilizer marketers innovate many interactive ad interpersonal media to reach the farmers.

1. Demonstration: People believe what they see. The concept is exhibited on the farmer's field. Demonstration is the most convincing tool to address the gap existing between awareness and adoption of technology by the farmers which culminates ultimately to its adoption. Participation of farmers is essential in the demonstration process. Product Demonstrations can be the key to improve retail sales, enhance brand awareness, and increase customer satisfaction. Many private fertilisers companies go to the villages and do soil testing for the villages as a whole and/or for individual farms. Thereafter they advise the dose-specific use of different types of fertilisers. Soil samples are collected and tested at the company's factory at Kakinada for N, P and K and other important micronutrients like zinc and sulphur and the results are provided to the farmers for obtaining higher yields.
2. Positive word-of-mouth through local reference groups and opinion leaders is considered as the key to success in the rural markets. If farmers are satisfied by Fertiliser Company and their products, then they will buy the product again and again and spread the same message of their personal buying experience. If farmers feel unsatisfied they won't go for repeat purchase and will discourage others to buy the same.

3. Publication and distribution of Technical Literature: Technical bulletins are published on various crops. Printed material cannot be always very effective for fertiliser promotion in Chhattisgarh because of low literacy rate of farmers, traditional bound people, diversity in language, culture, and economic backwardness. Manufacturers know that the consumer wants to see and test products in a no-pressure environment.
4. Farm visits / individual contacts: Companies send their technical field staff for individual farm visit. Fields are visited, problems are identified and solutions are suggested. Since technical field staff visit individual farm so individual farmer have sufficient time to discuss their problem in detail and establish direct interaction with them. Technical field staffs identify the problem of farmer and on spot, give suggestions to overcome those problems.
5. Audio-Visual Van Programmes: To create demand and consumption of fertilisers, AV van programmes are conducted by meeting farmers in the villages throughout the year. With the help of power point presentation and audio visual program related to balance use of fertiliser, soil testing; seeds; irrigation and water conservation methods; crop management are explained in very attractive and communicative way to farmers.
6. Small farmer meeting is organised by fertiliser companies and time and date schedule is decided according to farmer so that more farmer may present in this meeting farmer are educated about balance use of fertiliser, time for using fertiliser, so that productivity of fertiliser may increase.

## SUGGESTIONS

Following suggestions can be made in context of the article:

1. Farmers of Chhattisgarh need to be educated, in order to understand their requirement in the farm land. More of orientation programmes should be organised by the fertilizer marketers to educate the farmers at their base level. Government in this regards should encourage education in the state to enhance the literacy rate. This will minimise the regional disparity and will bring more cultural balance.
2. Infrastructural arrangements in the state should be strengthened, so as to facilitate the communication process. This will make the product available at the right time of need.
3. Promotional tools should encompass more of information, so that farmers can take decisions on their own. Traditional means of promotion should be banned and blend policies should be formulated and implemented, basing on the need of the situation.
4. Government should design the pricing policies, keeping in view the affordability of the farmer class. Since agriculture is a cumbersome process appropriate offers (subsidy), should be provided to encourage the farmer class.
5. All the four P's needs to be integrated in a well planned and organised way, so as to strengthen the marketing mix of fertilizer industry in Chhattisgarh.

## CONCLUSION

Chhattisgarh is an emerging state in the field of agriculture. Its potential for growth can be stated in terms of opportunities it receives from the supporting agencies. Various problems persist in the state in context of marketing of fertilizer. There are issues and concern associated with fertilizer marketing mix. Practice of the right blend of marketing theories can help in improving the condition of the rural farmers, leading to more productivity and higher growth. From a marketers perspective dissemination of correct information will help in educating the farmers, together with effective promotion and pricing policies can lead to effective results.

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**GREEN MARKETING AND ITS IMPACT****A. K. NEERAJA RANI****HEAD****DEPARTMENT OF MBA****SANTHIRAM ENGINEERING COLLEGE****NANDYAL****J. ARAVIND****STUDENT****DEPARTMENT OF MBA****SANTHIRAM ENGINEERING COLLEGE****NANDYAL****T. PRASAD****STUDENT****DEPARTMENT OF MBA****SANTHIRAM ENGINEERING COLLEGE****NANDYAL****ABSTRACT**

*Green marketing, also known as Environmental marketing or Ecological marketing, includes all the marketing activities of the firm, starting from conceiving the product idea to the actual sale of the product, which are designed with the objective to either create a positive impact or reduce the negative impact of its products on the environment. This is done in order to cash in on growing customers' concern about environmental degradation. Simply stated, green marketing sells the idea of relatively superior environmental characteristics of a company's product and service offerings.*

**KEYWORDS**

green marketing, environmental marketing.

**1. INTRODUCTION TO GREEN MARKETING**

The term green marketing came first into foray in the late 1980s and early 1990s due to increasing environmental concerns. The companies were compelled to consider the externalities of their products and their eventual negative impact on the planet. The result of such deliberations was the alternative available to the companies to "go green".

Green marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs and wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on natural environment.

Thus Green marketing should look at minimizing environmental harm, not necessarily eliminating it.

**2. CHARACTERISTICS OF GREEN PRODUCTS**

We can define Green products by following measures:

1. Products those are originally grown
2. Products those are recyclable, reusable and bio degradable
3. Products with natural ingredients
4. Products containing recycled contents, non toxic chemical
5. Products content under approved chemical
6. Products that do not harm and pollute the environment
7. Products that will not be tested on animals
8. Products that have eco friendly packaging

**3. IMPORTANCE OF GREEN MARKETING**

In market societies where there is "freedom of choice", it has generally been accepted that individuals and organizations have the right to attempt to have their needs satisfied. As firms face limited natural resources, they must develop new or alternative ways of satisfying those unlimited wants.

Ultimately Green marketing looks at how marketing activities utilize these limited resources, while satisfying consumer wants, both of individuals and industry, as well as achieving the selling organizational objectives.

**4. NEED OF GREEN MARKETING**

The concept of Green marketing has emerged as a viable solution to address environmental issues and market the products of the company at the same time. The following are the factors that impel the organizations to go green are:

**4.1. SOCIAL RESPONSIBILITY**

Companies have decided to incorporate green marketing in their ambitious corporate social responsibility initiative. It integrates nicely with the strategies of business. Companies have realized the need to behave in a more environment friendly fashion.

**4.2. COMPETITIVE ADVANTAGE**

Going green provides a certain degree of competitive advantage to business in sense that its products are ranked favorably among the customers and it can aim to sell them at a price higher than the industrial norm as the consumers are willing to pay more for green products.

**4.3. CONSUMER AWARENESS**

The increasing consumer concern towards green marketing makes it a very lucrative opportunity for the business. More than 25 % of Indian urban consumers prefer eco friendly products. The company may design new products solely to capitalize on consumer conscience.

**4.4. GOVERNMENT PRESSURE**

Government wants to "protect" consumers and society. This protection has significant green marketing implications. Government regulations relating to environmental marketing are designed to protect consumers in several ways which includes 1.Reduce production of harmful goods or products; 2.Modify consumer or industry use; 3.Ensure that all type of consumers has the ability to evaluate the environmental composition of goods.

**4.5. COST REDUCTION**

Reduction of harmful waste may lead to substantial cost savings; sometimes many firms develop symbiotic relationship where by waste generated by one company is used as cost effective raw material by another company. Certain firms use green marketing to address cost or profit related issues.

**5. SOME PROBLEMS WITH GOING GREEN**

One of the main problem is that firms using green marketing must ensure that their activities or not misleading to consumers or industry, and do not breach any regulations or laws dealing with environmental marketing.

For example marketers in United States should ensure their green marketing claims can meet the following set of criteria in order to comply with the Federal Trade Commission's guidelines. Green Marketing claims must

- Clearly state environmental benefits;
- Explain Environmental characteristics;
- Explain how benefits are achieved;
- Ensure comparative differences are justified
- Ensure negative factors are taken into consideration.
- Only use meaningful terms and pictures

Another problem firm's face is that those who want to modify their products due to increased consumer concern must contend with the fact that consumer's perceptions are sometimes not correct.

**6. GOLDEN RULES OF GREEN MARKETING**

- **KNOW YOU'RE CUSTOMER:** Make sure that the consumer is aware of and concerned about the issues that your product attempts to address, (Whirlpool learned the hard way that consumers wouldn't pay a premium for a CFC-free refrigerator because consumers dint know what CFCs
- **EDUCATING YOUR CUSTOMERS:** Isn't just a matter of letting people know whatever you're doing to protect the environment, but also a matter of letting them know why it matters. Otherwise, for a significant portion of your target market, it's a case of "So what?" and your green marketing campaign goes nowhere.
- **BEING GENUINE & TRANSPARENT:** It means that a) you are actually doing what you claim to be doing in your green marketing campaign and b) the rest of your business policies are consistent with whatever you are doing that's environmentally friendly. Both these conditions have to be met for your business to establish the kind of environmental credentials that will allow a green marketing campaign to succeed.
- **REASSURE THE BUYER:** Consumers must be made to believe that the product performs the job, it's supposed to do-they won't forget the product quality in the name of the environment.
- **GIVING YOUR CUSTOMERS AN OPPORTUNITY TO PARTICIPATE:** It means personalizing the benefits of your environmentally friendly actions, normally through letting the customer take part in positive environmental action.

**7. CONCLUSION**

The Environmental problems in India are growing rapidly. The increasing economic development, rapid growth of population and growth of industries in India is putting a strain on the environment, infrastructure and country's natural resources. It must be remembered that it's uncaring customer who chooses to dispose their waste in an inappropriate fashion, while firms has great impact on natural environment, the responsibility should not be theirs alone. . Green Marketing makes drastic change in the business not even in India but save the world from pollution. Corporate should create the awareness among the consumers, what are the benefits of green as compared to non green ones. In green marketing, consumers are willing to pay more to maintain a cleaner and greener environment. Consumers, industrial buyers and suppliers need to pressurize effects on minimize the negative effects on the environment-friendly. Green marketing assumes even more importance and relevance in developing countries like India.

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**GROWTH OF INDIAN MUTUAL FUND INDUSTRY: AN OVERVIEW**

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**ABSTRACT**

*Mutual funds play a vital role in resource mobilization and its efficient allocation to the productive sources of the economic system. In this process of development, mutual funds have emerged as strong financial intermediaries and are playing an important role in bringing stability to the financial system and efficiency to the resource allocation process. Mutual Funds are essentially financial intermediaries. They have become a critical link among various financial segments in the economy. Today, they play a crucial role in the mobilization of resources, especially from small savers. On account of the huge resources at their disposal, they have also emerged as the dominant players in the capital market. With such enormous funds at their disposal is hardly surprising that they have become critical players in the market. In the present study an attempt has been made 1638 mutual funds scheme are issued by mutual funds companies, number of mutual fund intermediaries are 50 and Assets under management Rs.825240 crores.*

**KEYWORDS**

Mutual fund scheme, Assets Under Management (AUM), Resource Mobilization and intermediaries.

**INTRODUCTION**

Mutual funds are essentially financial intermediaries. They have become a critical link among various financial segments in the economy. Today, they play a crucial role in the mobilization of resources, especially from small savers. On account of the huge resources at their disposal, they have also emerged as the dominant players in the capital market. It is estimated that the mutual funds in India together have assets over Rs.one lakh crores. With such enormous funds at their disposal, it is hardly surprising that they have become critical players in the market.

A mutual fund is a trust or an investment company that pools resources from thousands of investors who share investment goals and then diversifies its investment into different types of securities in order to provide potential returns and reasonable safety. The emergence and rapid growth of mutual fund can be described to the diversified dimension of the Indian capital market.

**REVIEW OF LITERATURE**

Jaspal Singh and Subhas Chander (2004) analysed that, the perceptions about mutual funds in the view of general investor feels that different regulatory bodies like SEBI and have not been able to regulate and control the working of mutual funds so as to safeguard the small investors interest.

Sudhakar and Sasikumar (2005) opined that most of the growth oriented mutual funds have been able to deliver better return than the benchmark indicators. Growth oriented mutual funds are expected to offer the advantage of diversification, market timing and selectivity.

Muttappan,P.K (2006) in his study explains about the factors influencing mutual fund investment decision making. The study reveals that tax exemption given to the investments in mutual funds was the most influencing factor.

Noronha (2007) has evaluated the performance of 11 equity schemes of three asset management companies with the help of Sharpe and Treynor measure for a period April 2002-March 2005. The study found that equity, tax plan and index funds offer diversification and are able to earn better returns as compared to sector specific funds. The study is a commendable work on performance of MFs highlighting the better earning capacity of equity, tax plans and index funds.

Das Bhagaban, Mohanty Sangeeta, Shil Chandra N (2008) has thrown light on the selection behaviour of Indian retail investors towards mutual funds and life insurances particularly in post-liberalization period. With this background, their paper made an earnest attempt to study the behaviour of the investors in the selection of these two investment vehicles in an Indian perspective by making a comparative study.

Lakshmi.R (2009) studies the investor servicing factors. It shows that the investors in mutual funds place quality of service very high among the attributes, something even above returns. It is thus the fund managers, marketing interest to ensure the investors service commitments are well executed. The entry of foreign fund managers brings to the capital markets a new level of service.

Yamal Vyas (2010) examined the retail investors, he says that, he says that, the retail investors have taken great fancy to the Systematic Investment Plan and it seems that every middle class household has a SIP investment. He also taught the mutual fund investment cannot be different from equity investments.

Badrinath and Gubellini (2011) have evaluated the return performance of long-short, market-neutral and bear MFs using multi-factor models and a conditional CAPM and revealed that Market-neutral funds provide a down market hedge, but bear funds do not generate the returns that investors hope for.

Nishi Sharma (2012) conducted a study to understand the perception of the investors towards mutual funds and found that in order to secure the patronage of Indian investor mutual fund companies are expected to ensure full disclosure and regular updates of the relevant information along with the assurance of safety and monetary benefits.

Sharma (2013) has worked to assess the return earned by the sample mutual fund schemes and weighted against the standard market returns and found that large numbers of Mutual Funds have surpassed the market benchmark indexes in Sharpe and Treynor Ratios and correlation between them is significantly higher. They also found that a fund & its market return have a high correlation.

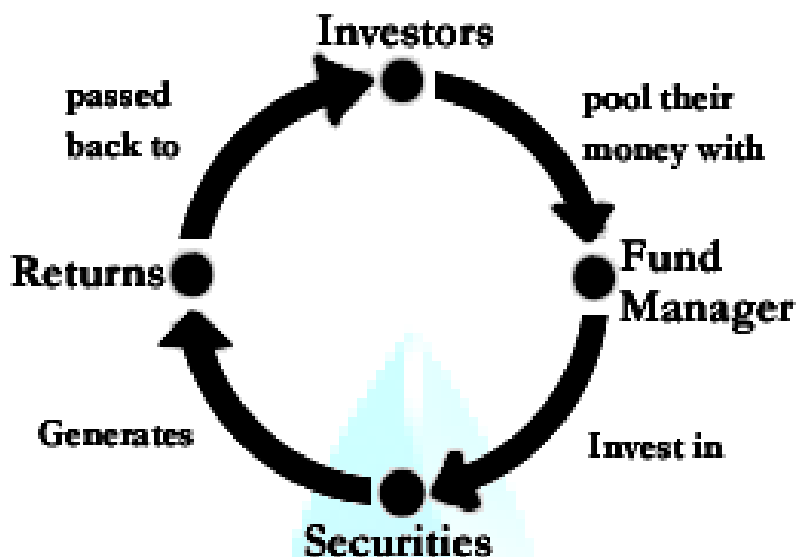
**CONCEPT OF MUTUAL FUND**

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 instruments and the capital appreciation realized are shared by its units 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.

A mutual fund collects the savings from small investors, invest them in government and other corporate securities and earn income through interest and dividends, besides capital gains. It works on the principle of small drops of water make a big ocean.



## EXHIBIT-1: MUTUAL FUND OPERATION



Source: www.amfiindia.com

**OBJECTIVES OF THE STUDY**

The following are the specific objectives of the present study.

1. To know the history of mutual funds industry in India.
2. To analyse total number of schemes under mutual funds.
3. To analyse the assets under management schemes wise of mutual funds.
4. To analyse the resource mobilisation by mutual funds industry in India.
5. To offer suggestions based on the findings of the study.

**METHODOLOGY AND DATA COLLECTION**

The present study is based on secondary data. The data required for the study has been collected from books, magazines, newspapers and official websites of Securities Exchange Board of India (SEBI), Association of Mutual Funds in India (AMFI) and the websites of the various mutual fund companies.

**PERIOD OF THE STUDY**

The study is primarily focused on the growth of mutual fund industry in India over the past seven years i.e. from 2007-08 to 2013-14.

**HISTORY OF MUTUAL FUNDS INDUSTRY IN INDIA**

Mutual funds came into existence in India with the setting up of UTI under UTI Act, 1963. The mutual fund industry in India started in 1963 with the formulation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank. The history of mutual funds in India can broadly be divided into five distinct phases.

**1. FIRST PHASE (1964-87) EMERGENCE AND GROWTH OF UNIT TRUST OF INDIA**

Unit Trust of India (UTI) was established in 1963 by an Act of the Parliament. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. In 1978, UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. The first scheme launched by UTI was Unit Scheme 1964. At the end of 1988, UTI had Rs.6,700 Crores of assets under management.

**2. SECOND PHASE (1987-93) ENTRY OF PUBLIC SECTOR FUNDS**

1987 marked the entry of non-UTI, public sector mutual funds set up by public sector banks and Life Insurance Corporation of India (LIC) and General Life Insurance Corporation (GIC). SBI mutual fund was the first non-UTI Mutual Fund established in June 1987 followed by Canbank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (June 90), Bank of Baroda Mutual Fund (Oct 92). LIC established its mutual fund in June 1989, while GIC had set up its mutual fund in December 1990. At the end of 1993, the mutual fund industry had assets under management of Rs.47,004 crores.

**3. THIRD PHASE (1993-96) ENTRY OF PRIVATE SECTOR FUNDS**

With the entry of private sector funds in 1993 a new era started in the Indian mutual fund industry, giving the Indian Investors a wider choice of fund families. Also 1993 was the year in which the first mutual fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993. The 1993 SEBI (Mutual Fund) Regulations were substituted by a more comprehensive and revised Mutual Fund Regulations in 1996. The industry now functions under the SEBI (Mutual Fund) Regulations 1996.

The number of mutual fund houses went on increasing, with many foreign mutual funds setting up funds in India and also the industry has witnessed several mergers and acquisitions. As at the end of January 2003, there were 33 mutual funds with total assets of Rs.1,21,805 crores. The Unit Trust of India with Rs.44,541 crores of assets under management was way ahead of other mutual funds.

**4. FOURTH PHASE (1996-04) GROWTH AND SEBI REGULATIONS**

In February 2003, following the repeal of the Unit Trust of India Act 1963 UTI was bifurcated into two separate entities. One is the specified undertaking of the Unit Trust of India with assets under management of Rs.29,835 crores as at the end of January 2003, representing broadly, the assets of US 64 scheme, assured return and certain other schemes. The specified undertaking of Unit Trust of India, functioning under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations.

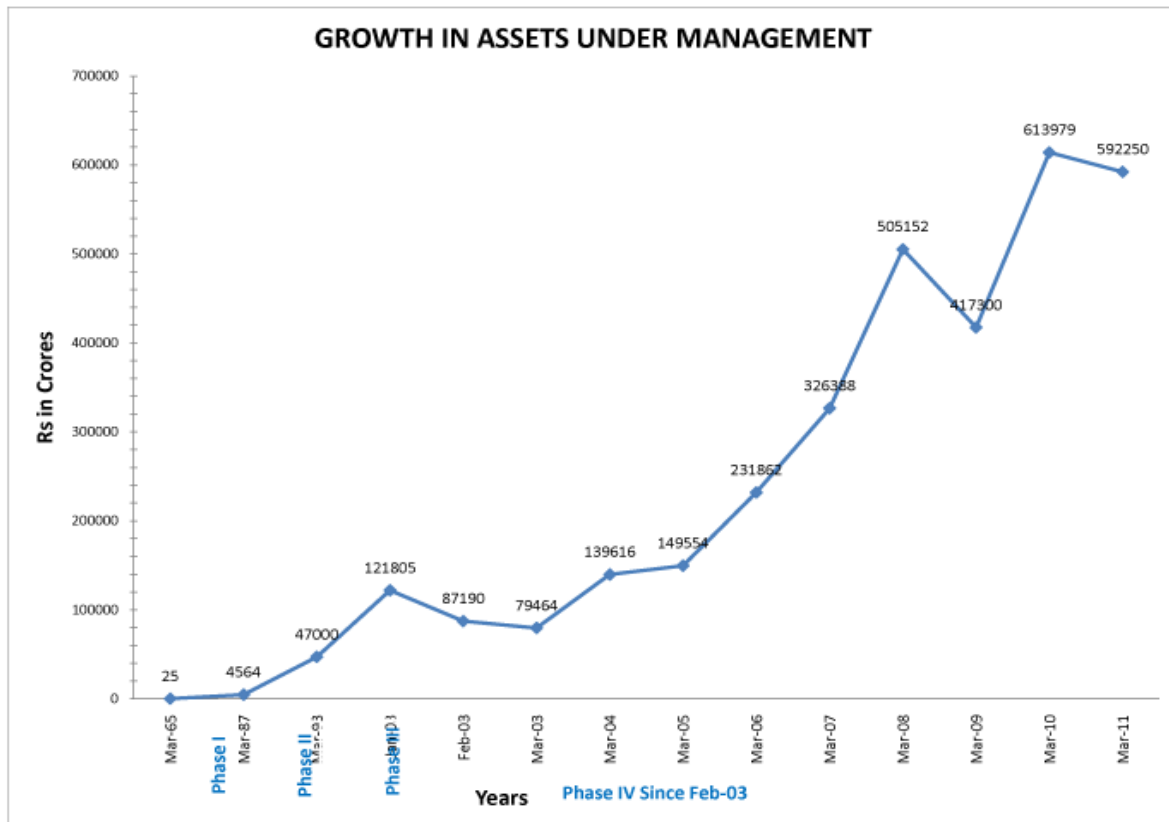
The second is the UTI Mutual Fund Ltd., sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and functions under the Mutual Fund Regulations. With the bifurcation of the erstwhile UTI which had in March 2000 more than Rs.76,000 crores of assets under management and with the setting up of a UTI Mutual Fund, conforming to the SEBI Mutual Fund Regulations, and with recent mergers taking place among different private sector funds, the mutual fund industry has entered its current phase of consolidation and growth. As at the end of the year 2004 there were 37 funds which manage assets of Rs.1,49,600 crores under 450 schemes.

5. FIFTH PHASE (2004 ONWARDS) GROWTH AND CONSOLIDATION

The industry has also witnessed several mergers and acquisitions recently examples of which are acquisition of schemes of Alliance Mutual fund by Birla Sun Life, Sun F&C Mutual Fund and PNB Mutual Fund by Principal Mutual Fund. Simultaneously, more international mutual fund players have entered India like Fidelity, Franklin Templeton mutual Fund etc. There were 44 mutual funds companies as at the end of June 2012. This is a continuing phase of growth of the industry through consolidation and entry of new international and private sector players.

The graph given below indicates the growth of assets under management over the years.

GRAPH NO. 1



Source: Association of Mutual Funds in India (AMFI)

TABLE-1: TOTAL NUMBER OF SCHEMES UNDER MUTUAL FUNDS

Year	Income/Debt Fund				Growth/Equity Fund		Balanced Fund	Exchange Traded fund		overseas Fund	Total No. of Funds
	MM	Gilt	Debt	Inf.d	Elss	Growth		Gold	Other		
2007-08	58 (6.07)	30 (3.14)	505 (52.82)	-	43 (4.50)	270 (28.24)	37 (3.87)	5 (0.52)	8 (0.84)	-	956 (100)
2008-09	56 (5.59)	34 (3.40)	509 (50.85)	-	47 (4.70)	293 (29.27)	35 (3.50)	5 (0.50)	12 (1.20)	10 (0.99)	1001 (100)
2009-10	56 (6.35)	35 (3.97)	367 (41.61)	-	48 (5.44)	307 (34.81)	33 (3.74)	7 (0.79)	14 (1.59)	15 (1.70)	882 (100)
2010-11	51 (4.51)	37 (3.27)	591 (52.25)	-	48 (4.24)	328 (29.00)	32 (2.83)	10 (0.88)	18 (1.60)	16 (1.42)	1131 (100)
2011-12	55 (4.20)	42 (3.21)	775 (59.21)	-	49 (3.74)	303 (23.15)	30 (2.29)	14 (1.07)	21 (1.60)	20 (1.53)	1309 (100)
2012-13	55 (4.25)	42 (3.26)	760 (58.73)	-	50 (3.86)	297 (22.95)	32 (2.47)	14 (1.08)	23 (1.78)	21 (1.62)	1294 (100)
2013-14	53 (3.24)	44 (2.69)	1077 (65.75)	4 (0.24)	52 (3.17)	311 (18.99)	30 (1.83)	14 (0.85)	26 (1.59)	27 (1.65)	1638 (100)

Source: Compiled and calculated from the data presented in SEBI publication.

Note: Figures in the parenthesis are percentage to row total

The above table reveals that total number of schemes under mutual funds. In the year 2007-08 the highest number of scheme is debt fund 505 i.e.,52.82 percent and lowest is gold fund 5 i.e.,0.52 percent. In the year 2008-09 the highest number of scheme is debt fund 509 i.e.,50.85 percent and lowest is gold fund 5 i.e.,0.50 percent. In the year 2009-10 highest number of scheme are debt 367 i.e.,41.61percent and lowest is gold fund 7 i.e., 0.79 percent. In the year 2010-11 highest number of scheme where debt fund 591 i.e.,52.25 percent and lowest is gold fund 10 i.e., 0.88 percent. In the year 2011-12 highest number of scheme are debt fund 775 i.e.,59.21 percent and the lowest scheme is gold fund 14 i.e., 1.07 percent. In the year 2012-13 the highest number of scheme were debt fund 760 i.e.,58.73 percent and the lowest is gold fund 14 i.e.,1.08 percent. During the last year 2013-14 the highest number of mutual fund scheme are debt fund 1077 i.e., 65.75 percent and lowest is infrastructure development fund 4 i.e., 0.24 percent .

TABLE-2: ASSETS UNDER MANAGEMENT (SCHEME-WISE) OF MUTUAL FUNDS (Rs.in Crores)

Year	Income/Debt Scheme			Growth/Equity Scheme		Balanced Scheme		Exchange Traded scheme	Fund of investing overseas	Grand Total
	Open	Closed	Interval	Open	Closed	Open	Closed			
2007-08	216132 (42.79)	96864 (19.18)	-	136385 (27.00)	36357 (7.18)	13592 (2.70)	2692 (0.53)	3130 (0.62)	-	505152 (100)
2008-09	222219 (53.25)	69347 (16.62)	2784 (0.67)	89732 (21.50)	18512 (4.44)	9133 (2.19)	1496 (0.36)	1396 (0.33)	2681 (0.64)	417300 (100)
2009-10	336281 (54.77)	41579 (6.77)	15344 (2.50)	175578 (28.60)	22542 (3.67)	15618 (2.54)	1628 (0.27)	2547 (0.41)	2862 (0.47)	613979 (100)
2010-11	230295 (38.88)	120610 (20.40)	18144 (3.06)	190108 (32.09)	5215 (0.88)	17360 (2.93)	1085 (0.18)	6917 (1.16)	2516 (0.42)	592250 (100)
2011-12	231785 (39.47)	135100 (23.00)	7972 (1.36)	179552 (30.58)	2524 (0.42)	16250 (2.77)	11 (0.00)	11493 (1.96)	2530 (0.44)	587217 (100)
2012-13	371702 (53.00)	118159 (16.85)	7590 (1.08)	170027 (24.24)	2481 (0.35)	16295 (2.32)	12 (0.00)	13124 (1.87)	2053 (0.29)	701443 (100)
2013-14	401765 (48.68)	187156 (22.38)	12024 (1.46)	185378 (22.46)	5729 (0.70)	16778 (2.03)	15 (0.00)	13205 (1.60)	3190 (0.39)	825240 (100)

Source: Compiled and calculated from the data presented in SEBI publication.

Note: Figures in the parenthesis are percentage to row total.

The above table shows the assets under management (scheme-wise) mutual funds. It can be observed that investors prefer open ended funds to close ended funds. Assets under management of the open ended funds dominates the assets under management close ended funds. During the year 2007-08 highest assets under management scheme is Income/debt scheme is Rs.216132 Crores i.e., 42.79 percent and lowest is balanced scheme Rs.2692 Crores i.e.,0.53 percent. In the year 2008-09 highest assets under management are Income/debt scheme is Rs.222219 Crores i.e., 53.25 percent and lowest is exchange traded fund Rs.1396 Crores i.e.,0.33 percent. In the year 2009-10 the highest assets under management fund are Income/debt scheme is Rs.336281 Crores i.e., 54.77 percent and lowest is balanced scheme Rs.1628 Crores i.e.,0.27 percent. In the year 2010-11 highest assets under management is Income/debt scheme Rs.230295 Crores i.e.,38.88 percent and lowest fund of investing overseas is Rs.2516 Crores i.e.,0.42 percent. In the year 2011-12,12-13 and 13-14 the highest assets under management fund are Income/debt scheme is Rs.231785 Crores i.e., 39.47 percent, Rs.371702 Crores i.e.,53.00 percent and Rs.401765 Crores i.e.,48.68 percent and lowest fund is balanced fund is Rs.11,12,and15 Crores.

TABLE-3: RESOURCE MOBILISATION BY MUTUAL FUNDS INDUSTRY IN INDIA (Rs. in Crores)

Year	Gross Mobilisation	Redemption	Net Inflow	Assets at the end of the period
2007-08	44,64,377	4310575	153802	505152
2008-09	54,26,353	5454650	-28296	417300
2009-10	1,00,19,023	9935942	83080	613979
2010-11	88,59,515	8908921	-49406	592250
2011-12	68,19,679	6841702	-22023	587217
2012-13	72,67,885	7191346	76539	701443
2013-14	97,68,101	9714318	53783	825240

Source: Compiled and calculated from the data presented in SEBI and AMFI publication

The above table 3 shows that resource mobilisation by mutual funds industry in India. Under gross mobilisation includes public sector, private sector and UTI mutual funds companies. Redemption includes repurchase as well as redemption. It is evident from the table assets at the end of the period increased Rs.505152 correes in the year 2007-08 to Rs.825240 Crores in the year 2013-14.

TABLE-4: GROWTH OF MUTUAL FUND INTERMEDIARIES IN INDIA

S.No.	Year	Number of Intermediaries	Assets Under Management
1	2007-08	40	505152
2	2008-09	44	417300
3	2009-10	47	613979
4	2010-11	51	592250
5	2011-12	49	587217
6	2012-13	52	701443
7	2013-14	50	825240

Source: Compiled and calculated from the data presented in SEBI and AMFI publication.

Table 4 shows that growth of mutual fund intermediaries in India over a past seven years. The total assets under management increased from Rs.505152 Crores in 2007-08 to Rs.825240 Crores in 2013-14 and Number of intermediaries 40 in the year 2007-08 increased to 52 in the year 2012-13 and again there is fall in number by 2 in the 2013-14. It indicates the tremendous growth of industry in Indian economy.

## FINDINGS OF THE STUDY

The following are some of the important findings of the present study.

1. It is found that total number of schemes under mutual funds was increased from 956 to 1638 during the year 2007-08 to 2013-14.
2. During the entire period of the study more than 50 percent total number of scheme issued by mutual fund company is debt scheme.
3. It is found that lowest total number of scheme is issued by mutual funds company is exchange traded fund.
4. It is evident that assets under management of the open ended funds dominated the assets under management of the close ended funds which signifies that the investors prefer open ended funds to the close ended funds.
5. During past seven years it is found that resource mobilisation by mutual funds industry is increased from Rs.505152 Crores to Rs.825240 Crores.
6. It is clear from the table growth of mutual fund intermediaries in India increased from 40 to 50 during the year 2007-08 to 2013-14.

## SUGGESTIONS

The following suggestions are made to make the mutual fund industry more active.

1. During the study period it was found that the majority of the scheme issued by mutual funds company is income/debt scheme. This indicate that more efforts have to be made by the mutual funds to create awareness among the investors regarding the exchange traded fund and fund of investing overseas.
2. It is suggested that mutual funds companies should increase the assets under management scheme wise in balanced fund, exchange traded fund and fund of investing overseas with innovative scheme and attractive return by the investors.

3. Mutual funds company should properly maintain its investment portfolio to provide better services to its unit holders.
4. It is suggested that mutual funds company should issue various innovative schemes other than debt scheme infrastructure development, exchange traded fund, balanced fund with minimum risk and the maximum return .It will help to investors by investing in the mutual fund industry.
5. There should be centralised agency to monitor the fund utilization by fund houses.
6. The Asset Management Companies should concentrate more on the research studies to be carried out in the scenario of macro environmental changes.

## CONCLUSION

The Indian mutual fund industry is expected to witness rapid growth in assets under management over next few years. The fund houses concentrate on innovative product offerings, efficient service delivery and supportive technology. The mutual fund industry needs to develop products to fulfil the needs of investors. In order to attain sustained profitable growth, the industry should concentrate on developing distribution networks, increasing retail participation and expanding the reach of mutual funds into areas by conducting awareness programs.

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## CONSUMER PREFERENCE TOWARDS THE PACKAGING ELEMENTS OF FMCG PRODUCTS IN TIRUVARUR TOWN

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### ABSTRACT

*In the present fast moving world consumer prefer only packed goods which are sold through super markets. Packaging plays a role of silent salesman. Its various elements influence the purchase decision of consumer. Hence an attempt has been made to study about how the elements of packaging influence the individual characteristic of consumer preference towards the FMCG products in Tiruvarur town. In order to analyze the view of the respondents based on the level of education and age, a chi-square test was used. The result shows that there is significant difference between age of the respondents and elements of the product packaging of FMCG products and also there is no significant difference between the educational qualification and printed matters in the product packaging.*

### KEYWORDS

Packaging, Elements, Consumer behavior.

### INTRODUCTION

Packaging is the only thing that communicates a message about the product to buyer in the store. It is used to protect the product from damages during shipping and transferring product from one place to another place. Both good package design and consumer preference are regarded as an essential part of successful business practice. Many potential customers first notice a new product after it has arrived on the shelves of the store. It is vital that the packaging provide consumers with the information they need and motivate them to make purchase. Due to increasing self-service and changing consumer's life style the interest in package as a tool of sales promotion and stimulation of impulsive consumer preference is growing increasingly. It is important to identify what factors can be more effectively increasing the preference of the consumer. Various elements like colour, font size wrapper design and shape influence the preference of the consumer towards the packed products. Hence an attempt has been made to study about the consumer preference towards the packaging elements of FMCG products in Tiruvarur town. A structured questionnaire was used to collect data whereby it was served as primary data to answer the research questions and its objectives is to find out the packaging elements and the influence of individual characteristics that affect the consumer preference of packed FMCG products.

### AN OVERVIEW OF PACKAGING

Packaging is the process of designing or producing the container itself. It is the technology of enclosing or protecting products for distribution, storage, sale, and use.

Packaging also refers to the process of design, evaluation, and production of packages. Packaging can be described as a coordinated system of preparing goods for transport, warehousing, logistics, sale, and end use. The ancient peoples used natural material (available at the time) like baskets of reeds, ceramic amphorae, wooden boxes, pottery vases, wine skins, wooden barrels, woven bags for packages. Now a days we are using materials like glass, plastic, cans & cartons etc.,. The usage of different types of packaging is changing as new materials become available and new processing techniques are developed. The growth of packaging and its usage has been particularly rapid in the second half of the twentieth century in industrialized and developed countries and more recently, in many developing countries. Packaging is now generally regarded as an essential component of our modern life style. It protects the goods we buy from wastage and damage. Packaging protects the interests of consumers. The information contained on the package tells the consumer what the product is and how to use it. Such information includes brand names and descriptions, manufacturer's name and address, quantity, use-by dates, directions for use, storage and disposal, and cautionary or emergency information. Without packaging, materials handling would be messy, inefficient and costly, and modern consumer marketing would be difficult. Hence an attempt has been made to study about the packaging elements.

### OBJECTIVES

- To find out the packaging elements that affecting the consumer preference of packed FMCG products.
- To analyze the influence of individual characteristics of consumer while making purchase decision of packed FMCG products.

### METHODOLOGY

This study was mainly based on primary data collected from the selected sample through a structure questionnaire. The sample size was 120 respondents and the respondents were identified from Tiruvarur Town by convenience sampling method.

### STATISTICAL TOOLS

The Statistical methods are:

#### 1. Percentage Analysis

The number of respondents for each factor is converted into percentage basis.

#### 2. Chi-square Analysis

Chi-square is a statistical measure used in the context of sampling analysis for comparing a variance to a theoretical variance. Chi-square describes the magnitude of the discrepancy between theory and observation.

**Formula**

$$\chi^2 = (O-E)^2 / E$$

O=Observed frequency

E=Expected frequency

**PERIOD OF STUDY**

The data was collected in the month of April to June 2014.

**RESEARCH HYPOTHESIS**

- ❖ There is no significant difference between age of the respondents and elements of the product packaging of FMCG products.
- ❖ There is no significant difference between the educational qualification and printed matters in the product packaging.

**LIMITATIONS**

- ❖ Due to time and money constraints the study is restricted to Tiruvarur town.
- ❖ In this study the convenient sampling method is used.
- ❖ This study is restricted to 120 respondents only.

**TABLE 1: DEMOGRAPHIC PROFILE OF THE RESPONDENTS**

Characteristics		No. of respondents	Percentage (%)
<b>Gender</b>	Male	24	20
	Female	96	80
	Total	120	100
<b>Age</b>	Below 20 yrs	10	8.33
	20-30 yrs	20	16.67
	30-40 yrs	46	38.33
	40-50 yrs	16	13.33
	50 yrs& above	28	23.33
	Total	120	100
<b>Monthly Household Income</b>	Below Rs.20000	14	11.67
	Rs. 20000-30000	22	18.33
	Rs. 30000-40000	68	56.67
	Above Rs. 40000	16	13.33
	Total	120	100
<b>Occupation</b>	Housewife	44	36.67
	Government employee	8	6.67
	Private employee	28	23.33
	Business people	12	10
	others	28	23.33
	Total	120	100

Source: Primary Data

Majority of the respondent were female as purchasing was made by female in the study area. It is interesting to note that majority of the respondents are in the age group of 30-40 years. 36.67% of the sample consisted of housewife, 23.33% comprised of private employee and others, 10% of respondents were business people and the rest 6.67% were government employee. More than 50% of the respondents belongs to the monthly household income of Rs. 30000-40000 respectively.

