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EXISTENCE OF JANUARY EFFECT: AN EMPIRICAL INVESTIGATION ON INDIAN STOCK MARKET

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ABSTRACT

A January effect, the subject of the study, is an external factor which explains the price abnormality. By the end of year, most investors sell stocks which show low performance. With the New Year, investors repurchase these stocks to their portfolio at a cheap price. This demand on stocks in the first month of the year increases the prices of stocks. There are several studies which shall confirm this assumption in the literature. The common feature of these studies is that incomes in January return more than December and the relevance is significant statistically. Three important reasons are argued which can explain this phenomenon. The first reason is that in January, investors want to repurchase their stocks at a cheap price which they sold in December in order to decrease tax losses. Therefore, investors sell their stocks in December in order to avoid tax. The second reason is that portfolio managers want to sell their stocks with low performance in order to ameliorate their portfolio. The portfolio manager wants to increase the portfolio performance by carrying out this transaction. The third reason is that portfolio managers aim at stock certificates of more small-sized companies by selling certain stocks and that they want to make profit over the value which they use as a criterion. On the other hand, there are also studies with different approaches about the availability of January effect in literature. In the study, whether January Effect is available has been analyzed by being examined using observations of 15 years, from 1998 to 2013, of the two major indices reported by National Stock Exchange (NSE), i.e. Standard & Poor's (S & P) Nifty and CNX Nifty Junior. The January effect is examined by using Friedman's sum rank test, Mann-Whitney U-test and dummy variable regression analysis, which are tests for seasonality.

KEYWORDS

Seasonality, Dummy variable regression, Mann-Whitney U-test, Weekend effect.

THE JANUARY EFFECT

The January effect is a calendar related anomaly in the financial market where the stock prices increases in the month of January. This creates an opportunity for the investors to buy stocks for lower prices before January and sell them after their value increases and gain profit, thus proving the market inefficiency. This phenomenon was first observed in 1942, by investment banker Sidney B. Wachtel. The occurrence of this is attributed to the fact that there is considerable selling of their stock holding to claim capital losses which would benefit them for tax purposes. As the calendar year rolls over, the investors plough this amount back into the market which in turn pushes the price up. This phenomenon occurs between the last trading day in December of the previous year and the fifth trading day of the New Year in January.

Statistics on the returns generated in Sensex between the last trading day in December of the previous year and the fifth trading day of the New Year in January. Out of 11 instances (since 2000 -2010), only 2 instances have seen negative returns and they have been marginal, however, on the other 9 instances, one has clocked profits, on some such occasions, the returns have been significant too.

Year	Returns
2000	7.02%
2001	5.33%
2002	3.48%
2003	-0.58%
2004	3.43%
2005	-2.08%
2006	2.34%
2007	0.53%
2008	1.97%
2009	6.51%
2010	1.64%

A second reasoning is that the January effect is related to institutional trading behavior around the turn of the years. It has been noted, for example, that the ratio of buys to sells for institutions drops significantly below average in the day before the turn of the year and picks to above average in the months that follow. Another important behavioural aspect has been observed is due to Christmas and holiday season. Since it is festival and holiday time in the western countries people need money for spending. Hence they go for wide-spread selling. This causes the stock prices to tumble just before the festive season i.e early and mid-December. The same investors will again come back in January for putting fresh money and starting again, hence the January effect predominates.

LITERATURE REVIEW

A considerable body of researchers supports the view that January anomaly could be exploited to make abnormal returns. For instance, research studies of *Gultekin and Gultekin (1983)*, *Lakonishok & Smidt (1984)*, *Jagadeesh (1991)* report seasonality in stock returns they further state that stock returns are abnormally high compared other months of the year.

The study by KEIM, Donald B., 1983, examines month-by-month, the empirical relation between abnormal returns and market value of NYSE and AMEX common stocks. Evidence is provided that daily abnormal return distributions in January have large means relative to the remaining eleven months, and that the relation between abnormal returns and size is *always* negative and more pronounced in January than in any other month even in years when, on average, large firms earn larger risk-adjusted returns than small firms. In particular, nearly fifty percent of the average magnitude of the 'size effect' over the period 1963–1979 is due to January abnormal returns. Further, more than fifty percent of the January premium is attributable to large abnormal returns during the first week of trading in the year, particularly on the first trading day.

The study conducted by *LAKONISHOK, Josef and Seymour SMIDT, 1988* uses 90 years of daily data on the Dow Jones Industrial Average to test for the existence of persistent seasonal patterns in the rates of return. Methodological issues regarding seasonality tests are considered. We find evidence of persistently anomalous returns around the turn of the week, around the turn of the month, around the turn of the year, and around holidays.

According to *REINGANUM, Marc R., (1983)*. Small firms experience large returns in January and exceptionally large returns during the first few trading days of January. The empirical tests indicate that the abnormally high returns witnessed at the very beginning of January appear to be consistent with tax-loss selling. However, tax-loss selling cannot explain the entire January seasonal effect. The small firms least likely to be sold for tax reasons (prior year 'winners') also exhibit large average January returns, although not unusually large returns during the first few days of January.

AGRAWAL, Anup and Kishore TANDON, 1994 examined five seasonal patterns in stock markets of eighteen countries: the weekend, turn-of-the-month, end-of-December, monthly and Friday-the-thirteenth effects. We find a daily seasonal in nearly all the countries, but a weekend effect in only nine countries. Interestingly, the daily seasonal largely disappeared in the 1980s. The last trading day of the month has large returns and low variance in most countries. Many countries have large December pre-holiday and inter-holiday returns. The January returns are large in most countries and a significant monthly seasonal exists in ten countries.

POTERBA, James M. and Scott J. WEISEBENNER, 2001 studied that changes in the capital gains tax rules facing individual investors do not affect the incentives for "window dressing" by institutional investors, but they can affect the incentives for year-end tax-induced trading by individual investors. Empirical evidence for the 1963 to 1996 period suggests that when the tax law encouraged taxable investors who accrued losses early in the year to realize their losses before year-end, the correlation between early year losses and turn-of-the-year returns was weaker than when the law did not provide such an early realization incentive. These findings suggest that tax-loss trading contributes to turn-of-the-year return patterns."

CONSTANTINIDES, George M., (1984) in his study has stated that "the tax law confers upon the investor a timing option - to realize capital losses and defer capital gains. With the tax rate on long term gains and losses being about half the short term rate, the law provides a second timing option - to realize losses short term and gains long term, if at all. Our theory and simulation over the 1962–1977 period establish that taxable investors should realize long term gains in high variance stocks and repurchase stock in order to realize potential future losses short term. Tax trading does not explain the small-firm anomaly but predicts a seasonal pattern in trading volume which maps into a seasonal pattern in stock prices, the January anomaly, only if investors are irrational or ignorant of the price seasonality."

Study by *ROLL, R., 1983* reveals that stock returns for small and large firms reveals a pattern in that average returns are high in general and the average returns of small firms are invariably greater than the average returns of large firms. The pattern cannot be explained by data errors, listings, de-listings or outliers. Instead, it is closely associated with tax loss selling induced by negative returns over the previous year. Transaction costs and low liquidity probably prevent arbitrageurs from eliminating the return seasonality. The tradition of efficient markets is applied to provide arguments concerning the large average return difference between small and large firms. The presence of the seasonality creates a substantial econometric problem in measuring systematic risk and in testing risk/return relationships.

BHARDWAJ, Ravinder K. and Leroy D. BROOKS, (1992) in his study found that the January effect is primarily a low-share price effect and less so a market value effect. In the recent 1977–1986 period, after-transaction-cost raw and excess January returns are lower on low-price stocks than on high-price stocks. Failure of informed traders to eliminate significantly large before-transaction-cost excess January returns on low-price stocks is potentially explained by higher transaction costs and a bid-ask bias. At the least, the January anomaly found in prior tests is not persistent, and thereby, not likely to be exploitable by typical investors.

SULLIVAN, Ryan, Allan TIMMERMANN and Halbert WHITE, (2001) in his findings has stated that "Economics is primarily a non-experimental science. Typically, we cannot generate new data sets on which to test hypotheses independently of the data that may have led to a particular theory. The common practice of using the same data set to formulate and test hypotheses introduces data-mining biases that, if not accounted for, invalidate the assumptions underlying classical statistical inference. A striking example of a data-driven discovery is the presence of calendar effects in stock returns. There appears to be very substantial evidence of systematic abnormal stock returns related to the day of the week, the week of the month, the month of the year, the turn of the month, holidays, and so forth. However, this evidence has largely been considered without accounting for the intensive search preceding it. In this paper we use 100 years of daily data and a new bootstrap procedure that allows us to explicitly measure the distortions in statistical inference induced by data mining. We find that although nominal *p*-values for individual calendar rules are extremely significant, once evaluated in the context of the full universe from which such rules were drawn, calendar effects no longer remain significant."

RITTER, Jay R., (1988) states that the average returns on low-capitalization stocks are unusually high relative to those on large-capitalization stocks in early January, a phenomenon known as the turn-of-the year effect. This paper finds that the ratio of stock purchases to sales by individual investors displays a seasonal pattern, with individuals having a below-normal buy/sell ratio in late December and an above-normal ratio in early January. Year-to-year variation in the early January buy/sell ratio explains forty-six percent of the year-to-year variation in the turn-of-the-year effect during 1971-1985.

The issue of the seasonality of stock returns has been investigated in many developed countries. The existence of seasonal effect has been found in Australia (Officer, 1975 ; Brown ,Keim, Kleidon and Marsh ,1983), UK (Lewis ,1989), Canada(Berges Mc Connel, and Schlarbaum ,1984; Tinic, Barone-Adesi and West, (1990and Japan (Aggarwal, Rao & Hiraki,1990). Boudreaux (1995) reported the presence of month-end effect in markets in Denmark, Germany & Norway. In a study of 17 industrial countries with different tax laws, Gultekin & Gultekin (1983) confirmed the January effect. *Jaffe & Westerfield (1989)* found a weak monthly effect in stock returns of many countries.

I M Pandey studied the seasonality in the Sensex monthly returns. The study used the monthly data of the BSE's sensitivity index for the period April 1991 to March 2002 and used autoregressive moving average model with dummy variable for the analysis. The results of the study confirm the monthly effect in stock returns in India and also supported the 'tax-loss selling' hypothesis.

Mask Haug & Mask Hirschey (2006) studied whether the January effect for small-cap stocks persisted after passage of the tax reform Act 1980. They found that a persistent January effect for small-cap stocks in equal – weighted returns, even during the period of tax reforms.

Dr. Rengaswamy Elango & Dr. Dayanand Pandey examined the presence of January anomaly for five most important indices of NSE for a period from 1999 to 2007. K-W Test, Wilcoxon-Mann-Whitney test, dummy variable regression and Friedman *Anova* tests were used for the analysis of the data. The analytical results indicated the presence of January effect in S&P CNX Nifty which is the benchmark index of the NSE.

Sah (2008) studies seasonality in S&P CNX Nifty, investigating both the day of the week effect and the month of the year effect, finding evidence for a Friday effect and market anomalies for July, September, December & January.

Elango and Pandey (2008) studied the Month-of-the-year effect in NSE, finding the presence of a January anomaly, with March and April having significant negative returns, and November & December showing significant positive returns.

Patel (2008) also studied calendar effects in monthly returns in Indian stock markets, finding two distinct effects: A November-December were significantly higher than those in the other ten months, and a March-to May effect, in which mean returns for the months March to May were significantly lower than those during other nine months; and they showed that these effects were independent of each other.

Ben Mrad Douagi Fatma Wyeme and Chaouachi Olfa investigated the existence of the month of the year effect in daily market returns in Tunis stock exchange (TSE) over a period of January 2, 2003 to December 31, 2008. The study proved the of month of the year effect, specially an April effect in which the mean daily market returns were significantly higher in April than the rest of the year.

A few studies have revealed the presence of seasonal effect of stock returns for the ECMs (emerging capital markets). **Ramcharan (1997)** however rejected the seasonal effect for the stock market in Jamaica. A few studies also urge that January anomaly of low price stocks out performing high-price stocks can't be used to earn abnormal returns (Bhardwaj & Brooks (1992), Mills and Coutts (1995), Draper and Paudyal (1997), Booth and Keim (2000)). They state that given prohibitive transaction costs lower bid-ask spread and commission, the suggested excess profit disappears. So they argue that January anomaly cannot economically be exploited. Kiran Meheta and Ramesh Chander re-examined the January effect in two major indices of BSE i.e BSE Sensex and BSE 500, for a period from July 1997 to December 2007. The results obtained discarded the possibility of the January effect in Indian capital market.

An **alternative explanation of the January effect**, proposed by **Haugen and Lakonishok (1988)** is institutional investor window dressing, which refers to actions by portfolio managers in which they sell losing issues before a period ends in order to avoid revealing that they have held poorly performing stocks. Evidence consistent with the window – dressing hypothesis has been found in markets for instruments held primarily by institutional investors. For example, **Musto (1997)** finds a turn-of-the-year effect among money market instruments, which do not generate capital losses i.e. tax effects. He concludes that at least some of the January effect in the equity market represents window-dressing by portfolio managers, and not tax-loss selling.

Maxwell (1998) concludes that window dressing is a significant factor for the January effect in non investment grade bonds. Because many of the predictions of the window dressing and tax-loss selling hypothesis are the same, it is difficult to determine which, if either drives the January effect.

Sias & Starks (1997) and Poterba and Weisbenner (2001) designed controlled tests to disentangle and evaluate the two hypothesis in the equity, market. Both studies find evidence more consistent with the tax-loss-selling hypothesis. However, the inability to identify institutional trades from individual trades or tax motivated trades from other trades makes their results suggestive, but incomplete as neither study is able to completely control for the potential existence of the window-dressing hypothesis.

OBJECTIVES OF THE STUDY

1. To empirically examine the presence January effect in S&P CNX Nifty returns.
2. To empirically examine the presence of January effect in S&P CNX Nifty Junior returns.
3. To assess whether January effect strategy can be followed to exploit the market by the investors.

RESEARCH METHODOLOGY

The present study considers the daily indices as reported by NSE. NSE has market capitalization of around US\$1.65 trillion an over 1646 listings as of January 2015. The NSE's key index is the S&P CNX Nifty, known as the NSE Nifty (national stock exchange fifty), an index of fifty major stocks weighted by market capitalization. This study considers the daily indices reported by NSE.

INDICES STUDIED UPON

This study considers the daily indices reported by NSE. This study makes an attempt to examine the presence of January effect, if any in one of the most active stock exchanges in India, the NSE, hence, S&P CNX Nifty and CNX Nifty junior was chosen for the study. The S&P CNX Nifty is a well diversified 50 stock index accounting for 22 sectors of the economy. The S&P Nifty junior has in it, the next 50 large liquid growth stocks in India. So these two indices make up the 100 most liquid stocks traded in NSE.

COLLECTION OF DATA

The data comprise daily closing prices of the national stock exchange (NSE) from 1.1.1998 to 31.12.2013 covering a period of about fifteen years. The required data has been downloaded from NSE website www.nseindia.com and yahoo finance.

The indices included for the study along with the period covered are given below:

Sl. No.	Index	Period	No. of Observations
1.	S&P CNX NIFTY	1.1.1998 to 31.12.2013	4002
2.	CNX NIFTY JUNIOR	1.1.1998 to 31.12.2013	4002

The Indian stock exchanges, opens on Monday and close on Fridays. For this present study we have taken into consideration all the working days. All the data points where returns are zero have been eliminated. The various hypothesis tested have been listed below. Both the non-parametric and parametric tests have been adopted for the study.

METHODOLOGY FOR DATA CALCULATION

TESTING OF HYPOTHESIS

In order to examine the presence of the January effect, the following null hypothesis has been tested:

Hypothesis (Ho): $a_1 = a_2 = a_3 = a_4 = a_5 = a_6 = a_7 = a_8 = a_9 = a_{10} = a_{11} = a_{12}$

Here a_1, a_2 represents mean returns of different months of the year. The null hypothesis implies that there is no significant difference in mean returns across the different months in a year.

Hypothesis (Ho): Each a_i is tested for significance (difference from zero)

If this hypothesis is rejected, it would imply that the yearly average returns a_i is significantly different from each other, i.e. there is seasonality in returns across the months.

1. COMPUTATION OF MONTHLY RETURNS

First of all the daily returns on NSE index were computed using the first differences of the logarithmic price index. This approach of logarithmic transformation of the time series data was first suggested by Osborne (1959). The argument put forth is that lognormal returns tends to follow the normal distribution more closely than arithmetic returns (Lauterbach and Ungar (1995)).

The returns are calculated as:

$$R_t = \left[\ln \left(\frac{P_t}{P_{t-1}} \right) \right] \times 100$$

Where,

R_t is the daily return from the index

P is the price index,

P_t represents the current closing index price of the day.

P_(t-1) represents the immediate preceding index price.

Followed by this, the mean return for each month is computed by applying simple arithmetic mean.

$$R_m = \sum \frac{R_{t1} + R_{t2} + R_{t3} + \dots + R_{tn}}{N}$$

Where,

R_m= Mean return percent from the index for the respective month.

R_{t1} to R_{tn}= The daily mean return percentages from the price index for the month.

N= Number of observations during the month.

2. DESCRIPTIVE STATISTICS

Parametric tests like mean, standard deviation, skewness and kurtosis have been applied to study the distribution pattern of the monthly returns across the year.

3. TESTS FOR SEASONALITY

Wilcoxon Mann-Whitney (U) test

Non-parametric methods have been employed to test the seasonality because of their robustness arising from lack of restrictive assumptions such as population normality and homoscedastic variance. Wilcoxon Mann-Whitney (U) pair-wise test has been applied to capture the January effect. This test examines if the average January return is different and statistically significant from returns generated from each of the other remaining eleven months of the year, based on ranking differences in pair-wise observations

The Mann-Whitney "U" is then given by:

$$U = \frac{N_1 N_2 + 1}{2} - R_1$$

Where n₁ is the two sample size for sample 1, and R₁ is the sum of the ranks in sample 1.

Friedman Rank sum test

This is a non-parametric test equivalent of one-way ANOVA which identifies skewness or seasonality of distribution. We perform a Friedman test when we have one within-subjects independent variable with two or more levels and a dependent variable that is not interval and normally distributed (but at least ordinal).

Dummy variable Regression Model

To examine the weekend effect and days of the week effect, the following dummy variable regression model is specified as follows:

$$R_t = \beta_1 d_1 + \beta_2 d_2 + \beta_3 d_3 + \beta_4 d_4 + \beta_5 d_5 + \beta_6 d_6 + \beta_7 d_7 + \beta_8 d_8 + \beta_9 d_9 + \beta_{10} d_{10} + \beta_{11} d_{11} + \beta_{12} d_{12} e_t$$

Where,

R_t is the return on month t,

d₁ = dummy variable equal to 1 if t is January otherwise 0.

d₂ = dummy variable equal to 1 if t is February otherwise 0.

d₃ = dummy variable equal to 1 if t is March otherwise 0.

d₄ = dummy variable equal to 1 if t is April otherwise 0.

d₅ = dummy variable equal to 1 if t is May otherwise 0.

d₆ = dummy variable equal to 1 if t is June otherwise 0.

d₇ = dummy variable equal to 1 if t is July otherwise 0.

d₈ = dummy variable equal to 1 if t is August otherwise 0.

d₉ = dummy variable equal to 1 if t is September otherwise 0.

d₁₀ = dummy variable equal to 1 if t is October otherwise 0.

d₁₁ = dummy variable equal to 1 if t is November otherwise 0.

d₁₂ = dummy variable equal to 1 if t is December otherwise 0.

e_t is the random error term for day t.

The intercepts, β₁.....β₁₂, represent the average deviation of each day from January return. Thus, if the daily returns are equal, one expects the dummy variable coefficients to be statistically close to zero. So, the coefficients of the regression are the mean returns obtained from January to December, applying the ordinary least square.

DATA PRESENTATION AND INTERPRETATION

The calculated returns are put to find out the descriptive statistics. The descriptive statistics calculates the mean, standard deviation, skewness and kurtosis which reveals the nature of the data and quantifies the main features of the taken data. It helps to describe, and summarize data in a meaningful way such that a particular pattern might emerge from the data.