**TABLE 2: CHI-SQUARE TEST: SIGNIFICANT DIFFERENCE BETWEEN AGE OF THE RESPONDENTS AND ELEMENTS OF THE PRODUCT PACKAGING OF FMCG PRODUCTS**

Age	ELEMENTS OF THE PRODUCT				Total
	Color	Font Size	Wrapper design	Shape	
Up to 20 years	4 (0.66)	0 (2.16)	2 (0.43)	4 (2)	10
21 – 30 years	8 (1.33)	2 (1.26)	4 (0.86)	6 (1)	20
31 – 40 years	10 (0.42)	14 (1.63)	14 (0.02)	8 (0.16)	46
41 – 50 years	4 (0.02)	2 (0.62)	6 (0.17)	4 (0.2)	16
Above 50 years	6 (0.29)	8 (0.62)	12 (7.31)	2 (2.31)	28
<b>Total</b>	<b>32</b>	<b>26</b>	<b>38</b>	<b>24</b>	<b>120</b>

Source: Primary Data

Level of Significance 5% = 0.05  
 Degrees of Freedom = (r-1) (c-1)  
 = (5-1) (4-1) = 12  
 Table value (TV) = 21.026  
 Calculated value (CV) = 23.47  
 $\chi^2 = \sum (O_i - E_i)^2 / E_i$   
 C.V > T.V 23.47 > 21.026

**Null Hypothesis**

There is no significant difference between age of the respondents and elements of the product packaging of FMCG products

**Inference**

As the calculated value is greater than tabulated value the null hypothesis is rejected. Hence it concludes that there is significant difference between age of the respondents and elements of the product packaging of FMCG products.



TABLE 3: CHI-SQUARE TEST: SIGNIFICANT DIFFERENCE BETWEEN THE EDUCATIONAL QUALIFICATION AND PRINTED MATTERS IN THE PRODUCT PACKAGING

Educational Qualification	PRINTED MATTERS IN THE PRODUCT PACKAGING					Total
	Date of manufacturing	Price	Quantity	Quality	Others	
SSLC	4 (0.33)	4 (0.33)	6 (0.64)	4 (0)	2 (0.53)	20
HSC	6 (0.025)	2 (0.71)	4 (0.04)	2 (1.63)	10 (9)	24
UG	10 (0.13)	8 (0.46)	8 (0.46)	10 (0.30)	6 (0.14)	42
PG	12 (0.95)	4 (0.24)	8 (1.65)	8 (0.21)	2 (2.37)	34
<b>Total</b>	<b>32</b>	<b>18</b>	<b>24</b>	<b>24</b>	<b>22</b>	<b>120</b>

Level of Significance 5% = 0.05  
 Degrees of Freedom = (c-1) (r-1)  
 = (5-1) (4-1) = 12  
 Table value (TV) = 21.026,  
 Calculated value (CV) = 20.145  
 $\chi^2 = \sum (O_i - E_i)^2 / E_i$   
 C.V < T.V 20.145 < 21.026

**Null Hypothesis**

There is no significant difference between the educational qualification and printed matters in the product packaging.

As the calculated value is lesser than the tabulated value the null hypothesis is accepted. Hence it concludes that there is no significant difference between the educational qualification and printed matters in the product packaging.

**FINDINGS**

- Majority of the respondents are in the age group of 31-40 years.
- Most of the respondents are attracted by wrapper design and colour.
- There is no significant difference between the educational qualification and printed matters in the product packaging.
- There is significant difference between the age of the respondents and elements of the product packaging of FMCG products.

**CONCLUSION**

Package performs an important role in marketing communications, especially in the point of sale and could be treated as one of the most important factors influencing consumers purchase decision. Company should continuously research for a quality improvement of packaging. Packaging influence the consumer to buy a particular FMCG brand.

This paper help us to understand the mindset of the consumer regarding the packaging of FMCG product and the ways a company has to follow to always retain and acquired the new consumers.

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**A STUDY ON THE ROLE OF SELF HELP GROUP IN WOMEN EMPOWERMENT**

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**ABSTRACT**

The country India is still in developing process. Most of the people belong to under privilege section. India tries to put efforts on eradicating the negative issues and adopting the sound culture amongst which social awareness, literacy, gender based equality and women empowerment are significant. Due to industrialization and modernization there seems a change in attitude and perception of individuals. The people become more aware and are more concern about saving patterns and improvement in their economic condition. But these people do not have enough capital to invest in. Therefore, the scheme of microfinance through Self Help Group has been introduced. The present paper is an attempt to study the role of SHG in women empowerment. The study is exploratory in nature which has been carried out in Indore city on the basis of primary and secondary data. This paper also put emphasis on analysing the economic condition of women members after joining SHG.

**JEL CODE**

G 21.

**KEYWORDS**

Economic Condition, SHG, Women Empowerment.

**INTRODUCTION**

Globalization and liberalization policy of India makes the market freely tradable. The adoptions of these principles not only have opened up growth and development opportunities but have also transformed the standard of living of people. An upper society is not affected by these changes and has easily accepted new style for better standard of living. But these changes affect poor people directly or indirectly. In India one-third of the population are below poverty line which belongs to rural, semi rural or urban region. They are still destitute of getting even the basic amenities such as drinking water, clothing, accommodation etc. For the survival of living, there are some poor people who have to depend upon money lenders, and are paying interest at higher rate. The income of poor people is not much enough to repay the whole amount with interest. And hence they become the victim. These low income class people also demand money from friends / relatives and promise to pay within stipulated period of time, but when they failed to pay they become insolvent. This informal credit source exploits poor people. Keeping these things in mind an attempt is made by Dr. Mohammad Yunus who introduce the concept of Micro credit programs in Grameen bank of Bangladesh. Just like Self Employment Association SEWA and other related programs introduced in NGOs, a micro credit program called Self help Group concept by NABARD introduced in Government sectors.

**SELF HELP GROUP**

Self help group is a voluntarily association and interaction among poor people with the aim to contribute saving or to lend saving among members so as to increase financial status. There is a small group of members with the inclusion of small industrial or agricultural labors, artisans, owner of petty business, women etc. The concept of SHG is to encourage collective learning, promote leadership address common constraints to create awareness among the growers; rise with the financial institutions/NGOs/Government agencies to mobilise required technical and financial resources and encourage on-farm and non-farm micro enterprise activities among the members of the group. [L.V Ananda Rao]

**CHARACTERISTICS OF SHG**

- 1) SHG consist of 10-20 members especially women including one President, one Secretary and a cashier.
- 2) The members in a group are poor, belongs to under privilege categories.
- 3) SHG emphasize on saving habits of members in a group.
- 4) The members of SHGs are required to deposit some amount of money as a part of saving says Rs. 100 per month from each member and after 3 to 6 months they are allowed to take loan from their accumulated savings.
- 5) SHG tries to increase socio economic condition of people in a group through its saving patterns.
- 6) SHGs get full support from Non Government Organizations as well as Government Organizations. The group can also obtain micro loan from Banks and some social service organizations.
- 7) SHGs are independent, having their own rules and regulations.
- 8) A monthly meeting is organized where transactions have been taken related to disbursement and repayment of loan.
- 9) SHGs also provide members social environment where they collect at the time of loan disbursement and share their problems and help each other.

**VARIOUS MODELS OF SELF HELP GROUP****MODEL 1: SELF HELP GROUPS FORMED AND FINANCED BY BANKS**

As the name itself explicate that SHGs are formed and directly finance by Banks. Banks open up their account and starts up micro loan facilities

**MODEL 2: SELF HELP GROUPS FORMED BY NGOs AND FORMAL AGENCIES BUT DIRECTLY FINANCED BY BANKS**

Here, various formal agencies and NGOs play a vital role of catalyst where groups are formed, training is provided and messages are dispersed. Bank ultimately link with this group and directly provide loan to them.

**MODEL 3: SELF HELP GROUPS FINANCED BY BANKS USING NGOs AS FINANCIAL INTERMEDIARIES**

In this model, NGO act as a channel as well as mediators. The task performed by NGO is same as above. At the end NGO approach to Bank for lending this loan.

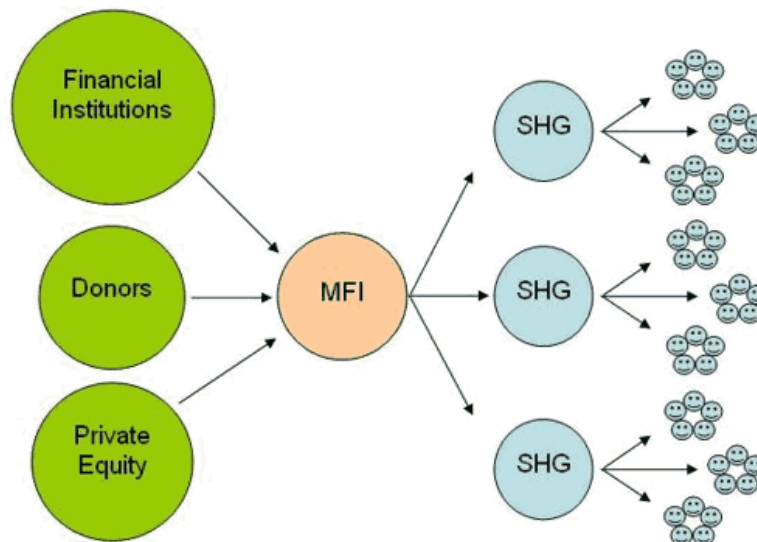
**MODEL 4: NGO GUIDED BUT SELF SUPPORTED SHGs**

In this model, SHG do not get any financial aids from Banks. SHGs are formed, initiated and guided by NGOs including maintenance of account, documentation formalities, rules and regulations etc.

**MODEL 5: COMPLETELY SELF SUPPORTED SHGs**

The SHG is supported by members in a group and initiated by them. There is no involvement of Banks and NGOs. The savings of members is used for internal lending and to initiate the program.

FIG. 1

**LITERATURE REVIEW**

Some study focus on borrowing behaviour of client and lender *Sebstad and Cohen (2000)*. This study takes into consideration that the terms, conditions and delivery of financial services must match with financial cycle of borrower so as to reduce on both the ends.

*Puhazhendi and Satyasai (2002)*, in his study entitled "Microfinance for rural people: An Impact Evaluation" found that after joining SHG, there is an improvement in saving pattern. With the help of this program, borrowing pattern of SHG member also improves. This leads to credit widening and credit deepening with SHG bank linkage model.

*Rao (2002)* pointed out that existing formal financial institutions have failed to provide finances to landless, marginalized and disadvantaged groups. The origin of SHGs could be traced to mutual aid in Indian village community. Cooperatives are formal bodies whereas SHGs are informal. SHGs encourage savings and promote income generating activities through small loans.

*The study "Center for Micro-finance in Nepal" CMF (2003)*, have also discovered that Microfinance Institutions are covered under the act follow the procedures of Licensing, regulating and supervising. The study also suggested that role of micro financier; Government bodies and Non Rural Banking should be defined for smooth working.

*Gladis Mary John (2008)* found that membership in SHG inculcated a great confidence in the mind of majority of women to succeed in day to day life. Positive change was found in the attitude of relatives and friends towards the women in self help groups.

According to *Tonya (2009)*, in his study entitled "Microfinance and the commercial banking system" discovered that the aim of microfinance along with NGOs and other development groups is to enhance the conditions of women by reducing poverty. The study also revealed that microfinance program should be adopted in banking sectors in developing countries for further growth.

The study of *Pankaj K Agarwal and S.K.Sinha (2010)* found that MF work for non profit motive and considered as a good source of deposits.

The study of *Vijayalakshmi, Gowda, Jamuna, Ray, & Sajjan, (2012)* concluded that SHG were improving the standard of living of all families who came in the project area. Appropriate strategies for empowerment of SHG women were addressed through organizing appropriate trainings both on and off-campus, including higher level trainings, follow-up activities, providing relevant leaflets and folders, exposures besides recognizing and encouraging women to come forward and take up processing and of linger millet products value addition and income generating activities.

Some of the above studies focus on women empowerment through SHG and improvement in their standard of livings. Some study described that SHG bring positive changes through its informal activities. But the present study gives attention on improvement in Economic as well as social condition of women members of SHG and their empowerment.

**OBJECTIVES**

1. To examine the empowerment gained by women in society through effectiveness of Self Help Groups programs.
2. To analyze the relationship between women empowerment and their economic conditions.

**HYPOTHESES**

1. H01: There is no association between improvement in economic condition of women after joining SHGs and their empowerment.
2. H02: There is no association between generation of self employment and women empowerment.

**RATIONALE**

Indore is expanding itself day by day. Indore city has several self help groups like Anarkali, Taramati, Aramati, Mangla etc. Each self help group has a president, secretary and treasurer having their own responsibilities. For smooth functioning of this program, several files is to be maintained by SHGs like Passbook, Attendance Book, accounts book, report etc. The SHGs meeting are held once in a month where members are required to attend the meeting regularly and pays Rs.100 as saving. If any of the members in a group fails to pay the amount, fine of Rs. 5 is to be imposed on that person. Formation of SHGs requires trust and mutual faith. In SHG meeting, regular attendance has been placed monthly. Minutes of books and other related record are maintained.

The members of SHG can be all women in a group, all men in a group or mixed group. Women group is spread everywhere all over India and performing better in the activities of SHGs. There are only female SHGs. Now SHGs is planning to make a group of male members namely "SwayamSahayataSamuh". Generally mixed groups are not preferred due to presence of conflicting activities. This paper tries to put effort on contribution of SHG program on women empowerment.

**RESEARCH METHODOLOGY**

**Sources of data:** The study is exploratory in nature. Both Primary and secondary data have been used for collecting data. Primary data has been collected by designing structured close ended questionnaire, through interviews and observation. While secondary data is collected from various journals, articles, reports etc.

**Area of sampling:** This study is conducted in Indore city. The idea behinds this study is to focus on women member so as to know their status and level of satisfaction after joining the group.

**Sample Size:** Data is collected from targeting 220 respondents from various Self Help Groups.

**Sampling technique:** Simple random technique has been applied.

**Statistical tools:** Percentage analysis is used to analyze data. Cross tabulation have been applied to find out the association between the variables.

**RESULTS & DISCUSSIONS****1) GENDER ANALYSIS**

Gender Analysis	Frequency	Percent	Cumulative Percent
Female	220	100	100.0

Source- Field Survey

In the above table 100% data is collected from female members as SHGs comprises of female members only.

**2) MARITAL STATUS**

Marital Status	Frequency	Percent	Cumulative Percent
Married	212	96.4	96.4
Single	8	3.6	100.0
Total	220	100.0	

Source- Field Survey

Out of the sample size of 220 members, around 96 female members are married and only 4% are single. This shows that married female members are more diverted to join these groups and wants to save more to run their family.

**3) AGE GROUP**

Age	Frequency	Percent	Cumulative Percent
18-25	27	12.3	12.3
26-35	115	52.3	64.5
36-45	68	30.9	95.5
46-60	10	4.5	100.0
Total	220	100.0	

Source- Field Survey

This table indicate the age group of members who get associated themselves with SHGs. Maximum number around 52% are of the age group 26-35 and 30% are of the age group 36 – 45. The members falls under these categories seems to be mature and are risk taker.

About 12% are under the age group of 18-25. This shows that young people are also having idea of SHG and are associated with SHG. Least number (4%) lies under the age group of 46-60. The reason is that these people are considered as risk averse and the people above the age of 60 years are not allowed to join these groups.

**4) SIZE OF SELF HELP GROUP**

Size of SHG	Frequency	Percent	Cumulative Percent
10-15	46	20.9	20.9
15-20	174	79.1	100.0
Total	220	100.0	

Source- Field Survey

The above table shows size of members in a group. It can be observed that 79% of group are formed with the size group 15-20 and 21% are in the range of 10-15. It clarifies that larger groups are preferred so that maximum amount of money can be saved in the form of funds and loan disbursement process takes place smoothly.

**5) ASSOCIATION WITH SELF HELP GROUP PROGRAM**

Joining of SHG	Frequency	Percent	Cumulative Percent
Within 1 Year	74	33.6	33.6
For last 1 -3 Years	69	31.4	65.0
For last 3-5 Years	47	21.4	86.4
More than 5 Years	30	13.6	100.0
Total	220	100.0	

Source- Field Survey

It can be seen from the table that minimum numbers of members' viz. 13% get associated with SHG programs for more than 5 years. Around 21% and 31% associated with SHG program for 3-5 years and 1-3 years respectively. Maximum number of members have joined SHG programme recently, within 1 year. This represents that SHG programs are now more in demand.

**6) ACQUISITION OF ASSETS BEFORE JOINING SHGs**

Assets acquired(before joining)	Frequency	Percent	Cumulative Percent
Home appliance	28	12.7	12.7
Motor Vehicles	33	15.0	27.7
Immovable property	27	12.3	40.0
Any other item	39	17.7	57.7
Nothing	93	42.3	100.0
Total	220	100.0	

Source- Field Survey

Before joining SHG, it has been observed that least number of member (12%) purchased home appliances as well as immovable properties, 15% acquired motor vehicles and 17% of members have purchase other item. The other item includes acquisition of assets for business purpose. Maximum numbers of members (42%) have not acquired anything. This shows that before joining SHGs their earning capacity and saving is not enough to meet the requirements of day to day life.

7) ACQUISITION OF ASSETS AFTER JOINING SHGs

Assets acquired (after joining)	Frequency	Percent	Cumulative Percent
Home-Appliances	43	19.5	19.5
Motor-Vehicles	52	23.6	43.1
Immovable-property and ornaments	34	15.5	58.6
Any Other Item purchased	91	41.4	100.0
Nothing	00	0.0	100.0
Total	220	100.0	

Source- Field Survey

The above table show increase in capacity of purchasing assets by members after joining SHG. Large number of members purchased assets for their business purpose which counts to 41%. Some of them purchased motor vehicles. Nearly 20% and 15% have acquired home appliances and immovable property respectively. After joining SHG programs these respondents have purchases some assets either to fulfil their commercial need or personal needs. This significant change makes us clear that the members of SHGs are not spending their loan amount lavishly however investing that amount in business to generate profit and to maximize their earnings.

8) SHG LEADS TO SOCIAL EMPOWERMENT OF WOMEN

Social Empowerment	Frequency	Percent	Cumulative Percent
Strongly Agree	122	55.5	55.5
Agree	86	39.1	94.5
Neutral	9	4.1	98.6
Disagree	3	1.4	100.0
Strongly Disagree	0	0	100.0
Total	220	100.0	

Source- Field Survey

The above table gives an idea about the social empowerment of women through self help group. About 94% agreed with the statement that SHG leads to women empowerment. This shows that after becoming the members of Self help group women are gaining empowerment.

9) ECONOMIC CONDITION OF PEOPLE IMPROVES AFTER JOINING SHG

Improvement in Economic Condition	Frequency	Percent	Cumulative Percent
Strongly Agree	104	47.3	47.3
Agree	108	49.1	96.4
Neutral	5	2.3	98.6
Disagree	3	1.4	100.0
Strongly Disagree	0	0	0
Total	220	100.0	

Source- Field Survey

As far as economic condition of people is considered, it is depicted from table no. 9 that around 96% agreed to the fact, 2.3% of the members remained neutral and only 1.4% of them are disagree.

10) GENERATION OF SELF EMPLOYMENT OPPORTUNITIES THROUGH SHG

Generation of self Employment opportunities	Frequency	Percent	Cumulative Percent
Strongly Agree	65	29.5	29.5
Agree	132	60.0	89.5
Neutral	21	9.5	99.1
Disagree	2	0.9	100.0
Strongly Disagree	0	0	0
Total	220	100.0	

Source- Field Survey

The above table shows that around 90% of the members are agreed with the statement that self employment opportunities generated through SHG. About 10% remained neutral and 1% is disagreed.

HYPOTHESES TESTING

Objective 1: There is no association between improvement in economic condition of women after joining SHGs and their empowerment.

11) CONDITION OF PEOPLE IMPROVES AFTER AVAILING THE BENEFITS OF SHG \* SHG EMPOWERED WOMEN CROSS TABULATION

Condition of people improves after joining SHGs	SHGs empowered women					Total
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Strongly Agree	74	28	2	0	0	104
	71.2%	26.9%	1.9%	0.0%	0.0%	100.0%
Agree	48	57	1	2	0	108
	44.4%	52.8%	0.9%	1.9%	0.0%	100.0%
Neutral	0	1	4	0	0	5
	0.0%	20.0%	80.0%	0.0%	0.0%	100.0%
Disagree	0	0	2	1	0	3
	0.0%	0.0%	66.7%	33.3%	0.0%	100.0%
Strongly Disagree	0	0	0	0	0	0
	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Total	122	86	9	3	0	220
	55.5%	39.1%	4.1%	1.4%	0.0%	100.0%

Chi Square Tests	Value	Df	Asymp. Sig (2-sided)
Pearson Chi-Square	1.493E <sup>a</sup>	9	0
No. of Valid Cases	220		

Source- Field Survey



Women empowerment means a power that foster women to take their independent decisions and taking challenges confidently.

The Chi-square test has been applied to find out the association between improvement in economic condition of women after joining SHGs and their empowerment.

It was found that the Pearson Chi-square value is 1.493 (degrees of freedom at 9) is statistically significant at 1 percent level of significance. Therefore, the null hypothesis is rejected and concluded that there exists an association between improvement in economic condition of women after joining SHGs and their empowerment. It is shown in Table No. 11.

This shows that women are able to save some amount through self help group, which help in pushing up in their economic condition and thus they become empower.

H02: There is no association between generation of self employment and women empowerment

12) SHG HELPS IN GENERATING SELF EMPLOYMENT \* SHGS EMPOWERED WOMEN CROSS TABULATION

SHG helps in generating self Employment	SHG empowered women					Total
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Strongly Agree	50	13	2	0	0	65
	76.9%	20.0%	3.1%	0.0%	0.0%	100.0%
Agree	67	63	2	0	0	132
	50.8%	47.7%	1.5%	0.0%	0.0%	100.0%
Neutral	3	10	5	3	0	21
	14.3%	47.6%	23.8%	14.3%	0.0%	100.0%
Disagree	2	0	0	0	0	2
	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Strongly Disagree	0	0	0	0	0	0
	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Total	122	86	9	3	0	220
	55.5%	39.1%	4.1%	1.4%	0.0%	100.00%

Chi-Square Tests	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	73.587 <sup>a</sup>	9	0.000
No. of Valid Cases	220		

Source- Field Survey

The Chi-square test has been applied to find out the association between generation of employment after joining SHGs and women empowerment.

It was found that the Pearson Chi-square value is 73.587 (degrees of freedom at 9) is statistically significant at 1 percent level of significance. Therefore, the null hypothesis is rejected and concluded that there exists an association between generation of employment after joining SHGs and women empowerment.

The loan amount which is provided to members of SHGs aims to improve economic condition of members. With this loan amount the members start up their own petty business of papad, pickles etc. This would help in generation of employment opportunities and thus lead to women empowerment.

**FINDINGS**

- 1) It can be seen that all the members of SHG are women and 96% of them are married.
- 2) Nearly 52% of women are of the age group 26-35. The member of this age group is considered more mature and sincere in terms of their saving capacity.
- 3) Generally large size of group is preferred and 79% become the members of group size 15-20.
- 4) The member of SHGs increases from last three years. Large number of people wishes to associate with these groups so as to become independent and put efforts to improve their economic conditions.
- 5) It can be noticed that before joining SHGs, maximum number of people 42% did not purchase any assets. But after joining SHGs maximum number of people acquired assets for business purpose. This indicates that after becoming the member of SHG, member has acquired some assets as per their needs.
- 6) After joining SHG, around 41% of members acquired assets for their business purpose. Thus, SHGs are formed with the idea of mobilizing small saving from the members.
- 7) There is an association between improvement in economic condition of women after joining SHGs and their empowerment as women are able to save some amount through self help group, which help in pushing up in their economic conditions.
- 8) There is an association between generation of self employment and women empowerment as by obtaining the loan amount, the members can start up their own petty business of papad, pickles etc. This would help in generation of self employment.

**SUGGESTIONS**

- Since women are the only care taker of the family, therefore emphasis should be given for their empowerment.
- Women should be properly trained and informed about the functioning of SHG and its importance in their life.
- Workshops should be organized by NGO and other agencies to make the women aware about bank account, transaction etc.
- Attendance of members in a meeting should be made mandatory. This can enhance group interaction amongst them.

**CONCLUSION**

It can be concluded that SHG play important role in gaining empowerment of women. Most of the people become the member of SHGs with expectation of saving purpose resulted in improvement in their economic condition by taking loan amount from their accumulated funds. These members take the loan amount at the time of requirement and thus try to fight against poverty. This study shows that the main aim of getting associated with SHGs is not merely to obtain credit but to become economically and socially empowered. Though, empowerment is self generated process but SHG is the medium through which it can be achieved.

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**CUSTOMER SATISFACTION WITH BANKING SECTOR SERVICES****S. HEMALATHA****RESEARCH SCHOLAR****P. G. & RESEARCH DEPARTMENT OF COMMERCE****DHARMAPURAM ADHINAM ARTS COLLEGE****MAYILADUTHURAI****DR. B. BASKARAN****ASSOCIATE PROFESSOR****P. G. & RESEARCH DEPARTMENT OF COMMERCE****DHARMAPURAM ADHINAM ARTS COLLEGE****MAYILADUTHURAI****ABSTRACT**

*Customer satisfaction with service quality can be defined by comparing perceptions of service received with expectations of service desired. When expectations exceeded, service is perceived to be of exceptional quality and also to be a pleasant surprise. Service quality has been recognized as the 'single most researched area in services marketing to date', and it is maintained that for service – based companies, 'quality is the lifeblood that brings increased patronage, competitive advantage and long term profitability'. A customer always wants something and expects that the bank should come up to the level to fulfill those needs. The banks like other business organizations are deploying innovative sales techniques and advanced marketing tools to gain supremacy.*

**KEYWORDS**

Customer Satisfaction.

**INTRODUCTION**

Customer satisfaction with service quality can be defined by comparing perceptions of service received with expectations of service desired. When expectations exceeded, service is perceived to be of exceptional quality and also to be a pleasant surprise. When expectations are not met, service quality is unacceptable. When expectations are confirmed service quality is satisfactory. Expectations are based on several sources, including word of mouth, personal needs, and past experience. Many authors, journalists have come up with their views, criticisms and suggestions under various heads of bankers and when new issues come up with regard to the banking sector.

This paper attempts to recapitulate the outcome of view on customer satisfaction towards the services of a bank from five different perspectives namely, service encounters, waiting time of the customer to get the service, customer relationship management maintained and customer complaints and service quality towards the bank. Attraction, retention and enhancement of the customer relationships are essential to maintain a base of delighted and committed customers who form the basis for the sustainable competitive position of the bank.

**CUSTOMER SATISFACTION**

Sharma and Kaur.G (2004) studied that strategies of customer satisfaction in rural banks. This study is concerned with Hoshiarpur District of Punjab. They used five – point likert scale and found that the rural customers are not satisfied from the strategies adopted by Germin Bank. Varshist A.K. (2004) proposed that in the era of liberalization and globalization, the leading banking, therefore, quickly shifted their focus to provide prompt and efficient customer service and offering variety of hi-tech banking products and services.

**SERVICE QUALITY**

Service quality has been recognized as the 'single most researched area in services marketing to date', and it is maintained that for service – based companies, 'quality is the lifeblood that brings increased patronage, competitive advantage and long term profitability' Mohammed Hossain, Shirley Leo (2009) stated that in order to achieve higher levels of quality service in retail banking, banks should deliver higher levels of service quality and in the present context customers' perceptions are highest in the level of infrastructure facilities of the bank, followed by timing of the bank and return on deposit. Owing to the increasing competition in retail banking, customer service is an important part and bank managers should be rethinking how to improve customer satisfaction with respect to service quality. Vimi and Mohd (2008) suggested that the determinants of presentation in the Indian retail banking industry based on sensitivity of customer satisfaction. The finding of the study reinforces that customer satisfaction is linked with performance of the banks. The customer satisfaction is studied with the variable intermediaries' behaviour, quality of service, waiting line strategy, handling of customer complaints and service encounters. Nadiri H. Kandampully j and Hussain K (2009) suggested that increase in service quality of the banks can satisfy and develop attitudinal loyalty which ultimately retains valued customers.

**CUSTOMER RELATIONSHIP**

Good customer service is a prerequisite for maintaining customer relationships. Customer service covers all sequences of service provision, i.e. service actions that take place "before, during and after a purchase. Customer service is the primary end of any bank. A customer always wants something and expects that the bank should come up to the level to fulfill those needs. Massey, A.Montoya – weiss.M,Holcom. K (2001) believes that customer relationship management is about attracting, developing, maintaining and retaining profitable customers over a period of time . Lau K, et al (2003) highlighted that the challenge before the banks is not only to obtain updated information for each customer, but also to use the information to determine the best time to offer the most relevant products. It is also important to understand that if customers bring in profits for the bank, it becomes imperative for the bank to provide excellent services to those customers, otherwise they switch to other banks. Parvatiyar.A and Sheth J.N.(2001) observed that CRM is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company with the customers.

**COMPLAINT AND SHIFT**

Customer complaint behavior represents a breakdown or weakness in the exchange process, an understanding of which is essential for rectification of the problem. Reducing the number of dissatisfied customers and increasing the number of satisfied customers will increase the sales by improving the customer loyalty. Zhu, Zhen, (2004) proposed a conceptual framework of service failure and recovery strategies and transformed it into a mathematical model to assist managers in deciding on appropriate resource allocations for outcome and process recovery strategies based on customer risk profiles and the firm's cost structures. Douglas M. Stewart, Richard B. Chase, (1999) stated that a substantial portion of service failures is the result of human error in the delivery process.

**SERVICE ENCOUNTER**

Service encounter is the time taken by the customer to interact with the service. It includes face- to –face, telephone communications, automated systems, e-mail and the like. This is the first stage where the customers judge the quality of service provided to them. Devinder K. Banwet and Biplab Datta, (2000) indicated that service performance generally lags behind user's expectations. Improvement in the quality of services increased the level of satisfaction of the user. A multicompny empirical study examining relationships from the model concerning customers' behavioural intentions show strong evidence of their being influenced by service quality. Parasuraman, A (2002) proposed a framework for understanding the inter – linkages among service quality and the various components of the company – customer perspective of productivity. Valarie A. Zeithaml, A. Parasuraman and Arvind Malhotra, (2002) stated that to deliver superior service quality, managers of companies with Web presences must first understand how customers perceive and evaluate online customer service. Hasanbanu.S (2004) studied customer services in rural banks. He found that the rural customers are not aware for what purpose the loans are available and how they can avail. Customers do not know the complete rules, regulations and procedures of the banks as they preserve them for themselves and do not take interest in educating them.

**CONCLUSION**

The financial services is the backbone of service sector. This is important not only for the banking sector but of the Indian economy as a whole. Now, the financial institutions are trying to provide all the services at the customer's doorstep. Every engagement with the customer is an opportunity to either develop or destroy a customer's faith in the bank. Intense competition among the banks has redefined the concept of the entire banking system. The banks are looking for new ways not only to attract but also to retain the customers and gain competitive advantage over their competitors. The banks like other business organizations are deploying innovative sales techniques and advanced marketing tools to gain supremacy. The domino effect obtained from the study will help the organizations to take essential actions to improve the service quality and to achieve the customer satisfaction.

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**PROFITABILITY OF TRADERS ENGAGED IN BANDHEJ CRAFT**

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**ABSTRACT**

*Bandhej is a big handicraft sector involving lakhs of artisans and thousands of traders especially in the Rajasthan and Gujrat states. The craft involves a long and complex supply chain having designer, tiers and dyer working under the umbrella of manufacturer at production level and raw material supplier (greymen), manufacturer, wholesaler and retailer working as traders at the distribution level. The paper attempts to study the industry structure and also the profitability ratio of the various trading stakeholders of the Bandhej craft and tries to probe the forces of profitability determining the profit at the production level and reasons of difference of income that afflicts some of the stakeholders.*

**KEYWORDS**

Bandhej, Supply chain, Profitability, Income.

**INTRODUCTION**

**B**andhej clothes contribute substantially to the economy and export earning of the country; it is an important trade activity having a long and complex supply chain. The supply chain in the handicraft industry in India is generally long with many intermediaries involved. The intermediaries organize and coordinate the work supplying inputs, specifying quality expectations and delivery dates, making payments and providing market access (Jones & Shaikh, 2005).

This handicraft also requires raw material in the form of fabric and undergoes various processes of production and finally through distribution it reaches to the consumer. The finished product reaches to the end user through many intermediaries under trader's category. Each handicraft industry has its own structure and the profitability depends on the best practices adopted at each stage by the respective stakeholders. Besides this, they have to work in a sequential order, so any obstacle at any one stage affects the other affecting the entire chain. According to (Porter, 2008) "Understanding the competitive forces, and their underlying causes, reveals the roots of an industry's current profitability while providing a frame work for anticipating and influencing competition (and profitability) over time. A healthy industry structure should be as much a competitive concern to strategists as their company's own position". Thus, this study was conceptualized by studying the structure and the role of various players involved and this was followed by examining entire supply chain, profitability and factors affecting it.

**OBJECTIVE OF THE STUDY**

The main objective of the study was to analyze the supply chain and profitability ratio of the traders engaged in *Bandhej* trade.

**HYPOTHESES OF THE STUDY**

The profitability would depend on the sales and thus the hypothesis framed was:

There is no significant difference in the mean monthly sales of the traders of the three cities

**RESEARCH METHODOLOGY**

The present study was carried out in Jaipur, Sikar and Jodhpur cities of Rajasthan which are highest producing tie and dye clothes in terms of quantity. Since this is the handicraft the artisans are awarded every year for their excellent contribution, they became the source of information to understand the structure of the industry. Separate lists of the traders involved in the *Bandhej* trade in the three cities were made with the help of the National awardees and manufacturers. Further, 10 percent of the approximate total number of the greymen, manufacturer, and wholesalers were selected randomly for the purpose from the respective three cities. As the retailers are in big numbers, only 5% retailers were taken from each of the cities. The snowball method was used to approach these people. Table 1 shows the number of traders selected in the three cities under respective categories. The semi-structured interview schedules were prepared for greymen, manufacturers, wholesalers and retailers to draw information about the turnover and profitability in the trade considering the objective of the study.

**TABLE 1: UNIVERSE OF THE STUDY**

CITY	TOTAL POPULATION				TOTAL
	Greymen	Manufacturer	Wholesaler	Retailer	
Jaipur	200	130	150	500	980
Sikar	10	40	0	200	250
Jodhpur	50	50	80	400	580
Total	260	220	230	1100	1810
SAMPLE SELECTED FOR THE STUDY					
Jaipur	20	13	15	25	73
Sikar	01	04	00	10	15
Jodhpur	05	05	08	20	38
Total	26	22	23	55	126

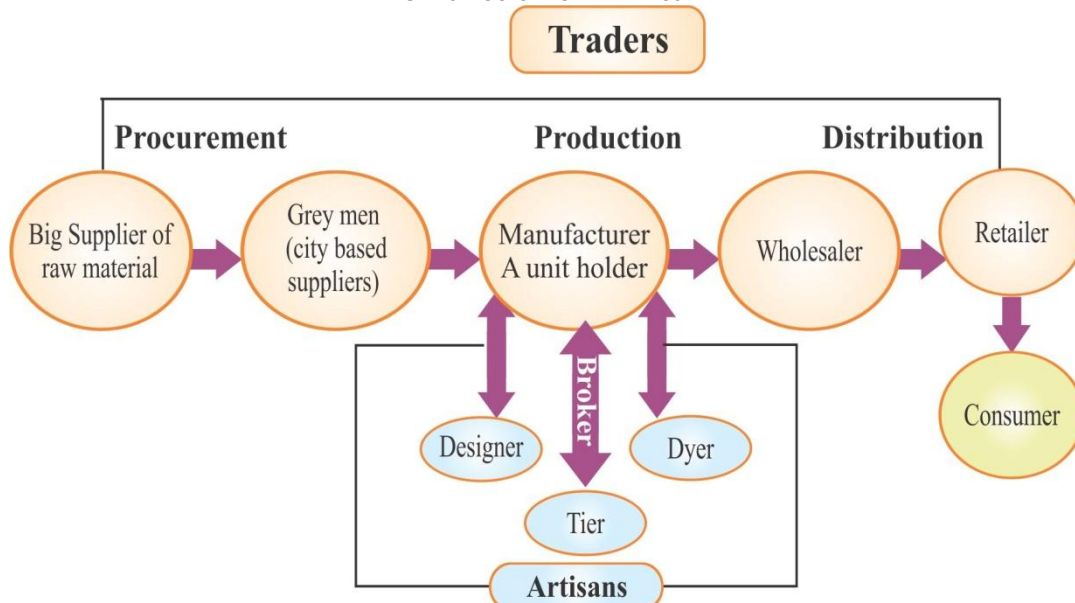
Source: Primary data was collected from traders (2013) after baseline survey

RESULTS AND DISCUSSIONS

STRUCTURE OF THE INDUSTRY

The involvement of all players in the entire supply chain can be understood from the fig.1 showing the structure of the industry and involvement of the stakeholders (Jain & Tiwari, 2013). Procurement of the raw material is done from the 'greyman', so called in the trader's community by the manufacturer who takes the charge of production through artisans and finally the wholesaler and the retailer are responsible for distribution to the customers.

FIG. 1: STRUCTURE OF THE INDUSTRY



Source: (Jain & Tiwari, 2013)

The artisans are working in a decentralized mode in their clusters and have connection with the outside market through some indirect link that is the manufacturer in this handicraft activity. In *Bandhej* there are many steps, in the production process from raw material to the finished product, each involving different people and separate financing. Production entails designing, tying and dyeing thus all the artisans involved have significant role in supply of the final product and they work under the manufacturer. All the stages affect the cost of the product and the time cycle of the product process. It makes the entire process complex. The sourcing of raw material, complexity of the production, and distribution challenges the supply chain

Supply chain profitability is the total profit to be shared across all supply chain stages. Hence, it became imperative to take into account the costing and profit ratio at each level (raw material to finish product) in the supply chain of *Bandhej* craft. The finished garments reach to the consumers through the chain of grey-suppliers (the persons who deal in raw material), producer or manufacturer, wholesalers and retailers after being manufactured by the skilled hands of designers, tiers, and dyers. Thus profitability at these three important stages viz. procurement, production and distribution of the traders involved at each stage is as follows:

PROCUREMENT

In this industry the raw material supplier is known as Greyman, hence this nomenclature would be used for him. The city based greyman within the state of Rajasthan procures the raw material from the big city supplier. The Table given below shows the average costing of grey material of different varieties to the greymen and to the manufacturers. The average profit percent of the greymen on the sales volume is also depicted as responded by them during the interview. The profit earned on cotton is 8-10%, whereas, the profit on silk varieties (*Ojharia*, *Georgette*, *Crepe* and *Italian*) is 2-4%. Moreover, the greymen also earns extra income of interest on the billed amount, as the purchasing is done on credit basis by the manufacturer. The interest rate may vary from 1-2%.

TABLE 2: COST BREAK-UP OF THE GREY MATERIAL (BLEACHED) (n=26)

Grey-material		Cost to Greyman	Cost to Manufacturer	Profit of greyman (incl. interest)
Ojharia	30gm	90/m	94-100/m	2-4%
	60gm	100/m	104-110/m	2-4%
Georgette	40gm	110/m	114-120/m	2-4%
	60gm	150/m	155-160/m	2-4%
	80gm	210/m	215-220/m	2-4%
Italian	60gm	135/m	140-145/m	2-3%
Crepe		150/m	155-160/m	2-4%
Cotton	Suttu ( <i>Mulmul</i> )	17-18/m	19-20/m	8-10%
	Lattha	22-23/m	25-26/m	8-10%
	Sooti	35-40/m	42-44/m	8-10%
Synthetic		35-50/m	38-55/m	2-5%

Source: Primary data collected from greyman

MEAN MONTHLY SALES AND INCOME OF THE RAW MATERIAL SUPPLIER (GREYMAN)

The approximate mean monthly income of the greymen of the three cities is shown in the Table 3. The mean sales quantity was taken after considering the maximum and the minimum sales quantity of each variety of grey sold in the three cities. Regarding separate quantity of sales for each variety of grey, it was found that the ratio of sales of *Ojharia*, *Georgette* and *Crepe/Italian* silk is 70:20:10 on an average in Jaipur and 70:15:15 in Sikar. In Jodhpur, the ratio of sales of *Ojharia*/ *Georgette*, synthetic and cotton is 10:30:60 approximately. Thus the total sales volume of an individual respondent was trifurcated in the same ratio and calculated according to the rate per meter.

The total sales volume of Jaipur based greymen is Rs. 34,53,366 and at the rate 3% profit the income is Rs. 1,03,600/ month, in Sikar the sales is Rs. 25,69,867 and income is Rs. 77,096/ month and in Jodhpur the mean monthly income is Rs 39,936 as shown in Fig.2.

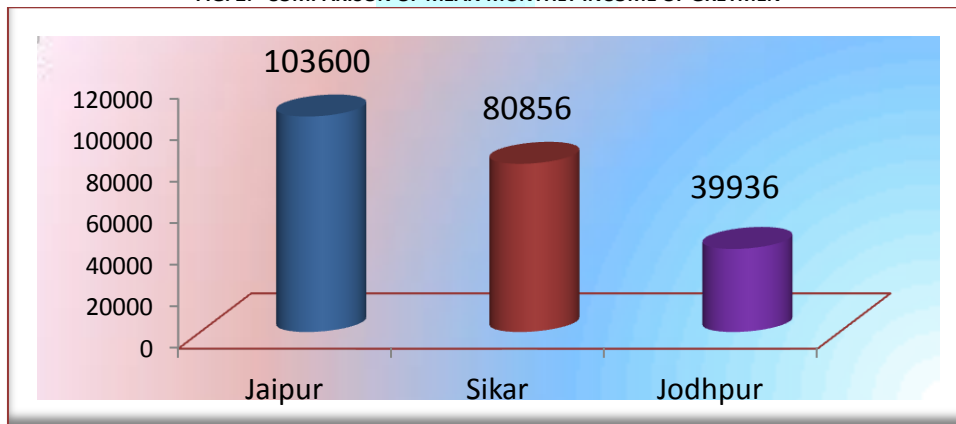


TABLE 3: MEAN MONTHLY SALES AND INCOME OF GREYMAN (n= 26)

Sales in Jaipur	Maximum (meters)	Minimum (meters)	Average (meters)	Type of Cloth	Quantity (meters)	Rate/m.	Total Sales Volume (Rs.)
Sales in Jaipur	48866	16600	32733	Ojharia (70%)	22913	100	2291333
				Georgette (20%)	6546	110	720132
				Crepe/Itallian (10%)	3273	135	441899
				<b>Total Quantity</b>	<b>32733</b>		<b>3453365</b>
				<b>Mean Income (3%) in Rs.</b>			<b>103600</b>
Sales in Sikar	29000	21333	25166	Ojharia (70%)	17616	100	1761600
				Georgette (15%)	3774	110	415140
				Crepe/Itallian (15%)	3774	135	509490
				<b>Total Quantity</b>	<b>25166</b>		<b>2686541</b>
				<b>Mean Income (@3%) in Rs.</b>			<b>80586</b>
Sales in Jodhpur	15400	9600	12500	Ojharia/Georgette (10%)	1250	105	131250
				Synthetic (30%)	3750	24	90000
				Cotton (60%)	7500	50	375000
				<b>Total Quantity</b>	<b>12500</b>		<b>596250</b>
				<b>Mean Income (3% for silk, 2.5% for synthetic &amp; 9% for cotton) in Rs.</b>			<b>39936</b>

Source: Primary data collected from greyman of three cities

FIG. 2: COMPARISON OF MEAN MONTHLY INCOME OF GREYMAN



It came out that the greyman of Jaipur city are the highest earning traders among the rest. This is so because Jaipur is the trade centre for the entire state of Rajasthan as well as some nearby states for grey-cloth. In Sikar, although there are few traders who deal in grey, yet they earn lucratively because production of *Bandhej* clothes is of maximum quantity as shown in Figure 2. The traders of Jodhpur, on the other hand, earn meager profits. It is because synthetic and cotton cloth claim a chunk of 80% of the entire production. As synthetic and cotton are cheap in prices the turnover is not generally huge. Secondly, the production of *Bandhej* clothes is also less in comparison with the other two cities. However, the statistical analysis of the production and income was possible, because of small sample in Sikar.

**PRODUCTION**

Production is done under the supervision of the manufacturer where all three kinds of artisans work harmoniously one after the other. Manufacturer coordinates with all of them in order to produce the desired products in certain time limit. The manufacturer buys grey-cloth from the greyman. A manufacturer is dyer herself in most cases, a person from the *Neelgar* community who has a unit of some dyers under him.

In all the three cities most of the manufacturers (82%) buy grey material from the local grey traders. Only few of them (18%) buy directly from the big suppliers based in Surat or Bangalore. A manufacturer generally purchases 2000 to 5000 meters of cloth from the greyman twice in one year of production cycle on credit basis. However, the amount of the grey purchased is subject to the demand from the wholesalers and the type of fabrics. It varies in the three cities. The Table 4 depicts the quantity of different grey material purchased in one lot.

TABLE 4: QUANTITY OF GREY PURCHASED IN ONE LOT BY THE MANUFACTURER (n=22)

Variety	Jaipur	Sikar	Jodhpur
Silk	2000 meters	5000 meters	1000 meters
Cotton	1000 meters	1000 meters	1500 meters
Synthetic	Nil	1000 meters	2000 meters

Source: Primary data collected from manufacturer of three cities

All the manufacturers in Jaipur, Sikar and Jodhpur buy grey-cloth on credit basis and have to pay 1-2% interest/month on the purchase amount. The cost breakup of the different varieties of the grey material can be seen in the Table-2. Apart from the interest taken on the due amount, a greyman takes 2-5% margin on the costing of different grey materials. Similar results have been brought in forefront in a study done by (Meher,2008) revealed that weavers paid heavy rate of interest to Micro Finance Institute to purchase yarns from traders on credit basis (Meher, 2008). Similarly in Banaras weavers also buy raw material i.e. silk and zari on credit from local dealers as their economic status incapacitates them to buy in cash (Singh and Naik, 2009).

**MEAN MONTHLY PRODUCTION AND INCOME OF A MANUFACTURER**

Table 5 shows an assessment of a manufacturer’s monthly income in the three cities. The cost of the product includes the cost of raw material, the interest paid on the grey-material’s purchase and the cost of labour at every stage as reported by all the manufacturers. Manufacturers reported taking 4-6% margin on the total cost of the goods. The monthly income is calculated from the average production after adding the profit percent. The cost determination for a saree is shown in Table 2. Since there is a variation in price for different silks like *Ojharia*, *Georgette*, Italian and *Crepe* from Rs. 90-140, so the average price is taken to be Rs. 100 per meter. Hence, for a six meters of silk saree, the costing is taken Rs. 600. Similarly, costing of a synthetic saree of six meters for a manufacturer was taken as Rs. 300/- assuming the average price Rs. 50/meter.

We can see that mean monthly income of the manufacturers of Sikar is the highest among the three. This is so because the production of sarees is more in quantity in Sikar than the other two cities. In Jodhpur, on the other hand, the manufacturers are earning quite low i.e. about 12,000 per month only (Figure 2). It is due to less production than Sikar as well as less profit owing to low turnover resulting from quite low costing and poor quality of goods prepared. As Mr.



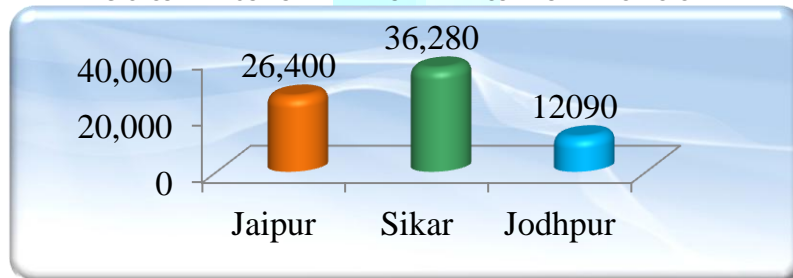
Iqramuddin expresses, "The manufacturers of Jodhpur earn quite low because of less demand of its synthetic sarees and low costing of the goods". Interestingly, with an equal quantity of production, a manufacturer of Jaipur would earn Rs. 26,400 as against Rs 12,000 of Jodhpur as shown in the fig.3.

TABLE 5: MEAN MONTHLY PRODUCTION AND INCOME OF A MANUFACTURER (n=22)

Costing of a Saree			
	Jaipur	Sikar	Jodhpur
Cost of grey for a saree	600	600	300
Interest to be paid (2% per month for six months)	72	72	24
Design imprint cost	05	05	04
Tying cost	180	200	50
Dying cost including colors cost	25	30	25
<b>Total cost</b>	<b>882</b>	<b>907</b>	<b>403</b>
Mean Income			
Profit percent @ 5% of the costing	44	45.35	20.15
Production in a month	600	800	600
<b>Mean monthly income</b>	<b>26,400</b>	<b>36,280</b>	<b>12090</b>

Source: Primary data collected from manufacturer of three cities

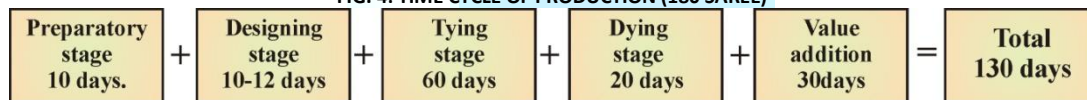
FIG. 3: COMPARISON OF MEAN MONTHLY INCOME OF MANUFACTURER



**TIME CYCLE**

To analyse the scenario the time cycle of production is taken into account, one lot of 180 sarees with value addition takes about 132 days in production process as shown in the Fig.4.

FIG. 4: TIME CYCLE OF PRODUCTION (180 SAREE)



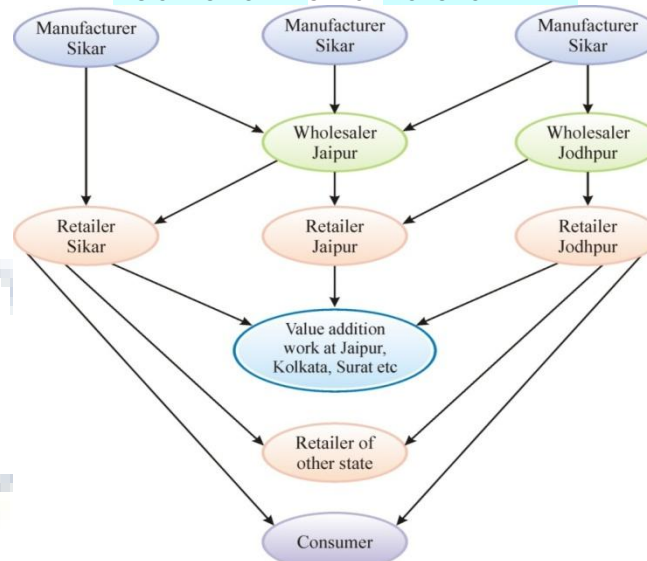
Source: Primary data collected from traders (2013)

Thus the bulk of all sarees reach to the consumers through the retailers passing through this cycle of about 5-6 months.

**DISTRIBUTION OF GARMENTS**

The distribution of the *Bandhej* garments include three major categories of traders i.e. manufacturers, wholesalers and retailers. Meanwhile, the goods also pass through the hands of value addition workers as shown in the Fig. 5.

FIG. 5: FLOW CHART OF DISTRIBUTION CHANNEL



Source: Primary data collected from traders (2012)

**WHOLESALE**

After dying the clothes are sold by the manufacturers of the three cities to the wholesalers in Jaipur and Jodhpur cities and the transportation cost is borne by the manufacturer. All manufacturers of Sikar sell their garments to the Jaipur based wholesalers as there is no wholesale market in Sikar. Even the retailers of Sikar who sell *Bandhej* garments buy them from Jaipur based wholesalers. The wholesalers sell the major chunk to the retailers of Jaipur, Sikar and Jodhpur only and also to the retailers outside the state.

**AVERAGE SALES AND INCOME OF A WHOLESALER**

The wholesalers buy the garments from the manufacturers in big lots of 500-2000 pieces of a particular pattern of design in one month. The price of the garments is mutually decided after negotiations. All the wholesalers (100%) expressed that the purchase price of the *Bandhej* products are never fixed and are

subject to change depending upon the variety of cloth, complexity of the design, and demand from the retail markets. The wholesalers, then, sell the garments reaping 6-8% gross profit.

TABLE 6: MEAN INCOME OF A WHOLESALER (n=23)

Cities	Maximum Sales/month	Minimum Sales/month	Average Sales	Average Cost	Sales (in Rs )	Gross Profit @ 7%
Jaipur	1400	1000	1200	971*	1165200/-	77,784/-
Jodhpur	1200	800	1000	403	4,03000/-	28,210/-

Source: Prepared by own after collecting data from wholesalers of two cities

TABLE 7: T- TEST ANALYSIS FOR AVERAGE MONTHLY SALES OF WHOLESALER

City	N	Mean	Std. deviation	df	T-test		Sig.
					Calculated value	Tabulated value	
Jaipur	15	1200.00	119.523	21	3.992	2.518	.001 sig.*
Jodhpur	8	1000.00	103.510				

\*Significant difference at .001 level

As we can see in the Table 7 the mean sales of Jaipur based wholesalers is 1200 pieces per month, which is higher than that of the average monthly sales of Jodhpur, where it is 1000 per month and t value shows there is significant difference between the average monthly sales of the wholesalers of the two cities. Interestingly, the difference between the mean income is quite vast. A Jaipur based wholesaler earns more than Rs. 75,000 per month, whereas Jodhpur based wholesalers earn just around Rs. 28000 per month. The difference in income is so vast because cotton and synthetic clothes are mainly sold in Jodhpur. The cotton and synthetic cloth are quite cheaper in comparison to silk which is sold in Jaipur. In addition to this the sales volume of Jodhpur based wholesalers is low, hence the income is also less.

**RETAILING**

It was revealed by the retailers (100%) of the three cities that they purchase the *Bandhej* products from the wholesalers (Jaipur and Jodhpur) only and not from the manufacturers. They in turn get the clothes finished and value addition work done on the saree. The finishing here means untying of the knots, separation of the thread and getting the clothes starched. In some cases the value addition work is done after getting the order from the customers also. Different kinds of value addition works are done on these sarees in and outside Rajasthan state. The costing of value addition work depends on its density and variety of work. It may cost Rs. 300/- to Rs. 1000/- per saree. Sometimes value addition may cost half of the costing of the garment itself. Thus the final price to the consumer becomes expensive in case of value addition work.

Thus the finished *Bandhej* products are sold to the consumers of the entire country and abroad. The retailers revealed that they not only sell the *Bandhej* products to the consumers directly, but also to the retailers of Rajasthan and other states. Moreover, they export the goods to the retailers of foreign countries also.

TABLE 8: SALES AREA FOR FINISHED BANDHEJ PRODUCTS (n=55)

Place	Jaipur		Sikar		Jodhpur		Total	
	f	%	f	%	f	%	f	%
Local City	25	100	10	100	20	100	55	100
Entire State	22	88	8	80	15	75	45	81.81
Other States	20	80	7	70	13	65	50	90.90
Abroad	10	40	1	10	1	5	7	12.72

\* Multiple responses possible

Source: Primary data collected from retailers of three cities

**AVERAGE SALES AND INCOME OF RETAILERS**

The retailers are the maximum profit gainers in the chain. They purchase the goods from the wholesalers after mutual negotiations and bargaining and sell the products on 20-30% margin at least. It was revealed by many of the retailers that there is no fix pricing system for retailing of the *Bandhej* garments. As Mr. Manish Kabra, a retailer of Sikar states "There is no logical way of pricing the *Bandhej* products. Although, generally the profit ratio is between 20-30%, yet in some cases it may go up to 50% or more." Mr. Jain, another retailer of Sikar expressed that in some cases the margin can be up to 50% also. Table 9 shows mean income of a retailer in each of the cities. The scenario of the sales volume of the retailers of the three cities is Rs. 1.5 lac to 3.5 lac and profit from 26 thousand to 89 thousand. The retailers of Jaipur earn highest profit owing to high sales of *Bandhej* garments there. Sikar comes next in sales as well as income.

TABLE 9: MEAN SALES AND INCOME OF A RETAILER (n=55)

Cities	Maximum Sales/ month	Minimum Sales/month	Average Sales	Purchase Rate of a saree*	Costing of Value addition	Net Costing	Sales volume /month	Gross Profit @ 25%
Jaipur	250	180	215	1151*	500	1651	354965	88741.25
Sikar	200	150	175	1151*	550	1701	297675	74418.75
Jodhpur	200	150	175	403	200	603	105525	26381.25

Source: Primary data collected from retailers of three cities

The mean sales unit of Jaipur retailers is 215 whereas 174.50 in Sikar and 175.00 in Jodhpur as shown in the Table 10. The F value shows the substantial difference in the sale of the retailers of the three cities.

TABLE 10: ANOVA ANALYSIS FOR AVERAGE MONTHLY SALES OF RETAILER

City	N	Mean	S.d.	Source of variation	Sum of squares	df	Mean squares	F
Jaipur	25	215.00	41.758	Between group	22002.045	2	11001.023	5.585*
Sikar	10	174.50	31.309	Within group	102422.500	52	1969.663	
Jodhpur	20	175.00	52.189	Total	124424.545	54		
Total	55	193.09	48.002					

\*Significant difference at .06 level

TABLE 11: POST-HOC: MULTIPLE COMPARISONS

City		Mean Difference	Std. Error	Sig.
Jaipur	Sikar	40.500*	16.606	.047
	Jodhpur	40.000*	13.314	.011
Sikar	Jodhpur	-.500	17.189	1.000

\*Significant difference

Further, the results of post hoc analysis, given in the Table 11, shows that the mean differences, between Jaipur and Sikar's production is 40.50, which is significant at the level of .047. The mean difference between Jaipur and Jodhpur's production is 40.00, which is significant at .011. The mean difference between Sikar and Jodhpur's production is -.50, which is negligible. It shows that there is no difference between the sales units of Sikar and Jodhpur, whereas there is

observable difference between the sales units of Jaipur and Sikar and also in Jaipur and Jodhpur's sales units. This is because Jaipur is the capital city always thronged with customers and tourists. Therefore sales of *Bandhej* garments are quite high here.

The table 9 shows that the difference in the mean sales volume and mean income is big in all the three cities. Noticeably, the retailers of Jodhpur earn fewer profits on the same sales units of goods as Sikar. It is because the product type is of low value and hence this difference. In Jodhpur cheap grey material like cotton and synthetic is used. That is why the sales volume and the income of Jodhpur based retailers are quite less than that of the other two. In Jaipur and Sikar, on the other hand, the sales volume and income is higher because chiefly high quality products (silk garments) are sold. Thus there is substantial difference in the income of the retailers of the three cities. The study apparently found the substantial differences in the production and the income of the traders of the three cities.

**DIFFERENCE IN INCOME AMONG THE CROSS-SECTION OF THE TRADERS**

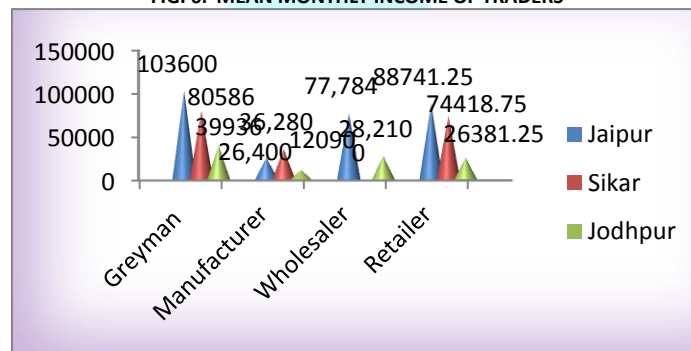
The income of various traders as tabulated in the table 12 depicts vividly the difference amongst the cross-section of the various stake holders of the traders' category. The study found that the raw material suppliers (grey traders) of Jaipur are the highest earners owing to their high sales volume. The retailers of Jaipur are the second highest earners in the entire chain. Jaipur being the tourist center and state business center, records good sales. Wholesalers of Jaipur also earn good income due to the same reason. Jaipur based traders are enjoying the geographical location opportunity but manufacturers still don't get high profits. Similarly, the greymen of Sikar also earn pretty handsome average income being as good as Rs. 80586 per month. This is because of major sales is of high quality product. However, in Jodhpur all the categories of traders earn quite low profits owing to their low sales volume because of cheap grey material used such as cotton, synthetic etc

**TABLE 12: MEAN MONTHLY INCOME OF TRADERS**

City	Greyman	Manufacturer	Wholesaler	Retailer
Jaipur	103600	26,400	77,784	88741.25
Sikar	80586	36,280	-	74418.75
Jodhpur	39936	12090	28,210	26381.25

Source: Primary data collected from traders of three cities

**FIG. 6: MEAN MONTHLY INCOME OF TRADERS**



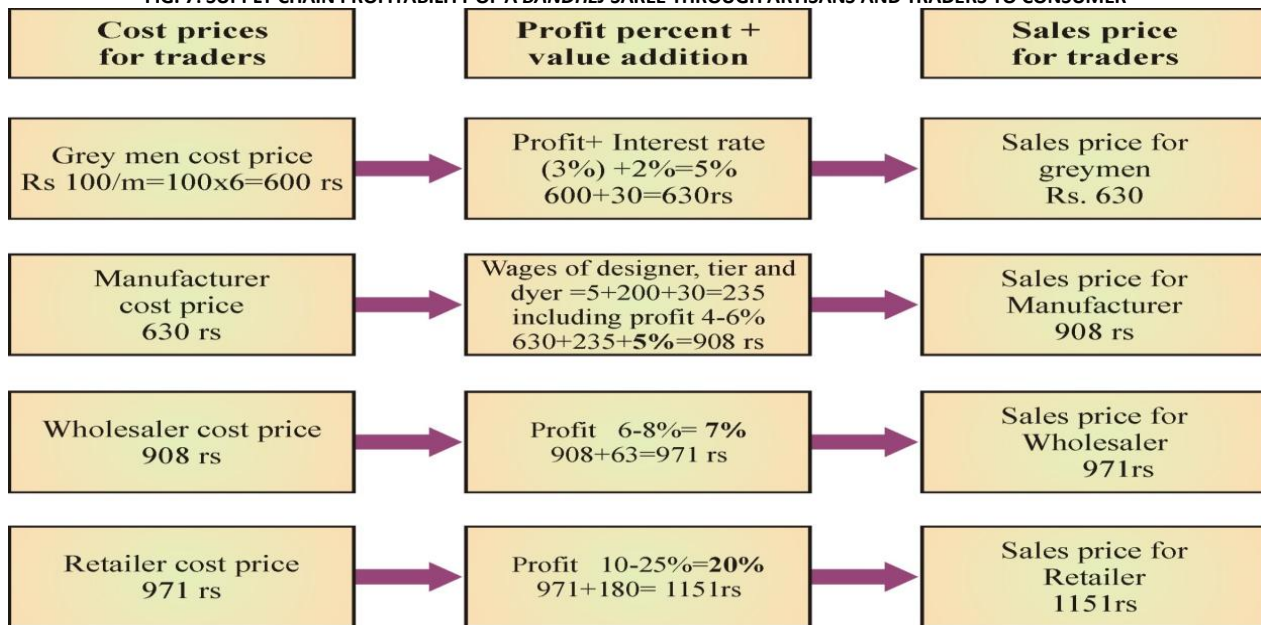
It is especially mentionable that the manufacturers of the three cities earn quite low income in comparison to their other trading counterparts. This may be due to various reasons including their low investment, high interest rate on loan amount, their lack of business skills and competition among themselves. As the manufacturers purchase grey on credit, they have to pay interest. Sometimes when the tiers or dyers take more than the stipulated time in delivering the order, the manufacturers have to pay more interest on the amount due to the grey man. (Jain & Tiwari, 2013). Moreover, their internal business rivalry and threats of imitation garments are also main reasons behind their low profit ratio.

On the other hand, raw material supplier, the greymen in all the three cities earn better than the other traders due to the small number of grey shops. It is almost monopoly of few traders in all the three cities. This results in high sales volume for the greymen. Consequently, the grey traders are highest earners in the chain as shown in fig.6.

**SUPPLY CHAIN PROFITABILITY**

The aim to study supply chain is to examine the value generated, which in turn is reflected through supply chain profit. Supply chain profit is the difference between the revenue generated from the customers and the cost incurred on the product at various stages of supply chain. Thus profitability at various stages and overall profitability is examined. The pricing of the *Bandhej* products varies according to the price of grey material and the cost of labour on it. The price of the grey varies depending on the demand and supply. Secondly, the labour pricing depends on the density of knots in the design and also on the number of colours to be dyed. Moreover, the price of the products is primarily decided with the negotiation between the manufacturers and wholesalers, which is not a standard way of business. The Fig.7. gives a tentative idea of the costing at every level and the resultant pricing of *Bandhej* saree. To begin with, the greyman's profit is about 3% and manufacturers' profit is 5%. At later stage, of distribution wholesaler's profit is 7% and retailer's is 20%. At retailing stage it increases up to 50% with value addition in some cases. Here, it become clear that as the product progresses from grey stage to final sales stages, the profit percent increases as well as the values of the product increases and so the risk involved with enormous capital blocked.

FIG. 7: SUPPLY CHAIN PROFITABILITY OF A BANDHEJ SAREE THROUGH ARTISANS AND TRADERS TO CONSUMER



Source: Primary data collected from traders (2012)

In whole process of this production cycle the artisans are the lowest gainer of profits. They only get meager wages as return of their labour. Singh and Naik (2009) have also recorded that 76% of the Banaras weavers of silk sarees get low wages. Thus the traders' categories reap the real benefit of the craft, whereas the craftsmen are deprived of their rightful share. The pricing also depends on the final beauty and fineness of the garment produced as also on the demand in the market. For instance, before the *Shrawan* month of Hindu calendar the prices of *Leheria* sarees go up.

## CONCLUSION

In the entire supply chain manufacturer in spite of being the main player, as he is the producer of the product in terms of process production, earns the lowest. As the turnover is huge in this process industry, the profitability of the manufacturer needs to be examined (low profits for the manufacturers is an area of concern). According to (Porte, 2004) there are five forces of profitability: bargaining power of supplier and buyer, threat of new entrants, threat of substitute products and internal rivalry among existing players of the trade. For this *Bandhej* process industry the grey supplier has an upper hand as manufacturer purchases on the credit and has to pay interest in addition to the profit margin on his purchase. The supply of the raw material, being dependent on China, the greymen are also in the position to dictate terms and the suppliers bargaining power results into less profit for the manufacturer. Examining the structure of this industry, the production process takes a long time as it is a hand craft and chances are there that many times due to long supply chain and number of artisans, one after the other, and the challenges the manufacturers face that the product might be damaged or it does not come out as desired by the buyer. Hence, the wholesaler who is the buyer also becomes powerful and can bargain which again ensures less profit for the manufacturer as he is solely dependent on the wholesaler for selling his products. Constant threats are there from the new entrants as in this industry as any potential dyer (artisan) can become the manufacturer, besides it does not require big infrastructure, technology or space so the entry barrier in this trade is not high and any dyer can turn into manufacturer. Threat of machine made substitute is always there as *Bandhej* clothes are a must purchase so the less paying customers buy the screen printed substitute. The last and the most important force determining profitability is the internal rivalry among the manufacturers. The wholesalers take advantage of the internal rivalry of the manufacturers and negotiate the price upto minimum level possible. This, consequently, lowers the profit ratio of the manufacturers.

## RECOMMENDATIONS

Following recommendations are suggested on the basis of the findings of the study:

- The sector should be made more organized, for which government and NGOs should take intervention steps.
- Workshops on marketing strategies and distribution system can be helpful if the resource person comes down to their level and interacts in their language.
- Reserved price system should be implemented by the government for such handicrafts sector also.
- Some of the manufacturers who produce really beautiful products can approach the exporters directly to earn more profits.

## SCOPE FOR FURTHER RESEARCH

1. The present study was to examine the supply chain profitability of the craft Industry. This kind of a study can be done on other crafts of national heritage.
2. A study on the supply chain and comprehensive issues and challenges involved in it can be taken in which a suitable model for marketing or a strategy can be worked out.
3. A study on the need of intervention to improve the working conditions, techniques and other production processes in the *Bandhej* craft can be taken up.

## ACKNOWLEDGEMENT

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**FOREIGN DIRECT INVESTMENT IN RETAIL: HOW IS IT IMPORTANT FOR THE GROWTH OF ECONOMY?**

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**ABSTRACT**

*FDI is an important tool in the economic development of a country. FDI increases overall productivity of different sectors of an economy through new technology, skilled labor and financial resources. The remarkable increase in FDI in the developing countries over the last decade focuses attention that whether this source of investment increases overall economic growth. Retail sector is one of the most important pillars of Indian economy. Growing Indian market has attracted various foreign investors as well as domestic corporates to invest in retail sector. Government of India has opened up retail business to FDI by allowing 100% FDI in single brand retailing and 51% FDI in multi-brand retailing. FDI in retail sector plays an important role in economic growth. FDI in multi-brand retail can be seen an important step towards revival of economy and to ease supply side pressures especially in unorganized sector. The study will be beneficial for the different stakeholders, policy makers and also be a valuable contribution to the existing literature and academia.*

**KEYWORDS**

Foreign Direct Investment (FDI), Organized Retail, Unorganized Retail, Multi-brand Retail, Growth.

**INTRODUCTION**

Indian Retail industry is one of the largest industries having a huge investment potential for the foreign players. Indian organized retail sector accounts for only around 7% of the total retail sector which is too low as compared to other countries such as 80% in USA, 40% in Thailand and 20% in China. India has a small share of organized retail sector which is quickly growing and is expected to reach 20% by 2020 (Kearney Report, 2011). One of the key indicators of the growth of an economy is the employment. Government of India by allowing FDI in multi brand retail visualizes creating around 10 million employments in retail sector and on November 24, 2011, the Union Cabinet of Government of India approved a proposal of allowing 51% FDI in multi-brand retailing in India and 100% FDI in single brand retailing with subject to certain conditions. Although Government is of the view that allowing FDI in multi brand retailing will create more employment opportunities and lead to the growth of economy but the debate still continues as it will also result in the loss of jobs to the people specially forming the part of the unorganized retail sector. Commerce minister Anand Sharma dismissed the opposition charge that the move would hurt small traders and farmers and that the government has rushed the decision. He said "the decision was not taken overnight and deliberations were held with chief ministers and other stake holders like association of farmers, consumer organizations and representatives of the food processing industry". In the light of such a dilemma regarding the policy framework with reference to opening of the retail sector for international giants, presents study seeks to provide recommendations for the policy makers to achieve potential growth in a manner safeguarding the interest of the different stakeholders in retail sector.

**FOREIGN DIRECT INVESTMENT: CONCEPTUAL FRAMEWORK**

International Monetary Fund (IMF) defined FDI as an "Investment that is made to acquire a lasting interest in an enterprise operating in an economy other than that of the investor. The investor's purpose being to have effective voice in the management of the enterprise".

**RETAIL: CONCEPTUAL FRAMEWORK**

Retail is the sale of the goods and services from the manufacturers or businesses to the end users. Retailing is an integral element in the supply chain. Generally, retailers are the middlemen which purchase goods and commodities in the large quantities from the manufacturers or farmers either directly or through a wholesale, and sell them in small quantities to the consumers at a profit. Also retailers may be organized retailers and unorganized retailers. Organized retailers include big brands having licenses and subject to income tax and sales tax which includes supermarkets, corporate backed hypermarkets whereas unorganized retailers are small 'Kirana' shops, paan/beedi shops, and convenience stores etc. Retailing can be of following two types:

- Single brand retailing: in which a single item is sold across all outlets.
- Multi brand retailing: in which marketing of similar and competing products by the same firm under different and unrelated brands. Figure 1 depicts the evolution of Retailing in India from historic/rural reach to the modern formats and also having grasp to the international markets.

FIGURE 1: EVOLUTION OF INDIAN RETAIL



Source: <http://emartplan.wordpress.com>

Following table depicts that food and grocery segment in the retail market is dominating other segments of the industry having an estimate of 325 (in US \$Bn).

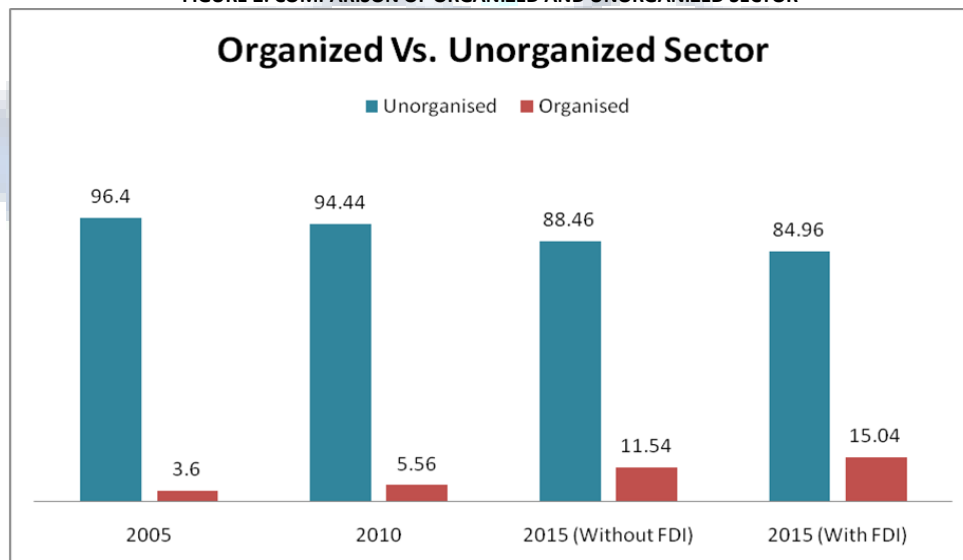
TABLE 1: RETAIL MARKET CATEGORIES

Category	2011 Estimates (in US \$Bn)
Food and Grocery	325
Apparel	35
Jewelry and Watches	25.6
Consumer Electronics & IT	22.7
Pharmacy	13.9
Furnishings and Furniture	9.1
Restaurants & Food Joints	8.8
Footwear	4.5
Beauty Services	1.3
Health/Fitness Services	1
Others	23
<b>Total (US \$Bn)</b>	<b>470</b>

Source: Kalyanasundaram (2012)

In India, unorganized sector better known as 'Kirana' or Mom-&-Pop stores are dominating the retail sector. According to an estimate, over 14 million outlets operate in the country. In 2005, these stores controlled over 96% of the retail market. In 2010, their share was marginally reduced to just below 94.5%. (Bhasin, 2012). The following figure shows that organized retail sector is expected to grow to 11.54% in 2015 from 5.56% in 2005 and also by allowing FDI it is showing a rapid growth up to 15.04% by 2015.

FIGURE 2: COMPARISON OF ORGANIZED AND UNORGANIZED SECTOR



Source: Bhasin (2012)



TABLE 2: STATUS OF ORGANIZED FOOD RETAILING IN INDIA

Organised Food Retailers	Started in the year
Nilgiris	1905
Trinethra Super Retail Limited	1986
Foodworld	1994
RPG Enterprises-Foodworld (in 2005 Spencers)	1994
Pantaloon Retail India Limited(PRIL)- Food Bazar	2001
Tata Trent Ltd.- Star Bazaar	2004
Wadhwan Group formed Retail Food & Grocery Business	2005
Reliance industries Ltd	2006
Aditya birla, Group's foray into the retail sector	2006
Landmark group formed SPAR	2008
Bharti Retail Pvt Ltd launched Easy day	2008

Source: Baskaran (2012)

## REVIEW OF LITERATURE

To study the implications of FDI in retail a number of studies have been reviewed and summarized as below:

### FDI AND GROWTH

**Kalyanasundaram (2012)** discussed about opening up the retail sector to the FDI and rationale for permitting FDI in retail, concerns of the stakeholders with FDI in retail and discussed the experiences of the counterparts. Study concluded that retail has a promising future in India because of the large share of the middle class in the total domestic market, a large young market share which is well educated and highly economically active and rising per capita income.