TABLE 1: DESCRIPTIVE STATISTICS

Month	Value	S&P CNX Nifty	NIFTY JUNIOR
January	Obsv.	15	15
	Mean	-0.04006	-0.03230
	St.dev.	0.3840	0.43159
	Skewness	-0.3504	-0.10674
	Kurtosis	-0.6664	-0.04364
February	Obsv.	15	15
	Mean	0.03941	-0.00956
	St.dev.	0.24171	0.31637
	Skewness	-0.1861	-0.02376
	Kurtosis	0.2564	-0.64674
March	Obsv.	15	15
	Mean	-0.0097	-0.05619
	St.dev.	0.38191	0.59371
	Skewness	-0.4418	-1.11278
	Kurtosis	-0.6789	0.38619
April	Obsv.	15	15
	Mean	0.02869	0.11313
	St.dev.	0.34589	0.63610
	Skewness	0.51978	-0.03829
	Kurtosis	0.39655	2.37439
May	Obsv.	15	15
	Mean	-0.0071	0.03542
	St.dev.	0.52781	0.69740
	Skewness	0.6410	0.74110
	Kurtosis	0.9261	1.41103
June	Obsv.	15	15
	Mean	0.0172	-0.07802
	St.dev.	0.3563	0.49989
	Skewness	-1.1907	-1.32165
	Kurtosis	1.8523	1.17974
July	Obsv.	15	15
	Mean	0.04901	0.12712
	St.dev.	0.2688	0.33507
	Skewness	-0.4702	-0.21066
	Kurtosis	-0.3615	-1.03603
August	Obsv.	15	15
	Mean	0.0515	0.0849
	St.dev.	0.2885	0.28077
	Skewness	0.1394	0.2947
	Kurtosis	0.49535	-0.0483
September	Obsv.	15	15
	Mean	0.10269	0.090347
	St.dev.	0.39391	0.49352
	Skewness	-0.85634	-1.01767
	Kurtosis	-0.34853	-0.39988
October	Obsv.	15	15
	Mean	-0.06703	-0.08719
	St.dev.	0.53605	0.5286
	Skewness	-1.2016	-2.0524
	Kurtosis	2.6812	5.5547
November	Obsv.	15	15
	Mean	0.15136	0.19958
	St.dev.	0.30590	0.41033
	Skewness	-0.51687	-0.67729
	Kurtosis	-0.5478	-0.47416
December	Obsv.	15	15
	Mean	0.1950	0.07221
	St.dev.	0.20898	0.0299
	Skewness	0.34526	-2.8907
	Kurtosis	1.1903	10.2560

INTERPRETATION OF DESCRIPTIVE STATISTICS**Monthly pattern of the returns**

Table 1 shows the descriptive statistics of monthly mean stock returns percentage and standard deviation of both the returns.

January, February, March and October yield negative returns

The possible reason for this could be that January, February and March are the months during which income tax are generally assessed and paid. Till February the individuals would have to normally pay 25% of their tax and the rest (75%) of the dues need to be settled before the end of the assessment year. To generate the required amount to settle their tax dues, investors start selling their scrips. This could possibly create a bearish trend tending the share prices to come down and the same is closely related to the tax-loss selling hypothesis. Hence this would offer the investors an excellent opportunity to buy stocks during these months. In April investors may again start buying the shares, so it puts an upward pressure that provides higher returns in April.

November and December witnessed reasonably high returns

The mean returns of November and December in both the indices show higher returns. Therefore, if the investors want to sell their holdings these two months could be considered as the best period.

In case of CNX Nifty the month of December is least volatile with a standard deviation of 0.20898 and the highest volatility is seen in the month of May with a standard deviation of 0.52781. Nifty junior also reports highest volatility in the month of May (0.69740) and least volatility in August (0.2807). Most of the months in both the indices are negatively skewed which for investors can mean a greater chance of negative outcomes.

TABLE 2: SUMMARY OF THE DESCRIPTIVE STATISTICS RESULTS

STOCK INDICES	S&P CNX NIFTY	CNX NIFTY JUNIOR
Highest Mean Returns	November, December	December, November
Lowest mean returns	March, October	February, March
Highest volatile months	May, October	May, December
Least volatile months	December, February	August, February

Tests for Seasonality

To test the presence of January effect, the test for seasonality has to be done. Non-parametric tests i.e Wilcoxon Mann-Whitney U-Test, Dummy Variable Regression Model and ANOVA have been used for this study.

TABLE 3: REGRESSION MODEL (ANOVA) FOR S&P CNX NIFTY

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14061.502	12	1171.792	.734	.699 ^a
	Residual	4786.512	3	1595.504		
	Total	18848.015	15			
<i>R Value</i>	0.864		<i>R Square</i>	0.746	<i>P-value</i>	0.699

TABLE 4: REGRESSION MODEL (ANOVA) FOR NIFTY JUNIOR

REGRESSION STATISTICS					
Multiple R	0.9803				
<i>R Square</i>	0.9610				
Adjusted R Square	0.4936				
Standard Error	0.0993				
Observations	12				
ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	11	0.243	0.022	2.209	0.501
Residual	1	0.010	0.010		
Total	12	0.253			

INTERPRETATION OF ANOVA

The Table 3 and 4 shows that the calculated value of F test statistic for both the indices both the F values 0.734 and 2.209 are less than the critical value; hence, the null hypothesis is accepted. The above table shows that since the significant level is greater than 0.05, hence, the relationship between the dependent and independent variables are highly insignificant. This infers that the daily returns of the indices are independent of the trading months, evidencing the absence of January effect.

TABLE 5: RESULTS OF WILCOXON MANN-WHITNEY TEST

Return Pair	S & P CNX Nifty	S & P CNX Nifty Jr.
Feb - Jan	Z	-1.448
	P Value	.148
Mar - Jan	Z	-.982
	P Value	.326
Apr - Jan	Z	-.052
	P Value	.959
May - Jan	Z	-.207
	P Value	.836
Jun - Jan	Z	-.310
	P Value	.756
Jul - Jan	Z	-.414
	P Value	.679
Aug - Jan	Z	-.827
	P Value	.408
Sept - Jan	Z	-.052
	P Value	.959
Oct - Jan	Z	-.776
	P Value	.438
Nov - Jan	Z	-1.293
	P Value	.196
Dec - Jan	Z	-1.655
	P Value	.098

ANALYSIS OF U TEST

The size of the P-value for a coefficient says nothing about the size of the effect that variable is having on the dependent variable, i.e. on the return. The higher the P-value, the less we can believe that the observed relation between variables in the sample is a reliable indicator of the relation between the respective variables in the population. The higher the percentage of P-value, higher will be the chances of no relation between the independent variable and the return. A P-value of 0.05 (i.e. 1/20) indicates that there is a 5% probability that there will be no relation between the variables, which means there will be 95% chance that variables are having relation.

The findings of the above Table 5 show that every P-value is positive for both the CNX nifty and CNX nifty junior. In statistical significance testing, the P-value is the probability of obtaining a test statistic at least as extreme as the one that was actually observed, assuming that the null hypothesis is true. One often 'rejects the null hypothesis' when the P-value is less than 0.05 or 0.01, corresponding respectively to a 5 or 1% chance of rejecting the null hypothesis when it is true.

Results those are significant at the $P \leq 0.01$ level are commonly considered statistically significant. The p-values are greater than 0.05 for both the indices showing that the null hypothesis is accepted.

All the Z-values are negative for both the indices, just the reverse of P-values. Roger Mundry and Julia Fischer have done a U-test using Z-values. They have found that the critical value of Z is 1.96 and if the value of Z exceeds the critical value then we can say that null hypothesis is rejected.

Our result shows that every Z-value is way below the critical value 1.96 at a standard significance level of 5%. Though, in our result, all the significance levels are different, but we can safely say that the Z-value will not go beyond 1.96, showing that our null hypothesis is accepted and there is no dependency among variables. From the above test, one can safely conclude that there are no fluctuations when it comes to January return

TABLE 6: RESULTS OF DUMMY VARIABLE REGRESSION ANALYSIS

Month	Parameter	S&P CNX Nifty	CNX Nifty Jr
β_1 Jan (Intercept)	Coeff.	0.147	0.059
	Std. Error	1.767	0.099
	t-stat	0.083	0.598
	Prob.	0.939	0.657
β_2 Feb	Coeff.	1.142	-0.261
	Std. Error	3.022	0.532
	t-stat	0.378	-0.491
	Prob.	0.731	0.709
β_3 Mar	Coeff.	0.157	-0.508
	Std. Error	1.71	0.194
	t-stat	0.092	-2.612
	Prob.	0.933	0.233
β_4 Apr	Coeff.	-0.744	0.322
	Std. Error	2.475	0.149
	t-stat	-0.301	2.161
	Prob.	0.783	0.276
β_5 May	Coeff.	-1.907	0.030
	Std. Error	1.735	0.162
	t-stat	-1.099	0.184
	Prob.	0.352	0.884
β_6 Jun	Coeff.	-1.281	-0.091
	Std. Error	1.875	0.061
	t-stat	-0.683	-1.495
	Prob.	0.543	0.375
β_7 Jul	Coeff.	-0.768	0.166
	Std. Error	2.781	0.142
	t-stat	-0.276	1.168
	Prob.	0.8	0.451
β_8 Aug	Coeff.	0.836	0.339
	Std. Error	2.251	0.599
	t-stat	0.371	0.566
	Prob.	0.735	0.672
β_9 Sept	Coeff.	0.142	0.473
	Std. Error	2.436	0.384
	t-stat	0.058	1.232
	Prob.	0.957	0.434
β_{10} Oct	Coeff.	-1.066	-0.456
	Std. Error	1.558	0.224
	t-stat	-0.684	-2.032
	Prob.	0.543	0.291
β_{11} Nov	Coef	0.784	-0.049
	Std.Err	2.059	0.101
	t-stat	0.381	-0.482
	Prob	0.729	0.714
β_{12} Dec	Coef	2.679	0.189
	Std.Err	2.804	0.222
	t-stat	0.955	0.852
	Prob	0.41	0.551
	R square	0.746	0.963

ANALYSIS OF THE DUMMY VARIABLE REGRESSION ANALYSIS

The above table indicated that all the values of the t-stats are less than 2 for CNX Nifty and CNX Nifty junior, except on April for nifty junior. This denotes that the t-stats values coefficients are having no significant impact on the dependent variable, hence proving that there is no existence of the January effect. The probability values show that all the values are greater than 0.05 which indicated that the null hypothesis is accepted and there is no significant difference in the mean returns across the different months in a year.

The value of the R^2 signifies the proportion of variance in the dependent variable (i.e. return of the months), which can be explained by the independent variable (months of the year, i.e. January, February, March, April, May, June, July, August, September, October and December). This is an overall measure of the strength of association and does not reflect the extent to which any particular independent variable is associated with the dependent variable.

The R^2 values are 0.746 (74%) and 0.963 (96%) for the CNX NIFTY and CNX NIFTY JUNIOR, respectively, which denotes that in CNX NIFTY, 74% of the variation in the daily stock return is explained by the closest previous day's return and in case of CNX NIFTY JUNIOR, only 96% of the variation in the daily stock return is explained by the closest previous day's return. Since both the R square is very high, the previous month's stock price is a good predictor of the current month's stock price. Thus, the value of R square denotes that independent variable (months of the year) has a significant influence on the dependent variable (returns). But since, probability values are insignificant, it negates the presence of January effect.

TABLE 7: FRIEDMAN RANK SUM TEST

Nifty Junior		Nifty	
N	15	N	15
Chi-Square	18.846	Chi-Square	11.321
df	14	df	14
Asymp. Sig.	.064	Asymp. Sig.	.417

ANALYSIS TO FRIEDMAN RANK SUM TEST

The table 7 above shows that for both the indices the significant level is more than 0.05, hence, inferring that the dependent and independent variable are statistically insignificant, thus accepting the null hypothesis. In the table 8 of the results of Equality of Monthly Returns, also all the p-values of the different months for both the indices, are highly insignificant supporting the null hypothesis that there is no difference in the mean returns of the months of the year.

TABLE 8: RESULTS OF EQUALITY OF MONTHLY RETURNS

Test Statistics	Nifty Junior						Nifty					
	Jan	Feb	Mar	Apr	May	Jun	Jan	Feb	Mar	Apr	May	Jun
Mann-Whitney U	10.0	17.0	16.0	7.0	17.0	8.0	7.0	8.0	10.0	12.0	13.0	10.0
Wilcoxon W	25.0	32.0	44.0	35.0	45.0	23.0	52.0	14.0	16.0	57.0	58.0	16.0
Z	-1.218	-.081	-.244	-1.705	-.081	-1.543	-1.202	-1.017	-.647	-.277	-.092	-.647
P - Value	.223	.935	.808	.088	.935	.123	.229	.309	.518	.782	.926	.518
Test Statistics	Jul	Aug	Sep	Oct	Nov	Dec	Jul	Aug	Sep	Oct	Nov	Dec
Mann-Whitney U	17.0	8.0	14.0	9.0	6.0	13.0	7.0	8.0	11.0	4.0	10.0	9.0
Wilcoxon W	32.0	23.0	42.0	24.0	21.0	41.0	13.0	14.0	17.0	49.0	55.0	15.0
Z	-.081	-1.543	-.568	-1.380	-1.868	-.731	-1.202	-1.017	-.462	-1.757	-.647	-.832
P - Value	.935	.123	.570	.167	.062	.465	.229	.309	.644	.079	.518	.405

OBSERVATIONS FROM THE ANALYSIS ON THE EXISTENCE OF JANUARY EFFECT

The January effect is considered to be the most common calendar anomaly in equity markets. Several explanations have been put forward to justify its existence. Three of the most prominent among these theories are the tax-loss selling hypothesis (Wachtel, 1942), the window dressing hypothesis (Haugen and Lakonishok, 1988) and the information release hypothesis (Rozeff and Kinney, 1976). The tax-loss selling hypothesis suggests that investors wait until the tax-year end to sell poorly performing stocks in order to realize capital losses for tax purposes. Investors then buy stocks after the first of the year to re-establish their portfolios and this buying pressure creates the January effect. The window dressing hypothesis argues that at the end of the year, fund managers sell securities that have performed poorly during the year and replaced them with more liquid assets to ameliorate the impression of portfolio composition. These activities are reversed in January of the following year. The information release hypothesis assumes that January representing the beginning and end of many potentially important financial and informational events. Consequently, for those firms with year-end financial closing, the month of January represents a period of increased uncertainty and expectation, due to the release of potentially important information.

The above analysis showed that some of the months really play an important role in determining the investment strategy. Literature reviews have shown that there were signals of the presence of this seasonality till 2008. The regression results confirm that seasonal effect does not exist in stock returns in India. The study reveals that January, February & March have negative returns but can be the best months to buy the scrip and November & December show significant positive high returns which can be used to sell securities. Tax-loss selling hypothesis could be the possible explanation for the above phenomenon. Although the t-coefficient of December month did not report any significance but the presence of December effect can be tested over Indian stock market. The study also provides evidence that the market was not able to price the risk appropriately as higher returns were possible by taking less risk and this indicates market inefficiency.

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THE POLICYHOLDERS' KNOWLEDGE ON INSURANCE AND TAKAFUL: AN EXPLORATORY RESEARCH IN INDIA

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ABSTRACT

Insurance has become part and parcel of our contemporary life style. However, given that Islam prohibits the demand for conventional insurance, it is substituted by Takaful. India has the second largest Muslim population in the world underscoring the strong potential growth for Takaful. The primary objective is to explore the policyholders' knowledge of insurance and Takaful in India. This paper further investigates whether policyholders' knowledge on prohibition of insurance can trigger introducing Takaful in India. In analysing the data, descriptive statistics and reliability test are employed. The study finds that the awareness of Takaful is very low compared to insurance. However, the regression analysis and correlation results indicate that knowing that insurance is prohibited significantly affects conventional insurance. It seems to provide the evidence that there is a positive sign for the future Takaful market in India. It is expected that the findings will be of interest to investors, insurance operators and regulators in India.

KEYWORDS

Insurance, Takaful, India.

JEL CODES

G22, G29, N25.

1.0 INTRODUCTION

The practice of insurance is not a new phenomenon in India. It can be traced back to 1818 with the establishment of the Oriental Life Insurance Company. In the case of general insurance, it can be dated back to the industrial revolution in the west and is the consequent growth of maritime trade and commerce in the 17th century. Due to the unethical practices of some of the insurance companies, the life insurance industry was nationalized in 1956 and the general insurance industry was nationalized in 1973. However, another issue came in after nationalization. This issue was related to the complaints regarding inefficiency of the industry. As a result, in 1993, the Indian government set up the Malhotra Committee Report and based on the recommendation of this committee, the industry was liberalized again in 2000. The Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry (Insurance Regulatory and Development Authority, 2012-13).

There are currently 24 life insurance companies and 27 non-life insurance companies operating in India. By the end of September 2013, the total number of insurance and reinsurance companies was 52, comprising of 24 life insurers, 27 non-life insurers and one re-insurer (IRDA, Annual report, 2013). Hence, it seems that the insurance market in India is successful. It should also be noted that due to contemporary lifestyles and complicated business activities, it becomes necessary to take precautions in order to protect from possible unfavourable outcomes. This sense of precaution is acceptable by all religion.

Government regulations force the public to engage with insurance in the form of mandatory general insurance for road tax in some countries such as Malaysia, Canada, United Kingdom, and United States of America. The main purpose of insurance is to provide coverage for the policyholders in the case of misfortune. This noble objective behind insurance is much appreciated since it helps reduce the financial burden, especially in times of need. However, the inherited elements in the insurance practices such as interest, uncertainty, and gambling are prohibited in Islam. This has forced Muslim scholars to think of an alternative insurance structure that is not prohibited in Islam. In 1972, the Malaysian National Fatwa Council, and in 1985, Islamic *Fiqh* academy under the patronage of the Organization of Islamic Conference (OIC) in its resolution no. 9 (2/9) declared that insurance is prohibited from the Islamic perspective.

This prohibition led to the birth of Takaful. Takaful has seen impressive growth since its introduction as evidenced by the World Takaful Report (2012), Islamic Finance News (May, 2012) and Global Takaful Insight (2013). According to the aforementioned records, the Takaful industry has seen double digit growth since 2010 and Global Takaful contributions grew by 19% in 2010, to US\$8.3 billion. In addition, Global Takaful Insight (2013) highlights that India has much potential due to the significant Muslim population. According to Islamic Finance News (2013), the Kerala High Court permitted the Kerala State Industrial Development Corporation (state-sponsored financial institutions) to carry out Shari'ah compliant financing activities in India. If the government is supporting Islamic finance, India will be one of the top five Islamic finance markets in the world in terms of size. The Securities and Exchange Board of India introduced regulation on an Alternative Investment Funds (AIF Regulation) and it is expected that Shari'ah compliant funds can be registered under the AIF Regulation. This development motivated us to conduct this research. The objectives of this research are to examine the awareness and knowledge of insurance and Takaful by the policyholders in India in order to forecast the future Takaful market in India.

This paper is organised in five sections. The second section discusses Takaful. The third section elaborates on the research methodology. The fourth section explains the research findings and the last section concludes this paper.

2.0 TAKAFUL

2.1 CONCEPT OF TAKAFUL

The original concept of Takaful can be traced back to the time of the Prophet (SAW). In those days, it was practiced as “*Aqīlah*” which is the payment to the heir of the victim by the kin of the murderer. *Aqīlah* was widely practiced among the Arab tribes and the Prophet and His companions (Salman and Htay, 2014; Arifin et al, 2013; Alhabshi et al, 2012; Archer, Karim, & Nienhaus, 2011; Jaffer et al., 2010; Othman & Abdul Hamid, 2009).

2.2 DEFINITIONS OF TAKAFUL

“Takaful” is an Arabic term which means joint guarantee among the participants and it is derived from the Arabic word “*Kafala*” which is taking care of one another (Kassar, 2008). Takaful is based on the principle of *Ta’awun* (mutual cooperation) and *Tabarru* where the risk is shared collectively by members of a policy (Billah, 2002; Maysami & Williams, 2006; Usmani, 2007; Saaty & Ansari, 2008; Kassar, 2008; Noor, 2009; Zuriah & Hendon, 2009; Fadzli et al, 2011; Alhabshi et al, 2012; Arifin et al, 2013). In the contemporary world, Takaful has been defined in various ways, including:

“*Islamic Insurance is a system through which the participants donate part or all of their contributions which are used to pay claims for damages suffered by some of the participants. The company’s role is restricted to managing the insurance operations and investing the insurance contributions*”. (Accounting, Auditing and Governance Standards for Islamic Financial Institutions 2008)

“*Takaful is the Islamic counterpart of conventional insurance, and exists in both life (“family”) and general forms. It is based on concepts of mutual solidarity, and a typical Takaful undertaking will consist of two-tier structure that is a hybrid of a mutual and a commercial form of company*”(Islamic Financial Services Board)

The contemporary concept of Takaful can be explained as the providing financial assistance to the participants as a basis of mutual help, brotherhood and solidarity if the participants face misfortune. Thus, it could be assumed that Takaful is an alternative to the conventional insurance and its primary objective to protect the participants based on the ethical and moral foundations and does not seek to maximise profit.