**Rajput et al. (2012)** analyzed the impact of the present retail FDI policy on Indian consumers and economy using SWOT analysis. The analysis revealed that FDI will have a positive impact on the growth of Indian economy as a whole.

**Jain and Sukhlecha (2012)** tried to establish the need of the retail community to invite FDI in multi brand retailing by specifying the issues that to be addressed such as consumers 'rights to be saved, for the employment opportunities to be generated, for the regularization of the different retailers working in different areas, etc. and also by taking the examples of several other developing countries who initially restricted the entry for the foreign players in the retail sector but when they allowed FDI in retail sector that proved to be most important decision towards the growth of their economy.

**Fernandes et.al (2012)** discussed the issues and implications of FDI in Multi-brand Retail on Indian Economy. To revive the Indian economy, FDI policy in multi-brand retail is an important reform that would ease supply side pressures and mitigate inflation. Implications of FDI in multi-brand retail sector discussed outweigh the issues related to the new FDI policy reforms. FDI in multi-brand retail can go a long way in improving the efficiency of supply chain, Infrastructure facilities, technological advancement and other relevant areas of growth in retail sector.

**Chandu (2012)** attempted at outlining the government's policy on FDI in retailing and tried to examine it pros and cons while examining the perceptions of small retailers on the government's decision through a self-constructed questionnaire. It had been found that small retailers oppose FDI policy of the Government with respect to the retail sector may be just because they are not much aware about the pros and cons of allowing FDI in multiband retailing. But this policy of the government must be seen as an important policy decision having impact on overall growth of the economy, but before implementing the policy a countrywide study must be conducted to assess the perceptions of the different groups in the society towards FDI in retail sector.

**Bisaria (2012)** conducted a study to investigate the impact of Government Policy of allowing FDI in retail by conducting a questionnaire survey on a sample of 100 respondents from Uttar Pradesh. Majority of the respondents supported the policy decision of the Government that FDI will benefit different stakeholders in the retail sector.

### FDI IN RETAIL: NOT A GOOD CHOICE

**UNI Global Union (2012)** conducted a study to investigate the potential effects of globalized modern retail on four groups of stakeholders; modern retail workers, small retailers (Kiranans and hawkers), supply chain intermediaries (wholesalers) and producers by examining the track record of Walmart, largest retailer in the world. Walmart has a record of violating laws protecting workers' rights and aggressive anti- union conduct in North America and elsewhere. In America, Walmart had a negative impact on retail worker wages and total retail employment and also existence of a Walmart store in an area had a devastating impact on the small industries in that area. In the long run Walmart pushed down the prices paid to the farmers instead of raising them, as a result of which many farmers got out of the business and also being a big organization it has power to dictate the terms of the supplier's contracts. Market middlemen such as wholesalers were also negatively impacted by Walmart. Study concluded that the conditions and experiences with FDI in retail may vary from country to country depending upon the policy framework of the Government of the country but India should allow FDI in retail in a more regulated manner so that the interests of the various stakeholders will not be hampered.

**Baskaran (2012)** investigated the myths and realities related to the entry of big giants in the retail sector in India, challenges and key success factors and also the impact of FDI in retail on the unorganized sector. The study suggested that to achieve the objective of modernization in the retail sector, the Government has to proactively assist local retailers in competing with foreign players by modernizing themselves, removing domestic restrictions on retail and allowing FDI in multi brand retail. If the Government is allowing FDI in multi brand retail then it has to allow FDI in a more stringent and regulated way because if Government allows these big giants to enter Indian retail sector without any control and let them work freely then the potential social cost of the growth and consolidation of organized retail, in term of displacement of unorganized retailers and loss of livelihoods will be huge.

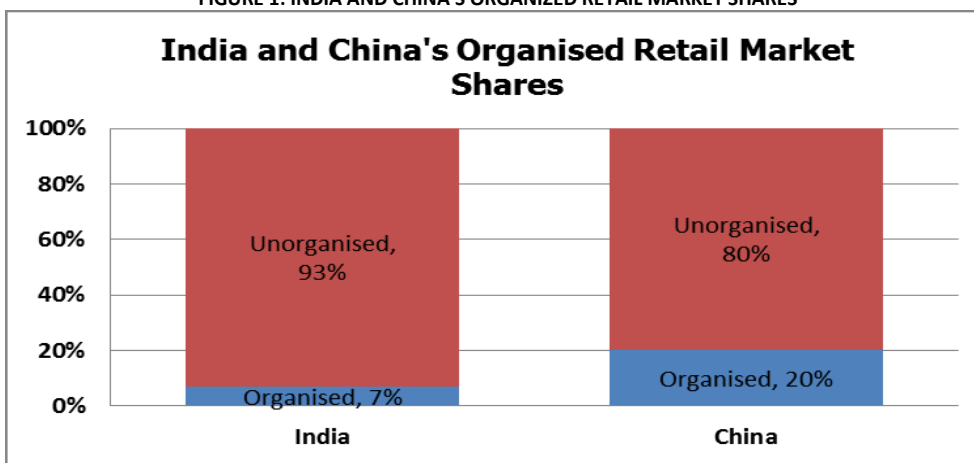
**Pareek and Prakash (2011)** analyzed the current retail scenario in India, investigated the controversial views of various stakeholders and also evaluated the impact of FDI in multi brand economy on all the stakeholders. The study suggested that FDI is not only one factor contributing to the growth of the economy and the policy of the government regarding opening up retail sector for FDI may result in disruption in the smooth flow of economy and would lead to external dominance.

**Gupta (2012)** analyzed the potential implications of FDI in multi brand retail by taking the evidence from other developing countries like China who have allowed FDI in multi brand retailing. There are policy issues relating to the multi brand retailing in India that needs to be addressed such as no restrictions on acquiring the goods from the farmers or producers if the Government will not put any kind of restrictions that will lead to the exploitation of the interest of the farmers or producers and also Government should adopt the process of FDI in multi brand retailing gradually by giving enough time to local retailers to adapt the change like China. Also the factors crucial for the success of the big players are totally absent in countries like India and China such as implausible logistics and supply chains; physical infrastructure like roads and ports.

### LEARNING FROM THE EXPERIENCE OF OTHERS

China opened up for FDI in retail up to 49% in 1992 and following China's accession to WTO, effective December, 2004, there are no equity restrictions which resulted in an increase of employment from 4% in 1992 to 7% in 2001 also increasing the number of unorganized retailers by 30% between 1996 and 2001. In 2006, total retail sale in China amounted to USD 785 billion, of which the share of organized retail amounted to 20%. So, we can learn from the experience of China that allowing FDI in multi brand retail is not resulting to the erosion of local 'Kirana' stores or Moms/ Pops shops. Following figure depicts that the share of organized retail sector in China (20%) is much higher as compared to India which is having only 7% in the organized form.

FIGURE 1: INDIA AND CHINA'S ORGANIZED RETAIL MARKET SHARES



Source: Devonshire-Ellis et al.(2012)

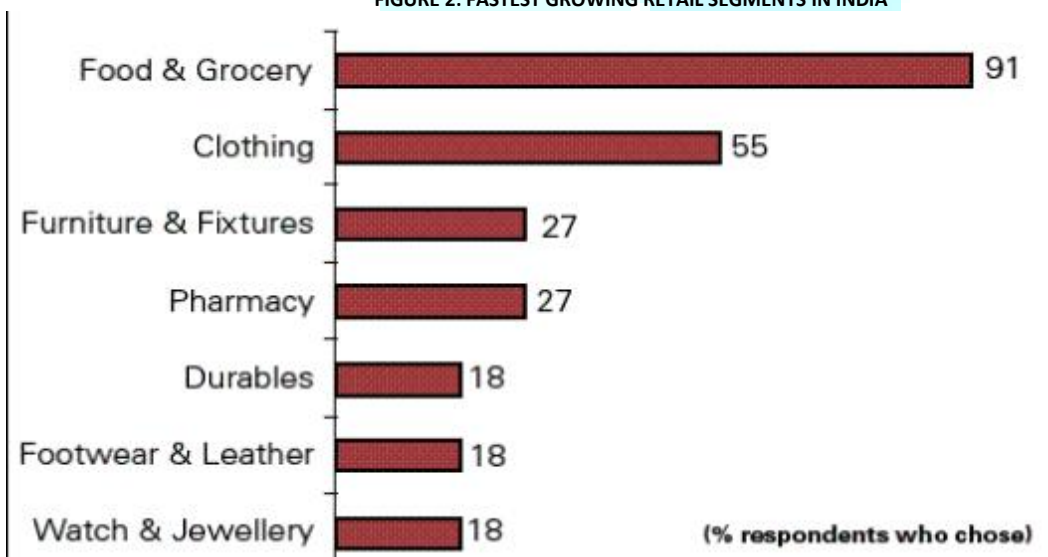
**POLICY OF INDIA TOWARDS FDI IN RETAIL SECTOR**

Being a participant of the World Trade Organization’s General Agreement on trade in Services (GATS) India opened to the retail sector for FDI and also due to the fear of job losses, high cost associated with the procurement from the international market, competition etc. however, Government has gradually opened the retail sector to the foreign players in different stages. Government approved 100% FDI in “cash and carry” wholesale stores under the automatic route in 1997 and also in 2006 permitted 51% FDI in single brand retail followed by 100% approval in single brand retail in 2011. Also Government decided to allow FDI in multi brand retail towards the end of 2012 and modified its policy in April, 2013. A number of big brands like IKEA and Carrefour were very excited to enter the Indian retail market and planned to talk to the concerned ministries. However only 51% FDI was approved in the parliament in December, 2012.

**RETAIL AND GROWTH**

India’s retail industry accounted for around 22% of GDP in 2011 with about 9.4% of the employed labor force. Currently organized retail sector in India constitutes around 6-7% of total retail trade and expected to grow to 10% by 2016-17. Also number of studies suggested that it is expected to lead economic growth of about 7% in the next 10 years, rapid urbanization, brand consciousness among the young generation, changing life style of the people are leading to the success story of growth in the country but high cost of the real estate, shortage of good quality retail properties, inconsistency in the policy making are some of the factors limiting the growth of the country. Being one of the largest markets, India always attract foreign players to enter Indian market but retail estate industry in India is still not much developed. By allowing FDI in multi brand retail Government has ended a long waiting period of International players of entering Indian market. This decision of the Government will benefit the small farmers and manufacturers as they will be able to get a large number of buyers and also big buyers for their products and also to the consumers as they will be able to get all products under one roof. But on the other hand, it will be a big challenge for small retailers or middlemen because now they have to face competition from the international players. Also FDI in multi brand retailing was allowed only by the Central Government, state Governments still had to take their stand on FDI, and most of the State Governments delayed implementation of FDI policy keeping in mind the upcoming elections in 2014.

FIGURE 2: FASTEST GROWING RETAIL SEGMENTS IN INDIA



Source: Johree et.al

It can be seen from the above table that food and grocery is one of the fastest mounting retail segments in India, only 8% of the food and grocery is in organized retail segment so there is a big opportunity for the international players to exploit.

**CONCLUSION**

After the above discussion it can be concluded that FDI in retail sector lead to the growth of the economy as retail industry of the India is one of the biggest markets in the world but there can be some hindrances in achieving the potential growth as like other developing countries, India is also having some infrastructural limitations as roads, ports and implausible logistics also Global experience shows that FDI in retail can sometimes negatively impact consumers if corporate retailers adopt anti-competitive practices such as predatory pricing. In such a situation, Government should regulate the entry of the international giants in a manner that local players may get sufficient time to adapt the change and in the ease of the increasing competition, consumers will be able to get goods and services at competitive prices. Also as the policy regarding the opening up to FDI in multi brand retail was approved by the central government only and liberty was given to the state governments regarding the implementation of the policy in the respective states which is not a good decision as it is not a move to be made at regional level but it’s an issue having national importance.

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**RURAL MARKETING IN INDIA: ISSUES AND CHALLENGES**

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**ABSTRACT**

*The rural market has been growing steadily over the past few years and is now even bigger than the urban market. About 70 per cent of India's population lives in villages. More than 800 million people live in villages of India. 'Go rural' is the marketer's new slogan. Indian marketers as well as multinationals, such as Colgate-Palmolive, Godrej and Hindustan Lever have focused on rural markets. Thus, looking at the opportunities, which rural markets offer to the marketers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage.*

**KEYWORDS**

Rural Market, E- choupal, Self Help Groups, Haats, Agri –Markets.

**INTRODUCTION**

**M**arketing is all about identifying the needs of customers and potential customers, providing products/services that satisfy their needs, and developing efficient processes or systems to deliver your product/service to the market when, where, and how consumers want it.

**RURAL MARKETING**

Rural marketing is now a two-way marketing process. There is inflow of products into rural markets for production or consumption and there is also outflow of products to urban areas. The urban to rural flow consists of agricultural inputs, fast-moving consumer goods (FMCG) such as soaps, detergents, cosmetics, textiles, and so on. The rural to urban flow consists of agricultural produce such as rice, wheat, sugar, and cotton. There is also a movement of rural products within rural areas for consumption.

**FEATURES OF RURAL MARKETING**

The main reason why the companies are focusing on rural market and developing effective strategies is to tap the market potential, that can be identified as follows:

**1. LARGE AND SCATTERED POPULATION**

According to the 2001 census, 740 million Indians forming 70 per cent of India's population live in rural areas. The rate of increase in rural population is also greater than that of urban population. The rural population is scattered in over 6 lakhs villages. The rural population is highly scattered, but holds a big promise for the marketers.

**2. HIGHER PURCHASING CAPACITY**

Purchasing power of the rural people is on rise. Marketers have realized the potential of rural markets, and thus are expanding their operations in rural India. In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into substantial increase in purchasing power of rural communities.

**3. MARKET GROWTH**

The rural market is growing steadily over the years. Demand for traditional products such as bicycles, mopeds and agricultural inputs; branded products such as toothpaste, tea, soaps and other FMCGs; and consumer durables such as refrigerators, TV and washing machines has also grown over the years.

**4. DEVELOPMENT OF INFRASTRUCTURE**

There is development of infrastructure facilities such as construction of roads and transportation, communication network, rural electrification and public service projects in rural India, which has increased the scope of rural marketing.

**5. LOW STANDARD OF LIVING**

The standard of living of rural areas is low and rural consumers have diverse socio-economic backwardness. This is different in different parts of the country. A consumer in a village area has a low standard of living because of low literacy, low per capita income, social backwardness and low savings.

**6. TRADITIONAL OUTLOOK**

The rural consumer values old customs and traditions. They do not prefer changes. Gradually, the rural population is changing its demand pattern, and there is demand for branded products in villages.

**7. MARKETING MIX**

The urban products cannot be dumped on rural population; separate sets of products are designed for rural consumers to suit the rural demands. The marketing mix elements are to be adjusted according to the requirements of the rural consumers.

**RURAL MARKETING POTENTIAL IN INDIA**

While we all accept that the heart of India lives in its villages and the Indian rural market with its vast size and demand base offers great opportunities to marketers, we tend to conclude that the purse does not stay with them.

Rural marketing involves addressing over 700 million potential consumers and over 40 per cent of the Indian middle income. No wonder, the rural markets have been a vital source of growth for most companies. For a number of FMCG companies in the country, more than half their annual sales come from the rural market.

Among various media of communication, television and radio have played prominent roles in the rural India to-day. In the South, the penetration of satellite television is very high. Due to globalisation, economic liberalisation, IT revolution, female power, and improving infrastructure, middle and rural India today has more disposable income than urban India.

Rural marketing is getting new heights in addition to rural advertising. Rural marketing gives challenge to ensure availability of product or service in India's 6, 27000 villages spread over 3.2 million square kilometers. Marketers have to locate over 700 million rural Indian and finding them is not easy.

The size of the rural market is one that companies cannot afford to ignore, particular, as the number of simple lining in non-metro areas increased by 10 percent over the past decade. Thus, looking at the challenges and opportunities, which rural markets offer to the marketers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage. Rural marketing is currently growing at about 20% every year and companies are spending amount Rs. 600 crore per years for promotional budget.

## MAIN PROBLEMS IN RURAL MARKETING ARE AS FOLLOWS

### 1. UNDER DEVELOPED PEOPLE AND UNDERDEVELOPED MARKETS

The impact of agricultural technology is not felt uniformly throughout the country. Some districts in Punjab, Haryana and the Western U.P. where the rural consumers are somewhat comparable to their urban counter part; but there are large areas and grown of people who have repaired beyond the technological breakthrough. In addition, the farmers with small agricultural land holding are also unable to take advantage of the new technology.

### 2. LACK OF POWER PHYSICAL COMMUNICATION FACILITIES

Nearly 50 percent of the villages in India do not have all weather roads, physical communication to the villages is highly expensive. Especially during the monsoon 4 months these villages become complete inaccessible.

### 3. IN ADEQUATE MEDIA COVERAGE FOR RURAL-COMMUNICATION

A large number of rural families own radio and TV sets, there are also community radio and TV sets. These have been used to diffuse agricultural technology to rural areas. However, the coverage relating to marketing is inadequate.

### 4. MANY LANGUAGES AND DIALECTS

The number of languages and dialects vary from state to state and region to region. This type of distribution of population warrants appropriate strategies decide the extent of coverage of rural market.

### 5. OTHER PROBLEMS OF RURAL MARKETING ARE NATURAL CALAMITIES

Of draught or examine rain, epidemics, primitive methods of cultivation, lack of printer storage facilities, transportation problem and inadequate market intelligence, including long chain of intermediaries between cultivator and farmer and wholesaler and retailers. There are also problems of extending marketing efforts to small villages with 200-500 population. Vast cultural diversity, vastly varying rural demographics, poor infrastructure, low income levels and low levels of literacy often tend to lower the presence of large companies in the rural markets.

## RURAL MARKETING STRATEGY

Rural marketing strategy is based on their A's – Availability Affordability and Acceptability. The first 'A'-Availability emphasises on the availability of the product for the customers, i.e., this gives importance on effective distribution through efficient channels of distribution.

The second 'A'- Affordability which focuses on product pricing, i.e, this gives importance for smaller packages/pouches easily affordable by families in the rural areas, The third 'A' – Acceptability focuses on convincing the customers to buy the product, i.e., extending suitable promotional efforts to influence the customers to buy the product. Marketers need to understand the psycho of the rural consumers and then act accordingly.

Rural marketing involves more intensive personal selling efforts compared to urban marketing. Firms should refrain from pushing goods designed for urban markets to the rural areas. To effectively tap the rural market a brand must associate it with the same things the rural consumers do. This can be done by utilizing the various rural folk media to reach them in their own language and in large number so that the brand can be associated with the myriad rituals, celebration, festivals, melas, fairs and weekly hats.

## RURAL DISTRIBUTION STRATEGY

One of the ways would be using company delivery mass, which can serve two purposes – it can take the products to the customers in every hook and corner of the market and it also enables the firm to establish direct contact with them and thereby facilitate sales promotion.

However, only the large manufactures can adopt this channel. The companies with relatively fewer resources can go in for the syndicated distribution where a tie-up between non-competitive marketers can be established to facilitate distribution.

## BACK-HAUL METHOD FOR THE DISTRIBUTION VEHICLES

Organising a suitable back-haul method for distribution vehicles may prove to be an economic to transport the "urban goods" like soap, detergent, oil, cream, shampoo, tooth paste, and other daily necessary items for the rural consumers and in the return journey, the energy verticals will transport the fruit and vegetables etc. from rural areas to the nearest towns and cities for distribution among the urban consumers.

But this needs a well co-ordinated "VMS" distribution strategy in which the manufacturer, distributor/relation and the customers jointly make a strong distribution chain. Annual "melas" and "fairs" organized are quite popular and provide a very good platform for distribution because profit visits them to make several purchases. According to the Indian Market Research (IMRB) Bureau, around 8000 such nulas and fairs are held in the rural India every year. Rural markets have the practice of faxing specific days in a week as weekly market days, i.e., "Haats" when exchange of goods and services are carried out. This is another potential low cost distribution channel available for the marketers.

Also, every region consisting of several villages is generally served by one satellite town, formed as "Mandia" or Agri-markets where people prefer to go and buy from their commodities. The marketers using their feeder fown will be able to cover a large section of rural population.

## RURAL MARKETING BY INDIAN COMPANIES

1. **State Bank of India (SBI)** has started a zero-balance bank account program for villagers. Called the SBI Tiny account, there are no physical branches or officials, just a paid volunteer who is equipped with a small box and a cellphone. The box enables biometric measurements (fingerprints), at the time of opening the account to confirm the account holder's identity. The cellphone enables communication with the zonal office to check on available balance. Payments under programs such as the NREGS and pensions are made directly to these accounts. The advantage for the villagers is that they can withdraw money from their accounts at any time of the day or night. (Withdrawals are never more than a few dollars.) SBI hopes to cover 100,000 villages by 2012. The bank has tied up with India Post for some services.
2. **Maruti Suzuki**, India's leading automobile manufacturer, today sells 5% of its vehicles in the rural markets. The company expects this number to rise to 15% in the next two years. "This is not just our wish, but reflects market demand," says director (marketing & sales) Shuji Oishi.
3. **In telecom, service providers** are making a beeline for the villages. That's where the growth in what is now the world's fastest growing mobile market lies. According to industry estimates, 70% of all new subscribers will come from rural areas. (Mobile device manufacturers are also tailoring their products to this market. Nokia had earlier launched a basic handset with a torch (large parts of rural India don't have electricity) and an alarm clock. .
4. Companies like ITC have set up the IT-enabled eChoupal network, and Hindustan Unilever has project Shakti, under which women's self-help groups act as the last link of the retail chain.
5. Business Process Outsourcing (BPO) companies are now going away from the main metro cities to the hinterlands in search of talent as well as to economise the cost of their operations.

## CONCLUSION

The study concluded that rural India offers huge opportunities which companies can tap for their growth and development. However, Companies face many challenges in tackling the rural markets. 833 million people reside in India as compared to 377 millions in urban India so vast untapped opportunities are available in rural India, but marketer unable to tap these opportunities because of lack of infrastructure facilities. Literacy rate is low in rural area so people are unable to identify brand difference. Now trend has gone to change literacy rate in rural area is increasing. Number of middle and higher income household in rural India is expected to grow from 80 million to 111 million. There is rapid development in infrastructure all these opportunities attract companies to target rural market. With some technologies breakthrough in distribution and marketing of products in rural India, companies in rural market can earn more profits, market share, etc. The Rural market is a greater future prospect for the marketers and there are many opportunities available for them in rural markets.



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## EXPLORING CORPORATE SUSTAINABILITY: A STUDY WITH SPECIAL REFERENCE TO TATA CONSULTANCY SERVICES

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### ABSTRACT

*This paper examines the necessity of corporate sustainability for managing various changes in the organization. It highlights various strategies and practices that meet the needs of the people today by not sacrificing the ability of future generations to meet their needs. Corporations can no longer operate if they become isolated from the social and environmental matters. Stakeholders now expect corporations to take interest in matters relating to employees health and safety, employee benefits, corporate involvement, corporate ethics, environmental issues etc. The study indicated the responsibility of the organizations to pay and assess the present and future needs accruing to the stakeholders and society at large through sustainable excellence.*

### KEYWORDS

Corporate sustainability; Corporate Social Responsibility; Economic prosperity; Environmental stewardship; Sustainability of business performance.

### INTRODUCTION

Corporations are the fundamental cells of modern economic life and their great success in transforming the earth's resources into wealth has shaped the physical and social world in which we live. The main question need to be asked that whether the current model of the corporation needs to be modified to contribute to the continuing health of the planet, the survival of humans, the development of the society through creation of work that brings dignity and self-fulfillment to those undertaking it. In short, in order to survive, the business leaders must discover the formula for sustainable excellence to meet the challenge of the future.

There are certain major issues that should not be overlooked such as proper use of resources, waste management, climate change, pollution and bio-diversity. Thus, the concept like Corporate Sustainability emerged and takes into account corporate obligations of not just the investors but of the communities and environment as well.

Corporate Social Responsibility and Corporate Sustainability are often used interchangeably but it is useful to think about corporate social responsibility in terms of vision and mission of the business. Corporate Social Responsibility consists of those activities that create a positive impact on the society by improving the quality of life of the workforce, their families as well as of the local community at large whereas corporate sustainability is meeting the needs of the firm's direct and indirect stakeholders such as shareholders, employees, clients, communities etc and seek to protect, support and enhance the natural and human resources that will be needed in future. Thus, corporate social responsibility is increasingly superseded by a broader term i.e. corporate sustainability, a business approach that creates long term consumer and employee values by taking into consideration every operational dimensions of a business i.e. social, cultural and economic environment.

The strategic principles for corporate sustainable development are given below:

**Transparency:** Companies must adapt an open environment within for improving performance and increasing profits. It is an open culture that promotes employee involvement regarding innovation and creativity. Reaching out to the community has a broader perspective and provides evaluation from all angles.

**Employee Development:** Employees or workers are a concrete foundation for the company and the most powerful asset and a strongest renewable resource of the organization. For proper improvement of the employees programs should be implemented that rewards star performers, fosters the creative learning process and provides comprehensive training and evaluating.

**Resource Efficiency:** Companies must adapt to this rapidly changing environment by being prepared to change and implement new creative ideas related to sustainability. Companies should not throw away old products and materials, but rather be prepared with upgraded technology that can transform the product which in turn reduces costs and increases profit.

Thus, a sustainable business is an enterprise that has no negative impact on the global environment, community, society or economy. A major initiative taken by a sustainable business is to reduce the environmental harm by focusing on:

**Social Sphere** focuses on employment or recruitment from various regions of the country and from the rest of the world. Providing the employees with proper training facilities, offering internships to new hires of the organization, making arrangements for reward, recognition, career growth programs, challenging opportunities etc.

**Economic Sphere** encompasses the percentage of profit after tax to total revenue, earnings per share of the company, dividend payout ratio and total market capitalization that would enable a company for its future growth and prosperity.

**Environmental Sphere** which covers natural resource endowments, past and present pollution levels, environmental management efforts, contribution to protection of the global world and society's capacity to improve its environmental performance over time. Therefore, sustainability of business performance involves those strategies that enhance the value of the business through revenue generation, reducing costs, minimizing waste and creating jobs.

There are so many issues related to corporate sustainability but my study dealt with the role of Tata Consultancy Services (TCS) regarding sustainability of business performance. TCS is a business solutions organization that offers IT services, consultancy services to global business with a level of certainty. The paper is a descriptive research and TCS has been selected due to its extensive reporting. The objective of this paper is that it concentrates on various key steps taken by TCS that makes it more sustainable in terms of social responsibility, environmental stewardship and economic prosperity.

### SOCIAL ASPECT

The first and foremost matter that social aspect deals with, is the code of conduct that every organization should maintain which acts as a governing framework for responsible corporate citizenship and ethical behavior. Therefore, the employees, customers and suppliers should be made aware of the Tata Code of Conduct through its specific clauses in proposals, contracts, contract discussions and website. In addition to it, there are Local Counselors to guide the employees on ethical matters.

#### **Talent Acquisition**

The sustainability of revenue growth in IT services industry is directly dependent on organization's ability to attract right talent in right proportion and up skilling, motivating and retaining them in the organization. The sustainability of company's growth based on the ability to attract good talent in sufficient quantity and retaining them by successfully scaling up the talent acquisition process through:

**Faculty Development Programs (FDP)** where the senior consultants of TCS conduct training programs for faculty to keep them upgraded with technology developments and provide them with an industry perspective.

**Student Workshops** where training sessions for students are conducted on technical, managerial or soft-skills topics to enhance competitiveness and workplace-readiness.

**Membership of Board of Studies or Curriculum Committees** where TCS representatives participate in Curriculum Committees or Board of Studies of select academic institutes to help shape the curricula and make it more industry-oriented.

**Project Support and Internships** where TCS provides internship opportunities for students from Indian and overseas institutions and sponsors the Best Student and the Best Student Project awards.

**Dedicated portal for academia** where TCS maintains a web portal linked to TCS website for continuous communication with academia on the performance of their alumni and on the curriculum with useful resources for students deciding on their career.

TCS offers higher education programs for its associates in partnership with prestigious Institutes in India like Anna University (Chennai) and Jadavpur University (Kolkata).

**Diversifying the talent pool**

TCS has been able to expand the talent pool in terms of gender, geography and academic discipline. TCS offers job opportunities to women returning to the workplace after a break in their careers. It has also taken an initiative called DAWN (Diversity and Women’s Network), a support group for women and minorities. DAWN organizes leadership-connects, mentoring, discussion forums, sensitization workshops, wellness sessions and reorientation programs for associates returning to the workplace after long-leave.

On 31<sup>st</sup> March, 2012, women constituted 32 % (Consolidated) of TCS’ workforce which was 30% on 31.3.2011 and 30.4% on 31.3.2010.

FIG. (1): BREAK-UP OF WORKFORCE BY AGE FOR THE YEAR 2010

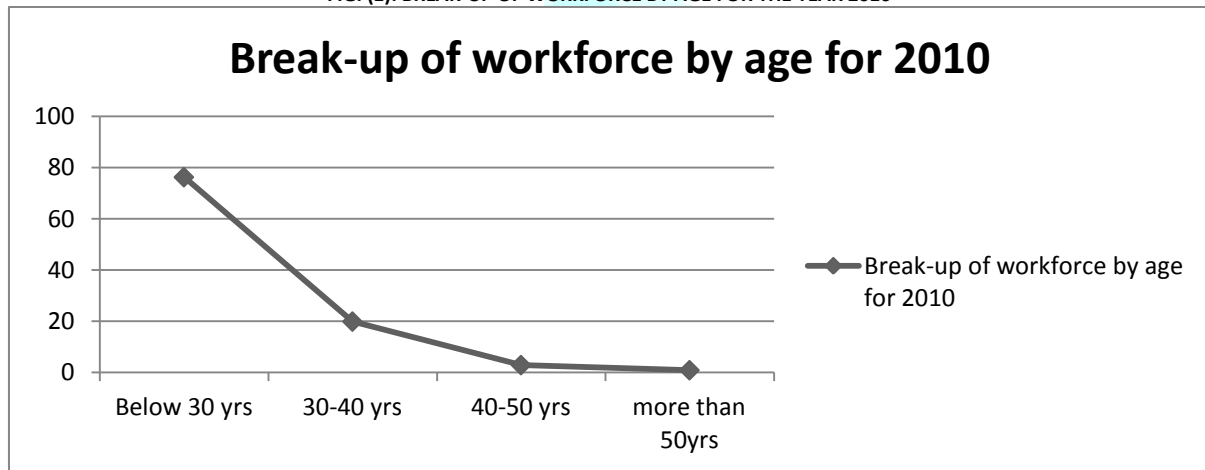


FIG. (2): BREAK-UP OF WORKFORCE BY AGE FOR THE YEAR 2011

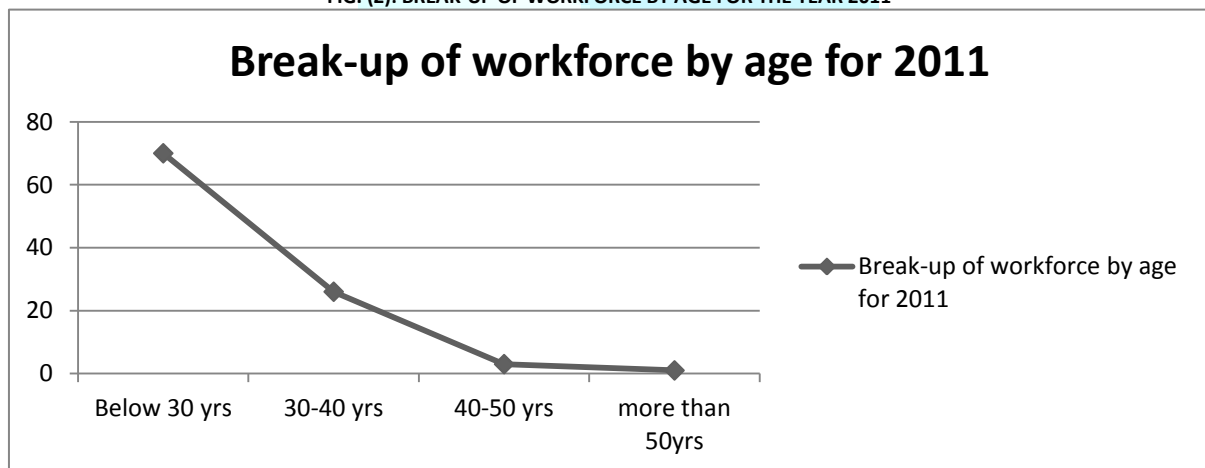
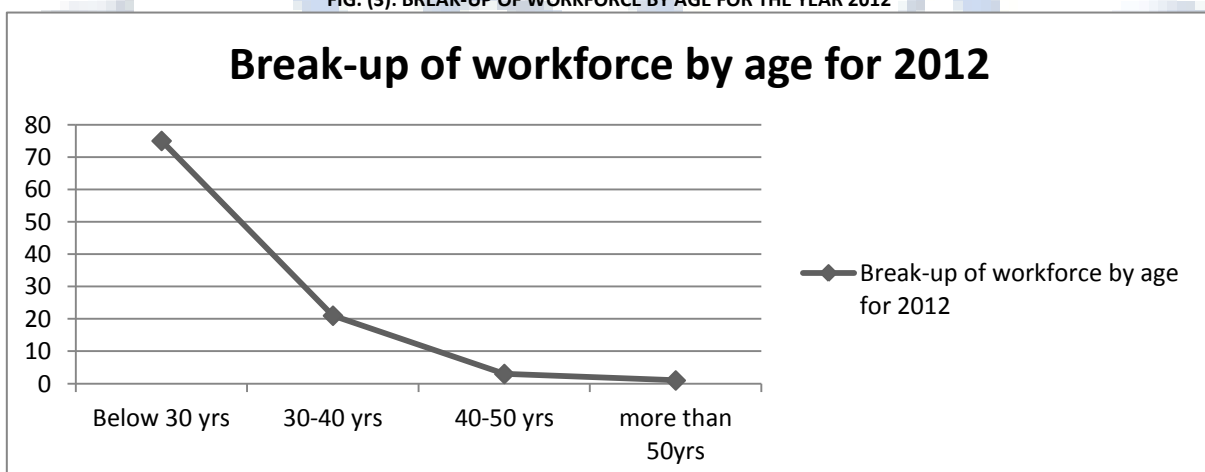


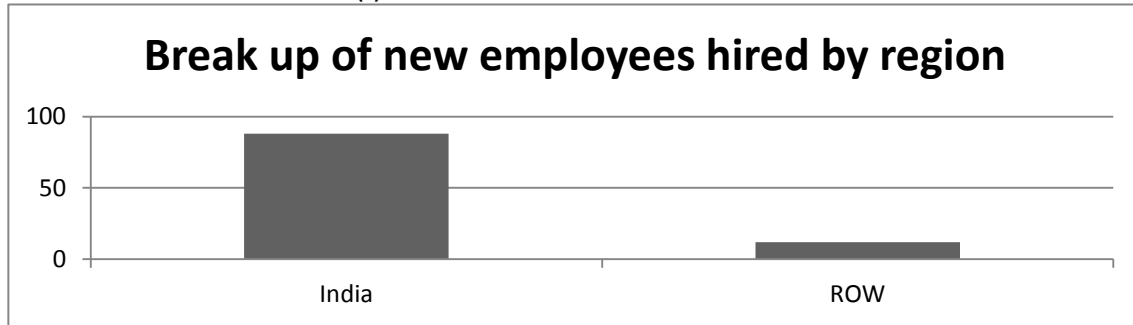
FIG. (3): BREAK-UP OF WORKFORCE BY AGE FOR THE YEAR 2012



**Break-up of new employees hired by region**

TCS is also concentrating on hiring new employees not only from India but also from rest of the world.

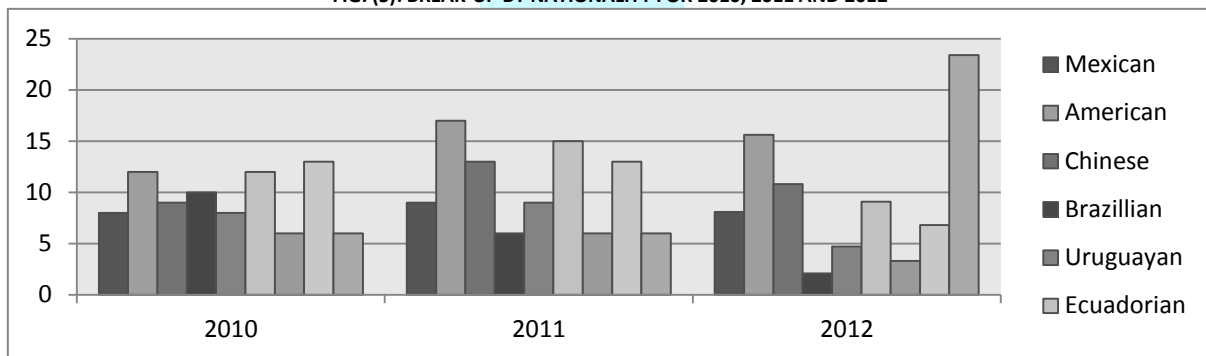
FIG. (4): BREAK-UP OF NEW EMPLOYEES HIRED BY REGION



**Local recruitment outside India**

TCS is a multinational company with operations in 42 countries. Local recruitment is an integral part of its staffing strategy in each of these countries. Fresher recruitment is facilitated by the relationships built up with empanelled universities through University Outreach or Academic Interface Programs in different parts of the world. Recruitment of experienced professionals is done through their empanelled recruitment agencies and head-hunters. . In financial year 2012, TCS recruited 7,317 employees outside India. The percentage of senior-level employees amongst local recruits was 5.6% in the year 2012 which was 5.54% and 6.12% in the financial year 2010 and 2011, higher than the enterprise average of 4.2%.

FIG. (5): BREAK-UP BY NATIONALITY FOR 2010, 2011 AND 2012



**Talent Retention**

TCS is not only concentrating on acquisition of talent from several parts of the world but also they are spending huge amounts every year for retaining those employees. TCS conducts various training programmes to upgrade the employees with new technological developments. The employees are provided with proper medical, recreational and infrastructural facilities. The employees are also recognized and rewarded with prestigious awards every year.

FIG. (6): CHANGE IN EMPLOYEE COSTS (%)



**Learning and Development**

TCS has an integrated competency management system in which the various systems for learning, competency management, skill assessment and individual development are integrated for satisfying the employees learning and development needs, giving them intellectual satisfaction and help individuals for having growth in their careers and realize their potential in different ways to support their continued employment and post retirement phase. At the beginning of the year, every employee in consultation with their supervisor works out a learning and development plan for the year, based on their interests and aspirations as well as the needs of the specific project or business unit. Thereafter, the employee goes through various training sessions and workshops as outlined in the plan. These could be done through e-learning sessions on in-house Learning Management System of TCS, external certifications, classroom sessions conducted by various technical centers of excellence within TCS or Management Development Programs (MDPs). In financial year 2012, overall 2,492,907 learning days were invested towards competency development including training in thrust technology areas which was 2,375,985 for the year 2011.

**Rewards and Recognition**

TCS organizes various award ceremonies for those having outstanding performances like Star of the Month, On the Spot Award, Faculty awards, Young innovator award, long service award and appreciation certificates. TCS also focuses on providing various challenging assignments and exposures to the employees.

**Health and safety programmes**

TCS is also highly committed in providing healthy and safe work environment to all their employees, associates and partners through better infrastructural facilities, awareness programmes, periodic monitoring, periodic training etc.

**ECONOMIC ASPECT**

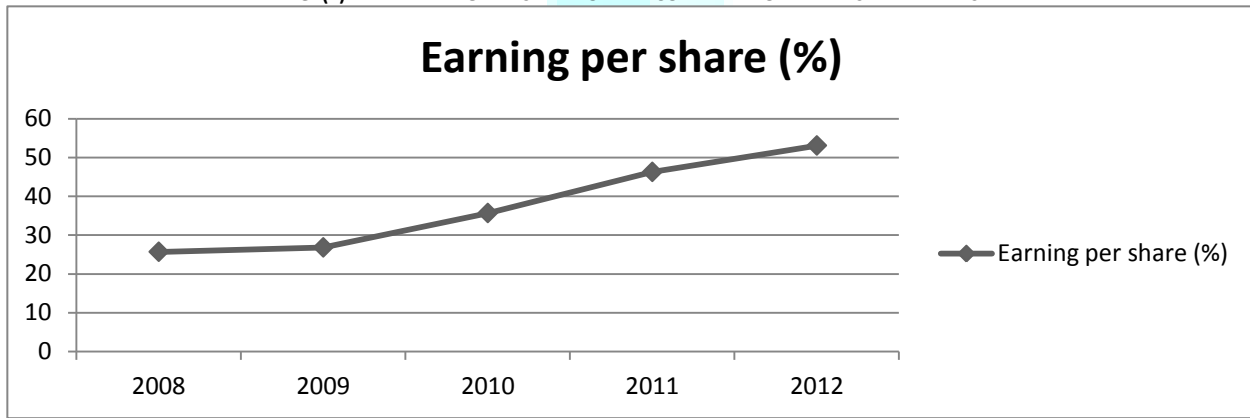
TCS is nearly a zero-debt company and funding is growing entirely through accruals. Successful execution of the strategy of TCS for continuous sustainable development depends on building capacity by taking into consideration new people and developing new business initiatives. TCS has a financial profile characterized by strong cash generation, low capital needs, low working capital requirements, negligible debt and very attractive return on equity. Therefore, the growth of the company is vested upon strong cash generations from operations.

**TABLE 1: ELEMENTS CONTRIBUTING TO WORKING CAPITAL AT THE END OF EACH FINANCIAL YEAR**

Particulars	31.3.2010	31.3.2011	31.3.2012
Total Shareholder's Equity	\$4745.7Mn	\$5657Mn	\$6492.2Mn
Retained earnings	\$4116.8Mn	\$5031.5Mn	\$6515.1Mn
Cash and cash equivalents	\$228.2Mn	\$348.5Mn	\$391.4Mn
Bank Deposits	\$813.1Mn	\$1319.3Mn	\$1294.8Mn
Net cash generated from operations	\$1794.9Mn	\$1526.4Mn	\$1539.8Mn
Available lines of credit with multiple banks	\$246.8Mn	\$471.9Mn	\$821.4Mn

Source: "Corporate Sustainability Report", Tata Consultancy Services

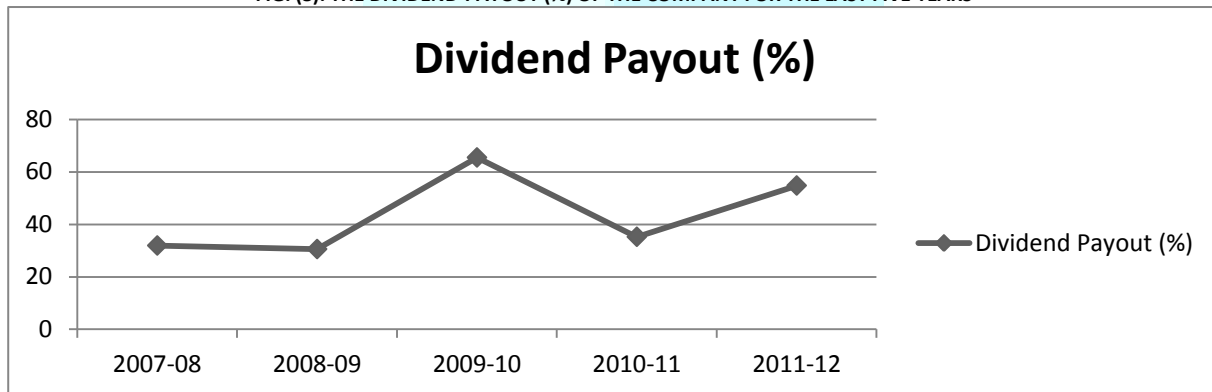
**FIG. (7): THE EARNING PER SHARE OF THE COMPANY FOR THE LAST FIVE YEARS**



**Dividends earned by shareholders**

TCS has consistently paid out dividends to its shareholders every year maintaining a payout ratio of around 30%.

**FIG. (8): THE DIVIDEND-PAYOUT (%) OF THE COMPANY FOR THE LAST FIVE YEARS**



**ENVIRONMENTAL ASPECT**

TCS is committed to measure, report and continually improve its overall environmental performance by optimizing its resource consumption, minimizing its ecological impact and to reduce its carbon footprint through:

1. Leadership
2. Climate change mitigation through commitment to reduce GHG emissions and corresponding carbon footprint
3. Reduce, Reuse and Recycle of waste products
4. Efficient use of resources
5. Going for Green Infrastructure i.e., Green Buildings and
6. Green IT

**FINDINGS**

In Social Aspect, the Break-up of workforce by age for the last three years 2010, 2011 and 2012 has a declining trend which shows that the company is focusing on acquisition and retention of young workforce below 30 yrs of age.

1. The percentage change in employee costs in 2012 over 2011 decreases than the percentage change in employee costs in 2011 over 2010.
2. The earnings per share of the company for the last five years starting from 2008-2012 shows an increasing trend whereas the dividend payout percentage remains constant for the first two years i.e., 2007-08 and 2008-09. It increases in 2009-10 again it falls in 2010-11, rises slightly in 2011-12, which shows that the company is not following a rigorous dividend policy. The earnings are being retained every year for the future growth and prosperity of the company as well.

**CONCLUSION**

Tata Consultancy Services has built a global reputation for its ability to help customers in achieving their goals by providing them with consultancy services, IT enabled solutions and services and by nurturing an innovative culture across TCS.

The present study examines the sustainability of the performance of TCS in terms of social aspect, environmental aspect and economic aspect.

The social aspect is focusing on new clients that can be created for sustaining long term growth by expanding markets globally, industry wise and service wise through innovation, research and development, advertising and sales promotion. The sustainability of a company's growth is based on its ability to acquire right talent in correct proportion and retaining them in the organization by upgrading their skill and qualities through training, workshops and learning sessions. Therefore, social aspect deals with talent acquisition that includes recruitment of employees from within the country and from rest of the world and retaining the workforce in the organization by providing them with a healthy environment, flexible working hours, rewards, recognition and other benefits.

The environmental aspect is concentrating on reduction of Carbon and GHG emissions by reducing, reusing and recycling of waste products. TCS has taken a step forward by concentrating on Green Infrastructure and Green IT.

The economic aspect shows that the earnings per share is increasing constantly for the last five years whereas the dividend pay-out percentage for the last five years are not at par with the earnings of the company which shows that the company is not going for a liberal dividend policy. Some earnings are being retained by the organization for the future growth and prosperity.

Therefore, Tata Consultancy Services aims to have a sustainable business by creating long term value for its shareholders, by promoting sustainable finance, by acquiring and retaining right talent in right proportion and by taking initiatives to minimize GHG emissions and corresponding carbon footprint.

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**WEBSITE**

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**IMPACT OF CONSUMER PROTECTION LAWS ON WOMEN CONSUMERS IN MADURAI DISTRICT**

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**ABSTRACT**

*For Millions of our people who live in the urban areas, the man in the ration shop represents their contact with the government. When he promises the citizens are the neighborhood area and later casually tells them day after day that stocks have not arrived, then two things happen. First, the credibility of the government suffers because for our purpose, the shopkeeper is the mouthpiece of the government. Secondly, the consumers get the impression that the government is profoundly unconcerned about the wasted time of its citizens. The Indian consumer is fighting a desperate battle on two fronts such as costs and quality. Barring a few essentials for which there exists a fairly effective system of price control and a public distribution system, prices rise relentlessly and hit may, especially those who belong to the fixed income groups. In the United States of the Federal Government as well as the state and local Governments have worked diligently in promoting the consumer of agencies whose function is to aid the buyer is becoming endless. The typical objectives of such agencies are to educate and inform the public in order to make more sophisticated consumers, to process and resolve complaints and enquiries regarding consumer transactions and to do in –depth analysis of specific industries which may need more regulation. Legislative enactments aimed at protecting the consumer are increasing each year and cover wide and varied areas. In India the position is that neither the manufacturers nor the retailers are under any legal obligation to supply goods which attain defined standards of quality, composition, durability or performance except a few items such as matches, methylated spirit and some drugs.*

**KEYWORDS**

consumer protection, women consumers.

**1.1 INTRODUCTION**

All trading, business and the industrial activities revolve around the consumer, without whom the manufacturer and the seller cannot exist, subsist, develop or flourish. The term “Consumer” implies one who consumes. It may be commodities which he buys or the services for which he pays. Every individual is a consumer in his capacity as a buyer of commodities or services. In the modern economic and social scenario, the consumer is accorded sovereign status and the business activities revolve around him.

Consumerism centers around the problems of buyers in a world of sellers. To say that business is incompatible with ethics is nothing but a travesty of truth. But the socio-economic conditions of the modern society encourages the haves to earn much more than they need for their decent standard of living, forgetting altogether that the surplus income really belongs to the society, where the have-nots outnumber the privileged haves. During the last few years, seeming but perceptible consumer awareness, awareness especially among the exploited class-has been noticed and it ultimately led the Parliament to enact the Consumer Protection Act, 1986, (C.P. Act) to safeguard the interests of the consumers. The object of the Act is to expound the law relating to the protection available to consumers against not only fraud and dishonesty in dealing between buyer and trader but also against oppressive bargains and deficiency in service. The remedies provided under C.P Act, 1986, are of civil nature apart from the considerable number of statutes creating criminal offences.<sup>1</sup>

Consumers are interested in getting either their defective goods replaced or sufficient damages in lieu of the loss or mental agony suffered by them. For the desired remedies one would look forward to the Consumer Redressal Forums which alone can give relief within the reasonable time. The consumers are not required to pay advalorem court fee on the amount claimed.<sup>2</sup> Therefore, the redressal forums are gaining popularity.

The poor are out of the reach of the benefit of the Consumer Protection Act since they are either too ignorant or under too many pressure to resist exploitation. To educate them and to make more conscious of their rights, the Consumer Protection Councils should be more active. The Consumer Associations, though neither social workers nor charity organization, should not also lag behind. Their endeavours should be to supply information to the consumer about the products and services.

The Consumer Protection Act, provides protection of the interests of consumers, it may also be utilized to remove at least to certain extent the proverbial red tapism or inefficiency of the Government or semi Government

**1.2 STATEMENT OF THE PROBLEM**

In a competitive economy like India, it is the consumers who decide the success or failure of business, either by buying or not buying the product. This idea underlines the concept of ‘consumer sovereignty’ which is accepted as modern marketing concept. This is reflected in the well-known pronouncements of modern authors, such as ‘Consumer is the king’, ‘Production of business is to create the customer’, ‘Production is the means and consumption is the end’ and so on. But in practice, it is not so, as the consumers are exploited in every accessible way by the business community.

Indian consumers in their daily life are confronting with many problems like increasing prices, misleading advertisements, adulterations, substandard products, artificial scarcity, hoarding and black-marketing, under-weighments and measurements, poor consumer services etc; Thus Indian consumers are the victims of a number of unfair trade practices, in spite of a wide range of laws, rules and regulations, meant for safeguarding their interests.

Consumers are being exploited due to poverty, illiteracy, lack of consumer education, ignorance of consumer rights and laws. Laziness in exercising, vigilance against exploitation, and difficulty in the implementation of available consumer laws are some of the causes.

To protect themselves from exploitation, an awareness and exercise of their rights and legal remedies are essential on the part of the consumers. Hence, an attempt is made in this study to find out the extent of consumers’ awareness and exercise their rights and legal remedies, on the basis of goods and services.

**1.3 SCOPE OF THE STUDY**

Consumerism emphasizes the direct relationship between the individual consumer and business firm. As consumerism is an evolving concept, there are no accepted lists of various facets of the said relationship.

Protection against clear-cut abuses, provision of adequate information about the products and services and protection of consumers among themselves are the areas providing scope for studying consumer movement. Of late, consumerism is extended even to protection against environmental pollution and against declining quality of physical environment.

Failure to provide adequate information to the consumers about the features of the products is one of the important reasons for the lack of awareness of the consumers about their rights. The focus of the study is on the Impact of consumer protection laws on women consumers in Madurai district. The study has been made from the point of view of all types of consumers. The study is conducted in different areas of Madurai district.

<sup>1</sup> Dilip Ukeyand Adv., S.R. Shosale, “Consumerism Dynamism”, India Bar Review 2000, (3&4), p.133.

<sup>2</sup> Ibid.,

### 1.4 OBJECTIVES OF THE STUDY

The following are the objectives of the study

1. To trace out the consumer protection awareness in Madurai district.
2. To study the origin and growth of consumerism both in India and in abroad.
3. To examine the consumer rights and the extent of awareness of the consumers about them.
4. To analyze how far the rights are being exercised by the consumers.
5. To examine the effectiveness of consumer laws in dealing with consumer complaints and to analyse the effectiveness of remedial mechanism.
6. To offer the findings and suggestions of the study.

### 1.5 HYPOTHESES

To give a specific focus to the objectives, a few hypotheses have been formed to test the above said objectives by using appropriate tools. They are:

1. Socio-Economic factors do not influence the development activity. Each of the independent variables like age, education, marital status, residential status, occupation, monthly income selected for the study is not significantly correlated with the dependent variable – level of attitude.
2. Each of the independent variables like age, education, marital status, residential status, occupation, monthly income selected for the study is not significantly correlated with the dependent variable – opinion about the Consumer Protection Act 1986, Redressal forum, procedure of the consumer redressal forum, attitude towards consumerism, consumer attitude toward market malpractices, consumer attitude towards business philosophy.

### 1.6 METHODOLOGY

This is an empirical study, based on the consumers of Madurai District. There is a strong connection between the literacy level, awareness and exercise of consumer rights. Hence Madurai district is selected for the study. Descriptive and Analytical methodology have been employed in the study. The list of consumers who made complaint against their exploitation with District forum is the respondents for the study. Lists of complainants over a period of 10 years from 1998 to 2010 were obtained from the Madurai district redressal forum. Convenient sampling method is adopted in the selection of respondents.

#### A) FRAMEWORK OF QUESTIONNAIRE

A questionnaire comprising four parts has been framed. In the first part, personal information regarding name, age, marital status, monthly income, educational qualification and occupation of consumers were asked for classification purpose. Multiple choice and dichotomous type of questions were included in the second and third parts for studying the consumers' awareness about their rights and laws and exercise. Part four comprises twenty nine items of critical statements relating to consumer issues.

#### B) SAMPLE SIZE

In total 400 questionnaires were issued to women consumers. The researchers collected back only 342 questionnaires. Out of these 22 defective questionnaire were rejected. The remaining 320 fully filled up questionnaires were taken for analysis and interpretations

#### C) PERIOD OF THE STUDY

Primary data were collected during the financial year 2011-2012 (i.e. from April 1<sup>st</sup> 2011 to 31<sup>st</sup> Dec 2011). Secondary data for 10 years from the District Forum and State Commission and the CP Act were collected and used. (District Forum and State Commission are collectively called Consumer Disputes Redressal Agencies (CDRAs) and the CP Act).

#### D) SOURCE OF INFORMATION

Both primary and secondary data were used for the study. Secondary data were collected from different newspaper, magazines, books, journals, reports, etc., for which the researcher has approached various institutions like Consumer Voluntary Organizations, Tamil Nadu State Consumer Disputes Redressal Commission Chennai, District Consumer Disputes Redressal Forum Madurai, Consumer Education and Research Centre, Ahmadabad, Consumer Guidance Society of India, Mumbai, Indian Council of Social Science Research, New Delhi; Indian Institute of Management, Ahmedabad; and more public and University libraries in India.

Personal interview, Questionnaire and Observation Techniques have been used to collect the primary data relating to the consumers' awareness and exercise of their rights and legal protection available to them. Their attitudes towards important consumer issues have also been assessed. Some of the statistical tools like percentages, Chi-square test, Mean Score, and Ranking have been used to make inference and draw conclusions.

### 1.7 FACTORS INFLUENCING THE ATTITUDE OF RESPONDENTS TOWARDS CONSUMER PROTECTION

In order to study the factors influencing the consumer attitude towards government regulations, the researcher has formulated seven statements and they are evaluated by using Likert's five point scale. The five point scale consists of strongly agree, agree, no opinion, disagree and strongly disagree. The score of each statement in the five point scale is five, four, three, two and one respectively.

In the present study the principal factor analysis method with the Orthonogal Varimax Rotation is used to identify the factors that influence the consumer attitude with the functional coverage of government regulations.

TABLE 1.1: KMO AND BARTLETT'S TEST

Kaiser – Meyer – Olkin Measure of sampling Adequacy		0.491
Bartlett's Test of Sphericity	Approx. Chi-Square	415.911
	DF	91
	Sig	.000

Source: Calculated Data

Table 1.1 shows the KMO and Bartlett's test and the sampling adequacy measure shows a value of 0.491. Since the value is more than 0.5, it is eligible for further process for factor analyzes.

Another test is Kaiser – Meyer – Olkin measures of sampling adequacy. This test is based on the correlations and partial correlations of the variables. If the test value, or KMO measure is closer to 1, then it is good to use factor analysis. If KMO is not closer to 0, then the factor analysis is not a good idea for the variables and data. The value of test statistic given above is 0.491 which means the factor analysis for the selected variables is found to be appropriate to the data.

Factor analysis was done with seven variables (item) by orthogonal varimax Rotation for the opinion of the respondents regarding the consumer attitudes towards government regulations in the study area.

The rotated factor matrix for the variables relating to the consumer attitudes towards government regulations in the study is given in Table 1.2

TABLE 1.2: ROTATED FACTOR MATRIX

Sl. No.	Variables	F1	F2
1.	The creation of consumer protection council constituted of government officials would be more the protection of government than of the consumers	0.766	0.406
2.	The government should test competing brands of products and make results of these tests available to consumers	0.709	-0.112
3.	The government administrative machinery is very much cooperative in restoring justice to consumers	0.702	0.127
4.	In general, self regulation by business itself is preferable to stricter control of business by the government	0.654	-0.107
5.	The government should set minimum standards of quality for all products sold consumers.	0.091	0.782
6.	Government is the ultimate guarantor of consumer rights.	0.180	0.744
7.	The government should exercise more responsibility for regulating the advertising sales and marketing activities of manufacturers.	0.132	0.498
	Eigen value	2.278	1.369
	Percentage of variance explained	32.50	19.60
	Cumulative per cent	32.50	52.10

Source: Calculated Data

Note: The Principal factors method with orthogonal variance rotation is used to extract factors.

From the Table 1.2 the rotated factor loadings for the seven statements (variables) of consumer attitude towards government regulations are observed. It is clear from Table 5.31 that all the seven statements have been extracted into two factors namely F1 and F2. The factors with identified new names which influence consumer attitude towards government regulations are discussed below.

**Factor I (F<sub>1</sub>)**

The creation of consumer protection council constituted of government officials would be more the protection of government than of the consumers (0.766), The government should test competing brands of products and make results of these tests available to consumers (0.709), The government administrative machinery is very much cooperative in restoring justice to consumers (0.702), In general, self regulation by business itself is preferable to stricter control of business by the government (0.654), are the items with high loadings on factor I. The above items refer to criteria in which the respondents select the consumer attitudes towards government regulations and hence the factor I is characterized as "Protection of consumers by the government officials".

**Factor II (F<sub>2</sub>)**

The government should set minimum standards of quality for all products sold consumers (0.782), Government is the ultimate guarantor of consumer rights. (0.744), The government should exercise more responsibility for regulating the advertising sales and marketing activities of manufacturers (0.498). Have the highest significant positive loadings. As the above items are related to training to the members in various activities, hence, factor-II is characterized as, "Consumers receiving guaranteed products".

TABLE 1.3: VARIABLES WITH THE HIGHEST FACTOR LOADINGS FOR THE RESPONDENTS TOWARDS CONSUMER PROTECTION

Factor	Name of Newly Extracted Dimension (factor)	Selected statement (Variable)	Factor Loadings
F <sub>1</sub>	Protection of consumers by the government officials	The creation of consumer protection council constituted of government officials would be more the protection of government than of the consumers .	0.766
F <sub>2</sub>	Consumers receiving guaranteed products	The government should set minimum standards of quality for all products sold consumers.	0.782

Source: Calculated Data

It is clearly evident from Table 1.3 that, the creation of consumer protection council constituted of government officials would be more the protection of government than of the consumers 0.766. The government should set minimum standards of quality for all products sold consumers 0.782.

Statements with the highest factor loading under the dimensions namely, Protection of consumers by the government officials (F<sub>1</sub>), Consumers receiving guaranteed products (F<sub>2</sub>), are the identified dimensions (Factor) which influence the level of attitudes of the consumers towards government regulations in Madurai district.

**LIMITATIONS OF THE STUDY**

1. Though there is much legislation to protect the interest of the consumers, the study is confined only with Consumer Protection Act. Most of the consumers get remedies only based on the provisions of the consumer protection Act. The conclusions drawn from the study cannot be generalized.
2. The effectiveness of the study will depend upon the availability and reliability of the data provided by the respondent consumers.
3. The accuracy of the study is entirely dependent on the response provided by the respondents.
4. Different official capacities have presided this forum, it may affect the attitude of the complainants.
5. The secondary data are having their own inherent defects.

**CONCLUSION**

From the perception of difference parties dealing with the Consumer redressal mechanism, it is inferred that the Consumer Redressal Mechanism is functioning effectively and efficiently in spite of some short comings. The short comings may be attributed to the innate nature of the legal system and it could be tide over by taking the corrective steps by the monitoring authority.

The awareness of the consumers about their rights and legal protection is not quite encouraging. If proper steps are taken by both the Consumer Organisations and Government in educating consumers to make them realize their rights and encourage them exercise these rights, definitely the consumers' interests will be protected and at the same time unethical and unfair trade practices adopted by the unscrupulous business will definitely be checked and curbed. This is what is expected at present in India.

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**ABSTRACT**

Role stress is the stress experienced by the persons because of their role (job) in the organization. They assume a role based on the expectation of the self and others at work place. Organizations are an important source of stress, and employees' workloads and professional deadlines have increased manifold. The employees in public sector and private sector banks are experiencing role stress at the work place. Main objective of the study is to compare the factors causing stress among employees in public and private sector banks.

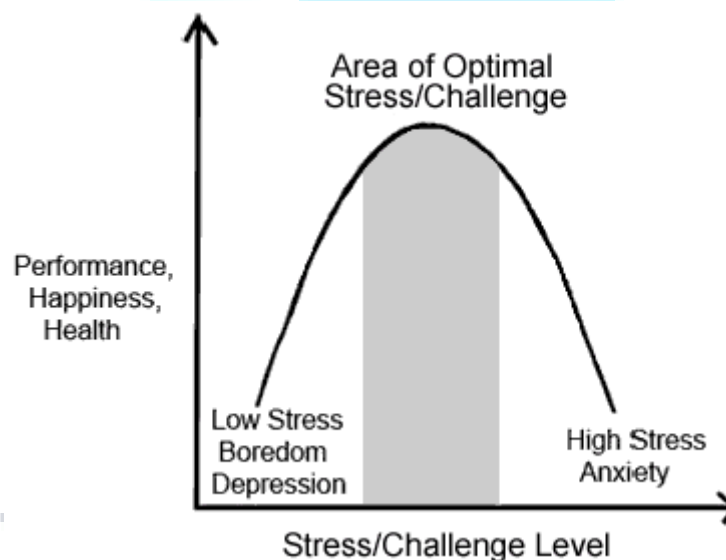
**KEYWORDS**

Role stress, Job rigidity, Job ambiguity.

**INTRODUCTION**

The term "stress" was first used by Selye (1936) in the literature on life sciences, describing stress as "the force, pressure, or strain exerted upon a material object or person which resist these forces and attempt to maintain its original state." Stress can also be defined as an adverse reaction that people experience when external demands exceed their internal capabilities. Stress has become a very common phenomenon of routine life, and an unavoidable consequence of the ways in which society has changed. After computerization bank employees both in public and private sector have faced heavy stress.

FIGURE 1



(Source : Business Today , April, 2013 issue)

Stress in addition to being itself, was also the cause of itself, and the result of itself. Stress is caused by a poor match between the individual and work, conflicts between the roles at work and outside of it by not having a reasonable degree of control over work.

**REVIEW OF LITERATURE**

**Richard S Lazarus**, "Stress is a condition or feeling experienced when a person perceives that demands exceed the personal and social resources the individual is able to mobilize."

**Bernik, Brazilian psychiatrist, 1997**, "Stress designates the aggression itself, leading to discomfort, or the consequences of it. It is our organism's response to a challenge, be it right or wrong."

**Sauter and Murphy, 1999**, Occupational stress can be defined as the "harmful physical and emotional responses that occur when the requirements of the job do not match the capabilities, resources or need of the worker".

**T. Cox (1998) and Basingstoke Macmillan**, Stress, it is argued, can only be sensibly defined as a perceptual phenomenon arising from a comparison between the demand on the person and his or her ability to cope. An imbalance in this mechanism, when coping is important, gives rise to the experience of stress, and to the stress response.

**S. Palmer (1989)**, Stress is the psychological, physiological and behavioral response by an individual when they perceive a lack of equilibrium between the demands placed upon them and their ability to meet those demands, which, over a period of time, leads to ill-health

**Macmillan Education**, Stress is defined as an organism's total response to environmental demands or pressures. When stress was first studied in the 1950s, the term was used to denote both the causes and the experienced effects of these pressures. One recurrent disagreement among researchers concerns the definition of stress in humans.



**Psychology**, Stress can be defined as a cause: mental, physical, or social, force or pressure that puts real or perceived demands on the body, emotions, mind, or spirit, and which, when it exceeds the stress-handling capacity of the individual lead to a breakdown. As an effect: physiological effect produced in an organism in its attempts to cope called adaptive response with the demands created by a stressor.

**Butler & Constantine, (2005)** Role conflict is important job stressor that is faced due to the multiple roles (Butler & Constantine, 2005). Role conflict may start when two or more concurrent and unsuited expectations exist in such a way that in agreement with a given role compromises fulfilling other roles (Drury, 1984; Thompson & Powers, 1983). Role conflict decreases job satisfaction among both men and women (Coverman 1989). Work role conflict has a greater impact on job satisfaction in those workers who have a high centrality of the family role (Carlson and Kacmar, 2000). Role conflict involves contradiction in expectations of an employee sales position. This may occur when a sales person is given a variety of contrary orders or is given a range of responsibilities that cannot be completed all together (Brashear et al., 2003, p. 973).

**Caplan & Jones 1975 and Hall & Gordon (1973)**. Role conflict is a stressor that affects job satisfaction (Caplan & Jones 1975 and Hall & Gordon 1973). Role conflict is generally defined as the simultaneous occurrence of two or more sets of pressures, such that compliance with one would make compliance with the other more difficult (House and Rizzo, 1972; Kahn et al., 1964; Pandey and Kumar, 1997). Moreover a study on physical education teachers in Greece explored inverse relationship between role conflicts on the one hand, and job satisfaction on the other (Athanasios Koustelios, Nicholas Theodorakis and Dimitris Goulimaris, 2004). A study of professional accountants revealed that role conflict was associated with low job satisfaction and high propensity to leave. (Steven S. Lui, Hang-Yue Ngo, Anita Wing-Ngar Tsang, 2010).

## RESEARCH METHODOLOGY

Research methodology shows various steps that are generally adopted by a researcher in studying his research problem along with the logic behind them. It is a science of studying how research is done scientifically. Research methodology helps to understand not only the products of scientific inquiry but the process itself. It is necessary for the researcher to design research methodology for his problem as the same may differ from problem to problem. The section would contain five distinct phases including population & sampling, description of the sample, instrumentation, data collection and data analysis.

## OBJECTIVES OF THE STUDY

1. To identify the cause of role stress among public sector and private sector bank employees
2. To compare the various determinants of stress among public and private sectors bank employees.
3. To suggest techniques for overcoming role stress.

## RESEARCH DESIGN

Research design is a catalogue of the various phases and facts relating to the formulation of a research effort. It is an arrangement of the essential conditions for collection and analysis of data in a form that aims to combine relevance to research purpose with economy in the procedure. Research design aids the researcher in the allocation of limited resources by posing crucial choices in methodology. In other words it is the plan, structure and strategy of investigation conceived so as to obtain answers to research questions and control variance. The descriptive research design is being used to study the formulated problem. Descriptive research is designed to describe the characteristics of a population.

### SAMPLING METHOD

The sampling design provides detailed explanation of the target population and the sampling method used for this research. The sampling procedure followed for the selection of the sample is convenience. Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

### SAMPLE SIZE

Size of sample means the number of sampling units selected from the population for investigation. The sample size is typically denoted by n and it is always a positive integer. Large sized sample leads to increased precision in estimates of various properties of the population. Sample size should neither be too small nor too large. It should be optimum size. It should fulfil the requirement of efficiency, representativeness, reliability and flexibility. The final sample consist of 600 respondents comprising employees of Public sector bank and private sector bank employees.

### METHOD OF DATA COLLECTION

Data are distinct pieces of information, usually formatted in a special way. Data may be obtained either from the primary source or the secondary source. Primary data is a type of information that is obtained directly from first-hand sources by means of surveys, observation or experimentation. Secondary data is the data that have been already collected by and readily available from other sources. Both the primary and secondary sources of data were used in this study. Primary data was collected through a structured questionnaire. Five-point Likert scale was used in designing the questionnaire. Questionnaire consists of both open and close ended questions. Secondary data was collected from the internet, published reports and books, magazines, and websites etc.

### DATA ANALYSIS

The data, after collection, has to be processed and analyzed in accordance with the outline laid down for the purpose at the time of developing the research plan. It consist of two parts first is processing of data and second is analysis of data. Processing implies editing, coding, classification and tabulation of collected data so that they are amenable to analysis. The term analysis refers to seeing the data in the light of hypothesis of research questions and drawing conclusion. Qualitative data was descriptively analyzed while quantitative data was analyzed using a statistical package (SPSS) and Microsoft office Excel. ANOVA, Chi square test was used to test the hypothesis. Analytical tools such as pie chart, bar diagram, line chart, cumulative percentage etc were used to analyze the data.

## ANALYSIS & INTERPRETATION

### RESULT OF ANOVA

Type of Bank	R Square	ANOVA	P - value
Private	.879	62.8	.000
Public	.829	147.7	.000

Here the stress level is taken as the dependent variable and all other factors causing stress taken as independent variables.

### RESULT OF CHI SQUARE TEST

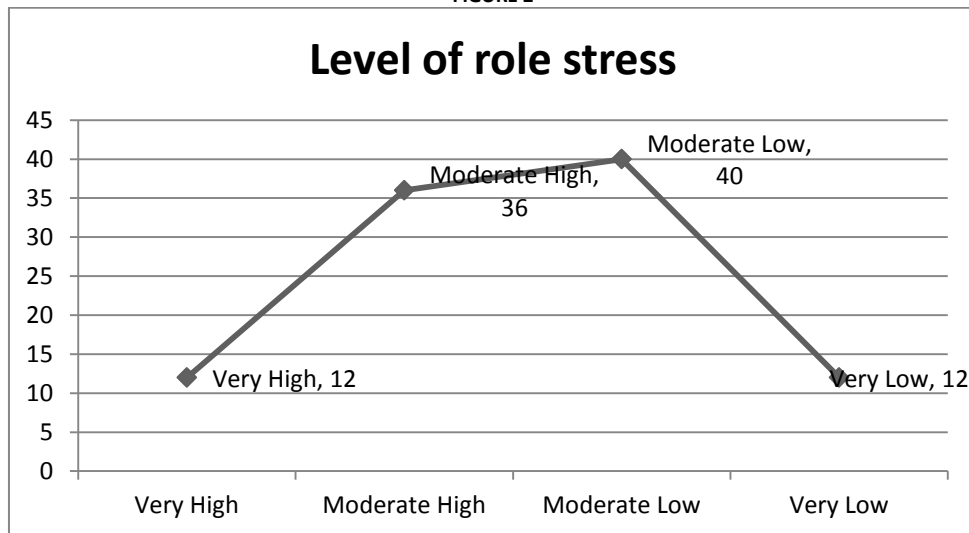
A chi square ( $\chi^2$ ) statistic is used to investigate whether distributions of categorical variables differ from one another. Basically categorical variable yield data in the categories and numerical variables yield data in numerical form. The Chi Square ( $\chi^2$ ) test is undoubtedly the most important and most used member of the nonparametric family of statistical tests. Chi Square is employed to test the difference between an actual sample and another hypothetical or previously established distribution such as that which may be expected due to chance or probability. Chi Square can also be used to test differences between two or more actual samples.

$$\chi^2 = \sum \frac{(\text{Observed frequency} - \text{Expected frequency})^2}{\text{Expected frequency}}$$

Chi square test was used to test the hypothesis that 'employees of private banks experience more stress than public sector bank employees'. The test stated that there is no significant difference between public and private sector banks with respect to the level of stress experienced with the demands of the work as  $\chi^2=3.342$ ,  $p=0.188$ .



FIGURE 2



(Source: Primary data)

**CONCLUSION**

Stress is further defined as a condition arising from the interaction of people and their jobs, and characterized by changes within people that force them to deviate from their normal functioning. It can be concluded that employees in both the public and private sectors face moderate levels of stress, of which they are subject to role erosion the most and resource inadequacy the least.

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**A STUDY ON WOMEN EMPOWERMENT THROUGH SELF-HELP GROUPS (SHGs)****PARIVINA A. TORAGALL****STUDENT****DEPARTMENT OF MANAGEMENT STUDIES****BASAVESHWAR ENGINEERING COLLEGE (AUTONOMOUS)****BAGALKOT****BRIJMOHAN VYAS.****ASST. PROFESSOR****DEPARTMENT OF MANAGEMENT STUDIES****BASAVESHWAR ENGINEERING COLLEGE (AUTONOMOUS)****BAGALKOT****ABSTRACT**

Women empowerment is a process in which women challenge the existing norms and culture, to effectively promote their well being. The participation of women in Self Help Groups (SHGs) made a significant impact on their empowerment both in social and economical aspects. This study addresses women empowerment through self help groups in Bagalkot Area. The information required for the study has been collected from both the primary and secondary sources. Women participation in Self Help Groups have obviously created wonderful impact upon the life pattern and style of poor women and have empowered them at various levels not only as individuals but also as members of the family members of the community and the society as whole. They come together for the purpose of solving their common problems through self-help and mutual help. The more attractive scheme with less effort is "Self Help Group" (SHGs). It is a tool to remove poverty and improve the women entrepreneurship and financial support in India.

**KEYWORDS**

Women, empowerment, self help Groups SHG.

**INTRODUCTION**

Women empowerment became a developing concept, which leads to bring a better society in the world. It providing powers and act them to become independent society builders with potential challenges to the future generation. We cannot omit the women contribution to the socio-economic development of the nation. Empower the women in social, political, economical and legal aspects became necessary to convert the idle society into self-sustainable society. Women empowerment can be achieved through political power, education, employment and SHG. Among these, SHG dominate and fruitful success of the women empowerment. Women's empowerment needs to occur along multiple dimensions including: economic, socio-cultural, familial/interpersonal, legal, political, and psychological. Since these dimensions cover a broad range of factors, women may be empowered within one of these sub-domains. They give the example of "socio-cultural" dimension which covers a range of empowerment sub-domains, from marriage systems to norms regarding women's physical mobility, to no familial social support systems and networks available to women. The World Bank defines empowerment as "the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. The quality of life of the citizens of a nation can be effectively improved only by raising the standards of living of the people on the street and in backward areas. Social empowerment in general and women empowerment in particular is very fundamental in achieving this goal.

**LITERATURE REVIEW**

**Vasudeva Rao (2002)** conducted a study on "Self Help Groups and Social change" with the objective to study the improved status and quality of life of poor women and children in the rural areas and the involvement of community in planning. To achieve the objectives of the study a sample of 1.5 percent, out of 2.19 lakh self help group in Andhra Pradesh, was taken. It is observed that the self interest and self motivation would go a long way for the sustenance of the group. The share of women in decision making regarding important domestic matter is varying between districts and caste groups. The rate of illiteracy can be further reduced through the existing programmes.