2.3 SHARĪ’AH FRAMEWORK OF TAKAFUL

2.3.1 TAKAFUL IN THE QUR’ĀN

The word “Takaful” is not written in the Qur’ān. However, its concept such as mutual cooperation and helping the needy is encouraged in the Qur’ān. The following verses evidence the need of Takaful and its legitimacy:

“*Allah intends every facility for you; he does not want to put to difficulties...*” (Surah Al-Baqarah, 185). “*O ye who believe! Eat not up your property among yourselves in vanities: But let there be amongst you Traffic and trade by mutual good-will.*” (Surah An-Nisa, 29).

2.3.2 TAKAFUL IN ḤADĪTH

When the historical development of Takaful is examined, the Prophet (SAW) approved the practice of *Aqīlah*, as evidenced by the following practices:

“*Once two women from the tribe of Huzail clashed when one of them hit the other with a stone, which killed her and also the foetus in the victim’s womb. The heirs of the victim brought an action to the court of the Holy Prophet (s.a.w), who gave a verdict that the compensation for the infanticide is freeing of a male or female slave while the compensation for the killing the woman is the blood money (diyat), which to be paid by the ‘Aqilah’ (the paternal relatives) of the accused¹.*” (Narrated by Abu Hurairah)

In addition, the first Islamic constitution prepared by the Prophet (SAW) in 622 A.C. includes the concept of social insurance which is founded on *Aqīlah*, as seen in the following (Billah, 2003):

“*The immigrants among ‘Quraish’ shall be responsible for their word and shall pay their blood money in mutual collaboration.*”²

“*The immigrants among the Quraish shall be responsible for releasing the prisoners by way of paying their ransom, so that the mutual collaboration among the believers be in accordance with the principles of goodness and justice.*”³

“*The society shall be responsible to establish a joint venture with a mutual understanding towards providing necessary aid and help for the needy, ill and poor.*”⁴

2.3.3 FUNDAMENTAL DIFFERENCES BETWEEN TAKAFUL AND INSURANCE

This section highlights the fundamental difference between Takaful and insurance (Fisher & Taylor, 2000; Billah, 2003; Frenz & Soualhi, 2010; Farooq, 2010; Khan et al, 2011; Ezamshah, 2011; Naseer & Jamil, 2011; Matsawali et al, 2012; Yousuf, 2012; Coolen-Maturi, 2013.).

TABLE 1: FUNDAMENTAL DIFFERENCES BETWEEN TAKAFUL AND INSURANCE

No.	Description	Takaful	Insurance
1	Place and Time	Ancient Arab tribal customs before 570 A.C.	The customs of <i>Babylon</i> 4000-3000 B.C.
2	Concept	Based on <i>Aqilah</i>	Based on the <i>Contract of Bottomry</i> .
3	Principle	<i>Aqilah</i> was practiced on the basis of mutual co-operation among the tribes.	The <i>Contract of Bottomry</i> was founded on interest.
4	Contractual relationship	<ul style="list-style-type: none"> • Shari’ah compliant Takaful models • Unilateral contract 	<ul style="list-style-type: none"> • Interest based contract • Bilateral contract
5	Motive	Mutual help and <i>Tabarru</i>	Profit based
6	Payment	Contribution belongs to the participants and Takaful operators depending on the Takaful model adopted.	Premium belongs to the insurance companies.
7	Profit from investment	It can be shared between participants and Takaful operators according to the Takaful model adopted.	It belongs to the insurance operator only
8	Surplus from participant risk fund	It can be shared depending on the Takaful models adopted.	It belongs to the insurance
9	Sources of ruling	Qur’ān Sunnah Fiqh	Purely based on man-made laws such as Acts, Statutes and Case laws
10	Standard setting bodies	AAOIFI IFSB Local standard setting bodies	Local standard setting bodies
11	Choice of investment	Shari’ah compliant investment	No restriction
12	Risk	Risk sharing	Risk transfer
13	Shari’ah compliant	It is in line with Shari’ah.	It is not in line with Shari’ah since it involves the prohibited elements such as interest, uncertainty and gambling.
14	Religious and ethical aspect	Acceptable under any religion	Prohibited under the religious and ethical teaching
15	Motivation	Both material and spiritual motivation	Only material motivation
16	Receivable upon maturity	Participant’s portion from the investment account and profit (if any) and the maturity value from the participant’s risk fund.	The whole amount agreed in the policy, interest, dividend and bonus
17	Receivable upon surrender	Participant’s portion from the investment account and profit (if any) and the surrender value from the participant’s risk fund.	The whole amount agreed in the policy and interest, dividend and bonus (if any)
18	Agency commission	Depending on the Takaful model adopted.	Paid from the premium

¹Sahih Al-Bukhari, (Trans.Eng) by Khan, Dr.M.Muhsin,op.cit., Vol.9, Katab Al-Diyat, No.45, p.34.

²Article 3 of the constitution of *Madina*. It deals with the payment of blood money relying, on the doctrine of *Aqilah*; See Hamidullah, op.cit., at Arts. 4-12a, at 42ff.

³ See Hamidullah, The First Written Constitution in the World, op.cit., Art 3, p.55.

⁴Articles 4-20a of the Constitution of *Madinah*. Islam da DevletButcesi, pp 382-83 as cited by Vardit, op.cit., at f.n. 84, p.28.

The above comparison is done from 18 aspects, namely, place and time, concept, principle, contractual relationship, motive, payment, profit from investment, surplus from participant risk funds, sources of ruling, standard setting bodies, choice of investment, risk, Shaṛ'ah compliant, religious and ethical aspect, motivation, receivable upon maturity, receivable upon surrender and the payment for agency commission.

3.0 RESEARCH METHODOLOGY

This research paper uses the primary data collected from the questionnaire and the secondary data from books, articles, and online materials. The sample size is 30 insurance policy holders from India. Descriptive statistics is used to explain the awareness and knowledge of insurance and Takaful by the insurance policy holders. In addition, reliability test is conducted to examine the reliability of the respondents' answers and multinomial regression is applied in order to explore whether the policyholders' knowledge of the prohibited elements involved in insurance can be the positive sign for the future Takaful market in India.

4.0 FINDINGS

4.1 PROFILE OF THE RESPONDENTS

TABLE 2: PROFILE OF THE RESPONDENTS

Description	Frequency	Percentage
Gender of the respondent		
Male	19	63.33
Female	11	36.67
Total	30	100.00
Respondent's Age		
15-30	13	43.33
31-45	6	20.00
46-60	7	23.33
61 and above	4	13.34
Total	30	100.00
Respondent's Education Background		
Up to Diploma	5	16.67
Bachelor degree	13	43.33
Master degree	6	20.00
PhD	6	20.00
Total	30	100.00
Religion		
Muslim	12	40.00
Non-Muslims such as Hindu, Sikh and Christian	18	60.00
Total	30	100.00
Occupation		
Student	9	30.00
Self- employed	6	20.00
Private and government sector employee	7	23.33
Others such as housewives and retired	8	26.67
Total	30	100.00
Material status		
Single	9	30.00
Married	21	70.00
Total	30	100.00
Personal income		
Rs 5,000 to 20,000	13	43.33
Rs20, 001-40,000	9	30.33
Rs 40,001 and above	8	26.67
Total	30	100.00
Total house income		
Rs 10,001-30,000	6	20.00
Rs30, 001-50, 000	8	26.66
More than Rs 50,000	16	53.33
Total	30	100.00
Number of family members or dependents		
1-3	4	13.33
4-6	19	63.33
7-9	7	23.33
Total	30	100.00
Own house		
Yes	15	50.00
No	15	50.00
Total	30	100.00
Type of house		
Bungalow	7	23.33
Apartment	9	31.00
Flat	7	23.33
Linked house (RCC house)	7	23.33
Total	30	100.00
Type of transportation		
None	1	3.33
Car	17	56.67

Motor bike	12	40.00
Total	30	100.00
What is the most serious threat that you are afraid of?		
Health	23	76.67
Flood	3	10.00
Fire	2	6.67
Accident	2	6.67
Total	30	100.00
Type of insurance that they currently have		
Life insurance	18	60.00
General insurance	12	40.00
Total	30	100.00
Type of insurance company that you engaged		
Government owned	19	63.33
Privately owned	11	36.67
Total	30	100.00
Reasons for choosing either government owned or privately owned insurance company		
Reason for choosing government owned insurance company, compared to privately owned		
More Reliable	19	63.33
Reason for choosing privately owned insurance company, compared to government owned		
More Reliable	1	3.33
Lower premium	2	6.67
Easier to assess	7	23.33
Better customer service	1	3.33
Total	30	100.00
Premium payment per month		
Rs 0 to 2000	21	70.00
Above 5,000	9	30.00
Total	30	100.00

Table 2 provides the profile of the respondents. The pilot test has been conducted based on 30 respondents consisting of 19 male and 11 female. The majority of the respondents are aged from 15 to 30 years. In terms of education, the majority of the respondents are bachelor degree holders (43.33%) followed by master degree holders (20%), Ph.D. holders (20%) and up to diploma holders (16.67%). In the case of religion, out of 30 respondents, 12 are Muslim respondents (40%) and the rest are non-Muslims (60%). Regarding occupation, 30% of the respondents are students, self-employed (20%), private or sector employee (23.33%) and others such as housewives and retired (26.67%).

70% of the respondents are married and the rest are single. In terms of personal income, the majority of personal income (43.33%) falls on the range from Rs 5,000 to 20,000 and in the case of household income; more than half of the respondents' household incomes is more than Rs.50, 000. 63.33% of the respondents have 4-6 family members or dependents, 23.33% has 7-9 members, and 13.33% has 1-3 dependents. Half of the respondents have their own houses while another half does not have and majority of the respondents (31%) are staying in the apartment, 23.33% of the respondents are staying in Bungalows, flats and linked houses respectively. In the case of transportation, more than half (57%) of the respondents have cars followed by 40% (motorbike) and 3% of the respondents does not have his own transportation.

Health is the most serious threat for the majority of the respondents (76.67%). In addition, 10% belongs to the flood, followed by the fire and accident with 6.67% respectively. 60% of the respondents have life insurance while 40% of them have general insurance. 63.33% of the respondents bought their insurance from government owned companies while 36.67% bought from privately owned companies. The main reason for choosing government owned insurance companies is reliability. In the case of choosing privately owned companies, the main reason is ease of assess (23.33%), followed by lower premiums (6.67%), reliability (3.33%), and better customer service (3.33%). Regarding monthly premium payments, 70% of the respondents pay in the range of Rs 0 to 2,000, 30% pay above Rs.5, 000.

4.2 RELIABILITY TEST

Reliability test is conducted twice. The first is for the awareness and knowledge of insurance by the policyholders and the second is for the awareness and knowledge of Takaful. The findings show that the Cronbach's alpha value for the awareness and knowledge of insurance is 0.647 and that of Takaful is 0.774. Thus, it can be generally concluded that the respondents' answers are reliable.

4.3 RESPONDENTS' AWARENESS AND KNOWLEDGE ON INSURANCE

TABLE 3: RESPONDENTS' AWARENESS AND KNOWLEDGE ON INSURANCE

Description	Frequency	Percentage
What makes you engage with insurance policy?		
Compulsory	24	80.00
Voluntary	6	20.00
Total	30	100.00
Compulsory by:		
Government	23	76.67
Sub-total	23	76.67
Voluntary:		
To get compensation for losses from certain events	6	20.00
Influence by friends, peers and family members	1	3.33
Sub-total	7	23.33
Total	30	100.00
Why do you need insurance?		
Weather	2	3.39
Accidents	19	32.20
Theft/ burglary	3	5.08
Physical disability	2	3.39
Illnesses/ health	24	40.68
Education	3	5.08
Death	2	3.39
Investment	1	1.69
Tax benefit	2	3.39
Others	1	1.69
Total	59	100.00
Which class of people should have insurance?		
For all classes	30	100.00
Total	30	100.00
Advantages of having the insurance products		
Less financial burden	28	48.28
Less worry for kids' education fee	13	22.41
Getting sufficient financial support after retirement	16	27.59
Others	1	1.72
Total	58	100.00
Knowledge on conventional insurance involving interest, uncertainty and gambling		
Yes	11	36.67
No	19	63.33
Total	30	100.00
If interest, uncertainty and gambling are prohibited from your religious teaching, the practice of conventional insurance should be prohibited.		
Yes	28	93.33
No	2	6.67
Total	30	100.00
Knowledge on conventional insurance companies investing in any type of investment as long as it will bring profit to the companies		
Yes	25	83.33
No	5	16.67
Total	30	100.00
Agree that if investment made by the conventional insurance in the prohibited business activities such as alcohol, it will make the conventional insurance prohibited from your religious teaching.		
Yes	28	93.33
No	2	6.67
Total	30	100.00
If you know that the conventional insurance involves the prohibited elements from your religion, will you try to find an alternative type of insurance?		
Yes	30	100.00
No	0	0.00
Total	30	100.00
If an alternative type of insurance is acceptable in the eyes of your religion, are you willing to switch from the current insurance product to the alternative one?		
Yes	30	100.00
No	0	0.00
Total	30	100.00
Do you agree that the practice of insurance should consider ethical value?		
Yes	30	100.00
No	0	0.00
Total	30	100.00

Table 3 describes the awareness and knowledge about insurance by the respondents. The majority of the respondents (24%) bought insurance due to the compulsory requirement by the government (76.67%). 20% of the respondents who voluntarily bought the insurance did so in order to be compensated in the case of loss (20%), or were influenced by friends, peers, and family members (3.33%). The main reasons for the need of insurance are due to illness and health (40.68%) and accidents (32.2). All the respondents collectively agree that insurance is necessary for everyone. 48.28% of the respondents think that the

advantage of having the insurance is "less financial burden". 16% of them opine that "getting sufficient financial support after retirement" is another advantage and 22.41% of them think "less worry for kids' education fee".

The majority of the respondents (63.33%) are unaware that insurance involves interest, uncertainty, and gambling. When the respondents are asked whether insurance should be prohibited if the above stated three elements such as interest, uncertainty and gambling are prohibited in their religion, almost all of them (93.33%) agree that insurance should be prohibited if it contains the prohibited elements. 83.33% of the respondents know that insurance companies are investing in any type of investment as long as it will generate profit to the companies. Almost all the respondents (93.33%) agree that if investment is made by the insurance companies in prohibited business activities such as alcohol, it will render conventional insurance prohibited from their religious teaching. All the respondents replied that if they know that the insurance involves elements prohibited by their religion, they are will to find alternative insurance and will switch to a form that is in line with their religious teaching. Finally, all of them agree that ethical value is the important factor to be considered by the insurance companies for the betterment of all involved parties.

4.4 RESPONDENTS' AWARENESS AND KNOWLEDGE ON TAKAFUL

TABLE 4: RESPONDENTS' AWARENESS AND KNOWLEDGE ON TAKAFUL

Description	Frequency	Percentage
Yes	16	53.33
No	14	46.67
Total	30	100.00
How did you hear Takaful?		
Television	1	3.13
Newspaper	2	6.25
Internet	12	37.50
Radio	1	3.13
Magazine	1	3.13
Market or local people	3	9.38
Relatives, friends or neighbors	8	25.00
Banners	2	6.25
Agents	1	3.13
Corporate publicity	1	3.13
Total	32	100.00
Contract		
Yes	3	18.80
No	13	81.20
Total	16	100.00
Payment		
Yes	12	75.00
No	4	25.00
Total	16	100.00
Profit from investment		
Yes	11	68.75
No	5	31.25
Total	16	100.00
Surplus from participant risk fund		
Yes	13	81.25
No	3	18.75
Total	16	100.00
Religious and ethical aspect		
Yes	13	81.25
No	3	18.75
Total	16	100.00
Do you know the Takaful as ethical insurance?		
Yes	12	75.00
No	4	25.00
Total	16	100.00
Do you know that Takaful is suitable for anyone regardless of religion?		
Yes	16	100.00
No	0	0.00
Total	16	100.00
Do you know that Takaful is free from interest, uncertainty, gambling and investing in prohibited business activities?		
Yes	15	93.75
No	1	6.25
Total	16	100
Do you know that Takaful has been offered in many countries all over the world?		
Yes	15	93.75
No	1	6.25
Total	16	100.00
Do you know that Takaful can provide the coverage and benefit similar to the conventional insurance?		
Yes	16	100.00
No	0	0.00
Total	16	100.00
Do you feel that you should switch from conventional insurance to Takaful since the later one is free from the prohibited elements of religions?		
Yes	16	100.00
No	0	0.00
Total	16	100.00

Table 4 highlights the respondents' awareness and knowledge of Takaful. Out of 30 respondents, only 16 are aware of Takaful and hence, the explanation in this part will be based on the findings from 16 respondents. Among the communication, interest is the most important communication tool since 37.5% of the respondents know Takaful via the internet. The second important communication tool is through relatives, friends, or neighbours (25%), followed by market or local people (9.38%). When the respondents were asked whether they know the difference between insurance and Takaful, the majority were unaware of differences in contracts (81.20%). However, the majority were aware of differences in terms of payment (premium vs. Contribution) (75%), profit sharing (68.75%), surplus distribution (81.25%) and acceptability under any religion (81.25%). 75% of the respondents know that Takaful is ethical and all of them (100%) agree that it is suitable for anyone regardless of religion. Almost all the respondents (93.75%) know that Takaful is free from interest, uncertainty, gambling and investing in prohibited business activities and it has been offered all over the world. All the respondents agree that Takaful can provide coverage and benefits similar to conventional insurance and are willing to switch from conventional insurance to Takaful.

4.5 PRELIMINARY STUDY ON THE FUTURE TAKAFUL MARKET IN INDIA

The proxy for the potential of a future Takaful market is the respondents' preference to prohibit insurance and the proxy for the knowledge is the respondents' knowledge regarding the involvement of interest, uncertainty and gambling in insurance practices. In order to examine whether the knowledge of the respondents on the involvement of prohibited elements in insurance affects their opinion regarding the prohibition of conventional insurance, multinomial logistic regression is used. The result shows that there is a significant (at 5%) impact with a Chi-square value of 4.265. This means that the respondents know that insurance practices involve interest, uncertainty and gambling and the more knowledge they have, they prefer to avoid conventional insurance. In addition, the correlation between knowledge on the involvement of prohibited elements in insurance and on Takaful which is free from the prohibited items is examined. The Pearson correlation value is 0.537 and it is significant at 0.05 level (2-tailed). Based on the results of regression and correlation, it can be concluded that the future Takaful market in India is bright since the respondents are aware that insurance has prohibited elements which are not only prohibited in Islam but also from other religions such as Hinduism, Buddhism, Sikhism and etc. at the same time, they are aware that Takaful is free from all these prohibited elements.

5.0 CONCLUSION, LIMITATION AND AREA FOR FUTURE RESEARCH

This paper explains the importance of insurance in our life and its historical development in India. India is one of the leading countries in terms of economic development and growth in the world. It is essential for its financial sector to develop further. In addition to insurance, if India expands its insurance sector to Takaful, there is a high prospect for the financial sector to develop to the next level. This paper explores the awareness and knowledge of insurance policy holders in Hyderabad, India on the insurance and Takaful. This is an initial stage to get some inside information about insurance and the future Takaful market in India. The findings show that the awareness and knowledge of Takaful is low. However, the major finding is that since insurance is prohibited in their religious teachings, the respondents prefer to avoid conventional insurance. The limitation of this study is that there are only 30 respondents and it focuses on Hyderabad. However, since this is a pioneer empirical study which examines both insurance and Takaful, this limitation should be acceptable and future research should expand this study by having more respondents and including more states in India.

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JOB SATISFACTION: A CASE STUDY WITH SPECIAL REFERENCE TO EMPLOYEES IN TIRUMALA MILK PRODUCTS PRIVATE LIMITED

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ABSTRACT

Research has been conducted in order to critically evaluate and examine the level of employees' satisfaction among the employees of Tirumala Milk Products Private Limited. The purpose of this study is also to observe and analyze the factors which create job satisfaction especially among the hardworking employees, and to find out the reasons of dissatisfaction if any. The primary data for this study was compiled through questionnaire filled in on a one-to-one basis by 125 respondents from a representative sample of employees of Tirumala Milk Products Private Limited. The results have shown that working environment, compensation, growth opportunities and training & development are the most important significant factors which directly influences in affecting Job Satisfaction. According to a number of literatures studied, lack of job satisfaction is a serious issue in various organizations and job dissatisfaction has become a major obstacle in employees' productivity and organization's growth. There are numbers of factors which can create job dissatisfaction among employees but in this study the very critical factors are discussed upon which the Tirumala Milk Products Private Limited management should really work on the job satisfaction of its employees.

KEYWORDS

job satisfaction, employees, motivation.

INTRODUCTION

Job satisfaction refers to a person's feeling of satisfaction on the job, which acts as motivation to work. It is not the self satisfaction, happiness or self contentment but the satisfaction on the job. Job satisfaction, a workers sense achievement and success, is generally perceived to be directly linked to productivity as well as to personal well being. Job satisfaction occurs when an employee feels he has accomplished something having importance and value worthy of recognition sense of joy.

The term relates to the total relationship between an individual and the employer for which he is paid. Satisfaction does mean the simple feeling state accompanying the attainment of any goal. The end state is feeling accompanying the attainment by an impulse of its objective job satisfaction. Does mean absence of motivation at work. Research works differentially describe the factors contributing to job satisfaction and job dissatisfaction. Hoppock describes job satisfaction as, "any combination of psychological, Physiological and environment circumstances that causes and person truthfully to say satisfied with my job. Thus, job satisfaction is the most important and frequently studied attitude. It is positive attitude towards ones job. It is important to mention that an individual may off different attitudes towards various aspects of job.

NEED FOR THE STUDY

The job satisfaction is psychological feeling of person. It is a personal feeling of an employee towards his job. It is difficult to evaluate the satisfaction level of an employee. Because it is intangible and complex assemble of cognitions and emotional and also differs from one person to another person. From the available tools, an attempt is made to evaluate the satisfaction level among the employee of Tirumala Private Limited to possible extent.

OBJECTIVES

1. To know the job satisfaction level of employees of Tirumala Milk Product Private Limited.
2. To study the work environment in Tirumala Milk Product Private, Limited.
3. To suggest the factors that makes an employees to satisfy are their job.

DATA COLLECTION

PRIMARY SOURCES

Responses collected with the help of the schedule administered to the employees and management of Tirumala Milk Product Private Limited is the main primary source of data for this research work. The primary data are collected in three phases. In the first phase, the purpose and objectives of study are explained to them and requested to go through the schedule thoroughly. In the second phase, doubts of the respondents about the contents of the schedules are collected from the respondents by holding further discussions to elicit additional information.

SECONDARY SOURCES

The secondary sources of data are collected from the magazines, journals, bulletins, web sites and annual reports, etc., published by the organization .In addition to these, several structured interviews, and unstructured interviews, have also been conducted with experts on the subject and also a number of persons who are connected in one way or other, either directly to know about job satisfaction of the employees.

SAMPLE FRAME

The sample size was put 125 chosen from various functional areas of the organization. Stratified random sampling system has been followed to select employees of Tirumala Milk Product Private Limited ,

TOOLS FOR DATA COLLECTION

A questionnaire with a set of questions was constructed and administered to the sample employees of the organizations to elicit first hand information relating to the job satisfaction of employees at Tirumala Milk Product Private Limited.

TOOL FOR ANALYSIS

The interview schedule method is used for gathering data which are relevant for the study conducted among various categories of employees Tirumala Milk Product Private Limited. The data collected through the schedules from primary sources have been processed and the results are analyzed using the percentiles.

ANALYSIS

OPINION OF EMPLOYEES WITH REGARD TO PROFESSIONALISM OF CO WORKERS WITH WHOM THEY WORK

TABLE 1

S.No	Opinion	Respondents	Percentage
1	Very satisfied	68	56%
2	Satisfied	32	25%
3	Dissatisfied	19	15%
4	Strongly satisfied	6	4%
	Total	125	100%

The above table depicts that 81% of employees are very much satisfied it the professionalism of their co workers it whom they work where 56% of employees are very satisfied and 25% of employees are satisfied and 19% of employees are dissatisfied with their professionalism of work with whom they work where 15% of employees are dissatisfied and 4% of employees are strongly dissatisfied.

OPINION OF EMPLOYEES WITH REGARD TO THE PRESENT JOB

TABLE 2

S.No	Opinion	Respondents	Percentage
1	Routine	51	40%
2	Fascinating	38	32%
3	Exciting	36	28%
	Total	125	100%

The above table depicts that 40% of employees opined that their job is routine.32% of employees opined the job as fascinating. And 28% of employees expressed that their job is exciting.

OPINION OF EMPLOYEES WITH REGARD TO THE WORK ENVIRONMENT PROVIDED BY THE ORGANIZATION

TABLE 3

S.No	Opinion	Respondents	Percentage
1	Strongly satisfied	38	33%
2	Satisfied	28	22%
3	Dissatisfied	22	17%
4	Strongly dissatisfied	37	28%
	Total	125	100%

The above table that 55% of employees are very much satisfied with work environment where .33% of employees are strongly satisfied and 22% of employees are satisfied with regard to the work environment provided by organization.45% of employees are dissatisfied with the work environment provided by the organization where .17% of employees are dissatisfied and.16% of employees are strongly dissatisfied.12% of employees are neutral.

OPINIONS OF THE EMPLOYEES WITH REGARD TO LEADERS BEING POSITIVE ROLE MODELS IN THE ORGANIZATION

TABLE 4

S. No	Opinion	Respondents	Percentages
1	Yes	85	68%
2	No	40	32%
	Total	125	100%

The above table depict that 68% of employees opined that their leaders is positive role models .32% of employees opined that their leaders are not positive role models.

OPINION OF EMPLOYEES WITH REGARD INCREASES IN MOTIVATIONAL LEVELS FROM JOB SATISFACTION

TABLE 5

S.No	Opinion	Respondents	Percentages
1	Yes	90	72%
2	No	35	28%
	Total	125	100%

The above table depicts that 72% of employees' opined that job satisfaction increases the motivational levels of the employees.28% of employees with their opinion contradicted

OPINION OF EMPLOYEES WITH REGARD TO SPECIFICATION OF THEIR JOB ROLES IN THE WORK ENVIRONMENT

TABLE 6

S.No	Opinion	Respondents	Percentages
1	Yes	87	72%
2	No	38	28%
	Total	125	100%

The above table depicts that 69% of employees are satisfied with their job roles specified to them and. 30 % of employees are not satisfied with their roles specified to them

OPINION OF EMPLOYEES WITH REGARD TO CONFLICTS RESOLUTION TECHNIQUES FOLLOWED AND IMPLEMENTED IN THE ORGANIZATION

TABLE 7

S.No	Opinion	Respondents	Percentages
1	Yes	91	72%
2	No	34	28%
	Total	125	100%

The above table depicts 72% of the employees are satisfied with the conflicts resolution techniques followed and implemented in the organisation.27% of employees expressed dissatisfaction with the conflict resolution techniques

OPINION OF EMPLOYEES WITH REGARD TO FRINGE BENEFITS PROVIDED IN THE ORGANIZATION

TABLE 8

S.No	Opinion	Respondents	Percentage
1	Very satisfied	68	56%
2	Satisfied	32	25%
3	Dissatisfied	19	15%
4	Strongly satisfied	6	4%
	Total	125	100%

The above table depicts that 81% of employees opined that the organization provides fringe benefits to the employees. Where 56% of employees are very satisfied .and 25% of employees are satisfied. 19% of employees opined contradictory to the above statement where in their opinions .15% of employees are dissatisfied and .14% of employees are strongly satisfied in their opinion.

OPINION OF EMPLOYEES WITH REGARD TO ROLE OF PERFORMANCE APPRAISAL IN ACHIEVING JOB SATISFACTION

TABLE 9

S.No	Opinion	Respondents	Percentage
1	Strongly agree	59	47%
2	Agree	44	36%
3	Disagree	12	9%
4	Strongly disagree	10	8%
	Total	125	100%

The above table depicts that 83% of employees opined that performance appraisal plays a major role in job satisfaction where 47% of employees are strongly agree.36% of employees are agreed in their opinions . Where 9% of employees are disagreed that the performance appraisal has no role to play in job satisfaction.9% of employees are strongly disagreed. Where 8% of employees are disagree.

OPINION OF EMPLOYEES WITH REGARD TO ROLE OF TRAINING PROGRAM RESULTING TO JOB SATISFACTION

TABLE 10

S.No	Opinion	Respondents	Percentage
1	Understanding job	62	49%
2	Renewed confidence	38	30%
3	No benefit	25	21%
	Total	125	100%

The above table depicts 21% of employees training programmes results to job satisfaction.49% of employees could understand better of the job 30% of employees expressed that training programe gives there renewed confidence.20% of employees that training programmes doesn't make them feel satisfied with the job.

OPINION OF EMPLOYEES WITH REGARD TO WORKING CONDITIONS AND WORKING ENVIRONMENT IN THE ORGANISATION

TABLE 11

S.No	Opinion	Respondents	Percentage
1	Highly satisfied	59	47%
2	Satisfied	36	28%
3	Dissatisfied	16	14%
4	Highly dissatisfied	14	11%
	Total	125	100%

The above table depicts that 75% of employees are satisfied with the working conditions and work environment in the organization. Where 47% of employees are highly satisfied and 28% of the employees are satisfied. Only 14% of employees dissatisfied with the working conditions and work environment in the organization.13% of employees are highlydissatisfied.11% of employees is dissatisfied .

OPINION OF EMPLOYEE WITH REGARD TO COMPENSATION PROVIDED BY THE ORGANIZATION

TABLE 12

S.No	Opinion	Respondents	Percentage
1	Strongly agree	56	44%
2	Agree	31	25%
3	Disagree	22	17%
4	Highly disagree	16	14%
	Total	125	100%

The above table depicts that 69% of employees expressed satisfaction with regard to the compensation paid by the organization.44% of employees are stronglyagred.25% of employees are agreed. 29% of employees expressed their disagree with regard to pay provided by the organization.17% of employees is disagree. 14% of employees are strongly disagreed.

OPINION OF EMPLOYEES WITH REGARD TO PARTICIPATION IN MANAGEMENT DECISION MAKING PROCESS

TABLE 13

S.No	Opinion	Respondents	Percentage
1	Satisfied	43	34%
2	Highly satisfied	37	29%
3	Dissatisfied	27	23%
4	Highly dissatisfied	18	14%
	Total	125	100%

The above table depicts that 63% of employees are satisfied management decision making process. 34% of employees are satisfied.29% of employees are highly satisfied.37%of employees are dissatisfied on participating in management decision making process.23% of employees aredissatisfied.14% of employees are highly dissatisfied with regard to participation in decision making process

OPINION OF EMPLOYEES WITH REGARD TO COMMUNICATION AND INFORMATION FLOW IN THE ORGANIZATION

TABLE 14

S.No	Opinion	Respondents	Percentage
1	Highly satisfied	42	33%
2	Satisfied	38	32%
3	Dissatisfied	27	21%
4	Highly dissatisfied	18	14%
	Total	125	100%

The above table depicts that 65% of employees are satisfied with the communication and information flow in the organization. where 33% of employees are highly satisfied, and 32% of employees are satisfied. 35% of employees are dissatisfied with the communication flow in the organization. 21% of employees are dissatisfied. 14% of employees are highly dissatisfied.

OPINION OF EMPLOYEES ON THEIR COMPENSATION MATCHES THEIR RESPONSIBILITIES IN THE ORGANISATION

TABLE 15

S.No	Opinion	Respondents	Percentage
1	Strongly agree	75	60%
2	Agree	37	29%
3	Disagree	9	8%
4	Highly disagree	4	3%
	Total	125	100%

The above table depicts that 89% of employees are agree that compensation matches their responsibilities in the organization. 31% of employees are strongly agree. 10% of employees are disagreed that the compensation matches in the organization. 8% of employees are disagreed. 3% of employees are strongly disagree.

OPINION OF EMPLOYEES WITH REGARD TO AMOUNT AND FREQUENCY OF INFORMAL PRICE AND RECEIVE FROM THEIR SUPERIORS

TABLE 16

S.No	Opinion	Respondents	Percentage
1	Highly satisfied	47	37%
2	Satisfied	41	32%
3	Dissatisfied	24	19%
4	Highly dissatisfied	13	12%
	Total	125	100%

The above table depicts that 69% of employees are satisfied with amount and frequency of informal price receive their superiors. 37% of employees is highly satisfied. 32% of employees are satisfied. 31% of employees are dissatisfied with amount and informal price receive their superior. 19% of employees are dissatisfied. 12% of employees are highly dissatisfied.

OPINION OF EMPLOYEES WITH REGARD TO THE ENCOURAGEMENT FOR THEIR INNOVATIVE IDEAS

TABLE 17

S.No	Opinion	Respondents	Percentages
1	Yes	85	68%
2	No	40	32%
	Total	125	100%

The above table depicts that 68% of employees are satisfied with their superior encourages their innovative ideas. 32% of employees are not satisfied with their superiors.

OPINION OF EMPLOYEES WITH REGARDS TO THE RECOGNITION THEIR CONTRIBUTION

TABLE 18

S.No	Opinion	Respondents	Percentage
1	Strongly agree	75	60%
2	Agree	37	29%
3	Disagree	9	8%
4	Highly disagree	4	3%
	Total	125	100%

The above table depicts that 89% of employees are agree that they are recognized for their contribution. 60% of employees are strongly agree. 29% of employees are agree. 11% of employees are disagree with the appropriate recognition for contribution. 8% of employees are strongly disagree. 3% of employees are disagree.

OPINION OF EMPLOYEES WITH REGARD TO THE INFORMATION PROVIDED TO PERFORM JOB WELL

TABLE 19

S.No	Opinion	Respondents	Percentage
1	Strongly agree	75	60%
2	Agree	37	29%
3	Disagree	9	8%
4	Highly disagree	4	3%
	Total	125	100%

The above table depicts that 60% of employees are agree that adequate information available to them to do job well. 36% of employees are strongly agree. 24% of employees are agreed in their opinion to then to do job well. 20% of employees are strongly disagree. 19% of employees are disagreed in their opinions.

TABLE 20

S.No	Opinion	Respondents	Percentages
1	Yes	85	68%
2	No	40	32%
	Total	125	100%

The above table depicts that 68% of employees are satisfied with their boundaries of job satisfaction. 32% of employees are not satisfied with boundaries of job satisfaction.

FINDINGS

89% of employees are satisfied with the compensation matches their responsibilities, 82% of employees satisfied with that the performance appraisal helps to achieve Job satisfaction, 79% of employees are satisfied with the professionalism of employees work With Whom their work, 75% of employees satisfies with the working conditions and work environment, 72% of employees satisfies that the job satisfaction really motivates them, 72% of employees satisfies with the conflicts resolution techniques 69% of employees satisfies that the roles specified by the organization, 69% of employees satisfies with the amount and frequency of informal price that receives from their superior, 68% of employees satisfies that the employer encourages their innovative ideas, 68% of employees satisfies with the pay provided by the organization, 68% of employees satisfies with the work environment are positive role models, 68% of employees satisfies with the boundaries of job satisfaction, 64% of employees satisfies with the fringe benefits provided by the organization, 63% of employees satisfies with the communication and information flow in the organization, 60% of employees satisfies with the recognition for their contribution, 60% of employees satisfies that the adequate information available to them to do job well, 55% of employees satisfies with the participation in the management decision making process, 52% of employees satisfies the company and place work, 49% of employees satisfies with the training program to job satisfaction, and 40% of employees satisfies with the present job.

CONCLUSION

Job satisfaction of its workers means a work force motivated and committed to high quality performance. Increase productivity the quantity and quality of output per hour worked seems to be a byproduct of improved quality of working life. From the findings it can be concluded that employees are satisfied about working conditions, work environment, fringe benefits, training programs, solving the problems of the employees. Finally, I would like to conclude that Tirumala Mild Products Private Limited is taking good care to the employee's. The management attitude towards employees is appreciable.

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A STUDY ON FINANCIAL INCLUSION IN INDIA WITH SPECIAL REFERENCE TO INDIAN BANK**DR. S. SELVAKUMAR****HEAD****DEPARTMENT OF COMMERCE****THEIVANAI AMMAL COLLEGE FOR WOMEN (AUTONOMOUS)****VILLUPURAM****R. MUTHAMIZHSELVI****RESEARCH SCHOLAR****THEIVANAI AMMAL COLLEGE FOR WOMEN (AUTONOMOUS)****VILLUPURAM****ABSTRACT**

This paper discusses the issue of financial inclusion is emerging as the new paradigm of growth. Different schemes are introduced to popularize the financial inclusion especially Jan Dhan yojana scheme was provided to the economically poor people its aim is to provide that all should have to access banking services at no- frills account (No minimum balance account) and after the satisfactory level after 6 months from opening the account Rs.5000 will be given overdraft facilities. To achieve greater financial inclusion, financial services should reach the poor of financially excluded group particularly poor people. Private Banks and other financial institution have played a vital role in filling up this gap. This study helps us to know the financial inclusion position, awareness level towards no frills account, saving and credit behaviour of the low income groups in Villupuram. The main objectives of the study are to examine the awareness level of people about Financial Inclusion product and services and to analyze the benefits gained through financial inclusion. The data required for the study were collected from both primary and secondary sources. The primary data were collected from the 350 customers of Indian bank using a structured questionnaire. The secondary data were collected from the published journals, books and various websites. Statistical tools such as Chi-square, Correlation and ANOVA were used for data analysis by using SPSS. It is found that independent variables such as Education, Occupation and Annual Family income are influenced by the awareness level of the respondents.

KEYWORDS

Pradhan Mantri Jan Dhan Yojana Scheme.

INTRODUCTION

Financial Inclusion is the delivery of financial services at an affordable cost to vast section of disadvantaged and low income group of people. The process of Financial Inclusion consists of ensuring bank accounts to each households and offering their inclusion in the banking system.

Financial Inclusion is the recent concept which helps to achieve the sustainable development of the country, through available financial services to the unreached people with the help of financial institutions. Financial Inclusion can be defined as easy access to formal financial services or systems and their usage by all members of the economy.

FINANCIAL INCLUSION (PRADHAN MANTIRI JAN DHAN YOJANA SCHEME)

In India, the focus of the financial inclusion is confined to ensuring bare minimum access to a saving bank account without frills, to all. Out of 121 crore people in India, only 7.5 crore people have access to banking services. Even after the 68 years of Independence, According to economic survey 2013-14 only 58% of the households have bank account and access to banking services. In other words still 42% are deprived of banking services. As bank account is the means of savings and access to banking services, every single households must possess a bank account. Stressing on the importance of this scheme Prime Minister Mr. Narendra Modi said, "When a bank account is opened, it's a step towards joining economic mainstream". Therefore, the main objective of PMJDY is eradicating financial untouchability by providing bank accounts to the poor.

The goal is to spread the reach of financial system to the doorsteps of poor.

KEY FEATURES OF PMJDY SCHEME

The highlighting features of PMJDY are:

- Opening a bank account for those who are outside the banking system in urban and rural India. The target is to cover 7.5 crore people by January 2015 and cover every single person with bank account by 2018.
- Such account will be zero balance account. Neither initial deposit is required during the time of opening the account nor is minimum balance needed to maintain. The account stays open even if it is empty.
- Account holders will be given RuPay debit card to facilitate easy convenient and timely cash withdrawal. Free transactions in other bank ATM is also provided, but limited to four transactions a month.
- After satisfactory track record in terms of credit worthiness in the initial six months, bank would extend even an overdraft facility up to Rs. 5,000. This limit would be considered to increase up to 15,000, if there is timely and prompt repayment of first loan taken by the account holder.
- Those who open account by January 26, 2015 will get life insurance cover of Rs. 30,000.
- Under Jan Dhan Yojana, people who open account by January 26, 2015 will also get an accident insurance for rupees 1,00,000. After the union budget has passed on 28, February finance minister in his speech announced Rs. 2,00,000 as accident insurance.

TRENDS AND GROWTH OF FINANCIAL INCLUSION IN INDIA

Year	Planned (No. of No-frills A/c)	Actual (No. of No-frills A/c opened)	Annual Compound Growth Rate (%)
2013-2014	4.2	5.8	37
2014-2015	7.5	12.55	67

Source: Pradhan mantri Jan Dhan Yojana", Kissan World, August 2014.