**Jaya S.Anand (2003)** "Self Help Groups in empowering women; case study of selected Self Help Groups and Neighbor Hood Groups(NHGs)", gives a review of progress of Self Help Groups. She has attempted to examine the performance of selected Self Help Groups and NHGs and to assess its impact, especially the impact of micro credit programme on empowering women. It has been clearly established that delivering credit alone may not produce the desired impact. The supporting services and structures through which credit is delivered remaining from group formation and training to awareness raising and a wide range of other supporting measures are critical to make the impact of group activity strong and sustainable.

**Dr.S.Rajamohan** "opinion of the members of self help groups(2005) to increase their status and aids to raise the standard of living of them. Women are becoming entrepreneurs with the help of Self Help Groups which avoids the exploitation of women and helps empowering them.

**Mr.B.vijayachandra pillai, V.Harikumar (2006)** "SHGs is highly relevant to make the people of below poverty line "says the very existence of SHGs is highly relevant to make the people of below poverty line hopeful and self reliant. SHGs enable to increase their income improve their standard of living and status in society to the main stream ultimately, the nation reaps the advantages of socialism.

**RESEARCH PROBLEM**

The core of the problem is that women shoulder a number of responsibilities, but they are not given adequate participatory or decision making power in the family and society and they are unaware of their economic status, cultural and social status and which impact on the development of country.

**OBJECTIVES OF THE STUDY**

1. To find out the benefits of SHG member.
2. To find out the improvement in economic condition of SHG members.
3. To find out change in life style of SHG member.

**HYPOTHESIS**

- 1) H0: The present economic status remains same after joining SHG.
- H1: The present economic status is not same after joining SHG.

**PAIRED SAMPLE TEST**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 After joining SHG are you satisfied with your economic status Before joining SHG are you satisfied with your economic status	1.920	1.243	.176	1.567	2.273	10.924	49	.000

**PAIRED SAMPLES STATISTICS**

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	After joining SHG are you satisfied with your economic status	3.36	50	.722	.102
	Before joining SHG are you satisfied with your economic status	1.44	50	.577	.082

The sig value is 0.000<0.05 reject the Ho.

Conclusion: The present economic status satisfied after joining SHG.

**RESULT**

- Before joining SHG they were satisfied with their economic status mean value is 1.44 and after joining SHG they were satisfied with their economic status mean value is 3.36. Since the significant value for between group is 0.000 which is smaller than the level of significant i.e.( 0.000<0.05) therefore, reject Ho.
- The difference in mean value of Before joining SHG and after joining SHG they were satisfied with their economic Status or not. before joining SHG they were dissatisfied with their economic status, because due to the insufficient finance they faced problem to fulfill even their basic needs and also they were leading low level of standard of living as some people faced to fulfill their children needs and wants as they have to depend on only one way of income from the main head of the family this lead to the problems of insufficient of money supply before joining the SHGs. that they were satisfied after joining SHG and are many women are happy with their economic status, because now they need not to be depend on one source of income to lead their life and to fulfill the requirements. But now a women can also earn money with the help of small scale industry which she have started with the help of SHG group and being independent she can fulfill her own needs as well as her family needs.

2) Ho: The decision making power remains same after joining SHG.

H1: The decision making power is not same after joining SHG.

**PAIRED SAMPLES STATISTICS**

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Are you able to take decision making power in your family before joining SHG	1.16	50	.468	.066
	Are you able to take decision making power in your family after joining SHG	3.76	50	.517	.073

**PAIRED SAMPLES TEST**

		Paired Differences				T	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	Are you able to take decision making power in your family before joining SHG Are you able to take decision making power in your family after joining SHG	-2.600	.857	.121	-2.844	-2.356	-21.449	49.000	

The sig is 0.000<0.05 reject Ho

Conclusion: The decision making power improved after joining SHG.

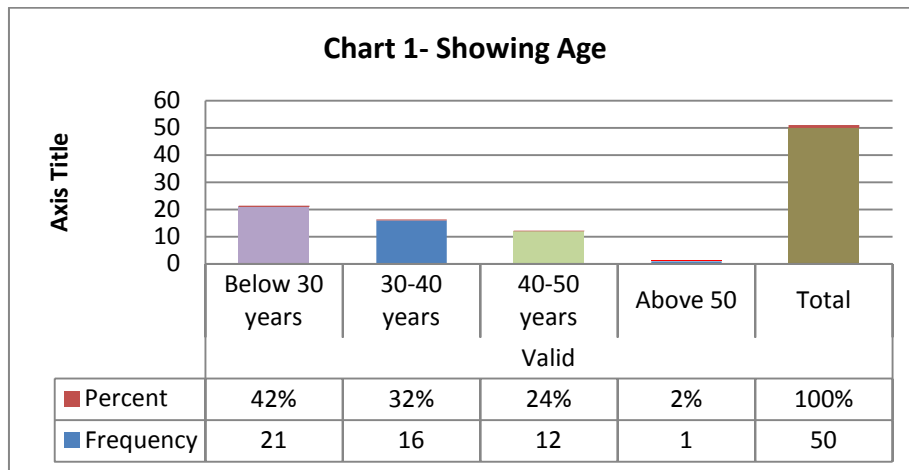
**RESULT**

- Before joining SHG they are able to take decision making power in their family mean value is 1.16 and after joining SHG they are able to take decision making power in their family mean value is 3.76. Since the significant value for between group is 0.000 which is smaller than the level of significant i.e.( 0.000<0.05) therefore, reject Ho.
- The difference in mean value of before joining SHG and after joining SHG they are able to take decision making power in their family remains same or weather it has increased. Before joining SHG some of the women were not having rights to take decisions regarding their family as they were only meant to look after their house and to work for their family. A woman was given least importance to participate in decision making of their family. after joining SHG they also got an opportunity to participate in the decision making of their family. As women also runs own firm and earn money. Being an independent she will be having an ability to take appropriate decision regarding her business filed as well as regarding her family. This was possible only after joining the SHGs.

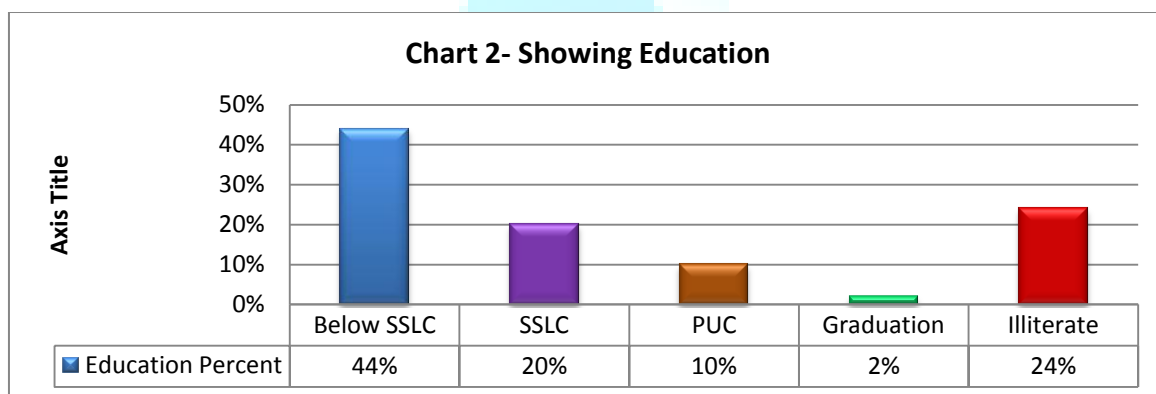
**RESEARCH METHODOLOGY**

This research has adopted both exploratory and descriptive research designs. In exploratory research many focus groups and depth interviews were conducted among various demographics to understand the insights of brand preference and their tastes. Based on the ideas generated during exploratory research the descriptive research design was finalised. A well structured questionnaire was developed for the same and data was collected. The research has been conducted in Bagalkot city, Karnataka, India. The sample units chosen were SHG members. Study was restricted In member of Self help groups. The sample size to which questionnaires were administered was 50. and 50 respondents responded. Hence the response rate is 100%.

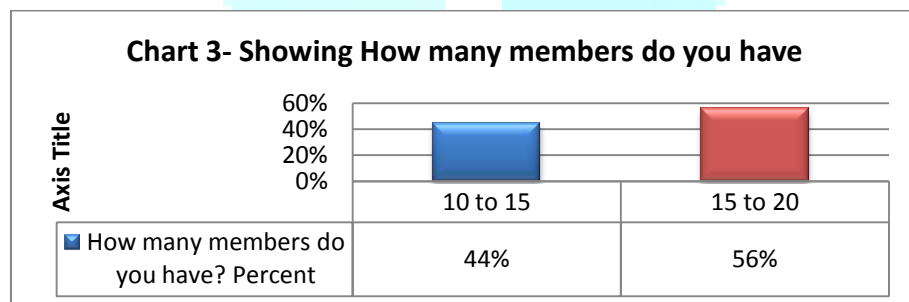
DATA ANALYSIS AND INTERPRETATION



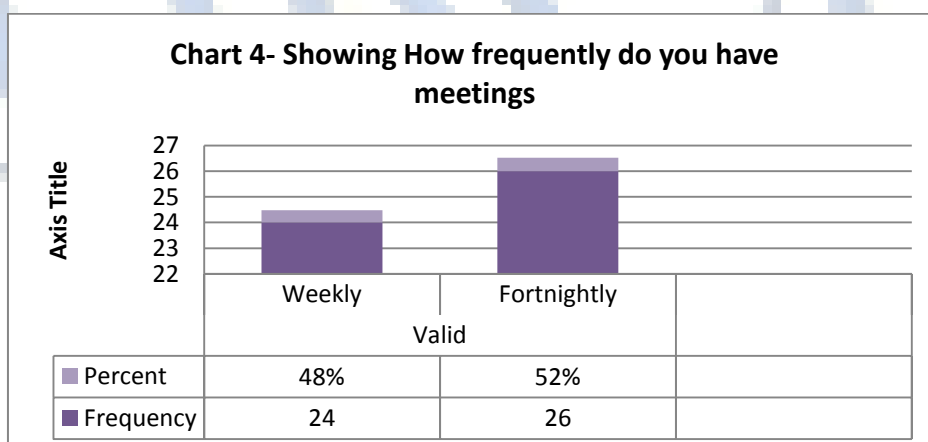
From chart 1 it is seen that it is found that the 42% of them belong to the age of below 30 years, where as 32% of the respondents are between 30-40 years, and 24% of the respondents are in between 40-50, and remaining 2% of them belong to age group of above 50 years. Most of the SHG members are middle age people .and they are actively participating in SHG activities. This reveals their interest in SHG and their motive behind the SHG.



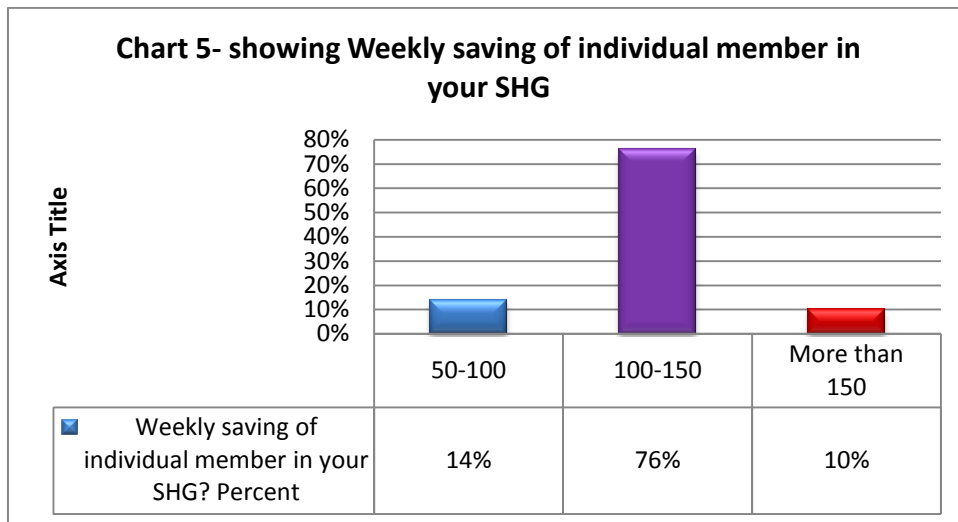
From chart 2 it is found that the education level of SHG member is 44% of respondents are below SSLC, where as 24% respondents are illiterate, 20% respondents are SSLC, 10% respondents are PUC, and only 2% respondents are graduation. Most of the respondents are below SSLC level and illiterate. So they are unaware of their rights in society and family. It is main drawback of women empowerment in society.



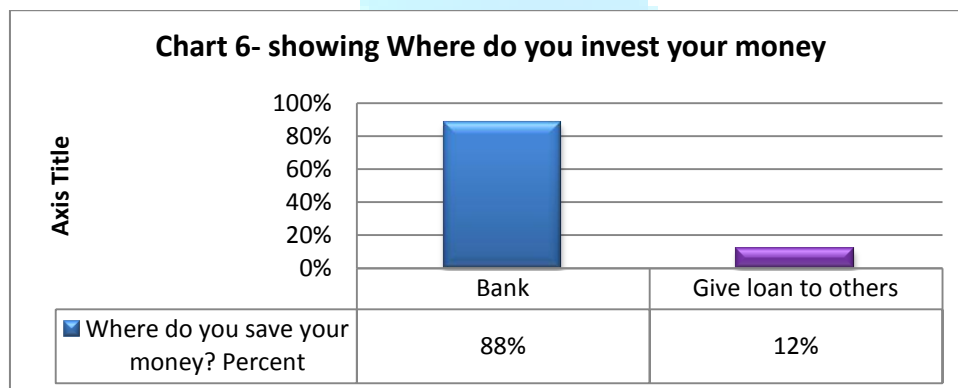
From chart 3 it is found that 56% of respondents said that 15-20 members in their SHGs. whereas 44% of respondents said that 10-15 members in their group. Most of the respondents say the SHGs consist of 15-20 members. It shows that there is an increase in the members joining the SHG. More people are getting awareness about SHGs. Hence this helps in development of entrepreneur.



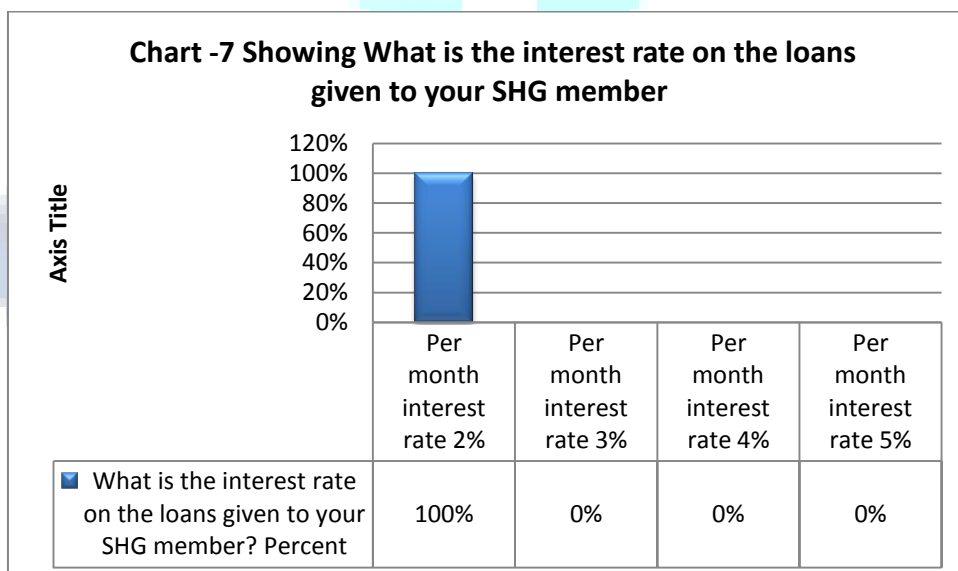
From chart 4 it is found that 52% of respondents said that their SHG meetings are conducted fortnightly, where as 48% respondents said that their SHG meetings are conducted weekly, most of the respondents feel that SHG conducting meeting is very helpful to the members. SHG motivators meet their members frequently to motivate and encourage them to take active part in the SHG movement and to share the developments of the activities of their members. And what problems the SHG members are facing; these things are discussed in the meeting.



From chart 5 it is found that 76% of respondents said that weekly saving of individual member in SHG is Rs.100-150, whereas 14% of respondents said that their weekly saving of individual member in SHG is Rs.50-100, remaining 10% of respondents said that more than Rs. 150 they save in a week. most of the respondents save up to Rs.100-150 per week, it is very helpful to start new business and for the business development and to provide loan for their group members and for the people other than the group members.

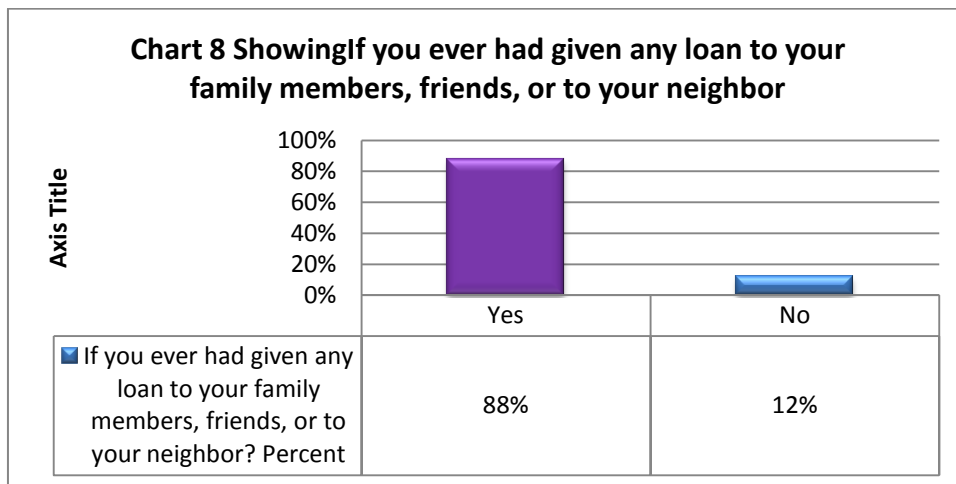


From chart 6 it is found that 88% of respondents said that they have to save their money in bank, whereas 12% of respondents said that they give loan to others. most of the respondents save their money in Bank, it shows that they are aware of bank and the benefits they get from the bank. The interest generated from the savings can utilized to start new small scale industry, to shoulder the Family Responsibilities.



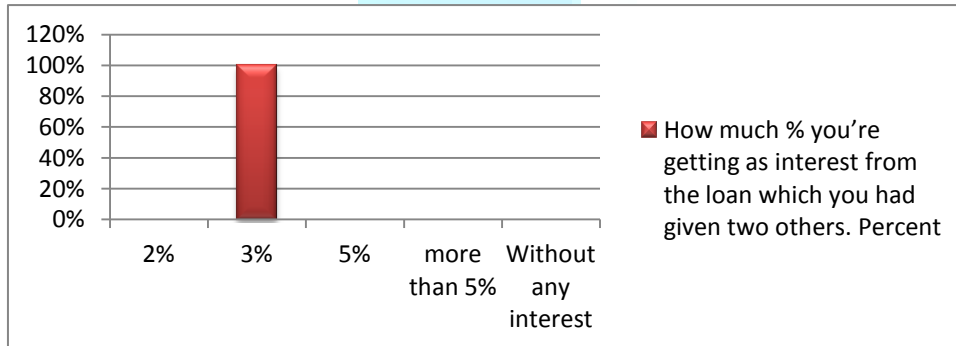
From chart 7 the above table it is found that All 100% of respondents said that per month interest rate given to their SHG member is 2%.that most of the respondents feel that compared to other NGO's and other Government officials. SHG interest rate is very low so they can borrow it from the group members and they are able to repay the loans.



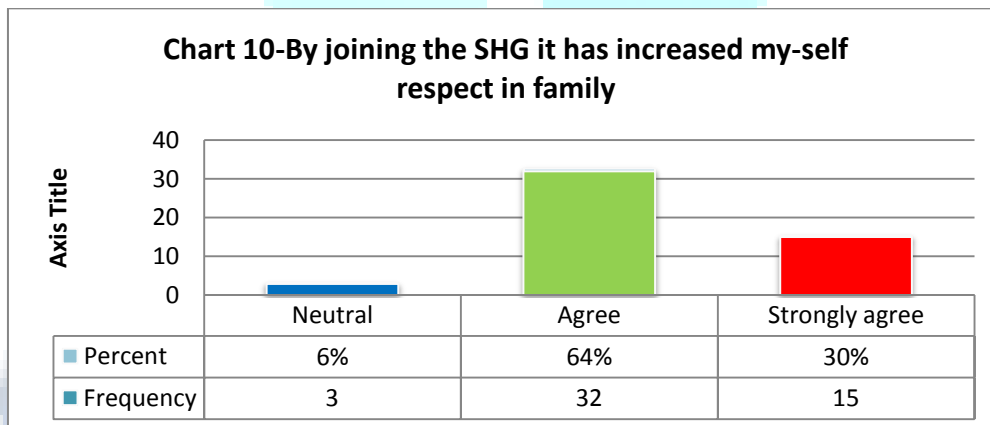


From chart 8 it is found that 88% of respondents said that that yes they have to give loan to their family members, friends, and their neighbours, whereas 12% of respondents said that no. most of the respondent's have given loan to their family members, friends and neighbour. It means that the SHG member can earn good amount of return on their principal amount with good rate of interest. Hence this leads to the improvisation of the women empowerment as they can invest this amount to expand their enterprise so as to develop their small scale industries.

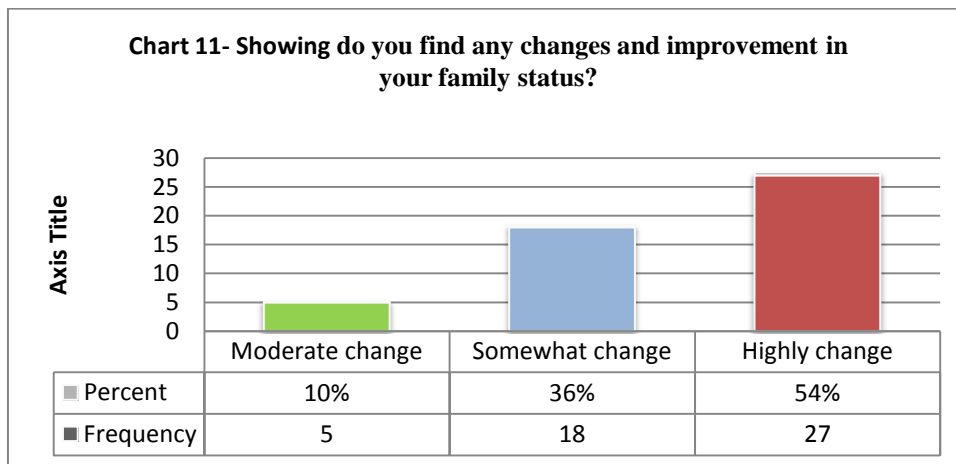
**CHART- 9 SHOWING HOW MUCH % YOU'RE GETTING AS INTEREST FROM THE LOAN WHICH YOU HAD GIVEN TWO OTHERS**



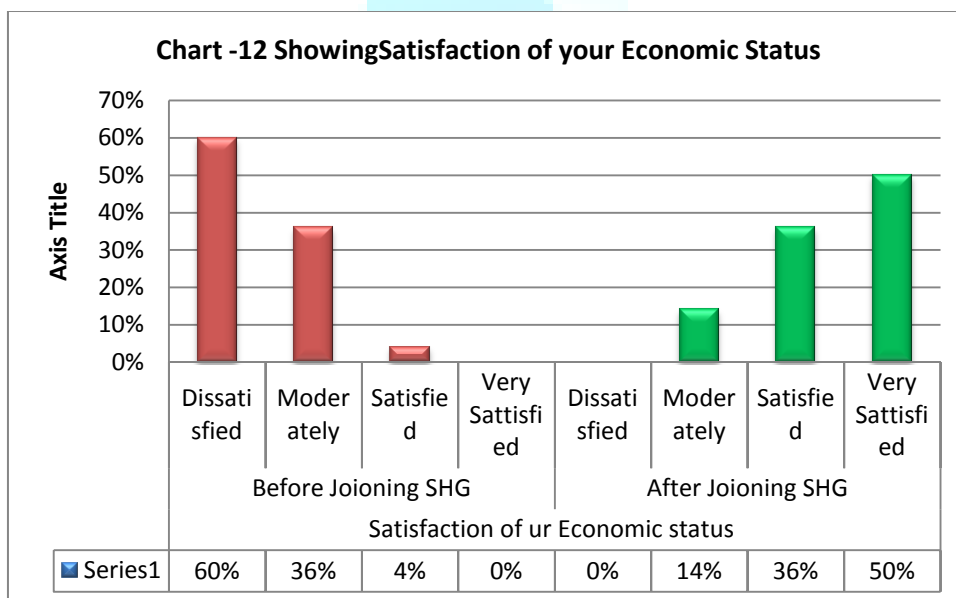
From chart 9 it is found that all 100% respondents getting as interest from the loan given to others on 3% rate of interest. All respondent's get 3% interest on the principal amount. This helps to increase the liquidity among the SHG member group which in turn helps to finance new SHG member to start up new small scale enterprise and also for the efficient functioning of existing enterprise which again leads the way towards the development of women empowerment.



From the chart 10 it is found that 64% of respondents agree to join the SHG it has increased their self respect in family, where as 30% of respondent Strongly Agree to join the SHG it has increased their self respect in family. And only 6% of respondent's neutral to joining the SHG it has increased their self respect in family. most of the respondents agree that by joining SHG it has been increased their self respect in their family, because a women has to take the responsibility equally to the men by accomplishing all the tasks which are most needed to survive, because women will be having many responsibilities on her shoulder as a housewife, mother and as a women entrepreneur. So by joining she can fulfill all her needs and also can develop her enterprise, this helps women to increase their self respect.

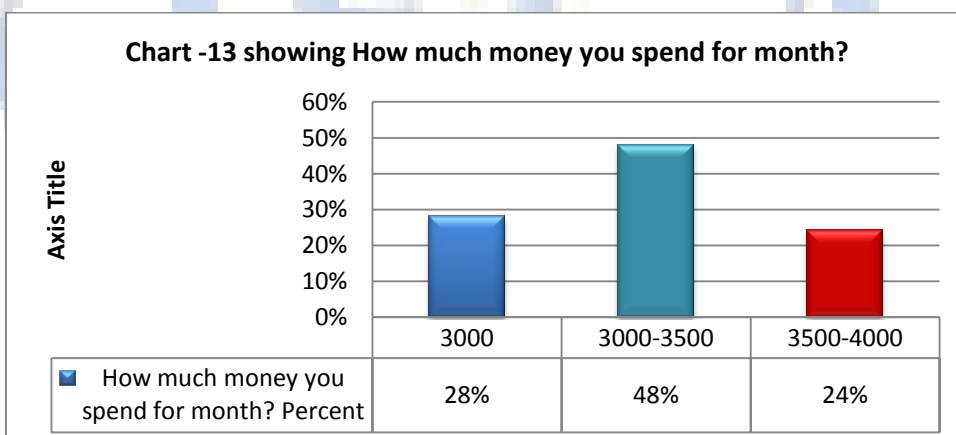


From chart 11- it is found that 54% of respondents said that after joining SHG it has change and improvement in their family status. Whereas 36% of respondents said that somewhat change in their family status, remaining 10% of respondents said that moderate change in their family status. After joining SHGs many women started their own small scale industries which helped to generate profit as well as it helped to increase their standard of living by creating their own recognition in the society.

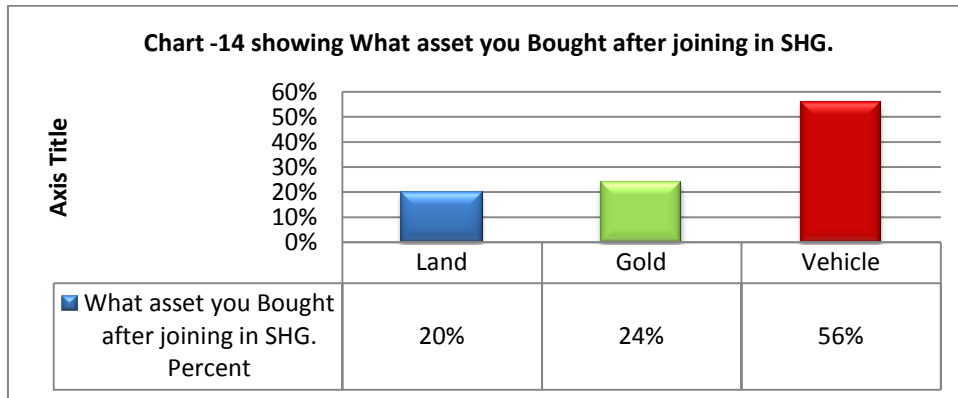


From chart 12 it is found that 60% of respondents said that before joining SHG they are dissatisfied with their economic condition, 36% of respondents said that they moderately satisfied with their economic status and only 4% of respondents said that they are satisfied with their economic status. After joining SHG it is found that 50% of respondents said that after joining SHG they are very satisfied with their economic condition, where as 36% of respondents said that they satisfied with their economic status, and 14% of respondents say that they are moderately satisfied with their economic status

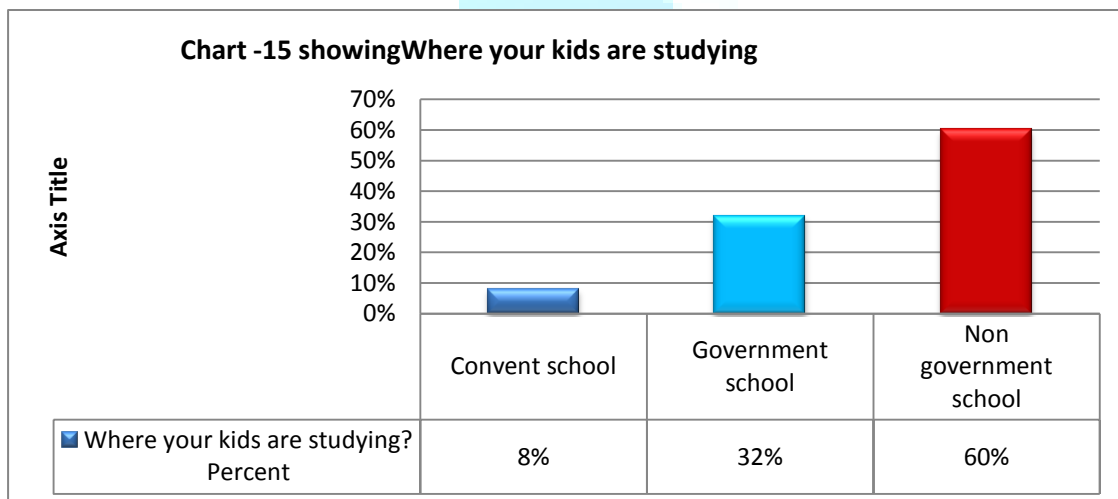
Most of the respondents feel before joining SHG they were dissatisfied with their economic status, because due to the insufficient finance they faced problem to fulfil even their basic needs. On the other hand it is understood that most of the respondents said that they were satisfied after joining SHG and are many women are happy with their economic status, because now they need not to be depend on one source of income to lead their life and to fulfil the requirements. But now a women can also earn money with the help of small scale industry which she have started with the help of SHG group and being independent she can fulfil her own needs as well as her family needs.



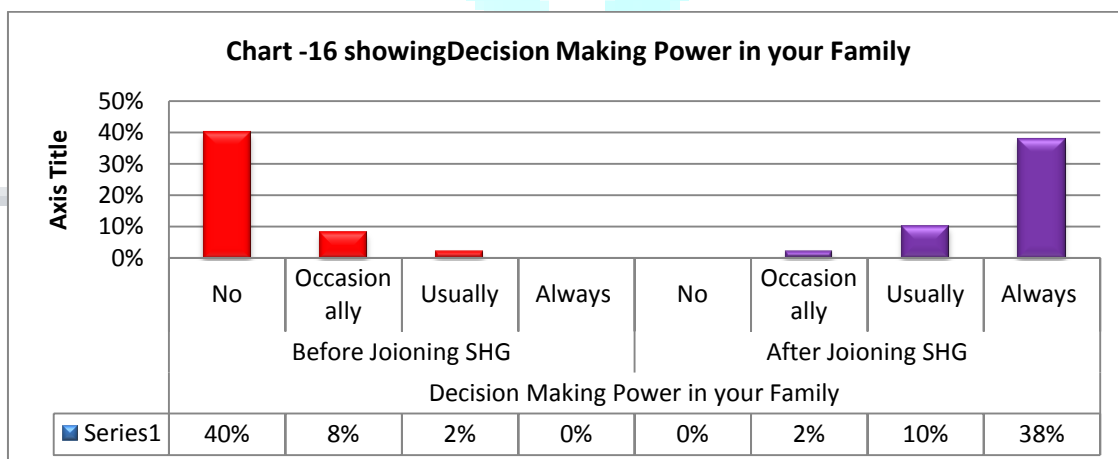
From Chart 13- it is found that 48% of respondents said that for month they spend 3000-3500, whereas 28% of respondents said that 3000, remaining 24% of respondents said that 3500-4000. Most of the respondents believe that after joining SHG they spend more money. As after joining the SHG group they have improved their standard of living.



From chart 14- it is found that 56% of respondents said that after joining SHG they purchase vehicle, where as 24% of respondent said that they purchase Gold, and 20% of respondents said that they purchase Land. most of the respondents feel that after joining SHG their life style will be changed in society. As women also started earning the family has got good recognition in the society and many women purchased new vehicles, and other home appliances. But some of the women purchased new vehicles and using that vehicle in their business activity as one of the asset



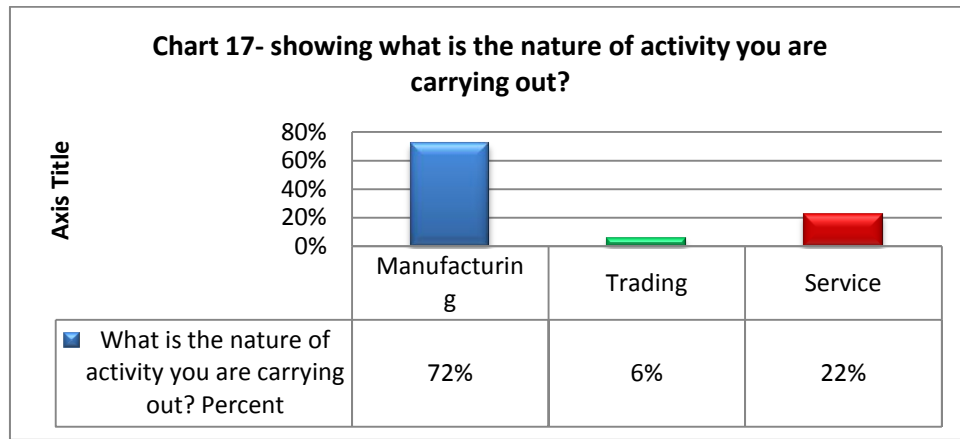
From chart 15 it is found that 60% of respondents said that their kids are studying in non government school, whereas 32% of respondents said that Government school, remaining 8% of respondents said that convent school. All respondents kids are learning in non-government schools as well as government schools after joining the SHG group but before joining the group many kids were not going to school as their parents were insufficient to pay the school fesses but now not only their kids go to school but also their standard of living has been increased within the society.



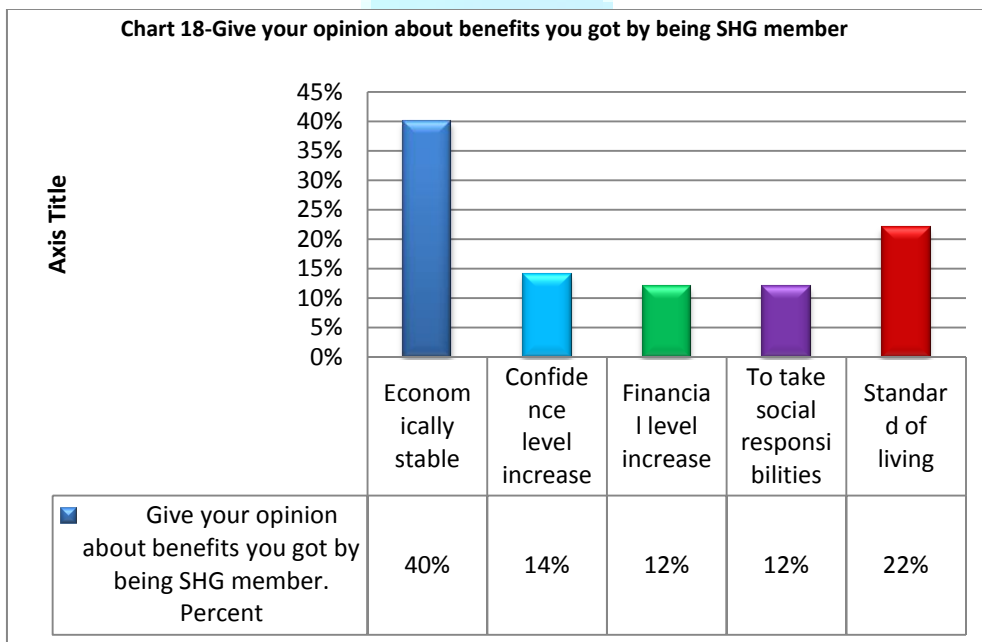
From chart 16 it is found that 70% of respondents said that before joining SHG in their family they take decision making power is occasionally, where as 20% of respondents said that they not take decision making power in family and 10% of respondents said that usually they take decision making power in family. After joining SHG in their family they take decision making power is always, where as 20% of respondents said that they usually take decision making power, and remaining 16% of respondents said that occasionally they take decision in her family

Most of the respondents feel that before joining SHG some of the women were not having rights to take decisions regarding their family as they were only meant to look after their house and to work for their family. A woman was given least importance to participate in decision making of their family. On the other hand after joining SHG they also got an opportunity to participate in the decision making of their family. As women also runs own firm and earn money. Being an

independent she will be having an ability to take appropriate decision regarding her business filed as well as regarding her family. This was possible only after joining the SHGs.