STATEMENT OF THE PROBLEM

To achieve greater financial inclusion, financial services should reach the poor of financially excluded group particularly poor people. Private Banks and other financial institution have played a vital role in filling up this gap. This study helps us to know the financial inclusion position, awareness level of Indian Bank customers towards no frills account, saving and credit behavior of the low income groups in Villupuram.

SCOPE OF THE STUDY

The study has been restricted to financial inclusion scheme of Indian Bank. It does not cover financial inclusion schemes of any other commercial bank or co-operative bank or other financial institution.

OBJECTIVES OF THE STUDY

- To examine the awareness level of people about Financial Inclusion product and services.
- To analyze the benefits gained through financial inclusion.

METHODOLOGY**PRE TESTING OF INTERVIEW SCHEDULE**

An interview schedule was prepared and necessary corrections were made after conducting pre-test with a sample of 35 respondents.

DATA COLLECTION

The data required for the study were collected from both primary and secondary sources. The primary data were collected from the 350 customers of Indian bank using a structured questionnaire. The secondary data were collected from the published journals, books and various websites.

SAMPLE SIZE

Indian Bank at Villupuram has covered two areas for delivering Financial Inclusion Services. The total population of these two areas is 4,100. Samples of 350 respondents were selected using proportionate random sampling technique and interviewed.

SAMPLE DESIGN

S.No	Name of the village	No. of Respondents
1.	Marudhur Village	206
2.	South Colony	144
	Total	350

GEOGRAPHICAL AREA OF THE STUDY

This study covers only Indian Bank customers at Villupuram. Ward No.30, 32 Marudhur Village and South Colony rural population (i.e.) households with low income groups are mostly covered under Pradhan Mantiri Jan Dhan Yojana Scheme.

DATA ANALYSIS

Statistical tools such as Chi-square, Correlation, ANOVA and Weighted average method were used for data analysis using SPSS 17.0 version.

HYPOTHESIS

- There is no significant difference between Independent Variable (education) and Dependent Variable (awareness, benefits) gained by the respondents.
- There is no association between Independent Variable (Income) and Dependent Variable (Frequency of saving money in account) by the respondents.

PERIOD OF THE STUDY

The study period covers one year (2014-2015).

LIMITATIONS OF THE STUDY

- The study has been limited to Indian Bank customers at villupuram only
- The period of the study is restricted to one year.

REVIEW OF LITERATURE

Literature review refers to condense of the previous research was done by the various researchers, scholars, etc. normally it is reading by the researcher at the time of their research because to find the gap in the previous research.

Divya joseph (2014) has carried out, "A study on Financial Inclusion and Financial Literacy". The basic objective is to study the banking habit among the people. The data were collected both from primary and secondary sources. Primary data are collected from a sample of 100 respondents by using questionnaire. Secondary sources from published books & journals. Finally concluded that 97% of the respondents have bank account and only 3% have no bank account.

Subhadeep Chakraborty has studied, "Financial Inclusion for Inclusive Growth- a Comparative Study on Rural and Urban Areas of Dibrugarh". The main objective is to study the urban and rural experience in the field of Financial Inclusion in Dibrugarh district. Primary and secondary data from various sources are used to show the role of banks and other financial institutions in driving away poverty from the down trodden population of the society. It was concluded that illiteracy and ignorance comes in the way of financial inclusion. Most of the inhabitants depend on others to open accounts, to apply for loans etc; this delays their inclusion in the financial system.

The data were analyzed using Percentage Analysis, and Chi – Square, ANOVA tools with SPSS 17.0 version.

TABLE – 1: EDUCATIONAL QUALIFICATION OF THE RESPONDENTS

S.No	Educational Qualification	Frequency	Percentage	Cumulative percentage
1.	Illiterate	44	12.6	12.6
2.	Primary level (1-5)	47	13.4	26.0
3.	Middle level (6-10)	157	44.9	70.9
4.	Higher level (11-12)	72	20.6	91.4
5.	Graduates	30	8.6	100
	TOTAL	350	100	

Source: Primary data

Interpretation: Table 1 shows that more than two-fifth (44.9%) of the respondents belong to middle level education, (12.6%) of the respondents are illiterates, (13.4%) of the respondents have primary-level education, (20.6%) of the respondents have higher-level education, and (8.6%) of the respondents are graduates. It is concluded that more than two-fifth of the respondents (44.9%) have middle level education.

TABLE – 2: OCCUPATION LEVEL OF THE RESPONDENTS

S.No	Occupation	Frequency	Percentage	Cumulative percentage
1.	Private Employee	31	8.9	8.9
2.	Government Employee	Nil	Nil	Nil
3.	Self Employed	20	5.7	14.6
4.	Housewife	180	51.4	66.0
5.	Others(Farmers & Students)	119	34.0	100
	TOTAL	350	100	

Source: Primary data

Interpretation: From the above table 2 it is clear that majority of the respondents (51.4%) are housewives, (34%) of the respondents are Farmers & students) and (5.7%) of the respondents are self employed (5.7%) under this financial inclusion scheme.

TABLE – 3: ANNUAL FAMILY INCOME OF THE RESPONDENTS

S.no	Annual Family Income	Frequency	Percentage	Cumulative percentage
1.	Below Rs.25,000	227	64.9	64.9
2.	Rs.25,001 – 50,000	78	22.3	87.1
3.	Rs.50,001 – 75,000	36	10.3	97.4
4.	Rs.75,001-1,00,000	5	1.4	98.9
5.	Above Rs.1,00,001	4	1.1	100
	TOTAL	350	100	

Source: Primary data

Interpretation

Table 3.5 shows that majority of the respondent are below income of Rs.25,000 (64.9%) because they are not aware of banking services and very few are above income of one lakhs (1.1%) are joined under this scheme.

TABLE – 4: HABIT OF SAVING MONEY IN A/C BY THE RESPONDENTS

S. No.	Frequency of Saving	Frequency	Percentage	Cumulative percentage
1.	Don't Save / Never	15	4.3	4.3
2.	Less than once in a month	15	4.3	8.6
3.	I have not added money since, A/c was open	289	82.6	91.1
4.	At least once in a month	31	8.9	100
	TOTAL	350	100	

Source: Primary data

Interpretation: From the above table 4 it is clear that majority of the respondents are not added money to their account since they opened bank account because they belongs to low income groups(82.6%) and few save at least once in a month(8.9%) and remaining are less than once in a month and some don't save(4.3%).

TABLE 5: AWARENESS OF FINANCIAL INCLUSION SERVICES AMONG THE RESPONDENTS

S.no	Awareness of financial inclusion services	Frequency	Percentage	Cumulative percentage
1.	Very High	23	6.6	6.6
2.	High	146	41.7	48.3
3.	Average	178	50.9	99.1
4.	Low	3	0.9	100
5.	Very Low	Nil	Nil	
	TOTAL	350	100	

Source: primary data

Interpretation: From the above table 5 it is clear that awareness of financial inclusion services are average among the respondents(50.9%)and many are highly aware(41.7%) an very few are having low level of awareness about the financial inclusion services.

TABLE – 6: BENEFITS GAINED THROUGH FINANCIAL INCLUSION BY THE RESPONDENT

S.no	Benefits gained through financial inclusion	Frequency	Percentage	Cumulative percentage
1.	Rupay Debit card	342	97.7	97.7
2.	Cash Credit	Nil	Nil	97.7
3.	Kissan Credit Card	Nil	Nil	97.7
4.	Insurance	Nil	Nil	97.7
5.	Others (none)	8	2.3	100
	TOTAL	350	100	

Source: Primary data

Interpretation: From the above table 6 it is clear that majority of the respondents (97.7%) are benefited with Rupay Debit Card and very few (2.3%) are not benefited under this scheme.

SATISTICAL TOOLS

ONEWAY ANOVA

The most important assumptions of ANOVA are independence of the groups being compared. Oneway ANOVA within subjects, also known as repeated – measures ANOVA, measure the same subject at different points of time or under different conditions. And is a dependent group design. This type of ANOVA is used when the subjects encounter repeated measures.

TABLE 7: ONE WAY ANOVA: RELATIONSHIP BETWEEN EDUCATION LEVEL AND AWARENESS LEVEL OF THE RESPONDENTS

Awareness	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	17.187	4	4.297	12.175	.000
Within Groups	121.753	345	.353		
Total	138.940	349			

Hypothesis

H₀: There is no significant difference between Education and Awareness of the respondents.

H₁: There is significant difference between Education and Awareness of the respondents.

Test: One way ANOVA Within groups

Significant level: 0.05

Interpretation: Table 7 shows the results of ANOVA between groups. The f-ratio is the between groups mean square, which gives an F ratio of 12.175 (4.297 / 0.353). The probability of the F- ratio is 0.000, the risk of awareness statistically significant (F (4,345) = 12.175, p<0.05) thus rejecting the null hypothesis and giving the conclusion that there is significant difference in education and awareness level of the respondents.

TABLE 8: ONE WAY ANOVA: RELATIONSHIP BETWEEN EDUCATION LEVEL AND BENEFITS GAINED BY THE RESPONDENTS

Benefits	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.298	4	1.825	5.841	.000
Within Groups	107.776	345	.312		
Total	115.074	349			

Hypothesis

H_0 : There is no significant difference between Education and Benefits of the respondents.

H_1 : There is significant difference between Education and Benefits of the respondents

Test: One way ANOVA Within groups

Significant level: 0.05

Interpretation: Table 8 shows the results of ANOVA between groups. The f-ratio is the between groups mean square, which gives an F ratio of 5.841 (1.825 / 0.312). The probability of the F- ratio is 0.000, (F (4,345) = 5.841, $p < 0.05$) thus rejecting the null hypothesis and giving the conclusion that there is significant difference in education level and Benefits gained by the respondents.

FINDINGS OF THE STUDY

- Majority (51%) of the respondents are belonging to the age group of 41 to 60.
- More than three-fifth (63.1%) of the respondent are female.
- More than two-fifth of the respondents (44.9%) have middle level education.
- Majority of the respondents are housewives (51.71%).
- Nearly two third (64.9%) of the respondents annual family income is below Rs 25,000.
- Nearly two third (63.7%) of the respondents having the family size of 3-4.
- All the respondents are aware of nationalized bank opening zero balance i.e. (No-frills account)
- Nearly two- third (65.4%) of the respondents came to know about this scheme through Radio and television.
- More than two- third (68.6%) of the respondents opened their account in 2012-2014.
- Majority of the respondent opened account for getting overdraft facility
- Nearly two- third (64%) of the members opened their account through the influence of their family members.
- More than four fifth (82.6%) of the respondents have not added money to their account since they opened bank account as they belong to low income groups.
- Majority of the respondents (51%) have average level of Awareness about financial inclusion services.
- More than four- fifth (93.4%) of the respondents are maintaining an account because this scheme is meant for those who have no account and low income groups are covered under this scheme.
- Almost all the respondents are having Savings bank account.
- Majority of the respondents (52%) borrow money from their relatives
- Almost all the respondents were benefited out of Rupay Debit Card issued under the scheme.
- More than two-third of the respondents (67.7%) agree, that they save small portion of their income for meeting future expenditure.
- All the respondents are well familiar with the Deposit schemes, Bank passbook and ATM facility and respondents have said their standard of living has increased after joining under financial inclusion scheme.
- All the respondents opined that they are not having any problem under this scheme.
- There is significant difference in Independent Variable (Education) and Dependent Variable (Awareness, benefits) gained by the respondents.
- There is significant difference in Independent Variable (Occupation) and Dependent Variable (Awareness, Benefits) gained by the respondents.
- There is significant difference between Independent Variable (Annual family Income) and Dependent Variable (Awareness, Benefits) gained by the respondents.
- There is a correlation between (Independent Variable) Education and (Dependent Variable) Awareness of the respondents.
- The computed Chi-square value is greater than the table value .so there is significant association between Income and Frequency of saving money in account by the respondents.
- The computed Chi-square value is greater than the table value .so there is significant association between Income and type of bank account chosen by the respondents.

SUGGESTIONS

- Indian bank has to formulate specific programme for enhancing its presence in villupuram. Infrastructure with adequate communication network will certainly enhance the access of financial services by the prospective customers. More information regarding services of banks and their benefits should be propogated.
- Training on Financial Inclusion may be imparted for procedural education.
- Indian bank should establish seperate counters for financial inclusion services.
- The banking sector have to liberalize the security level of the borrower to borrow money from the bank in an easiest way, banking sectors have to announce the new schemes offered by them to all citizen of India for the proper utilization of the fund.
- Financial Inclusion products and services can be delivered at the doorsteps of the customers, in order to attract more No-frills account to open.

CONCLUSION

A great change has happened in the last ten years to overcome financial exclusion. That is why the financial inclusion scheme of Indian bank was introduced in the year 2014. Hence an attempt was made to analyze the awareness level and benefits gained by the customers of Indian bank under financial inclusion scheme. It is found that respondents have average level of awareness about financial inclusion services and gained benefits of overdraft and Rupay debit card. It is concluded that Education, Occupation and Annual Family Income increased the awareness level of the respondents about financial inclusion services of Indian Bank.

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LEGAL AND TAX IMPLICATIONS OF BUY BACK OF SHARES

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ABSTRACT

Introduction of companies act 2013, amendment to securities and exchange board of india (buy back of securities) regulations 1998, as also insertion of section 115QA of the income tax act, 1961 have impacted the buy back scenario. Change in definition of free reserve, listed companies coming out with buy back have to ensure that at least 50% of the amount earmarked for buy back is utilised for buy back. Buy back also affects the fundamentals of the company resorting to buy – back. The buy – back provisions under companies act, 2013 allowed buy back of shares to limited extent and with the conditions like it can only be done if authorised by articles of associations. If buy back is 10% or less of paid up capital and free reserve then the board resolution will be sufficient. After completion of buy back the company cannot make any further issue of same kind of shares within a period of six months.

KEYWORDS

buy back of shares, SEBI.

INTRODUCTION

Buy back of shares means the repurchase of its own shares by the company. When a company has sufficient cash resources, it may like to buy its own shares from the market, when the prevailing rate of its equity shares in the market is much lower than the face value. The shares thus bought back have to be cancelled. Companies will buy back shares either to increase the value of shares still available (reducing supply), or to eliminate any threats by shareholders who may be looking for a controlling stake.

Prior to the amendment of the Companies Act, 1956, buyback of shares in India was prohibited. Section 77 of the Act, imposed a blanket ban on companies from buying their own shares. Section 77A, 77AA and 77B have been introduced in 1999 in the Companies Act, 1956 to enable companies to purchase their own shares or other specified securities. However, Section 77A of the Companies Act, 1956 which was inserted in the Companies Act, 1956 by the Companies (Amendment) Act, 1999 with retrospective effect from 31.10.1998 is an exception to the prohibition under Section 77 and Section 100. Section 77A allows companies to buy-back their own shares as well as 'other specified securities'.

OBJECTIVES OF BUY BACK OF SHARES

The decision to buy-back is also influenced by various other factors relating to the company, such as growth opportunities, capital structure, sourcing of funds, and cost of capital and optimum allocation of funds generated.

The reasons for buy-back may be one or more of the following:

- To improve earnings per share;
- To improve return on capital, return on net worth and to enhance the long-term shareholder value
- To provide an additional exit route to shareholders when shares are under valued or are thinly traded;
- To enhance consolidation of stake in the company;
- To prevent unwelcome takeover bids;
- To return surplus cash to shareholders;
- To achieve optimum capital structure;
- To support share price during periods of sluggish market conditions;
- To service the equity more efficiently.

OTHER LEGAL PROVISIONS FOR BUY-BACK OF SHARES

If the buyback is more than 10% of paid up capital and free reserves of the company, then special resolution should be passed. The special resolution and the explanatory statement annexed to the notice of general meeting must disclose certain specific information as mentioned below:-

- A special resolution can be passed either at annual general meeting or at the extra ordinary general meeting of the company.
- In the special resolution, power can be granted to the board of directors either to buy back shares by using methods of tender offer or open offer at their discretion at appropriate time.
- The company shall send to its shareholders along with the notice of the meeting at which a special resolution is proposed an explanatory statement which shall contain the following:-
 - Full and complete disclosures of all material facts.
 - The class of security proposed to be bought back.
 - The total amount to be invested under the buy- back.
 - The time limit for completion of buy- back.

If the buyback of securities are to be made by way of tender offer, then the explanatory statement should contain additional disclosures as mentioned in regulation 7 of SEBI.

PROCEEDS OF ISSUE

Buy-back may be made out of the proceeds of an issue of securities other than the same kind of securities as are proposed securities as are proposed to be bought back. The proceeds of an earlier issue of one kind of securities may be used for the purpose of buy-back of any other kind of securities. The proceeds of

an issue of preference shares may be used to buy-back equity shares and the proceeds of an issue of equity shares may be used to buy-back preference shares. However, the proceeds of issue of preferences shares carrying differential rights as to dividend, voting etc. cannot be utilized inter se for the purpose of buy-back. For instance, the proceeds of issue of 10% preferences shares cannot be utilized for buy-back of 8% preference shares, as these are of the same kind, though of different classes of shares. There should be no direct nexus between the proceeds of an issue and buy-back of securities of a company.

PROHIBITION FOR BUY BACK OF SHARES

As per section 70 of the companies act , 2013 a company shall not buy back its shares or other specified securities:

- Through any subsidiary company, including its own subsidiary company;
- Through any investment company or group of investment companies;
- If default subsists in repayment of public deposits accepted or interest payable thereon, redemption of debentures or preference shares or payment of dividend to any shareholders or repayment of term loan or interest payable thereon to any financial institution or bank;
- No company shall directly or indirectly purchase its own shares or other specified securities in case such company has not complied with the provisions of section 92, 123, 127 and section 129 of the companies act, 2013.
- As per section 70 of the companies act, 2013 now a company can make buy back even if it had at any time default in repayment of deposit or interest thereon , redemption of debentures or preference shares or payment of dividend to shareholder the default must have been remedied and a period of three years must have elapsed after such default ceased to subsist. Under the old provisions the prohibition was to cease immediately when default cease to exist.

BUY BACK WHEN FEASIBLE

- High net cash position
- High dividend yield
- Low debt/equity ratio
- Low capital expenditure requirements

SOURCES OF BUY BACK

According to Section 77A(1) of the Companies Act, 1956 a company may purchase its own shares or other specified securities (hereinafter referred to as "buy-back") out of:

- Its free reserves; Or (ii) the securities premium account; or iii) the proceeds of any shares or other specified securities. However, no buy-back of any kind of shares or other specified securities can be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities. Thus, company must have at the time of buy-back, sufficient balance in any one or more of these.
- Accounts to accommodate total value of buy-back

FREE RESERVES AND SECURITIES PREMIUM ACCOUNT

While the surplus in the profit and loss account can be used for buy-back of securities, in case the profit and loss account shows a debit balance, such debit balance should first be deducted from free reserves. Capital redemption reserve, revaluation reserve, investment allowance reserve, profit on reissue of forfeited shares, profits prior to incorporation of the company and any other specific reserve are not available available for distribution as dividend and hence do not form part of free reserves for the purpose of buy back. Even though Section 77A(1) provides that a company may buy-back its securities out of securities premium account, Sub-section(2) of Section 78 does not mention buy back of securities as one of the purposes for which the balance in the securities premium account may be utilised. However, by virtue of the non obstante clause in Section 77A, namely 'Notwithstanding anything contained in this Act...' Section 77A prevails over Section 78. Therefore, the securities premium account can be utilised for buy back of securities.

MODES OF BUY BACK

The company can buy back the shares differently such as a) odd lots, however the dematerialisation of shares, the concept of odd lot has lost its significance b) proportionately from the shareholders, c) from the employees of the company and d) from the secondary market.

BUY BACK: PRACTICAL ASPECTS

TABLE – 1: HYPOTHETICAL BALANCE SHEET OF BUY- BACK LTD. AS ON 31-03-2014 - BEFORE BUY BACK

	Pre buy – back	Post buy - back
Shareholders' fund		
Equity share capital (nominal value Rs. 100 per share)	70,00,000	57,50,000
10% preference share capital	10,00,000	10,00,000
Reserves & surplus		
Free reserve	30,00,000	15,00,000
Securities premium	10,00,000	10,00,000
Revaluation reserve	15,00,000	15,00,000
Capital redemption reserve	-	12,50,000
Non-current liabilities		
Debt	1,85,00,000	1,85,00,000
Current liabilities	14,50,000	14,50,000
Total	3,34,50,000	3,19,50,000
Assets		
Non – current Assets	2,90,50,000	2,90,50,000
Current Assets		
Stock	14,50,000	14,50,000
Bills receivable	4,00,000	4,00,000
Cash and bank	25,50,000	10,50,000
Total	3,34,50,000	3,19,50,000

TABLE 2: STATEMENT SHOWING COMPUTATION OF EARNINGS AFTER INTEREST AND TAX OF BUY – BACK LTD.

PARTICULARS	AMOUNT (pre buy back) (Rs. In lakhs)	AMOUNT (post buy back) (Rs. In lakhs)
Sales	900	900
Less: variable cost @60%	(-) 720	(-)720
contribution	180	180
Less : fixed cost	(-)138	(-)138
EBIT	42	42
Less : interest	(-)18.50	(-)18.50
Earnings after interest	23.50	23.50
Less : tax @ 33.99%	(-)7.99	(-)7.99
Earnings after int.& tax	15.51	15.51
Preference dividend including DDT	(-)1.16	(-)1.16
Earnings available for equity shareholders	14.35	14.35
No of shares (in lakhs)	70	57.50
EPS	20.5	24.96
P/E Ratio (assumed)	5	5
Market price per share	102.5	124.8

However , P/E ratio comes down with increase in debt equity ratio due to increase in risk to shareholders. In this example it has been maintained at 5 because it was already not very high , also because 2:1 debt equity is normal.

DETERMINING THE NUMBER OF SHARES TO BE BOUGHT BACK

To determine the maximum number of shares to be bought back, compliance of all the following test is required. The least the number of shares only can be bought back.

STEP 1: PAID UP CAPITAL AND FREE RESERVES TEST

(Capital (Equity + Preference)) + Free Reserves)	X	(80 lakhs + 30 lakhs + 10 lakhs)
	25%	x25% =30,000 shares
Buy-back Price	=	120

STEP 2: PAID UP EQUITY CAPITAL TEST

No. of paid-up equity Shares x 25%	=	70,000 x 25%	= 17,500 shares
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Thus, the shares to be bought should be bought down to 17,500 instead of 30,000.

STEP 3: DEBT – EQUITY TEST

After buy back of shares the debt equity ratio should not exceed 2:1, if it exceeds the standard of 2:1, the amount of buy back of shares may be brought down to the level of 2:1 , under step 2, the number of shares to be bought back has been determined as 17,500. Here the ratio comes to 2.08:1; therefore the number of shares to be bought should be brought down to 14,580 shares as computed below:

Debt = Rs. 185 lakhs (given)

Equity required to bring down the debt equity ratio to 2:1, 185/ 2 = 92.5 lakhs

Existing equity and pref. Capital = Rs. 110 lakhs

Required equity = Rs. 92.50 lakhs.

Value wise maximum amount for which shares can be brought = Rs. 110 – 92.50 = Rs. 17.50 lakhs.

Buy back rate Rs. 120 per shares

No. of shares to be bought back = Rs. 17.50 lakhs = 14,583 shares.

STEP 4: LIQUIDITY TEST

There should be adequate funds with the company to buy back 14,580 shares. Company can not avail loans for buy back of shares. Bank balance of the company is rs. 28,50,000.but the whole of it cannot be utilised to finance the buy back. Suppose.

Cash available for buy back / buy back price = 15,00,000/ 120 = 12,500 shares.

After buy back of shares the company will be left with bank balance of Rs. 10,50,000. Which is sufficient for meeting working capital needs of company. After buy back current ratio would be 2:1. And quick ratio will be 1:1. Finally the number of shares to be brought back is 12,500 shares.

ACCOUNTING TREATMENT OF BUY BACK OF SHARES

Company act states that, company purchases its own shares out of free reserves or securities premium, then a sum equal to nominal value of shares so purchased shall be transferred to capital redemption reserve account, sec 77A of co.act 1956 did not include the word securities premium. This is possible to adjust against free reserve. Nominal amount redeemed out of free reserve or securities premium account should be earmarked as capital redemption reserve by transfer from the respective sources.

Free Reserve A/c Dr.	12,50,000	
To Capital Redemption Reserve A/c		12,50,000
(Being transfer of free Reserve to CRR)		
Free Reserve A/c Dr	2,50,000	
Equity share capital Dr.	12,50,000	
To Equity Share holder’s A/c		15,00,000
(Being the amount payable to equity holderson buy-back		
Equity Shareholders A/c Dr.	15,00,000	
(being payment of buy-back amount to equity holders)		15,00,000

TAX IMPLICATIONS OF BUY BACK – DIVIDEND DISTRIBUTION TAX

The company has to pay dividend tax on buying shares back. Buy back of shares may prove to be a boon to many companies provided they have adequate funds. The following benefits may accrue to the company resorting to buy back. After buy back reduction in dividend distribution tax liability , which is given below: Dividend distribution tax – after buy back reduction in tax would be as follow:

Particulars	DDT before Buy-back	DDT afterTax
No. of Equity Shares Outstanding	70,000	58,500
Face value per share (Rs)	100	100
Rate of dividend	10%	10%
Divident distributed	Rs. 7 lakhs	Rs. 5.85 lakhs
Rate of dividend distribution tax	16.222%	16.222%
Divident Distribution tax	1.14 laks	0.95 lakhs
Tax Saving	Rs. 19,000	

POSITIVE EFFECTS OF BUY-BACK OF SHARES

The company can use its surplus cash which is lying unutilised and there are no proper investment opportunities.

It improves the return on capital, net profitability and also earning per share.

Shareholders have a choice of deciding whether or not to receive the payout by selling or holding their shares, unlike dividend payout.

Increase in shareholders wealth.

Decrease in dividend distribution tax amount.

Fractional share holdings and odd lots can be avoided since the company encourages the shareholders to sell odd lot shares.

It brings liquidity in hands of the investors.

It rationalises the capital structure of the company.

NEGATIVE ASPECTS OF BUY BACK OF SHARES

It is feared that the buy-back may be misused by the corporate entities at the cost of innocent investors. The inherent dangers may be listed as :

The repurchase of its own shares may conversely have a negative signalling effect as the market may think that the company has fewer growth opportunities after a share buy – back due to erosion of cash resources. Management may not seek to utilise any existing excess cash effectively by acquiring new investment or developing profitable markets.

A return of funds by way of a share buy- back is less certain than an annual dividend stream.

Buy-back may lead to artificial manipulations of stock prices.

It provides an ample opportunity for inside trading.

CONCLUSION

As per section 70 of companies act, 2013 now a company can make buy – back even if it had at any time default in repayment of deposit or interest thereon, redemption of debentures or preference shares or payment of dividend to any shareholder or interest payable thereon to any financial institution provided the default must have been remedied and a period of three years must have elapsed after such default ceased to subsist . if the company has idle cash resources which is not required in company, the same can be used in buying back the shares provided the internal rate of return on capital employed in business is lesser than the market rate of return , shareholders would be benefited by investing their funds received through buy – back by the company. Income arising to shareholders from such buy back would be exempted, where the company is liable to pay additional income tax on buy back of shares. But benefit in hands of company there is decrease in dividend distribution tax amount.

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A PROSPECT OF SUFI TOURISM CIRCUITS IN HARYANA

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ABSTRACT

Haryana a state of India is known for implementing various innovative tourism typologies from Highway and Farm tourism to MICE and Medical tourism. But this state lacks together in developing a particular tourism circuit till the present. Though Haryana Tourism Policy 2008 lay stress to plan Sufi circuit, Heritage and Eco tourism circuit but this notion still is in air. In this regard, the paper focuses on the prospect of developing Sufi tourism circuit in the state of Haryana. It is also a well known fact that numerous towns and cities of this state were associated with the great mystic Sufis in medieval India which led the mushrooming of tombs and other monuments dedicated to them. The systematic study of these areas and concerned Sufi sites provides an input for designing and formulation of the Sufi tourism circuit.

KEYWORDS

Sufi, Tourism, Circuit, Tomb, Haryana.

INTRODUCTION TO TOURISM CIRCUIT

Tourism is an activity from the origin source to destination through enroute points. But today, this activity is not merely restricted to travel between pairs of origin and destination. Travel to one destination may be pooled with visit to other destination in which it is recognized as Circuit Tourism. From a general point of view, a tourism circuit is defined as a route on which at least three major tourist destinations are located in different areas in such a way that tourist can and would like to cover them in a sequence. A planned Tourism Circuit has well defined entry and exit points that motivate tourists to visit all destinations within the circuit once they entered the entry points.

At the very first time in India, the concept of circuit tourism was introduced in Tourism Policy 1982 in 6th five year plan where 61 tourist circuits were identified but nothing could be done in this regard to implement this scheme. It is only after the National Tourism Policy 2002 where number of state showed keen interest to identify, develop and promote their tourism circuit along with Ministry of Tourism, Government of India. In this connection the success story of Goa, Kerala, Rajasthan, Uttar Pradesh, Delhi, and Gujarat can be cited. Other states are also doing best like Uttrakhand is promoting its Chaar-dham pilgrimage circuit. The state of Bihar has also developed and promoting Buddhist circuit. West Bengal has identified circuit of historical places like Murshidabad and Plassey. Haryana Tourism Policy 2008 also stresses to develop circuits with Public-Private Partnership but unfortunately this state hasn't exploited enough this scheme, as a result of which people are not attracted to the tourist sites in Haryana. Even the transit visitors passed through the state to Jaipur, Agra, Shimla, Manali, Chandigarh, Amritsar, Jammu etc. are not lured to this state, which continue to be in state of neglect. The major factor behind it might be lack of planned new tourism circuit to 'show and sell'. It should be added here that Haryana, a state of cultural diversity has quite unique place in the country from the historical, religious and cultural standpoint. Such unity in diversity stimulates a tourism planner to target religious tourism circuit along with their potential attractiveness. For instance, Haryana is home of several mosque, dargahs and tombs which can be turned into potential tourism resource through developing Sufi circuits in the state. What is need of, are adequate tourism infrastructure, co-ordination at different level, tourism master plan and flexible circuit planning.

REVIEW OF LITERATURE

Tourism circuit is a widely used term in tourism domain, however it coined sometimes with the term of Tourism Cluster or tourism regions. The travel circuits are aimed at spreading tourism geographically so that every state in India is enabled to offer its attraction to the visitors (Gupta et al. 2002). On the other hand, for marketer tourism circuit are developed to maximize the return on the investment in tourism infrastructure (Tourism Working Report 2012). At the very first time in India, the concept of tourism circuit was introduced in Tourism Policy 1982 in 6th five year plan (1980-85) with meager fund allotment; hence, no tourism circuit had been developed to cite a good example (Ballabh 2005). However National Tourism Policy 2002 clearly emphasized to develop the tourism circuit as an international standard destination. Tourism circuit could be based on various themes (Sisodia 2011) but population strata from religious standpoint is the major stipulator in India that shows significant prospect in developing a religious tourism circuit (Kumar 2008). This is in connection with Haryana Tourism Policy 2008 that plans to have Sufi circuit along with other circuits in the state. According to the report of working group of tourism for 12th five year plan (2012-17) the Sufi circuit in Haryana are also purposed to be implemented.

OBJECTIVE OF THE STUDY

The core objective of the paper is to make a blueprint of Sufi tourism circuits in Haryana in light of the Sufi sites and concerned places. However, the objectives of this study follow as

- 1) To investigate scope for implementation of Sufi circuit in Haryana.
- 2) To identify the potential Sufi tourism circuit/destinations.
- 3) To identify the challenges and other issues lying on the way to such initiative.
- 4) To provide suggestions for development of Sufi tourism circuits in state.

METHODOLOGY

The study is based on secondary data. The data was collected from various sources of publications such as books, journals, reports, magazines, brochures and online data sources. The data was also collected from offices of Haryana Tourism Development Corporation and Department of Archeological Survey. Researcher personal observation and indirect oral investigations at the dargahs of Bu Ali, Panipat, Sheikh Jalaluddin, Thanesar and Sheikh Kamal, Kaithal were also found useful.

SUFISM IN HARYANA

From the historical, religious and cultural stand point, Haryana has quite unique place in Indian subcontinent. Owing to its great geographical location and a long tradition of non-conformism, this region possessed a fertile cultural soil which readily accepted Islamic mysticism. The first Sufi to settle in the state of Haryana was Sheikh Fariduddin Ganj-i-Sakar, popularly known as Baba Farid (d. 1265). He was said to be the founder of Faridabad city in Haryana near Delhi. With the passage of time, the prominent Sufi masters and their descendants came to be identified with the urban centers and vice versa e.g. Bu Ali Qalandar with Panipat, Sheikh Jamaluddin with Hansi, Sheikh Jalaluddin Thanewari, Sheikh Kamal Kaithali, Sheikh Nizamuddin of Narnaul, Shaikh Chai'in Laddah with Sohna (near Gurgaon) Miyan Mar Karnali etc.

Finding the life in Haryana among Hindus more congenial, the Sufis were popular in Hindu villages too. The villagers were happy to have Sufis and Sufi saintly persons known there as 'Shah Ji'. Two major trans-continental trade routes, which linked Delhi with Multan and Lahore, passed through this state which started to be dotted with Sufi Khanqahs. It may be added that the merchants, nobles and soldiers travelling from and to Delhi paid visit to the Khanqahs and tombs of various Sufi orders. Early in the fourteenth century, a traveler informed Shihabuddin Umari at Damascus that there were about two thousand Sufi Khanqahs in Delhi and the surrounding areas. It may be suggested that the reporter included the Khanqahs of Haryana in this number.

Sufism in Haryana was on great crux till the Mughal annihilation (1707) and natural calamities (Chalisa, 1783 & 1802) and even up to the revolt of 1857 that destroyed the socio-political structure. As the Sufi networks disintegrated, the folk literature and Sufi shrines especially the tombs survived the turmoil of the eighteenth and nineteenth century. Having acquired their own spiritual power and legends the Sufi shrines continued to function as 'dynamic catalyst' but ultimately at the time of partition in 1947 caused the departure of many Sufi followers from present-day Haryana and as a consequence the Sufi shrines have ceased to be of even local importance.

SUFI TOURISM: A PROSPECTIVE PRODUCT OF HARYANA TOURISM

Haryana a state in north India was carved out of the state of Punjab in 1966. It is bordered by Punjab and Himachal Pradesh to the north and Rajasthan to the west and south. Eastern border to Uttar Pradesh is defined by river Yamuna. Haryana also surrounds Delhi on three sides forming the northern, western and southern borders of Delhi. Consequently a large area of Haryana is included in National Capital Region (NCR). Tourism is one of the fastest and largest growing sectors of the Haryana state economy; therefore, tourism contributes largely in the development of the state. It is this very reason that motivates Haryana to diversify the forms of Tourism from Highway tourism to MICE and Medical tourism to meet the different needs and wants of the tourist. Sufi tourism is one of the very aspects of tourism that unfortunately has not given its due place by the tourism stakeholders in this state. The state governments of Bihar and Uttar Pradesh have accelerated efforts to develop the Sufi tourism circuit to attract Sufi followers and general tourists to their state, Haryana, which was the abode of some most prominent Sufis, is not waking up to the significance of its rich Sufi sites. Thus, this paper will be on Sufi tourism focusing on Haryana and how its circuit can be potential resource to the tourism sector of the state. To begin with, Sufi Tourism can be understood as a religiously or spiritually motivated travel to explore and experience the Sufi sites such as tombs, dargah, Khanqah, baoli of saints, great scholars and righteous people along with fairs and festivals that held to pay homage to the memory of these famous personalities. A Sufi tour can also include meeting with the Sheikh (chief) of a Sufi school, talk and lecture on Sufism as well as learning, passing through some stages of zikr (meditation) and living in the Sufi center.

In the year 2006, one of the slots was to organize Sufi festival at Kurukshetra by Ministry of state for tourism, Government of Haryana through which a tourist circuit of important monuments of Sufism in the state like Sheikh Chaheli tomb at Thanesar was planned to be promoted.

Importantly, Sufism as it was in Haryana distinguishes it from other states, which makes it a desired destination for tourists who are looking for spiritual and historical journeys. Equally important, Sufi tourism in Haryana has picked up steam over the past few years because of a galaxy of tombs and mausoleums that draw thousands of committed followers and general tourists yearlong.

IDENTIFICATION OF PROSPECTIVE SUFI TOURISM CIRCUITS IN HARYANA

After recognizing the growing importance of tourism in the state the Ministry of Tourism (2012) identified four tourism circuits in Haryana but these were focused on overall tourism development instead of focusing a particular tourism circuit. As far as Sufi tourism circuit in Haryana is concerned, one cannot speak of its existence. It's still an idea. The term Sufi tourism circuit is still on the air. No maps, brochures, personnel, agencies, institutions, laws have been created and developed to create such a tourism circuit.

A study on the history of Haryana along with its trade and commerce unable us to understand the various trade routes that were passed through this state. Although the state of trade in Haryana was not sublime in middle age but even then it had a great importance in the history of trade in medieval India. Its only main reason was the strategic location of this state. Merchants had to pass through this state and as mentioned earlier the trade routes of this state were dotted with Sufi Khanqahs to provide them hospitality and protection in return the merchants supported these Khanqahs financially to function and to build the tombs of the eminent Sufis. It is interesting to see that many of these tombs and Sufi sites still exist on these routes turned to state and national highways to form the 'Sufi Tourism circuit'.

First understand the two major trans-continental trade routes, which linked Delhi with Lahore and Multan were passed through this state. The former was *Delhi-Lahore route*: in fact it was not single route but double one. First, was passed through Delhi, Sonipat, Panipat, Karnal, Kurukshetra (Pipli), Ambala, Sirhind, Fialaur, Nakodar, Sultanpur and up to Lahore. Second, was passed through Delhi, Sonipat, Panipat, Thanesar, Kaithal, Tohana, Fatehabad, Sirsa, Rania and Bhatner up to Lahore. The latter was *Delhi-Multan route*: this route was also used for trade and commerce in middle age and passed through Delhi, Dadri, Narnaul, Bhiwani, Hansi, Hissar and up to Multan. Beside it, there were two inter-continental route i.e. *Delhi-Agra route* which was passed through Delhi, Ballabhgarh, Faridabad, Palwal, Hodal up to Agra and *Delhi-Jaipur-Jodhpur-Ahmadabad route* was in fact a multi route and was passed through Delhi, Gurgaon, Sohna, Tawdu and Rewari as a single one but after on segregated into different routes.

Based on these trade routes, the following Sufi circuits have been identified:

- Circuit 1: Sonipat – Panipat – Karnal – Thanesar
- Circuit 2: Ambala – Kaithal – Kalayat – Narwana
- Circuit 3: Hansi – Hissar – Tohana – Jamalpur
- Circuit 4: Mahendergarh – Madhogarh – Narnaul – Rewari
- Circuit 5: Gohana – Rohtak – Meham – Bhiwani
- Circuit 6: Faridabad – Sohna – Nuh – Ferozput Jhirka

It should be noted that present study is limited to identify Sufi circuits based on said trade routes. Calculating potential values for given circuits through any methodology is beyond the presenting efforts. A brief discussion on the circuits is furnished herewith.

- 1) *Sonipat-Panipat-Karnal-Thanesar* circuit obtained the highest score for overall potential. Strategic location of these destinations gets advantage of railway junctions, National highways and public amenities due to closeness of the national capital of India. National Highway 00 which connects these destinations is the lifeline of Haryana and is studded with all facilities and amenities for the tourists and passer-by people. Tombs of Khizar Khan and Imam Nasir in Sonipat, Dargah of Bu Ali and Ibrahim Lodi tomb in Panipat, Tombs of Kalandar Sahib, Miran Sahib and Pucka Pul in Karnal and famous Sheikh Chaheli tomb in Thanesar are major attractions in this circuit. Hence, little intervention like attractive hoardings, tagging of local souvenirs, parking facilities, theme transport like tonga are necessary.
- 2) *Ambala-Kaithal-Kalayate-Narwana* circuit is interconnected with National Highway 00. Sufi shrines located in this circuit attract thousands of visitors on major occasions. Ambala, a gateway of this circuit is close to Chandigarh a state capital and famous tourist destination, an added advantage to target the potential tourists for this circuit. Kaithal is being developed as a tourist hub and land of famous Sufi saint Sheikh Kamal, Kalayat is an historic town with a dargah of Baba Shah Kamal Kadri and Narwana is well known for dargah of Baba Gaibi Sahib. These spots have never been developed as a tourism circuit. Though, it deserves high future potential and requires extensive development in physical infrastructure and advertisement.