From chart 17 it is found that 72% of respondents said that their nature of activity is manufacturing, whereas 22% of respondents said that their nature of activity is service, and remaining 6% of respondents said that their nature of activity is trading. Most of the respondents have started small scale industries in manufacturing, trading and service. Being a women they have involved themselves in all types of business by updating knowledge and by learning skills required to perform those type of jobs because in manufacturing women have started enterprises like papad making, pickle industry, dairy farming. Etc and then in trading women have started trading business like buy and sell other products, and also women started business in service like hotels, mess, PG's etc. Hence women have showed her performance in each and every field.



From chart 18 it is found that 40% of respondents said that being SHG member they are economically stable, whereas 22% of respondents said that their standard of living increase, and 14% of respondents said that their confidence level increase, 12% of respondents said that they take social responsibilities being SHG member, and remaining 12% of respondents said that their financial level increase. Most of the respondents feel that their economical status have been increased and every women have gained confidence level were as their financial status have also been increased as they tend to spend more their standard of living also increased by joining SHG group. As it provides sufficient support, both financial and motivation through which women gets inspired to start up new enterprises which help to develop women empowerment.

**FINDINGS**

- Among the 50 respondents 44% of respondents are below SSLC, further 24% of the respondents are illiterate so they are not aware about their rights in society and family it is a drawback of women empowerment.
- Among the 50 respondents 56% of Respondents said that SHG group has 15-20 members and they all working together. Further 38% of respondents said their in SHG 10-15 members work together, it shows that more numbers of the members joining the SHG. More people are getting awareness about SHGs. Hence this helps in development of entrepreneur.
- Among the 50 respondents 52% of the respondents said that they are member of SHG since from 4 years. It shows that SHG functioning very good in society and it plays an important role in women empowerment; further 24% of them are member of SHG since from more than 4 year.
- Among the 50 respondents 52% of respondents feel that SHG conducting meeting is very helpful to the members. SHG motivators meet their members frequently to motivate and encourage them to take active part in the SHG movement and to share the developments of the activities of their members, further 48% of respondents said they conduct meeting weekly once.
- Among 50 respondents 76% of respondents they save up to Rs.100-150 per week, it is very helpful to start new business and for the business development and to provide loan for their group members on 2% interest rate.
- Among 50 respondents 88% of respondents save their money in Bank, it shows that they are aware of bank and the benefits they get from the bank. Further 12% they provide loans to others.
- Among 50 respondents 88% of respondents said they provide loans to other people on 3% interest rate, further 12% of respondents said they not provide any loan.

- Among the 50 respondents 66% of respondents said they bought 20000/- as loan from SHG, further 40% are less than 20000. It shows that it's helpful their family expenditure and economic condition.
- Among 50 respondents 64% of respondents said they join the SHG to increase their self respects of their family, further 30% of respondents strongly agree.
- Among 50 respondents 54% of respondents the amount getting from SHG it helps their family finance, further 34% respondents said same.
- Among the 50 respondents 60% of respondents said before joining the SHG they dissatisfied with economic condition of their family, further 36% of them moderately satisfied. And after joining SHG among the 50 respondents 50% respondents said that they are very satisfied with their economic condition, and further 36% of respondents are satisfied their economic condition.
- Among the 50 respondents 60% of respondents said their kids are studying in non GOVT School, further 32% of them said GOVT School.
- Among the 50 respondents 70% of respondents before joining SHG they take decision occasionally, further 20% of respondents they not take decision making power in their family.
- Among 50 respondents 54% said after joining the SHG they got power to take decision in their family, further 20% of them said usually they take decision making power in their family.
- Among 50 respondents 72% of respondents said they working as manufacturer, further 22% of them said as service provider.
- Among 50 respondents 40% of respondents said being SHG member they are economically stable, further 22% of them said their standard of living is increases. And 12% respondents said that their confidence level increase, and also they take social responsibilities after joining SHG

## CONCLUSION

The study was undertaken to identify women empowerment through Self Help Group and entrepreneur skills improvement in Bagalkot area. It is found that the economic factor has been changed after joining the Self Help Groups. There are emerging issues that need to be addressed to make the role of women in the long run. It is clear that members involving in their own voluntary organizations, by achieving social status and also by providing employment opportunity by creating positive environment within the society and by inspiring women in the society, many small scale units can be started by providing micro finance which helps to achieve a vast scale. The self help group is important in re-strengthening and bringing together of the human race. It can be conclude that the economic activities of Self Help Group are quite successful. In Bagalkot area and surrounding rural area there is successful development of women empowerment and entrepreneurship skills.

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**A STUDY OF RISK APPETITE AMONG INVESTORS IN BANGALORE CITY****AMITH K N****STUDENT****DEPARTMENT OF M.B.A.****VIDYAVARDHAKA COLLEGE OF ENGINEERING****MYSORE****RAKESH H M****ASST. PROFESSOR****DEPARTMENT OF M.B.A.****VIDYAVARDHAKA COLLEGE OF ENGINEERING****MYSORE****ABSTRACT**

*The Investors' decisions are not driven by consideration. The decisions are taken by them are most inconsistent. The rationale behind the behavior of investors is examined from their attitude and risk bearing capacity. The research paper is based on the behavioral pattern of Investors, based on their various dependent variables viz. Gender, age, marital status, educational level, income level, awareness, preference and risk bearing capacity.*

**KEYWORDS**

Investors Decisions, Attitude, Behavioral Pattern, Demographic Characteristics, Risk Bearing Capacity.

**INTRODUCTION**

Financial market practitioners often cite market sentiment as a key factor driving broad trends in asset price. The prices of financial assets frequently move though many of the factors affecting valuations in different asset market. The Asian financial crisis illustrates how shifting attitudes toward risk can generate correlation among the prices of seemingly unrelated assets. Following the devaluation of the Thai baht in July 1997, investors reduced their risk exposures across a range of emerging markets, causing a rise in the cost of borrowing beyond Asia, and into Latin America and emerging Europe. The spillover of financial sets across borders could not be explained by domestic fundamentals alone and coincided with claims that a decline in "Risk Appetite" was an underlying reason for contagion and financial instability.

The terms "risk appetite," "risk aversion," and "risk premium" are frequently used interchangeably to refer to sentiment in asset markets. But the concepts are very distinct, and inappropriate use makes it difficult to assess and convey the true extent of the willingness to hold risky assets. Investors dislike uncertainty surrounding the future consumption implied by their asset holdings. Risk appetite the willingness of investors to bear risk depends on both.

The level of uncertainty about consumption prospects depends on the macroeconomic environment. And the degree to which investors dislike uncertainty reflects underlying preferences over lotteries. This risk aversion is part of the intrinsic makeup of investors. It is a parameter that our theoretical priors suggest is unlikely to change markedly, or frequently, over time. Risk appetite, by contrast, is likely to shift periodically as investors respond to episodes of financial distress and macroeconomic uncertainty. In adverse circumstances, investors will require higher excess expected returns to hold each unit of risk and risk appetite will be low it is the inverse of the price of risk. And when the price of risk is taken together with the quantity of risk inherent in a particular asset, the expected return required to compensate investors for holding that asset is the *risk premium*.

The investors' degree of risk aversion reflects underlying preferences and, as such, it is expected to change infrequently over time. In contrast, risk appetite is likely to change more often as investors respond to changing levels of uncertainty in the macroeconomic environment. Thus, risk appetite depends on the subjective degree to which investors are willing to bear uncertainty and on the overall level of uncertainty about the fundamental factors which drive asset prices

**NEED FOR THE STUDY**

The economic development of our country is directly influenced by its capital market and financial services. Its contribution towards the national growth is high and inseparable one. It is very difficult to understand the activities of capital market. It has so many players in its real sense. It consists of so many players in its segments say primary and secondary market. Each acts differently with varying needs. Investors also approach capital market with varying objectives. They differ in their risk perception also. The price of securities varies depending upon the activities and behaviours of all these persons. In recent days, the awareness of the investors and "risk appetite" leads to more attention and involvement in the capital market.

In the emerging scenario of capital market, the retail investors are playing a vital role in deciding the nature and extent of business in the market and they are integral part of the capital market. Under these circumstances "Effect of Market Volatility on Investor perception and Investment Decisions" focus its attention towards concepts like volatility in Indian capital market, variety of investment options, global level of economic changes and the impact on investment behaviour is based on the risk appetite of the investor.

**LITERATURE REVIEW**

**Prasanna Gai and Nicholas Vause (March 2006)**, "MEASURING INVESTORS' RISK APPETITE" in his empirical analysis suggests that a measure based on the variation in the ratio of risk-neutral to subjective probabilities, derived from equity index option prices, appears to generate results that conform to intuition the measure responds to major financial events in a plausible manner.

**Laurence Kang-por Fung, (Jan 2008)**, "Changes in investors' risk appetite –an assessment of financial integration and interdependence" The author opines that evolution of such company movements provides some insights to policy makers on the interdependence between stock and bond markets in these economies, which may give rise to possible risk during financial markets.

**Festus M Epetimehin, (August 2013)**, "IMPACT OF RISK APPETITE ON THE VALUE OF A FIRM" An organization must consider its risk appetite at the same time decides which goals or operational tactics to pursue.

**Kailan Shang and Zhen Chen (March 2012)**, "Risk Appetite: Linkage with Strategic Planning". Awareness of the risks embedded in the planned business activities will improve the process has been demonstrated in the paper. A risk appetite framework provides a holistic picture of the company's willingness and ability to take risk.

**Erkko Etula (September 2010)**, "Broker-Dealer Risk Appetite and Commodity Returns", the empirical analysis focuses on the futures and spot returns of four energy Commodities (crude oil, heating oil, gasoline and natural gas), four metals (copper, silver, platinum, gold), and six agricultural commodities (sugar, cotton,

corn, soybeans, cocoa, and wheat). Empirical analysis by a simple asset pricing model where time-variation in broker-dealer risk constraints generates time-variation in the price of non-marketable risk, which stems from systematic fluctuations in the aggregate value of physical commodities

Jean-Pierre Zigrand (February 2009), "Risk Appetite and Endogenous Risk" a rational expectations model of stochastic volatility with the feature that traders act as if their preferences are changing in response to market outcomes. In this sense, we have shown how risk appetite and risk are determined together and how both are tied to market outcomes.

## OBJECTIVE OF THE STUDY

To study the investment decision and the risk appetite of the investor towards the stock markets

## RESEARCH METHODOLOGY

Type of research: Descriptive research

Source of data: Primary data

Data collection method: Structured questionnaire method

Sampling method: Non- Probability sampling method

Sampling type: Convenience sampling

## LIMITATIONS OF THE STUDY

1. The views of respondents is subjected to their bias and prejudice
2. The findings of the study is based on sample size, so it cannot be generalized
3. The study is made only in Bangalore city

## ANALYSIS AND INTERPRETATION

TABLE 1: DEMOGRAPHIC CHARACTERISTICS

SI No	Demographic Characteristics	Categories	No of Respondents	Frequency (%)
1	Gender	Male	42	84
		Female	8	16
		Total	50	100
2	Marital Status	Single	22	44
		Married	28	56
		Total	50	100
3	Educational Qualification	Less than High School	0	0
		High School	2	4
		PUC	6	12
		Degree	23	46
		PG or Ph. D	19	38
Total	50	100		
4	Occupation	Service	3	6
		Business	17	34
		Professional	24	48
		Others	6	12
		Total	50	100
5	Monthly Income	Below Rs. 25000	8	16
		Rs. 25001- Rs. 50000	19	38
		Rs. 50001 - Rs. 75000	16	32
		Above Rs.75000	7	14
		Total	50	100
6	Age	18- 25 years	12	24
		26 – 35 years	18	36
		36 – 50years	13	26
		Above 50 years	7	14
		Total	50	100

### GENDER

It is evident from the information presented in above table that the Capital market is not confined to Males only as the researcher has female respondents of 16% (8 numbers) for the study According to my research out of 50 respondents (84%) i.e. 42 members are male respondents.

### MARITAL STATUS

Overall, the majority of the respondents are married (56%) i.e. 28 members and (44%) i.e. 22 members are single

### EDUCATIONAL QUALIFICATION

The 38% of the respondents selected for the study have completed their post-graduation i.e. 19 members, Degree of (46%) i.e. 23 members, PUC i.e.12% i.e. 6 members, High School of (4%) i.e. 4 member. This pattern shows that educated people are taking part in the capital market as there are many awareness creating initiatives by the regulators that intensify the confidence in individual investors.

### OCCUPATION

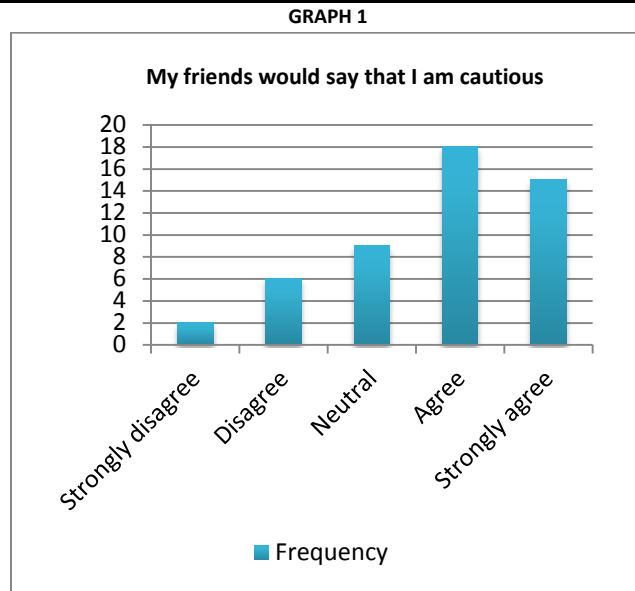
In the conducted research occupation is one of the demographical characteristic which affect the investor behavior on investments decision that the majority of the respondents (48%) are Professional, (34%) are business people, (12%) are doing others occupation, and (6%) are service sectors.

### MONTHLY INCOME

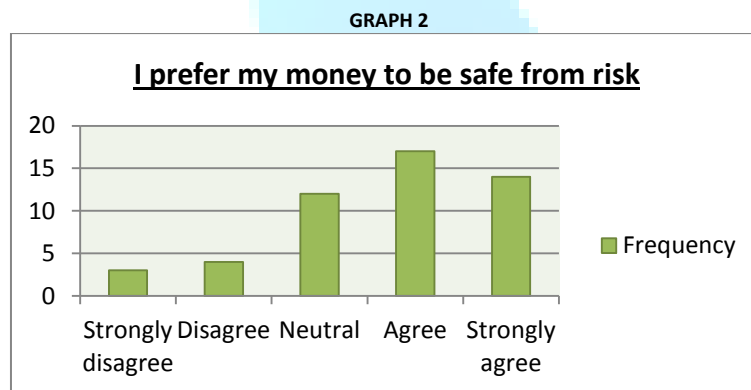
The Monthly Income is one of the demographical characteristics that should be considered while investing in the capital market. the above table shows that the monthly income of 16% respondents for below 25000, 38% of respondents are earning between Rs 25001 – Rs 50000, 32% of total respondents were earnings between Rs. 50001 –Rs 75000, (14%) of total respondents are earnings between below Rs 150,000 and only (3%) of total respondent i.e. 1 respondent out of 50 is earning income of above Rs75000.

### AGE

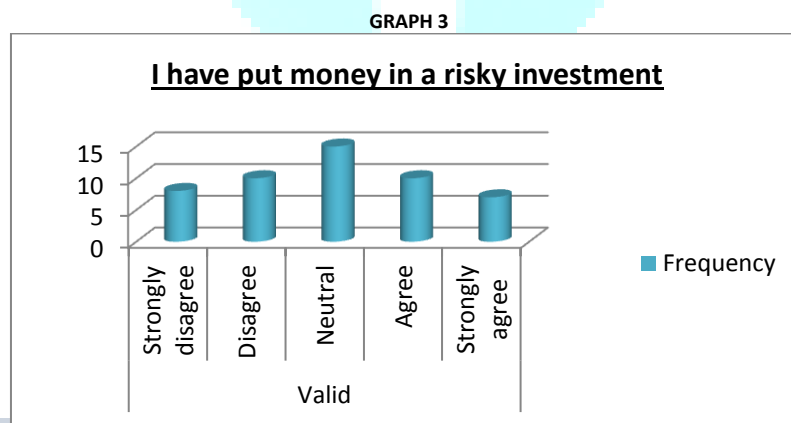
It is evident from the information presented in the above table that the majority respondents age is (36%) between 26 - 35 years. Then (26%) of respondents are in the age group of 36 – 50 years, (24%) respondents are in the age group 18- 25 years and 14% of total respondents are above the age of 50 year.



From the above table it is clear that the respondents are cautious where strongly disagree by 4% disagree by 12% neutral by 18% agree by 36% and strongly agree by 30% respondents friends know that they are cautious. From the analysis it is clear that 36% of the respondents are agreed that they the cautious

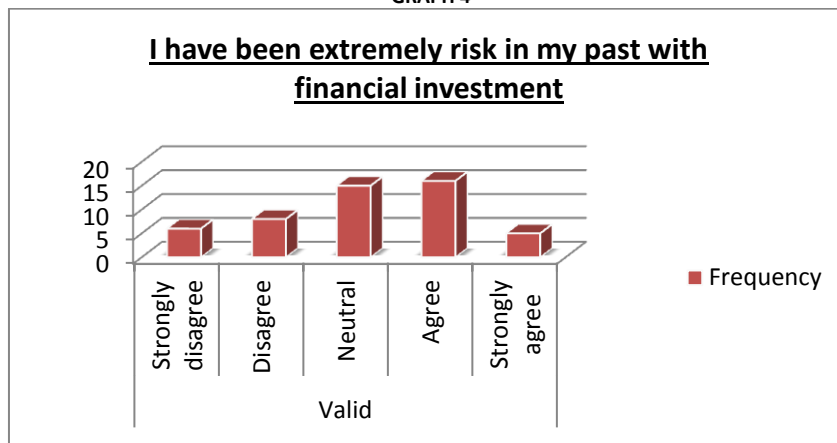


From the above table it is clear that the respondents prefer that the money should be safe from risk where strongly disagree by 6%, disagree by 8%, neutral by 24%, agree by 34% and strongly agree by 28% respondents. From the analysis it is clear that 34% of the respondents are agreed that they prefer that money should be safe from risk.



From the above table it is clear that the respondents invest the money in risky investment where strongly disagree by 16%, disagree by 20%, neutral by 30%, agree by 20% and strongly agree by 14% respondents. From the analysis it is clear that 30% of the respondents are in neutral that they prefer they the may or may not invest their money in risky investment

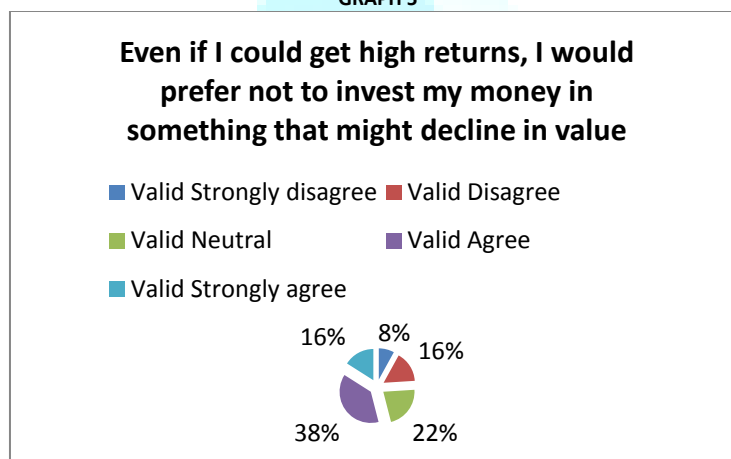
GRAPH 4



From the above table it is clear that the respondents are experience extremely risk in past with financial instruments where strongly disagree by 12%, disagree by 16%, neutral by 30%, agree by 32% and strongly agree by 10% respondents.

From the analysis it is clear that the respondents are agree that they have experienced the high risk in past with financial instruments.

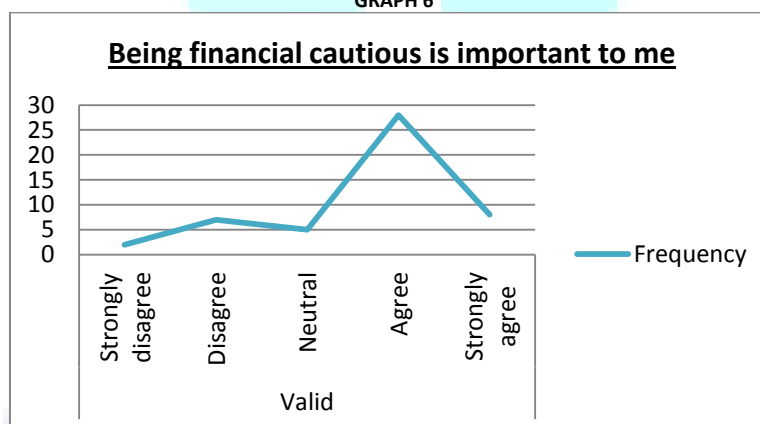
GRAPH 5



From the above table it is clear that if respondents get high return also they would not prefer to investment to decline its value, where it was strongly disagree by 8%, disagree by 16%, neutral by 24%, agree by 38% and strongly agree by 16% respondents.

From the analysis it is clear that the respondents agree that if they get high returns also they would not invest the money to decline its value.

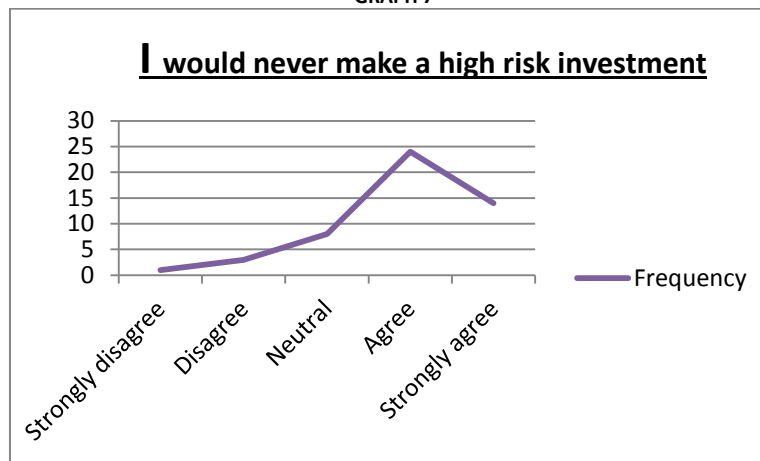
GRAPH 6



From the above table it is clear that if respondents are being financial cautious for them where it was strongly disagree by 4%, disagree by 14%, neutral by 10%, agree by 56% and strongly agree by 16% respondents.

From the analysis it is clear that the most of respondents are agree that being financial cautious is much important to them.

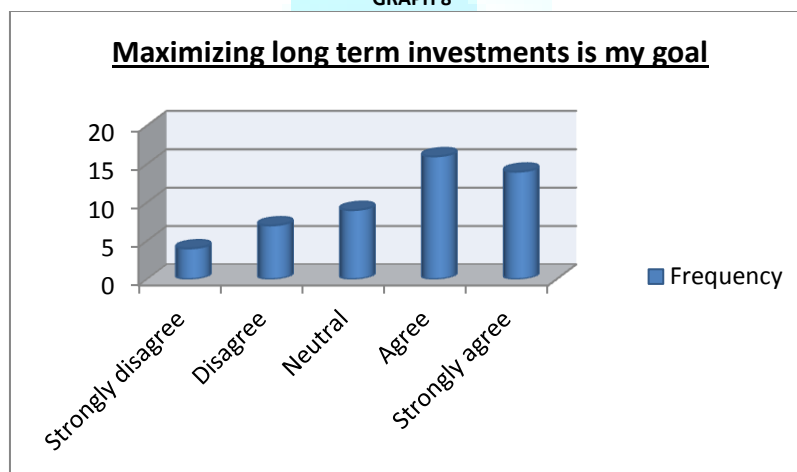
GRAPH 7



From the above table it is clear that if respondents never make a high risk investment has been strongly disagreed by 2%, disagree by 6%, neutral by 16%, agree by 48% and strongly agree by 28% respondents.

From the analysis it is clear that the most of respondents are agree they will never make a high risk investment

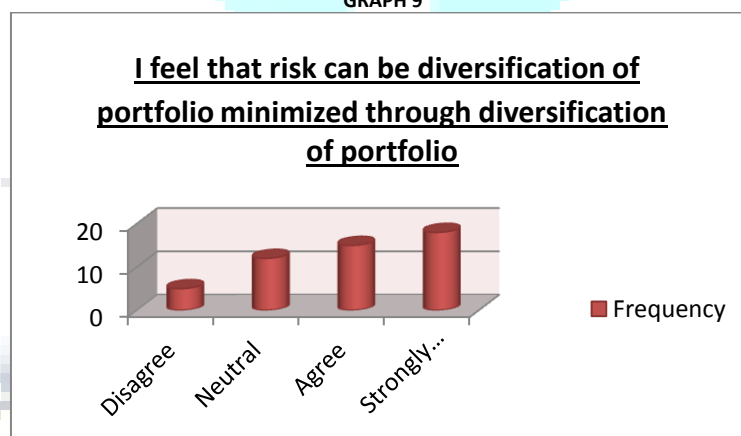
GRAPH 8



From the above table it is clear that if respondents as long term goal is to maximize the investment and he is willing to accept the dynamic changes in short term to achieve the goal where it was strongly disagree by 8%, disagree by 14%, neutral by 18%, agree by 32% and strongly agree by 28% respondents.

From the analysis it is clear that the most of respondents are agree that. Maximizing long term investments is my goal, and I would be willing to accept dramatic, short term drops in value to achieve this so that the responds are willing for long term investment

GRAPH 9

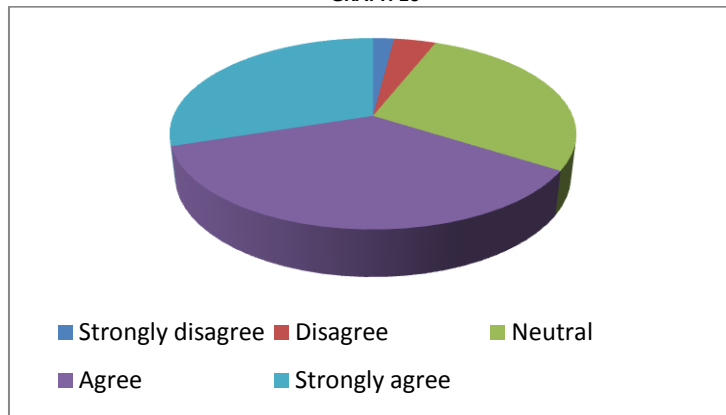


From the above table it is clear that if respondents feel that diversification of portfolio can minimized the risk where it was disagree by 10%, neutral by 24%, agree by 30% and strongly agree by 36% respondents.

From the analysis it is clear that the most of respondents are strongly agree that diversification of portfolio can reduced the risk.



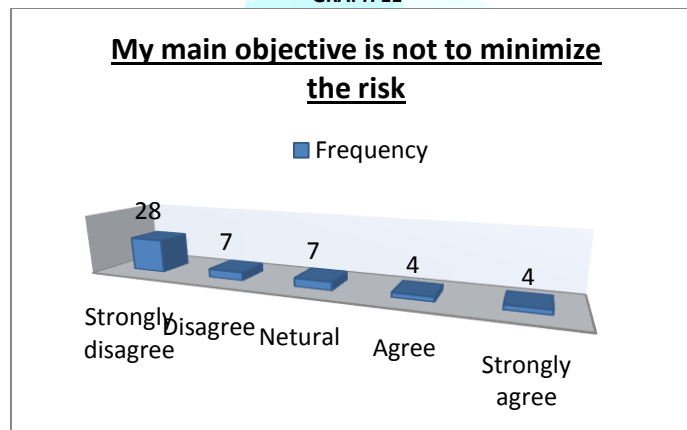
GRAPH 10



From the above table it is clear that respondents will not consider the religion when they make investment where it was strongly disagree by 2%, disagree by 4%, neutral by 28%, agree by 36 % and strongly agree by 30% respondents.

From the analysis it is clear that the most of respondents agree that religion is not a criterion to make investment

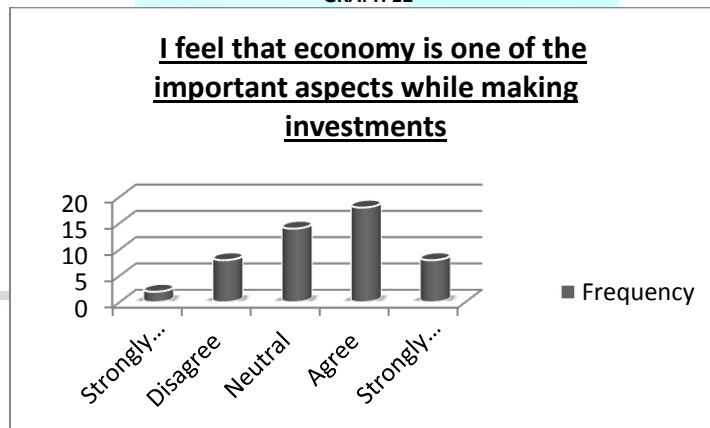
GRAPH 11



From the above table it is clear that respondents the objectives is not to minimize the risk where it was strong disagree by 56%, disagree by 14%, neutral by 14%, agree by 8% and strongly agree by 8% respondents.

From the analysis it is clear that the most of respondents strongly disagree that the objectives are to reduce risk

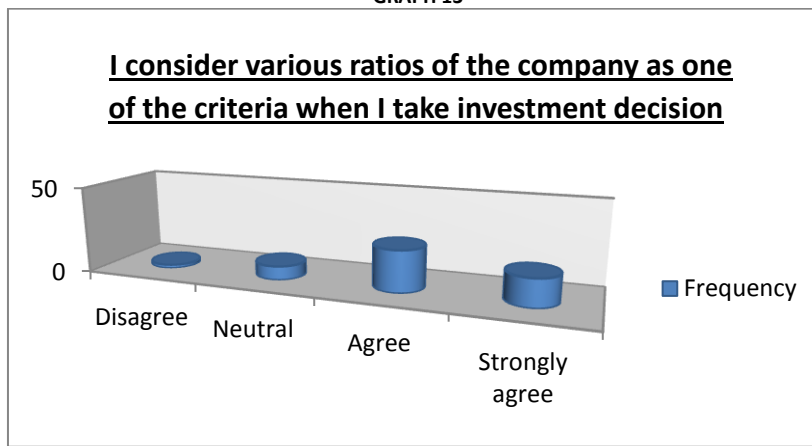
GRAPH 12



From the above table it is clear that respondents feel that economy should be consider while making investment where it was strong disagree by 4%, disagree by 16%, neutral by 28%, agree by 36 % and strongly agree by 16% respondents.

From the analysis it is clear that the most of respondents agree that they should consider the economy of the country should be considered

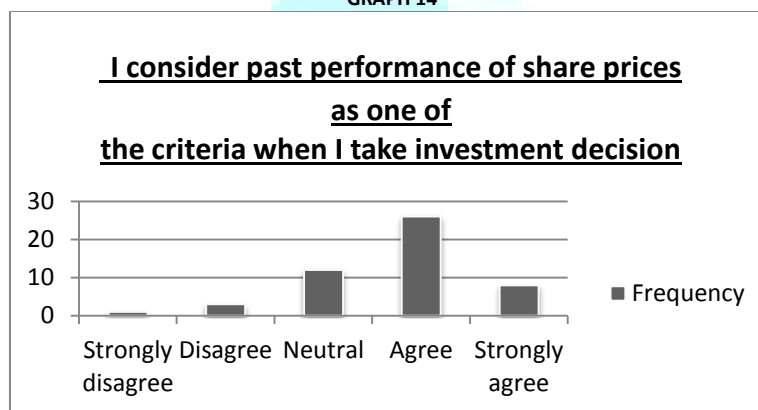
GRAPH 13



From the above table it is clear that respondents feel that economy should be consider while making investment where it was disagreed by 4%, neutral by 16%, agree by 48% and strongly agree by 32% respondents.

From the analysis it is clear that the most of respondents agree that they will consider that various ratios of the company as to made as a part of fundamental analysis.

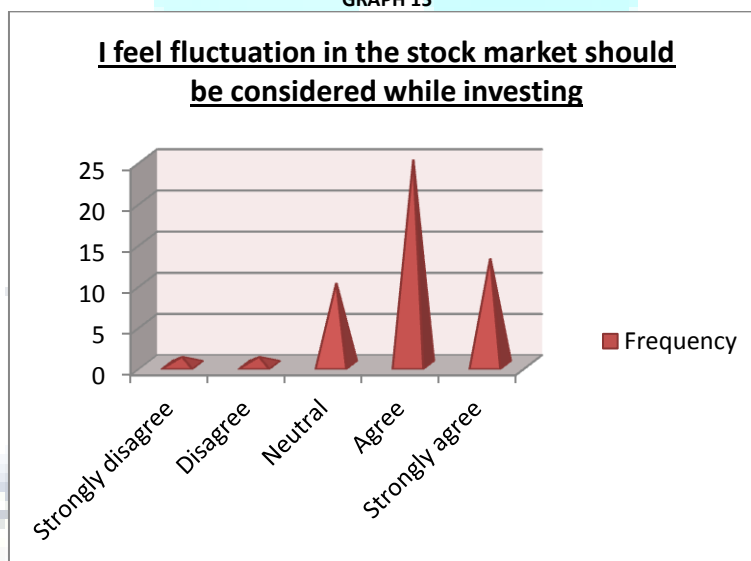
GRAPH 14



From the above table it is clear that respondents feel that they should consider the past performance of share price where it was strongly disagreed by 2%, disagree by 6%, neutral by 24%, agree by 52 % and strongly agree by 16% respondents.

From the analysis it is clear that the most of respondents agree that they will consider that past performance of the company share prices while investing

GRAPH 15



From the above table it is clear that respondents feel that they should have the consideration of fluctuation of stock market where it was strongly disagreed by 2%, disagree by 2%, neutral by 20%, agree by 50% and strongly agree by 26% respondents.

From the analysis it is clear that the most of respondents agree that they will consider the fluctuation of stock market will be considered while investing

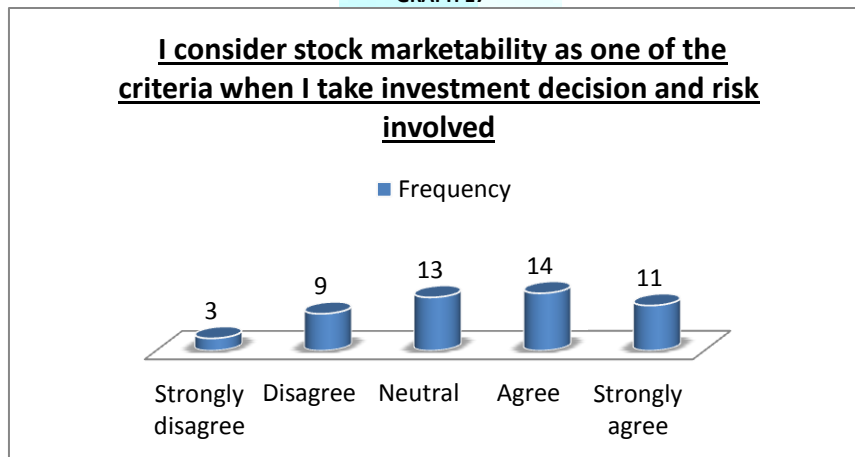
GRAPH 16



From the above table it is clear that respondents feel to get rich quick where it was disagreed by 12%, neutral by 32%, agree by 44% and strongly agree by 12% respondents.

From the analysis it is clear that the most of respondents agree that they should become rich in a quick span of time

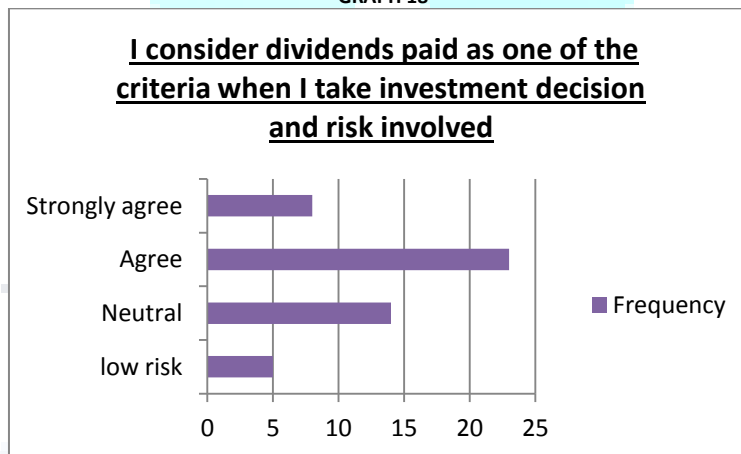
GRAPH 17



From the above table it is clear that respondents feel to stock marketability is one of the criteria while taking investment decision and consider the risk involved in it where it was strong disagree by 6%, disagree by 18%, neutral by 26%, agree by 28% and strongly agree by 22% of respondents.

From the analysis it is clear that the most of respondents agree that they should consider the stock marketability and the risk involved in it.

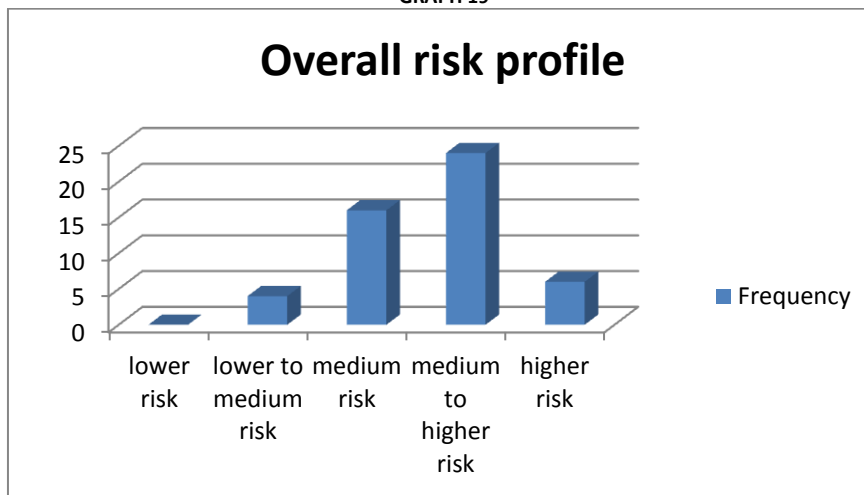
GRAPH 18



From the above table it is clear that respondents feel dividends is one of the criteria while taking investment decision and consider the risk involved in it where it was disagreed by 10%, neutral by 28%, agree by 48% and strongly agree by 16% of respondents.