- 3) *Hansi-Hissar-Tohana-Jamalpur* circuit is ruined exhibit of some world famous Sufi saints especially Chahar Qutub of Hansi which is a tomb of four renowned Sufi saints namely Sheikh Jamaluddin, Sheikh Burhanuddin, Sheikh Qutabuddin Munawar and Sheikh Nooruddin Jamal. There are number of other Sufi tombs in Hissar, Tohana (five in number) and Jamalpur in which mostly are abandoned in state of neglect. Preservation and beautification of these monuments is need of hour to develop this circuit as a tourist hub. Moreover two purposed railway line which would connect Hansi with Hissar and Tohana with Hissar and a purposed airport in Hissar would increase potentiality of this circuit.
- 4) *Mahendergarh-Madhogarh-Narnaul-Rewari* circuit is located in the south-west part of the state. In this circuit Narnaul has a high potentiality to develop as a core tourism destination. There are some beautiful tombs including one of the oldest tombs dedicated to Shah Vilayat Khan. Rewari is an historical town which houses tomb of Turkiawas and three other tombs. Madhogarh was recently in news for having a visit of Tourism minister who assured to preserve and develop its tomb as a tourist centre. Mahendergarh is a district headquarters having some heritage spots including a baoli. This city can be developed as a gateway to this circuit by tagging any new tourist spot.
- 5) *Gohana-Rohtak-Meham-Bhiwani* circuit is especially known for age-old mosque in which Shishe wali masjid, Deeni masjid and Lal masjid located at the city of Rohtak are quite famous. Dargah of Pir Jamal at Gohana is visited by every section of society with equal devotion. Meham is a sub-division of Rohtak district, situated 25 Km away on Rohtak-Hissar road. There are 12 tombs still existing in this town. It is no less than a wonder that how such unguarded and unprotected destitute tombs survived till now. Bhiwani, mentioned in Ain-i-Akbari is a historic city having tomb of Loharu and several other ruined tombs. These destinations are well connected with each other and bear high potentiality due to closeness of Delhi.
- 6) *Faridabad-Sohna-Nuh-Firozpur Jhirka* circuit is Muslim dominated circuit and studded with numerous tombs and mosques. Faridabad, a sister city of Delhi is said to be named after famous Sufi saint Shaikh Farid. Nuh town houses a tomb of Shaikh Musa, grandson of Shaikh Farid. The town of Firozpur Jhirka was founded by Firoz Shah Tughlaq in 14th century and is known for its tombs, six in number. In Sohna, there are as many as 11 magnificent tombs scattered at different locations all round the town. This circuit obtained second highest score for overall potential. The proposed railway line connecting Sohna, Nuh and Firozpur would further increase its potentiality.

CHALLENGES AND MAJOR ISSUES

It is our common experience that major archeological remains, which have become places of tourist attraction, have been often spoiled by the visitors themselves. The neglect is more visible in the scattered rural hamlets, where small structures are vulnerable to vandalism by local elements, who lack the consciousness regarding the preservation of our common heritage. The wave of commercialization of agriculture land and the relentless expansion of urbanization, which have assumed a fast pace in the last two decades, have posed new challenges to this heritage. In many cases, the governmental agencies have failed to protect medieval monument from damage, owing to natural and human factor. Besides, issues related to professionalism, lack of entrepreneur's confidence, financial constraints and lack of awareness are major hindrance to project the prospect of Sufi tourism circuit on grass root level.

SUGGESTIONS

Haryana has abundance of Sufi spots in form of tomb, dargah, mosque and baoli. Implementing the identified circuits especially Circuit 1 and circuit 6 on priority basis, providing basic facilities and amenities and subsequently overcoming the issues are essential for paving the way for development of this niche tourism in a way so that it can become a major USPs of Haryana tourism. Circuit 1 requires little necessities to develop like advertisement, day-shelters with toilet facilities, tagging of local souvenirs, theme-based transport facilities etc.; on the other hand, Circuit 6 can be developed through creating Faridabad an attractive travel node. Other suggestions are given as follow:

- Organizing Sufi culture festival every year.
- Organizing Qawwali show on regular interval.
- Organizing workshop on Sufism.
- Managing system of Light and Sound show on major Sufi sites.
- Building community participation.
- Creating proper linkage with Tour Operators.
- Drafting a master plan for preserving Sufi shrines and other monuments.
- Building co-ordination among concerned organizations and other stakeholders.

CONCLUSION

Haryana is considered a Sufi state par excellence because of the rich presence of the tombs and mausoleum that make it a perfect destination to the visits of different and many religious people. Obviously, this state has a great potentiality for Sufi tourism circuits and therefore the development of the state. We think that Sufism is a great asset on which Haryana tourism can intelligently expand to potentially reach its goal.

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A STUDY ON FINANCIAL STATEMENT ANALYSIS OF APPOLLO TYRES LIMITED, KOCHI

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ABSTRACT

The present study is done at Appollo tyres limited. The aim of the study to aware about the managerial function in the firm. The theoretical and Practical knowledge are different. By this study we will get an idea about the daily transactions occurred in a firm. This study also gives an idea about the functioning of financial department.

KEYWORDS

financial departments, financial statements, managerial function, transactions.

INTRODUCTION

Finance is the one of the important department in every organisation's good financial department is necessary for smooth running of every business it is for appropriate raise of funds and utilisation of funds effectively. The analysis of financial statement is meant to get data, classify data, store data for future purpose and present the data such a way that it becomes useful for management at the time of decision making. The techniques of financial analysis include comparative financial statement, ratios, trend analysis and so on. In this study we are going to analyse Appollo tyres financial statements.

OBJECTIVES OF THE STUDY

1. To Evaluation of financial position of the Appollo tyres Ltd.
2. To evaluate liquidity position of Appollo tyres Ltd.
3. To determine resource utilization of Appollo tyres Ltd.
4. To determine the long- term solvency of Appollo tyres Ltd.

SCOPE OF THE STUDY

The present study is designed to cover the analysis of financial position of Appollo tyres Ltd. It covers liquidity ratios, activity ratio leverage ratios & profitability ratios. And it includes a trend analysis and comparative balance sheet.

LIMITATIONS OF THE STUDY

1. The study is mainly depends on the information given by the company especially from their annual reports. Findings and conclusion of study are based on those secondary data.
2. The study is conducted on limited period.
3. For this study we consider only the book value of assets.

RESEARCH METHODOLOGY

It is analytical research, is conducted to evaluate financial performance of the Appollo tyres Ltd. This report is based on the secondary data. For analyses the financial performance of the company five-year (from 2008-09 to 2012-13) financial data are considered.

SECONDARY DATA

Secondary data are those which have been collected by some other person for his purpose and published. So researcher is said to use that type of data for this study.

TOOLS USED FOR ANALYSIS

1. Ratio Analysis.
2. Trend analysis.
3. Comparative financial statement.

PERIOD OF THE STUDY

The analysis is mainly done on the basis of annual report of the Appollo tyres Ltd for the period of 5 years.

DATA ANALYSIS AND INTERPRETATION**TABLE 1: SHOWING CURRENT RATIO OF APPOLLO TYRES LTD.**

YEAR	CURRENT ASSET	CURRENT LIABILITY	RATIO
2008-09	73,499,052.98	17,306,257.08	4.246
2009-10	100,250,368.37	11,399,481.72	8.794
2010-11	77,624,569.24	11,785,412.61	6.586
2011-12	89,240,325.69	12103685.31	7.372
2012-2013	189,449,820.48	55624672.40	3.405

(Source: Annual Report)

The current ratio can be expressed as current assets; current liabilities. As a conventional rule idle current ratio of should be 2:1 (in the ideal or standard current ratio, the current assets are fixed at two times the current liabilities. If the actual current ratio is less than the standard current ratio of 2; 1, the logical conclusion in that the concern does not enjoy sufficient liquidity and there is shortage of working capital. On the other hand, if the actual current ratio is 2:1 or more than 2:1 it can reasonably be taken as a sign of liquidity or the short-term solvency of the concern.

Inference: The last years the current ratio of Appollo tyres Ltd is more than standard ratio. It shows company enjoys liquidity.

TABLE 2: SHOWING QUICK RATIO OF E.T.L

YEAR	Quick Assets	CURRENT LIABILITY	RATIO
2008-09	54,384,638.49	17,306,257.08	3.142
2009-10	59,716,795.75	11,399,481.72	5.238
2010-11	49,445,209.81	11,785,412.61	4.195
2011-12	64,363,533.92	12,103,685.31	5.312
2012-2013	23,646,176.61	55,624,672.40	2.222

(Source: Annual Report)

Quick Ratio can be expressed as Quick assets: Quick liabilities. Generally, a quick ratio of 1:1 is considered to represent a satisfactory current financial level, If actual quick ratio is equal or more than the standard quick ratio of 1:1, it can be viewed that the concern is liquid, and so it has the ability to pay off its short term liabilities without any difficulty. On the other side of the coin if the actual quick ratio is less than the standard quick ratio of 1:1 the conclusion can be that the concern is on a little danger.

Inference: Last years, quick ratio shows, Appollo tyres Ltd is highly liquid. All the five years the quick ratio was above the standard ratio.

TABLE 3: SHOWING CASH RATIO OF APPOLLO TYRES LTD.

YEAR	ABSOLUTE LIQUID ASSET	CURRENT LIABILITY	RATIO
2008-09	6,211,993.46	17,306,257.08	0.558
2009-10	5,317,416.44	11,399,481.72	0.466
2010-11	4,541,789.70	11,785,412.61	0.385
2011-12	6,712,675.88	12,103,685.31	0.559
2012-2013	11,805,588.65	55,624,672.40	0.212

(Source: Annual Report)

Absolute liquid ratio expressed as absolute liquid assets: current liabilities. Generally, a cash ratio of 0.75:1 is an average that means it is satisfactory level. If the actual absolute liquid ratio is equal to or more than the standard ratio of 0.75:1, the firm can be taken as liquid. On the other side of coin if the actual absolute liquid ratio is too low, the firm is considered as not liquid.

Inference: The absolute liquid ratios of the company are not liquid. When compare to standard ratio 0.75:1, the absolute liquidity ratio of the company is not satisfactory.

TABLE 4: SHOWING FIXED ASSETS TURNOVER RATIO

YEAR	NET SALES	FIXED ASSET	RATIO
2008-09	203,383,313.20	23,852,558.61	8.52
2009-10	304,977,207.30	30,703,347.18	9.93
2010-11	387,408,467.80	30,865,762.72	12.55
2011-12	477,396,850.32	35,866,169.47	13.31
2012-13	652,071,653.63	37,593,403.69	17.34

(Source: Annual Report)

The standard or ideal fixed assets turnover is 5 times. So, a fixed assets turnover ratio of 5 times or more indicates better utilization of fixed assets. On the other side, a fixed assets turnover ratio of less than 5 times is shows that the fixed assets not utilizing effectively. In this context, it may be noted that a very high fixed assets turnover ratio means under trading, which is not at all good for the business.

TABLE 5: SHOWING PROPRIETARY RATIO

YEAR	PROPRIETARY FUND	TOTAL ASSET	RATIO
2008-09	53,297,000.00	97,351,611.59	0.547
2009-10	53,299,500.00	130,953,715.50	0.407
2010-11	153,299,500.00	108,490,332.96	1.413
2011-12	153,354,500.00	125,106,495.20	1.225
2012-2013	153,881,500.00	227,043,224.10	0.677

(Source: Primary data)

This ratio shows the general financial ability of the company. It helps to the creditors of the company as it helps them to ascertain the shareholders fund in the total assets of the business. A high ratio denotes safety to the creditors on other side a low ratio shows greater risk factor to the creditors. A ratio below 0.5 is a red signal for the creditors since they have to lose heavily in the event of company's liquidation as it indicates more of creditors fund and less shareholders fund in the total assets of the company.

FINDINGS

1. The liquidity analysis reveals that the current ratio and quick ratio of the company are above the standard ratio on the study period. During the year 2012 and 2011 the current ratio was 3.405 and 7.372. Quick ratio were 2.220 and 5.310 respectively. The absolute liquid ratio is not so good.
2. The Fixed assets turnover ratio determines efficiency of utilization of fixed assets and profitability of a business concern. This ratio is during the year 2012 is 17.340. The fixed assets turnover ratio is gradually increasing every year; this indicates that the firm is utilizing its fixed asset efficiently.
3. Debtor's turnover ratio of the concern is decreased in 2011-12, the ratio is 13.520, and in the year 2010-11 is 20.36. The higher the turnover ratio is the better liquidity of debtors. Appollo tyres limited are maintaining the standards.

SUGGESTIONS

1. The current ratio and quick ratio is satisfactory in all the five years. They can be continued for its success.
2. The absolute liquid ratio is less than the ideal ratio; it would affect the short term financial solvency of the organization. Hence, it is suggested that they will be decrease the current liabilities.
3. The management has to control the long- term debt and to increase the shareholders fund.
4. The net profit position is good in Eastern treads limited. So it can be continue the same level

CONCLUSION

From the analysis of Appollo tyres Limited, it enjoys comparatively sound financial position. The growth in the Transport Industry together with developments of infrastructure in road highways offers ample scope for Tyre industry. The industry mainly depends on Rubber, which is subject to vagaries of nature for yield. Company's quality policy helps in providing quality products consistently and hence acceptability in the market.

The operative results indicate a positive and growth oriented trend. The firm earns profit on every year. Net profit shows the better in the operational efficiency of the business concern.

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MICROFINANCE: ISSUES AND CHALLENGES IN INDIA

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ABSTRACT

Micro Finance may be defined as provision of thrift, credit and products of very small amounts to the poor people in rural, semi urban or urban areas, for enabling them to raise their income levels and improve living standards. Microfinance mechanism ultimately support poverty alleviation programme in India. This working paper tries to outline the prevailing condition of the Microfinance in India in the light of its emergence till now. The prospect of microfinance is dominated by SHG-(Self Help Group)-Bank linkage programme. The main aim of microfinance is to provide a cost effective mechanism of credit. This research paper highlights the hierarchy of microfinance institutions, delivery models and major challenges like regional disparity, high rate of interest, uneven growth of credit schemes, lack of insurance services etc. Finally this paper concludes with some suggestions to improve MFIs in India so that they fulfill the intent of their establishment.

KEYWORDS

microfinance SHGs, MFIs, SEWA NABARD, SIDBI, IDBI.

INTRODUCTION

Microfinance provides financial facilities to people who otherwise wouldn't have had access to such facilities. The scope of microfinance is wide in the sense that it isn't confined to just providing credit but also helps the deprived class access to resources such as pension, insurance etc. It discards the belief that the poor aren't credit worthy and devises methods that enable the poor to uplift themselves out of poverty. Clearly considering the growing disparities in the society, microfinance will play an effective role in the years to come, as we have seen in some African countries where MFIs have been more successful than the government in uplifting the lower classes. Microfinance refers to a movement that envisions a world in which low-income households have permanent access to a range of high quality and affordable financial services offered by a range of retail providers to finance income-producing activities, build assets, stabilize consumption, and protect against risk.

OBJECTIVE

This paper is an attempt to find out the challenges and issues relating to microfinance. How microfinance can play a significant role in financing the deprived segment of the Indian economy mainly poorer and small entrepreneurs.

REVIEW OF LITERATURE

The concept of providing financial services to low income people is very old. Many informal credit groups have been operating in many countries for several years like the Susus in Nigeria and Ghana, chit funds and Rotating Savings and Credit Associations (ROSCAs) in India, tontines in West Africa, pasanaku in Bolivia, Hui in China, arisan in Indonesia, paluwagan in Philippines etc. It is believed that initially, the informal financial institutions emerged in Nigeria dating back in the fifteenth century. Such type of institutions started establishing in Europe during the eighteenth century when in 1720 the first loan fund targeting poor people was founded in Ireland (Seibel, 2005). In the 1970s, a paradigm shift started to take place. The failure of subsidized government or donor driven institutions to meet the demand for financial services in developing countries led to several new approaches. Bank Dagan Bali (BDB), established in Indonesia in 1970, was the earliest bank to institute commercial microfinance (Schwiecker, 2004). In 1973, ACCION International, a USA based NGO, disbursed its first loan in Brazil at commercial interest rate to start a micro-enterprise. One year later in 1974, the Self-Employed Women's Association of India (SEWA) started a bank to provide loans to poor women. In 1976, Muhammad Yunus, a professor of Economics at Chittagong University, Bangladesh initiated an experimental research project of providing credit to the rural poor. He gave a small loan of 856 Taka (\$27) from his pocket to 42 poor bamboo weavers and found that small loans radically changed the lives of these people and they were able to pay back the loans with interest. The success of this idea led Yunus to establish Grameen Bank in 1983 in Bangladesh. This programme showed astonishing growth rates in Bangladesh, particularly during the 1980s and 1990s. It encouraged social innovators and organizations all over the world to begin experiments with different microfinance delivery methods to bring financial services to the poor.

PROBLEM STATEMENT

For improving the living standard of poor people and to support in alleviation of poverty, the concept of Microfinance Institutions came into existence, but condition of BPL families have not yet improved. Which means Microfinance Institutions are facing challenges and unable to fulfill their original objective. With this study, here is an attempt to highlight those issues and provide recommendations for improvement.

BENEFITS OF STUDY

This paper helps in understating the situation of Microfinance institutions in India, what are the challenges they are facing and why high interest rates are being charged. Here in this research paper problem of microfinance are being analyzed at socio-cultural and educational level.

MATERIAL AND METHODS

This research paper is based on secondary data collected from various magazines, websites, journals, case studies and books.

MICROFINANCE IN INDIA**AN OVERVIEW**

In India, the first initiative to introduce microfinance was the establishment of Self-Employed Women's Association (SEWA) in Gujarat. SEWA was registered as a trade union of self-employed women workers of the unorganized sector in 1972. This trade union established their bank known as SEWA Bank in 1974. To establish this bank four thousand union members contributed Rs.10 each as share capital. Since then this bank is registered as a co-operative bank and has been providing banking services to poor women and has also become a viable financial venture. The first major effort to reach these rural poor was made by NABARD in 1986-87, when it supported and funded an action research project on 'saving and Credit Management of Self-Help Groups' of Mysore Resettlement and Development Authority (MYRADA). For this purpose, a grant of Rs. one million was provided to MYRADA. The encouraging results were yielded. In 1988-89, NABARD undertook a survey of 43 NGOs spread over eleven states in India to study the functioning of the SHGs and possibilities of collaboration between the banks and SHGs in the mobilization of rural savings and improving the credit delivery to the poor. In order to meet their credit requirements, in July 1991 RBI issued a circular to the commercial banks to extend credit to the SHGs formed under the pilot project of NABARD. The programme acquired a national priority

from 1999 through Government of India budget announcements. Since the time of its origin, NABARD provides policy guidance, technical and promotional support mainly for capacity building of NGOs and SHGs. These days many public and private commercial banks, regional-rural banks, co-operative banks, co-operative societies, registered and unregistered NBFCs, societies, trusts and NGOs are providing microfinance by using their branch network and through different microfinance delivery model.

DELIVERY MODELS OF MICROFINANCE

The concept of microfinance involves informal and flexible approach to the credit needs of the poor. There is no single approach or model that fits in all the circumstances. Therefore, a number of microfinance models emerged in different countries/states according to the suitability to their local conditions. Broadly, the microfinance delivery methods can be classified into six groups as follows:

- **Grameen Bank Model:** Grameen Bank model is one of the oldest and most successful models of microfinance. This model was developed in Bangladesh. In this model microfinance programme participants are organized into groups of five members. They make mandatory contribution to group savings and insurance fund. Each member maintains her individual saving and loan account with the bank and after contributing to the savings fund for a fixed time the group members receive individual loans from the bank. But the group is not required to give any guarantee for the loan repayment by its member. Repayment responsibility solely rests on the individual borrower and there is no form of joint liability, i.e. group members are not responsible to pay on behalf of a defaulting member. Loans are provided for six months to one year duration.
- **Individual Lending Model:** In this method, individuals can get loans without any membership of a group. This is a straightforward credit lending model in which micro-loans are given directly to the borrowers. In this model, the financial institutions have to make frequent and close contact with individual clients to provide credit products customized to the specific needs of the individual. It is most successful for larger, urban-based, production-oriented businesses. The model is followed by many financial institutions like the Association for the Development of Micro-Enterprises (ADEMI) in Dominican Republic, Bank Rakyat Indonesia, Senegal Egypt, Self-Employment Women’s Association in India, etc.
- **The Group Approach:** The group approach delegates the entire financial process to the group rather than to the financial institutions. All financial activities like savings, getting loans, repayment of loans and record keeping are managed at the group level. In this method, 10-20 members are organized to form a group. These group members make regular savings of fixed amount in a common fund. The amount and frequency of savings is mutually decided by the group members. The financial institutions issue loan in the name of group and whole group is considered responsible for repayment. The amount of loan depends upon the total accumulated amount of saving of the group. Group members themselves decide about the criteria of dividing the loan among the group members
- **Village Banking Model:** This village banking model is an expansion of the group approach. This model was developed in Bolivia during mid-1980s by the Foundation for International Community Assistance (FINCA), a non-profit microfinance organization. In this model, a Village Bank is developed by grouping 30 to 100 low-income individuals who seek to improve their lives through self-employment activities. Members themselves run the village bank, they choose their members, elect their own officers, establish their own by-laws, distribute loans to individuals and collect savings and payments. Loans are repaid weekly in small installments. Thus, village banks have a high degree of democratic control and independence. A credit union is a democratic, not-for-profit financial co-operative.