From the analysis it is clear that the most of respondents agree that they should consider the dividends and the risk involved in it.

GRAPH 19



From the above table it is clear that respondents overall score is considered for the risk capacity that can be handled by respondents, where lower risk is by 0%, lower to medium risk by 8%, medium by 32%, medium to higher risk by 48%, higher risk by 12%.

**Lower Risk:** A risk score (40-49) would put you in the lower risk category. Respondents in this category are conservative with their investments.

They prefer taking a small amount of risk to achieve modest or relatively stable returns. They accept that there may be some short terms periods of fluctuation in value.

**Lower to Medium Risk:** A risk score (50-59) would put in this category are relatively cautious with their investment. They want to try to achieve a reasonable return, and are prepared to accept some risk in doing so. Typically these portfolios will exhibit relatively modest yet frequent fluctuations in value.

**Medium Risk:** A risk score of (60-69) would put you in this category. Respondents in this category are balanced in their attitude towards risk. They don't seek risky investments but don't avoid them either. They are prepared to accept fluctuations in the value of their investments to try and achieve better long term returns. These portfolios will be subject to frequent and their times significant fluctuations in value.

**Medium to Higher Risk:** A risk score of (70-79) would put in this category. Respondents in this category are relatively comfortable with investment risk. They aim for higher long term returns and understand that this can also mean some sustained periods of poorer performance. They are prepared to accept significant fluctuation in value to try and achieve better long term returns.

**Higher risk:** A risk score of (80-89) would put you in this category. Respondents in this category are very comfortable with investment risk. They aim for high long term return and do not overly worry about periods of poorer performance in the short to medium term. Ordinarily these portfolios can be subject to the full extent and frequency of stock market fluctuations

From the analysis it is clear that the most of respondents agree that they would consider in the category of medium to higher risk where the score will be (70-79) in the overall score.

## CONCLUSION

The research makes a pertinent revelation that the level of investment knowledge significantly leverage returns on the investments. From the analysis it is clear that knowledge of investment is low towards stock market and the level of risk is moderate where as per the analysis it is medium to high risk and says relatively comfortable with investment risk. They aim for higher long term returns and understand that this can also mean some sustained periods of poorer performance. Most of the investors are ready to accept the shot fall of the share price to achieve its long term objectives, majority of the investors would reduce the risk by diversification of the investment. We must put up some "financial literacy campaign" as many people are still unaware of stock market and in India there is youth which is untapped because they don't understand risk profile and the returns of investment. Many times it happen that people land up in mess or huge losses due to not proper information or guidance, and if they want to know where they are going? They need a risk profile or risk assessment test at regular intervals were financial planners, relationship managers will be there to support them.

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## COMMUNICATION SYSTEMS AS DETERMINANTS OF EFFECTIVE MANAGEMENT FOR ORGANIZATIONAL GOALS ACHIEVEMENT IN A TERTIARY INSTITUTION IN OGUN STATE, NIGERIA

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### ABSTRACT

*This study examined communication systems as determinants of effective management for organization goal achievement in Olabisi Onabanjo University, Nigeria. The study employed the ex-post-facto research design. In carrying out the research, five hypotheses were generated and tested using an instrument titled "communication system for organizational goals achievement scale" (CSOGAS) which comprised of 25 items. The instrument was administered to a purposely selected population of 100 senior academic and non-academic staff of Olabisi Onabanjo University. The Pearson Product Moment Correlation Co-efficient was used to test hypotheses I-IV while the T-Test was used to test hypothesis V. From the result of the analysis, it was discovered that the university employed the use of all the communication systems tested in this research but with high level of usage of both formal and two-way communication systems. The study recommended that the university should endeavor to invest on modern communication gadgets and programmes such as computers, telephones, internet, e-mail and generally imbibe the ICT culture which will enhance the achievement of organizational goals. Moreover, feedback should be given priority in the communication process to allow for evaluation of the effectiveness of communication system employed.*

### KEYWORDS

Organization, Communication System, Management, Organizations Goals, Effective Management, Effective Communication.

### INTRODUCTION

All over the world, the accomplishment of organizational objectives in an effective and efficient manner has become a point of focus. Therefore, communication occupies a cardinal position in the smooth running of an organization. In actual fact, there will be no organization if there is no communication. The world is fast becoming a global village, through effective means of communication.

### REVIEW OF LITERATURE

Cole (1993), while x-raying the importance of communication posits that the issue of communication is a vital one for any organization. It is a process that is essentially a sharing one a mutual interchange between two or more persons. In organizations, communication is generally thought of in terms of:

- (a) the skills of communication, that is, giving instructions, interviewing, chairing meeting etc.
- (b) the media of communication, for example, memos, reports etc.
- (c) the organization of communications which is the chain of command, briefing groups, committees etc.

Akintayo and Alebiosu (2007) described communication as a lifeblood of an organization; the harmonizer of its seemingly disparate components; the lubricant of its intricate machinery; the livewire and the nerve centre of its activities. Be that as it may, the importance of communication in any organization cannot be overemphasized. Lack of information will severely bring chaos and organizational goals will become unattainable. Effective management therefore, is dependent on effective communication systems. It is through communication that productivity which is defined as the measure of how well resources are brought together in organization and utilized to accomplish a set of result can be met.

Goldhaber (1983) defined communication as the process of creating and exchanging messages within a network of interdependent relationships to cope with environmental uncertainty. In addition, the process involves three parts. Firstly, it occurs within a complex system involving many parts. Secondly, it involves messages and the flow, purpose, direction and media. Thirdly, it involves people and their attitudes, feelings, relationship and skills. Okoro (1993) saw communication as cement which binds a company together, without it, departments and divisions being pulling in different directions. It is then pertinent that communication plays an important role in the functioning of organizations, be it private or public. Ejiogu et al (1995) defined communication as basically sender related factor in determining the success of all forms of interchange of thoughts and ideas or in the assignment of roles. This means that effective communication crystalizes when any form of communication deployed in achieving management objectives has succeeded in meeting the set goals or objectives.

In its broadest sense however, the purpose of communication and the goals of communication in organization are to effect change, that is, to influence action towards the welfare of the organization. Fajana (1995) listed some methods of communication as - briefing groups, downward communication, joint consultation, specialized committees, organizational surveys, house journals, grapevine. Communication barriers are like dangerous worms to effective communication in organization. Adekola and Obasan (1998) listed some of these barriers as - manner of communicating, lack of knowledge or background, bias and prejudices, filtering, talking down, information overload, defective structure, organizational barriers. Researchers have carried out both theoretical and experimental works on the importance of communication system on management function in an organization. Communication is a complex and difficult process. They had varied in intelligence, education, religious beliefs, social background and experience. These differences create different frames of reference with the result that each person looks at the world around him in a particular and unique way. Our physical and mental makeups have a direct effect on our perception and judgment. These often work when interpreting information we see or hear, what we think ought to be there and/or what we want to see or hear, what we think ought to be there and/or what we want to see or hear. All these go to create barriers and difficulties.

Agbato (1990) sees communication as the "nervous system of business" and in many ways sees this as an apt metaphor. Biologically, the nervous system is the pathway along which a vast amount of information constantly travels at lighting speeds up and down linking distant parts of the body with the brain. Functionally, he says communication in organization should operate in much the same manner linking subordinates and superiors. Ubeku (1975) frowned at what operates in Nigeria where courses were just organized for supervisors and managers. He said "organizers of such courses devote a lot of time and energy to such things as physical and semantic barriers to communication". Consequently, in order to improve the ability of the supervisors to communicate they engage in learning better English (in the course that has only three weeks) and in elaborate report writing. But this approach misses completely the whole point of the communication problems in industry. His position was that, the workers do not get suspicious because they misunderstood the language in which the information was passed to them; they get suspicious because they are not told what is happening and therefore pick up information through the grapevine. According to Cole (1993) it would seem that an organization uses "centralized networks" when the problem is simple and it wants to minimize the number of messages and errors.

Research into communication networks suggest that relatively simple problems are most speedily and accurately dealt with by means of centralized networks, but complex problems are best solved in de-centralized networks. Centralized network are leader-dominated, but de-centralized networks encourages shared leadership and contribution. Peretomode (1991) confirmed that there are four most common networks (all-channel, circle, Y, and wheel). Out of these, the all-



channel and circle networks are more highly decentralized, whereas the Y and wheel networks are highly centralized. The wheel or star is the most centralized network because all communications flow from and to any one individual, while the all-channel network is the least centralized, that is, most decentralized. Moreover, according to Peretomode (1991) the research findings of a number of researchers (Greebaum, 1974; Shaw, 1964; Leavitt, 1978, 1951) have revealed that networks effectiveness depends on situational factors. For example, the wheel and the Y networks are more effective in accomplishing simple tasks while the circle and all-channel are more effective on complex tasks. Effective communication is also very vital in enhancing the behaviour of members of the organization for the achievement of its cherished goals. The review also shows that when communication system in an organization is defective, usually, other problems are triggered and the result is crises. But when communication is effective and sound, it promotes positive change in the knowledge, attitude and behaviour of people within the organization.

Koontz, et al (1983) submitted that feedback is highly essential in order to check the effectiveness of communication. The only sure way to determine whether communication has really taken place is through feedback. That is why feedback must be given an important place in the process of communication. Adedoyin (1991) stressed the importance of language and communication skills in the process of disseminating information across to concerned people. The inability of the communicator to effectively communicate due to language deficiency will surely hamper the effectiveness of communication in an institution.

## STATEMENT OF THE PROBLEM

Inadequate or lack of good communication system may mar or make the development of any organization vis-a-vis the attainment of goals of the organization. Attempts to put in place an effective communication system in organizational set up, becomes a serious matter to managers, it is against this backdrop that a lot of researches have been carried out to find an antidote to this seemingly unavoidable organizational problem.

However, the available researches in this area only focus on business organizations. Studies in communication system as an effective management tool in tertiary institutions has not been given much attention based on limited literature.

A multi-campus university is a formal organization with complex tasks and certain goals orientation. As an institution, it operates a definite structure and has specialized, delimited objectives often emanating from outside the structure. Also, the degree of effectiveness with which its tasks are carried out and its goals are achieved is dependent upon quality communication systems adopted by the managers.

It is in realization of this gulf that this study focuses on communication system as a determinant of effective management for organization goals achievement in Olabisi Onabanjo University.

## OBJECTIVES OF THE STUDY

This study has the following as its objectives:

1. To describe the characteristics of the Senior/Management staff involved in the use of the various communication system in Olabisi Onabanjo University.
2. To identify the various types of communication system in use in the University and their level of usage.
3. To determine the level of effectiveness of communication systems adopted in the University.
4. To identify factors that influence the level of effectiveness of the communication systems adopted.
5. To examine the likely implication of the observed level of usage and effectiveness of communication system adopted in the University in the achievement of its organization goals.

## RESEARCH HYPOTHESES

The following null hypotheses were tested in this study;

1. there is no significant relationship between the employment of formal communication system and one - way communication system for the achievement of organizational goals in Olabisi Onabanjo University;
2. there is no significant relationship between the employment of informal communication system and two - way communication system for the achievement of organizational goals in Olabisi Onabanjo University;
3. there is no significant relationship between the employment of one - way communication system and two way communication system for the achievement of organizational goals in Olabisi Onabanjo University;
4. there is no significant relationship between the employment of formal communication system and informal communication system for the achievement of organizational goals in Olabisi Onabanjo University;
5. there is no significant difference in the perception of academic and non-academic Staff about the effectiveness of communication systems in Olabisi Onabanjo University.

## METHODOLOGY AND PROCEDURE

This particular study employed the ex-post-facto research design. The population for this study comprised all members of staff-(junior, non-teaching and academic) of Olabisi Onabanjo University. A sample of 100 members of staff senior non-teaching staff comprising officers on Administrative Officer cadre from the rank of Assistant Registrar and Officers on Executive Officer cadre from the rank of Principal Executive Officer, Academic Staff saddled with some administrative responsibilities such as Heads of departments, Sub-Deans, Directors, Deans and Provosts as well as those who had held such position in the past were purposely selected. The instrument used was mainly the questionnaire which contained 25 items based on the research hypotheses and was structured on a four points Likert scale. The Pearson product moment correlation co-efficient was used to test hypotheses (a)-(d) while the t-test was used to test hypothesis (e).

## RESULTS

The analysis of the data obtained from this study was done within the framework of five hypotheses earlier formulated. All the hypotheses were tested at 0.05 level of significance. In all, five hypotheses were put forward in this research. Each of the data was related to the hypotheses with a view of rejecting or failing to reject the hypotheses.

### LEVEL OF EMPLOYMENT OF COMMUNICATION SYSTEM IN OLABISI ONABANJO UNIVERSITY

Table 1 shows the descriptive statistics of the level of employment of the various communication system by Senior members of staff of Olabisi Onabanjo University.

TABLE 1: LEVEL OF EMPLOYMENT OF COMMUNICATION SYSTEMS

Communication System	Minimum	Maximum	Mean	Standard Deviation	% Score
Formal Communication	11.00	19.00	15.05	1.72	75.25
Informal Communication	8.00	16.00	11.47	1.72	57.35
One-way Communication	9.00	18.00	13.67	2.07	68.35
Two-way Communication	9.00	20.00	14.14	2.39	70.70
Effective Communication	6.00	18.00	12.70	2.39	63.50

It shows that on the average, the Senior members of staff in the University considered the use of formal communication in 75.25% of the cases, informal in 57.35% of the cases, One-way communication in 68.35% of the cases and Two-way communication in 70.70%. Overall, the communication system adopted by the senior members of staff of the Olabisi Onabanjo University is said to be about 63.50% effective. The results suggest a high incidence of one-way communication (68.35% of the cases).

**CORRELATION BETWEEN VARIOUS COMMUNICATION SYSTEMS ADOPTED**

The results using Pearson Product Moment Correlation are summarized on Table 2.

**TABLE 2: CORRELATION MATRIX SHOWING RELATIONSHIP BETWEEN VARIOUS COMMUNICATION SYSTEMS**

Communication System	Formal	Informal	One-Way	Two-Way
Formal Communication	1.000	-0.215*	0.051	-0.082
Informal Communication	-0.215*	1.000	0.002	0.149
One-Way Communication	0.051	0.002	1.000	0.268*
Two-Way Communication	-0.082	0.149	0.268*	1.000

Note:\* Correlation is significant at the 0.05 level.

**HYPOTHESIS 1**

Table 2 reveals that there is a low positive correlation between formal communication system and one-way communication system. The effect of this is that the increase use of formal communication system enhances the use of one-way communication system. For example  $r = 0.51$  for formal and one-way communication is not significant using 0.05 level of significance.

**HYPOTHESIS 2**

Table 2 also indicated that there is a low positive correlation between the employment of informal communication system and two-way communication system. The increase use of informal communication enhances the use of two-way communication system. The relationship of 0.149 for informal and two-way communication system is not significant at 0.05 level of significance.

**HYPOTHESIS 3**

The table shows that there is a positive correlation between the employment of one-way communication system and two-way communication system. This is to say that the employment of both one-way communication system increases with the employment of two-way communication system in the University. The relationship of 0.268 for one-way communication system and two-way communication system is significant using 0.05 level of significance. Thus, the hypothesis which states that "there is no significant relationship between the employment of one-way communication system" is hereby rejected.

**HYPOTHESIS 4**

From Table 2, it is clear that there is a negative correlation between the employment of formal communication system and informal communication system. The implication of this is that increase in the use of formal communication resulted in decrease in the use of informal communication system. Meanwhile the relationship of 0.215 is significant using 0.05 level of significance. Thus, the hypothesis which states that "there is no significant relationship between the employment of formal communication system and informal communication system" is hereby rejected.

**HYPOTHESIS 5**

The results using t-test are depicted on Table 3:

**TABLE 3: THE AVERAGE SCORE OF THE TEACHING AND NON-TEACHING STAFF ON THEIR PERCEPTIONS ABOUT THE EFFECTIVENESS OF COMMUNICATION SYSTEM**

Groups	N	X	SD	t cal	t tab	Remarks
Teaching Staff	66	12.4032	2.3641	1.71	1.96	Not Rejected
Non-Teaching Staff	34	13.2903	2.3692			

Table 3 revealed that the 't' calculated ratio of 1.71 is less than the 't' tabulated ratio of 1.96. The hypothesis which states that "there is no significant difference in the perception of Teaching and Non-Teaching Staff about the effectiveness of communication system in Olabisi Onabanjo University" is hereby not rejected.

**DISCUSSIONS**

The achievement of organizational goals may suffer a setback in the University considering the high incidence of one-way communication. One-Way Communication does not allow feedback which is an essential aspect of effective communication. It is however regretted that most of the communication that takes place in the world today is one-way. It only travels from sender to the receiver.

The experiment conducted by Leavitt and Mueller in 1951 on the suitability of one-way communication system and two-way communication system indicated that two-way communication is more accurate in terms of developing understanding than one-way communication in spite of the fact that two-way communication consumes more time than one-way communication. The effect of this is that two-way communication is result oriented.

In addition, the relatively low incidence of informal communication in the university might be connected with the desire of the University Management to achieve organizational goals within shortest possible time. This is in agreement with the belief that an organization that is highly bureaucratic in nature such as the University will normally tend towards the adoption of formal communication where emphasis is on documentation. The fact however, is that both formal and informal communication can be married successfully for the achievement of organizational goals. Informal communication once effected can be backed up by formal communication. The advantage of this method is that the feedback which is highly important might have been generated instantly or within shortest possible time to really assist the organization in the achievement of its goals.

Therefore, the hypothesis that "there is no significant relationship between formal communication system and one-way communication system" is hereby not rejected.

One would have expected that the adoption of formal communication system would have seriously discouraged the employment of one-way communication system taking into consideration the nature of the university environment where the level of literacy is expected to be high. However, the finding on this hypothesis only confirmed that the university management uses formal communication without having much regard for the role of feedback. This will be in disagreement with the goals of communication as put forward by Oyedijo (1995) that "through communication, superiors receive feedback about the performance of the workforce thus enabling them to make immediate corrections when necessary". In other words, decision making will be impaired. Therefore the hypothesis which states that there is no significant relationship between the employment of informal communication system and two-way communication system is hereby not rejected.

Informal communication is prone to filtering which is a barrier to effective communication. Most often, messages change along the line while moving through the process of communication especially through oral line which is a type of informal communication in organizations by means of filtering. (Adekola and Obasan, 1999). The University management ought not to have given much emphasis to informal communication to the detriment of formal communication.

Meanwhile, if informal communication is properly managed it can actually enhance the achievement of organizational goals. Adekola and Obasan (1999) confirmed that informal communication such as the grapevine which is often referred to as popular rumour, if authentic and reliable could be very helpful as some, very often may be factual and sincere and as such may worth investigating.

Moreover, the result as depicted Table 2 also indicated a high incidence of one-way communication system (68.35% of the cases) and also a high incidence of two-way communication system (70.70% of the cases). The much attention given to the use of one-way communication system in the University need to be addressed so that the University can reap the fruits of two-way communication system, Leavitt and Mueller (1951) conducted experiments involving communication from person A to B both with and without any flow of messages back from B to A.

In effect, they measured the value of feedback in human communication system which is guaranteed by the use of two-way communication system. As a result of the experiments, it was established that feedback is essential and that two-way communication system is more accurate in terms of developing understanding than one way communication in spite of the fact that two-way communication consumes more time than one-way communication.

Koontz et. al. (1983) also submitted that "to check the effectiveness of communication, feedback is essential". One cannot be too sure whether or not a message has been effectively encoded, transmitted, decoded and understood unless it is confirmed by feedback.

In all previous works, two-way communication is always ranked superior to one-way communication for the achievement of organizational goals.

The statistical results shown on Table 2 indicated that there is a negative correlation between the employment of formal communication system and informal communication system. The implication of this correlation is that increase in the level of use of formal communication lead to decrease in the level of use of informal communication system.

Moreover, the relationship of 0.215 between the adoption of formal communication system and informal communication system is significant using 0.05 level of significance. Therefore, the above hypothesis is rejected and the implication of this is that there exist a significant relationship between the employment of formal communication and informal communication system.

Results on Table 2 also indicated that the University uses formal communication more often than informal communication system as the use of formal communication syndicated 75.25% of the cases while informal communication takes 57.35% of all the cases.

The high incidence of the level of use of formal communication can be understood considering the nature of the University environment and system of administration. Emphasis is placed highly on documentation.

The results on Table 3 also indicated those communication systems which are generally regarded as superior to others such as formal communication and two-way communication had the highest level of employment in the University. Therefore, the effectiveness of the communication systems as perceived by staff could be hinged on this fact.

This result also buttressed the assertion of Peretomode (1991) who submitted that message properly transferred and received with adequate feedback have the capacity to ensure the achievement of organizational goals.

## CONCLUSIONS AND RECOMMENDATIONS

The present investigation was conceived against the background of identifying various types of communication system employed in Olabisi Onabanjo University as well as determining the perceived effectiveness of the various systems being adopted by the management of the University for the achievement of organizational goals.

From the findings of this study it is obvious that the Olabisi Onabanjo University still uses one-way communication and informal communication systems to a certain degree. Employment of these two systems of communication may not positively enhance the achievements of organizational goals. If the University wishes to move faster towards the achievement of its organizational goals, more emphasis must be placed on formal communication and two-way communication goals.

Moreover, there is need for the University to invest on certain information gadgets such as internet service, intercom, telephone, computer networks that will enhance the effectiveness of workers' productivity which on the long run will surely aid the achievement of organizational goals in the University.

The essence of feedback is very important in information dissemination and as such effort should be made by the University to encourage two-way communication system and all gadgets and processes that encourage the employment of two-way communication system and at the same time discourage the adoption of one-way communication system. Notwithstanding the result of findings of hypothesis five which dealt with the perception of both teaching staff and academic staff on the effectiveness of the communication system, efforts should still be geared toward jettisoning that defective communication system such as one-way communication systems.

Moreover, communication courses/training should be made available to University Administrators and staff so that they will be able to acquire extensive and intensive knowledge in the art of communication.

Finally, all involved in the realization of organizational goals achievement should put it at the back of their minds that feedback and continuous appraisal of communication flow is needed for the achievement of organizational goals. The feedback is for evaluation and the evaluation shows the strengths and weaknesses of any communication system put in use.

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**A STUDY ON ACTIVE LEARNING AND REWARDING LEARNER PARTICIPATION: RURAL INDIAN CONTEXT**

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**ABSTRACT**

*The past decade has seen an explosion of interest among college faculty in the teaching methods variously grouped under the terms 'active learning' and 'cooperative learning'. However, even with this interest, there remains much misunderstanding and mistrust of the pedagogical "movement" behind the words. The majority of all college faculties still teach their classes in the traditional lecture mode. Some of the criticism and hesitation seems to originate from the idea that techniques of active and cooperative learning are genuine alternatives to, rather than enhancements of professors' lectures. This paper explains how 'active learning' and 'cooperative learning' techniques can be used to supplement rather than replace lectures. This paper does not advocate complete abandonment of lecturing as researcher herself is a lecturer. The lecture method is a very efficient way to present information, but use of the lecture as the only mode of instruction presents problems to both the instructor and the students. There is a large amount of research attesting to the benefits of active learning and cooperative learning. The researcher used a questionnaire method. The questionnaire was distributed to 200 final year students of the undergraduate degree courses of Commerce and Management.*

**KEYWORDS**

Active learning, Cooperative learning, Lecture method, Instructions, Students

**THEORETICAL BACKGROUND**

**I** hear and I forget, I see and I remember, I do and I understand.

"Active learning" is, in short, anything that students do in a classroom other than merely passively listening to an instructor's lecture. This includes everything from listening practices which help the students to absorb what they hear, to short writing exercises in which students react to lecture material, to complex group exercises in which students apply course material to "real life" situations and/or to new problems. The term "cooperative learning" covers the subset of active learning activities which students do as groups of three or more, rather than alone or in pairs. Generally, cooperative learning techniques employ more formally structured groups of students assigned with complex tasks, such as multiple-step exercises, research projects, or presentations. Cooperative learning is to be distinguished from another, now well-defined term of art, "collaborative learning", which refers to those classroom strategies which have the instructor and the students placed on an equal footing working together, for example, in designing assignments, choosing texts and presenting material to the class.

*Asian proverb*

**COLLABORATIVE LEARNING**

Recent research suggests that individuals in small groups learn better than they do on their own or in isolation. In light of the research on active learning, this is not surprising, as a small group initiates collaborative learning and its resulting activities: students generate questions, discuss and arrive at conclusions, turn thought into written or oral language, etc.

**COOPERATIVE GROUP ASSIGNMENTS**

This is one more method of active teaching...it includes the following:

**Assigning formal cooperative tasks:** One form of active learning deserves special attention because it overtly places the learners as workers, demands that each process beliefs and construct expression with co-workers, and forces the achievement of a group goal. That interdependence affects three broad and interrelated outcomes: effort exerted to achieve, quality of relationships among participants and psychosocial adjustment. Ninety years of research and 600 studies show cooperative learning results in more high-level reasoning, more frequent generation of new ideas and solutions and greater transfer of what is learned within one situation to another. Cooperative learning groups embrace five key elements: positive interdependence, individual accountability, group processing, social skills, and face-to-face interaction. Typically three to five learners are placed in heterogeneous groups. All cooperative designs have specific objectives, performance criteria and reward systems. In order for them to be successful, teachers must expect to spend time building cooperative skills and enforcing group self-assessment of them.

**Team member teaching:** Knowledge outcomes: like a jigsaw puzzle, each member of the team is assigned a portion of the whole. Ultimately responsible for knowing all, each group member teaches the others about their piece. Learners need explicit preparation in how to effectively communicate information to others.

**Student teams- achievement divisions:** Knowledge outcomes: Learners study the material in heterogeneous groups as above, but instead of taking a test, learners play academic games to show their individual mastery of the subject matter. At a weekly tournament, learners are matched with comparably performing learners from other teams. Assignments to the tournament tables change weekly according to a system that maintains the equality of the competition.

**Performance judging design:** Skill outcomes: Here learners first study how to develop and apply appropriate criteria for judging performance on a skill, such as writing an essay, giving a speech, or constructing a tool chest. They test their cooperatively developed criteria on a product produced anonymously by someone else. Then the learners are assigned the task of creating their own product for other members of the team to review.

**Clarifying attitudes design:** Attitude outcomes: the teacher prepares an attitude questionnaire, usually a multiple-choice inventory. Each learner selects from the range of alternatives those that most accurately represent his or her views. Next, teams meet to reach agreement on one of the alternatives which represents the soundest action in a particular circumstance. They examine the differences between previous attitudes and discuss together how each may want to be consistent with the agreed-on description of the soundest attitude.

**REWARDING LEARNER PARTICIPATION**

Support learner actions with effective, well-timed positives: All teaching moves learners into areas of risk and incompetence. So often the job of a teacher is to find nascent deftness when it is easier to notice the maladroitness. The methods chosen to administer those positives, however, send messages about what is important to achieve. Are learners supposed to work toward external approval or their own performance? Are grades the true reward? Or are learners supposed to learn to enjoy the quest itself? Teachers answer these questions through the manner in which they support improvement.

The best rewards are not contrived but foster personal reflection and independence and actually work, that is, learners maintain new abilities or do better. Effective teachers support emerging initiative, cooperation and perseverance with well-timed positives in these forms:



**Avoid praise:** Praise, the expression of judgment, is less successful in rewarding learner performance than the techniques listed below. It tends to foster approval seeking rather than independence. Examples: "good question", "That's a nice weld."

**Description:** Describe objectively those aspects of learner performance which need support, avoiding a personal evaluation: "that's a topic we need to discuss", "That weld is even", etc. State a culturally accepted conclusion a group of dispassionate observers would concede: "that's a pertinent question", "That weld is just like the book".

**Narration:** Detail the action a learner takes immediately as it occurs. Narrations usually begin with "you..." example: "you're raising an issue that needs discussion", "You're obviously trying to fit the pieces together".

**Self-talk:** Talk about your own thoughts or prior personal experience. Example: "I have wondered that, too", "Questions like that have always intrigued me."

**Nonverbal or vocal sounds:** Smile, Wink, Thumbs up, Gestures of excitement and success. "Wow!", "indeed-do." whistles.

**Personal feelings:** Describe your emotional reactions as a participant learner, a member of the group, expressing deep, genuine, personal feeling. "What a joy for me to listen to this discussion!" "I get discouraged, too."

**Intrinsically-phrased reward statements:** Positive expressions about emerging learner performance and achievement highlight internal feelings of self-worth and self-satisfaction (without praise, which is an extrinsic judgment). Enjoyment – "that was fun!" "I get pleasure from that, too". Competence – "you did it!" "that is mastered!" Cleverness – "that was tricky", "creative". Growth – "you've taken a step forward", "Change has occurred!"

## REVIEW OF LITERATURE

The lecture method is a relatively poor instructional approach for maintaining student attention (Blight, 2000). Research findings suggest that student concentration during lectures begins to decline after 10-15 minutes (Stuart & Rutherford, 1978). A summary of the different types of evidence offered to support this assertion is provided by Blight (2000). Recently, Wilson & Korn (2007) have both reviewed this literature and questioned this claim, (i.e. largely by raising legitimate methodological and interpretive questions about the early yet often cited studies done in this area). Their critique, however, does not challenge the consistent findings of recent research demonstrating that when compared to traditional 50-minute classroom lectures, interactive lectures produce superior educational outcomes. For example, over twenty years ago, empirical research comparing lecture methods versus discussion techniques was summarized in the report 'Teaching and Learning in the Classroom: A review of the Research Literature' prepared by the National Center for Research to improve post-secondary teaching and learning (Mckeachie, et al., 1987). The review concluded that, in those experiments involving measures of retention of information after the end of a course, measures of problem solving, thinking, attitude change or motivation for further learning, the results tend to show differences favoring discussion methods over lecture (p. 70). Hake (1998) reported the results of one study involving 62 introductory physics courses. Compared to traditional lecture-based instruction, instructional approaches that promoted interactive engagement produced dramatic student gains in conceptual and problem-solving test scores. Springer et al. (1998) similarly reported a large meta-analysis of studies examining small group learning in SMET courses (i.e., Science, Math, Engineering and Technology). Compared to traditional lecture-based instruction, various forms of small group learning produced higher achievement test scores, more positive student attitudes and higher levels of student persistence. Knight & Wood (2005), in an article titled 'teaching more by lecturing less', report the results of a study completed in a large, upper-division biology lecture course. When compared to students' performance when the course was taught using a traditional lecture format, students who were taught with (a) in-class activities in place of some lecture time, (b) collaborative work in student groups, (c) increased in-class formative assessment and (d) group discussion were observed to make significantly higher learning gains and better conceptual understanding.

Over the years, scholars, researchers and national reports have also discussed the importance of employing active learning instructional strategies to maximize student learning in the college or university classroom. Consider individually or collectively the following succinct observations and/or recommendations: Lectures alone are too often a useless expenditure of force. The lecturer pumps laboriously into sieves. The water may be wholesome; but it runs through. A mind must work to grow (Elliot, 1869). Faculty should make greater use of active modes of teaching and require that students take greater responsibility for their learning (study group on the conditions of excellence in American higher education, 1984).

## RESEARCH METHODOLOGY

Both primary and secondary data have been used for the purpose of this study. All the 856 students of Saint Mary's Syrian College, Brahamvar constitute the population under study. However, the researcher has used a sample of 200 students under the simple random sampling method. The questionnaire was distributed to all the 200 final year students of the undergraduate degree courses of Commerce and Management. All the students responded to the questionnaire, the response rate being 100%. All final year students were selected for the research, as they will be in a mood of being the final year students and also the seniors-most students of the college. Personal interview was held with the faculty members with regard to the idea of implementing active learning in the class.

## FINDINGS OF THE STUDY

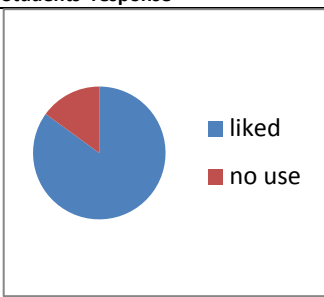
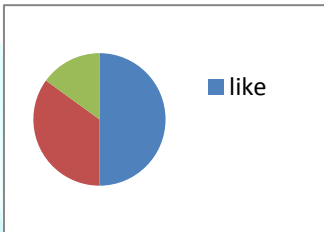

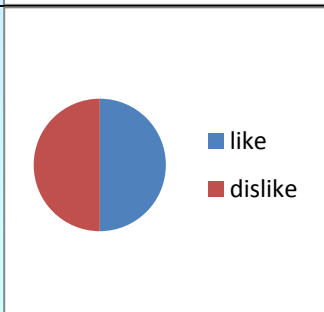
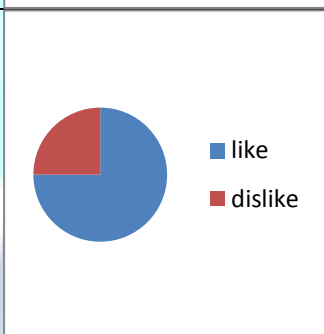
The researcher used two groups for her study i.e. final year B.Com. and final year BBM. The researcher has been teaching the subject of Financial Management, a practical oriented subject with theory in final year B.Com. class and she has been teaching the elective paper of Financial Management in final BBM, which is entirely different with a vast syllabus as compared to the paper of final year B.Com.

The active learning technique adopted for the first group was: News reading in the class by a group of five members each based on their roll numbers, seminars by five group members, group is based on their own choice. The active learning technique adopted for the second group was: seminars for a group of five each, where members are chosen on the basis of their roll numbers and a group of five members each of their choice was formed for solving the problems in old question papers, each member is allotted with the individual task of solving one question paper. Seminars for both the groups were on general management and commerce subjects. At the end of the semester, the person who read the news very clearly and honestly and the good seminar were awarded with chocolates, pens, etc. and the good group was awarded with positive appraisal in the last class.

After implementing this when we collected feedback about this method at the end of the Vth semester, 75% of the students reported that they liked this type of teaching- learning process.



STUDENTS' RESPONSE TOWARDS ACTIVE LEARNING (n = 200)

Activity	Students' response
<p>News reading:</p> <p>85% liked it (got general knowledge) 15% said, no use (hate to write and can't read)</p>	 <p>■ liked ■ no use</p>
<p>Seminars:</p> <p>50% liked it (are bold students) 35% disliked it (stage fear) 15% said, no use (not interested)</p>	 <p>■ like</p>
<p>Practical's worked out by groups:</p> <p>75% liked it (benefit of group learning) 25% said it's irrelevant (partiality)</p>	 <p>■ like ■ irrelevant</p>
<p>Lecture method:</p> <p>50% disliked it (boring, feeling sleepy) 50% liked it (with examples interesting)</p>	 <p>■ like ■ dislike</p>
<p>Reward system:</p> <p>75% liked it (motivates them) 25% partiality disliked it</p>	 <p>■ like ■ dislike</p>

The news reading by group and discussing the issue in the class for 15 minutes liked by most, it helped those who did not read news papers and it helped them to have a general awareness about the external environment and help them to improve their reading skill and familiarize with certain business jargons. The group seminars helped them to develop their personality by eradicating stage fear. Getting students in groups, especially in large classes, was seen as a way to help them in socializing. Role-play was done by students in the case of case laws in Business Law class.

**DISCUSSION**

It is very difficult to impart active learning even though it has got advantages: a) It does suit the UG course because of the time constraint under the semester system; b) In undergraduate courses, the students expect everything from the teachers; c) Co-operative learning is only suitable to final year students whereas the first year students may not be knowing each other, and hence, resist the attempts to form groups and they form groups by themselves; d) It may disturb the classroom environment and disturb other classes, if classes are located close to each other; e) Highly distractive students take advantage of this activity; f) Suitable for courses with less number of students in a class; and g) Practical subjects like mathematics, statistics, etc. cannot be taught under this method. Some common barriers to instructional change include: a) The powerful influence of educational tradition; b) Faculty self-perceptions and self-definition of roles; c) The discomfort and anxiety that change creates; d) The limited incentives for faculty to change; e) Certain specific obstacles are associated with the use of active learning including limited class time; a possible increase in preparation time; the potential difficulty of using active learning in large classes; and a lack of needed materials, equipment, or resources; f) Perhaps the single greatest barrier of all, however, is the fact that faculty members' efforts to employ active learning involve risk--the risks that students will not participate, use higher-order thinking, or learn sufficient content, that faculty members will feel a loss of control, lack necessary skills, or be criticized for teaching in unorthodox ways.

However, active learning can be used: a) As a substitute to the main subject; b) Such practices can be followed occasionally; c) Every chapter cannot be taught through active learning process; d) Student interest also matters a lot in this learning process.

## CONCLUSION

The reform of instructional practice in higher education must begin with faculty members' efforts. An excellent first step is to select strategies promoting active learning that one can feel comfortable with. Such low-risk strategies are typically of short duration, structured and planned, focused on subject matter that is neither too abstract nor too controversial and familiar to both the faculty member and the students. Faculty developers can help stimulate and support faculty members' efforts to change by highlighting the instructional importance of active learning in the newsletters and publications they distribute. Further, the use of active learning should become both the subject matter of faculty development workshops and the instructional method used to facilitate such programs. And it is important that faculty developers recognize the need to provide follow-up to, and support for, faculty members' efforts to change. Academic administrators can help these initiatives by recognizing and rewarding excellent teaching in general and the adoption of instructional innovations in particular. Comprehensive programs to demonstrate this type of administrative commitment (Cochran 1989) should address institutional employment policies and practices, the allocation of adequate resources for instructional development, and the development of strategic administrative action plans. Equally important is the need for more rigorous research to provide a scientific foundation to guide future practices in the classroom. Currently, most published articles on active learning have been descriptive accounts rather than empirical investigations, many are out of date, either chronologically or methodologically, and a large number of important conceptual issues have never been explored. New qualitative and quantitative research should examine strategies that enhance students' learning from presentations; explore the impact of previously overlooked, yet educationally significant, characteristics of students, such as gender, different learning styles, or stage of intellectual development; and be disseminated in journals widely read by faculties.

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