MICROFINANCE INSTITUTIONS

Microfinance institutions (MFIs) are the organizations or associations of individuals that provide financial services to the poor. In India, there is a wide range of such organizations with diverse legal forms, varying significantly in size, outreach, mission and credit delivery methodologies. Fig.1.1 represents the hierarchy of financial institutions for the microfinance disbursement.

Hierarchy of Microfinance institutions

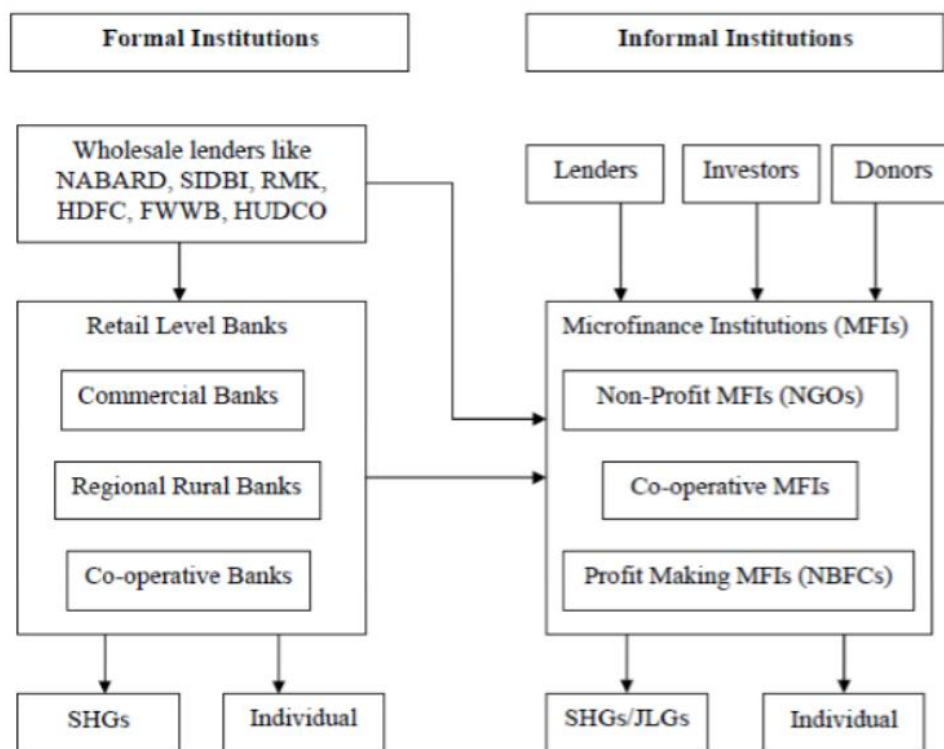
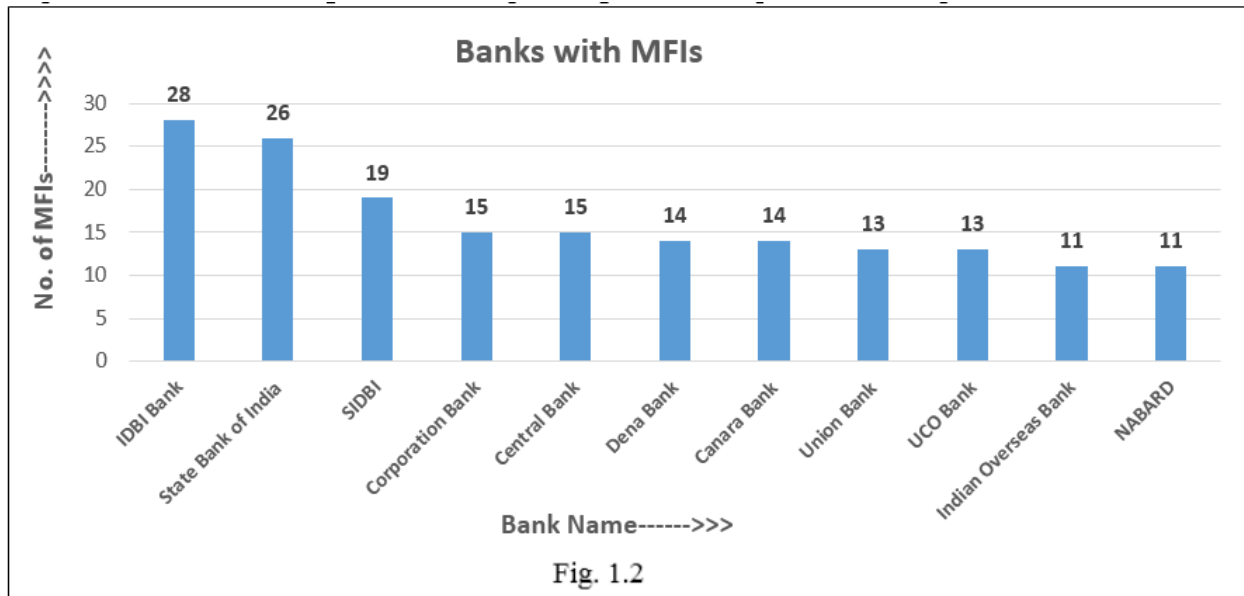


Fig. 1.1

Following the guidelines of RBI all scheduled commercial banks including RRBs give bulk loans (classified as a priority sector) to MFIs for on-lending to groups and other small borrowers. At present, both public and private banks are extending considerable loans to MFIs at interest rate ranging from 8 to 11 per cent per annum.

FIG. 1.2



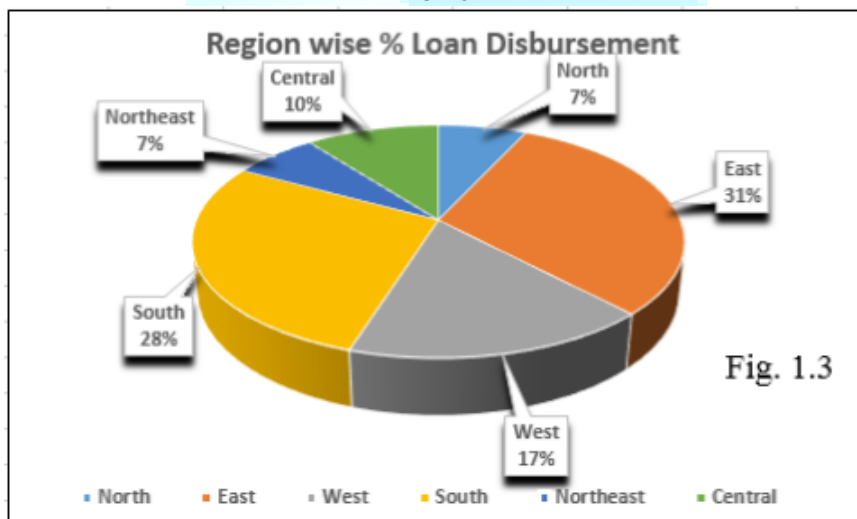
DISBURSEMENT OF MICROFINANCE IN INDIA

The Indian Microfinance Sector has witnessed a phenomenal growth over the past 15 years. The number of Institutions providing microfinance services has gone up from a few to several hundreds. The quantum of credit made available to the poor and financially excluded clients have gone past `33,500 crore and number of clients benefitted crossed 33 million as of March 2014. The SHG bank linkage program has equally grown to touch the lives of individuals through SHGs with an outstanding loan portfolio of approx. 43,000 crores.

LOAN DISBURSEMENT-REGIONAL PATTERN

The year 2013-14 has experienced a remarkable growth in MFI loan disbursement in all regions. Among all regions, the Eastern and Southern regions have the largest shares of loan disbursements (31% and 28% respectively); the same trend was followed in year 2012-13 also. Refer Fig. 1.3.

FIG. 1.3



PURPOSE OF LOAN

Traditionally, MFIs have been lending for both consumption and productive purposes. It is believed that poor people use their loans for their emergency and consumption needs more than for livelihoods. In 2011, RBI regulation stipulated that a minimum of 70% of the MFI loans are to be deployed for income generating activities. Analysis of the loan portfolio held by reporting MFIs for 2013-14 shows that the proportion of income generation loan to non-income generation loan is 80:20. Non-income generation loans are used for consumption, housing, education, water & sanitation, health etc.

CHALLENGES FACED BY MFIs IN INDIA

No doubt, microfinance programme has shown impressive achievements, but there are lot of challenges associated with MFIs currently working in India. Some of the challenges are compiled in below bullets.

- **Regional Disparity:** It has been observed that the microfinance programme is mainly run by formal financial institutions with the help of SHGs. As a result, microfinance programme is progressing in those areas of the country where there is tremendous growth of formal financial institutions. Actually, many big MFIs are activating in those states where the banking network is very strong. In the southern states, such as Andhra Pradesh, Tamil Nadu, Karnataka and Kerala, the spread of SHG bank linkage programme as well as the MFI programme is very large. But the north and north-eastern region is almost neglected approximately 50 per cent of the total microfinance programme beneficiaries belong to these four south Indian states.
- **Deserving Poor are Still not Reached:** The microfinance delivery models are not exclusively focused on those who are below the poverty line or very poor. Though the programme is spreading rapidly but with a slow progress in targeting the bottom poor households. About 50 per cent of SHG members and only 30 per cent of MFI members are estimated to be below the poverty line. According to Ghate (2008), approximately 75 million households in India are poor and about 22 per cent of these poor households (i.e. 16.5 million) are currently receiving microfinance services. The present study also shows that just

19 per cent of the programme participants were BPL at the time of joining microfinance programme. Therefore, it can be said that substantial groups of poor population have been excluded from availing the benefits of the programme

- **High Interest Rates:** Affordability of loan is equally important to the access of financial services to the poor. Economic fundamentals exhort that every borrower is interest sensitive and the capacity of borrowing decreases with increase in interest rates. High interest rates may prove to be counterproductive, and weaken the social and economic condition of poor clients. Normally, banking sector is charging 9 to 10 per cent interest rate per annum from the SHG members, while MFIs charge comparatively higher interest rate which is generally 11 to 24 per cent per annum.
- **Use of Loans-** Practitioners and donors from the charitable side of microfinance frequently argue for restricting micro credit to loans for productive purposes—such as to start or expand a micro enterprise. Those from the private-sector side respond that because money is fungible, such a restriction is impossible to enforce, and that in any case it should not be up to rich people to determine how poor people use their money.
- **Uneven Growth of Scheme:** An approach to provide credit to the agriculture sector, including small farmers, is the Kisan Credit Card (KCC), offered by commercial banks, RRBs and cooperative banks. Since their introduction in 1998-99. Though these are not truly credit cards, the KCCs present a number of advantages for the borrowers and lenders. But one concern is the uneven growth in the distribution of the KCC scheme
- **Lack of Insurance Services:** Poor people are vulnerable to financial shocks. A small change in their earning patterns due to natural calamities, health problems, death of earning member etc. can push them to destitute. So, a provision of insurance under the microfinance programme is very essential to help the poor to cross the poverty line. But, in reality, the current microfinance programme in India is just focused on regular saving and micro-credit. SHG-BLP developed by NABARD is also providing saving and credit services mainly and the provision of insurance is very less. A research report by Invest India Market Solutions Pvt. Ltd. (IIMS, 2007) indicates that the penetration of life insurance is only 12 per cent among the rural poor and 19 per cent among the urban low-income population. So, in India the provision of insurance services is at the initial stage and this integral part of the microfinance programme is still neglected.

UNREGULATED MICROFINANCE INSTITUTIONS

In India, micro finance is provided by a variety of institutions. These include banks (including commercial banks, RRBs and co-operative banks), primary agricultural credit societies and MFIs that include NBFCs, Section-25 companies, trusts and societies. But only the banks and NBFCs fall under the regulatory purview of the Reserve Bank of India. Other entities, e.g., MFIs are covered in varying degrees of regulation under their respective State legislations. There is no single regulator for this sector. As a result, MFIs are not required to follow some standard rules and are not subject to minimum capital requirements and prudential norms.

SUGGESTIONS

Based on this study and analysis of challenges faced by MFIs in India, here are some of the suggestions which can help in improving the situation of these institutions so that these MFIs can also actively support the government's intension of poverty alleviation and accelerate their growth.

- **Reducing Regional Disparity:** As discussed in the problems, the spread of microfinance programme is unequal among various regions of India and there is limited spread in the poorer states. So, there is ample scope to spread microfinance programme in the unreached areas including the poorer states. These poor states are Assam, Bihar, Jharkhand, Gujarat, Himachal Pradesh, Maharashtra, Madhya Pradesh, Chhattisgarh, Orissa, Rajasthan, Uttar Pradesh, Uttaranchal and West Bengal. These states accounted for 70 per cent of India's poor and were not effectively reached by the microfinance programme.
- **Technology to reduce Operating Cost:** MFIs should use new technologies and IT tools & applications to reduce their operating costs. Though most NBFCs are adopting such cost cutting measures, which is clearly evident from the low cost per unit money lent (9%-10%) of such institutions. NGOs and Section 25 companies are having a very high value of cost per unit money lent i.e. 15-35 percent and hence such institutions should be encouraged to adopt cost-cutting measures to reduce their operating costs. Also initiatives like development of common MIS and other software for all MFIs can be taken to make the operation more transparent and efficient.
- **Schemes to Support MFIs:** MFIs are meant to play an important role in reaching the poor people who are not served by the formal financial institutions. But most of these institutions are restricted by RBI to collect savings from their members and raise public funds. As these institutions do not publish their annual financial reports, it is difficult to determine their financial health. Therefore, the formal financial institutions also hesitate to provide loans to these institutions. To tackle this problem, some schemes may be adopted to provide support and help for MFIs.
- **Insurance Services:** In India, the penetration of insurance services among rural poor people is very limited and there is a great potential for the same. Moreover, poor are very much vulnerable to the natural uncertainties and insurance is necessary for them. The network used for microfinance programme can be used to tap the potential of insurance in rural markets. Non-Government Organizations, Microfinance Institutions and Self-Help Groups can be used as micro-insurance agents. They can offer target specific insurance products at a relatively lower cost, for a lower coverage of amount. It may be envisaged that micro-insurance would facilitate penetration of insurance to rural and remote areas. However, some of the NGOs are providing accident, life and crop insurances in India but such type of services need to be expanded.
- **Securitization of Loans:** This refers to a transaction in which the repayments from a set of microloans from one or more MFIs are packaged into a special purpose vehicle, from which tradable securities are issued. As the loans from multiple MFIs can be pooled together the risk gets diversified. Though securitization of loans and portfolio buyout are similar in many ways like first loss default guarantee clause, limit to the amount of loans that can be sold off etc. The major difference between the two is that securitizations require a rating from a credit rating agency and that it can be re-sold, which makes securitized loans attract more potential buyers.

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A STUDY ON CONSUMER ATTITUDE TOWARDS ORGANISED RETAIL OUTLETS IN KANCHIPURAM DISTRICT, TAMILNADU

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ABSTRACT

Retail is India's largest industry and it contributes 10 percent of the India's GDP and provides 8 percent of the employment. Retail is one of fastest growing sectors in India with a 5 percent compounded annual growth rate. As India has a huge middle class base and its untapped retail industry are key attractions for global retail giants enter into the Indian retail markets. With growing market demand, the industry is expected to grow at a pace of 25-30 percent annually. According to panel members at the seventh Food and Grocery Forum India, the opportunities in food and grocery retail in India are immense, given that it constitutes about 69 per cent of India's total retail market. The Indian retail market, currently estimated at \$490 billion, is project to grow at a compounded annual growth rate of 6 per cent to reach \$865 billion by 2023. The main objective of the study is to identify factors that determine consumer's perception towards multi-brand retail outlets and consumer satisfaction about the product and service quality of multi-brand retail outlets. The research design chosen is descriptive and empirical. Simple random sampling method has been employed. The study is based on the sample size of 200 respondents. Statistical tool named chi-square test, ANOVA, Mean, Standard Deviation and Factor Analysis are employed. The chi-square test reveals that there is no significant association between selection of shop and satisfaction in shopping. Factor Analysis reveals that courtesy, credibility, responsibility, reliability and knowing the customer are the major factors for deciding the service quality and satisfaction level of customers.

KEYWORDS

Accessibility, buyer behavior, consumer perception, multi-brand, retail outlets.

INTRODUCTION

Indian retail industry is one of the fastest growing industries, especially over the last few years. With growing market demand, the industry is expected to grow at a pace of 25-30 percent annually. Today India is the fifth largest in the world in terms of Retail Industry, comprising of both organized and unorganized retail business. Retail is India's largest industry and it contributes 10 percent of the India's GDP and provides 8 percent of the employment. Retail is one of fastest growing sectors in India with a 5 percent compounded annual growth rate. As India has a huge middle class base and its untapped retail industry are key attractions for global retail giants enter into the Indian retail markets. The organized retailing comprises only 2.8 percent of the total retailing market and is estimated at around US\$ 8.7 billion and the organized retail sector is expected to grow to US \$ 70 billion.

The growing middle class is an important factor contributing to the growth of retail in India. By 2030, it is estimated that 91 million households will be 'middle class', up from 21 million today. Also by 2030, 570 million people are expected to live in cities, nearly twice the population of the United States today. Due to the changing lifestyles, strong income growth in the middle class and favorable demographic patterns, Indian retail is expected to grow 25 percent annually and expected that retail business in India could be reach the target of US\$ 175-200 billion by the end of 2016. With tremendous potential and huge population, India is set for high growth in consumer expenditure. With India's large 'young' population and high domestic consumption, the macro trends for the sector look favorable.

BUYER BEHAVIOUR

Buyers behaviour is the process by which individuals decide whether, what, when, where, how and from whom to purchase goods and services. "Instead of trying to market what is easier for us to make, we must find out much more about what the consumer is willing to buy – we must apply our creativeness more intelligently to people, and their wants and needs rather than to product" – Charles G. Martina emphasizing on the above statement, the target of all marketing activities should be consumers. Consumer behaviour is defined as that behaviour exhibited by people in planning, purchasing and using economic goods and services. Consumer behaviour is a complex and dynamic concept, too constantly changing, and therefore management need to adjust with the change, otherwise the market may be lost. The individual's specific behaviour in the market place is affected by interval factors such as needs, motives, perception and attitudes as well as by external or environmental influences such as the family, social groups, cultural, economic and business influences.

BUYER DECISION MAKING PROCESSES

Generally, decision making is the cognitive process of selecting a course of action from among multiple alternatives. Common examples include shopping and deciding what to eat. Decision making is said to be a psychological construct. This means that although we can never "see" a decision, we can infer from observable behaviour that a decision has been made. Therefore we conclude that a psychological event that we call "decision making" has occurred. In general there are three ways of analyzing consumer buying decisions. They are:

- Psychological models
- Economic models
- Consumer behaviour models

EMERGING RETAIL FORMATS IN INDIA

Indian retail scenario, with the intervention of organized retail in the form of modern retail formats such as one-stop malls, specialty malls, hyper markets and big-box retailing, has witnessed a remarkable shift in the preferences of consumers. The retail formats found in India are **Mom-and-pop stores, Department stores, Malls, Specialty Stores, Hypermarkets/Supermarkets, Convenience stores, E-tailors, Category killers.**

Organized retailing was absent in most rural and small towns of India in 2010. Supermarkets and similar organized retail accounted for just 4 percentage of the market. India's retail and logistics industry, organized and unorganized in combination, employs about 40 million Indians (3.3 percentage of Indian population). The typical Indian retail shops are very small. Over 14 million outlets operate in the country and only 4 percent of them being larger than 500 sq ft (46 m) in size. India has about 11 shop outlets for every 1000 people. Vast majority of the unorganized retail shops in India employ family members, do not have the scale to procure or transport products at high volume wholesale level, have limited to no quality control or fake-versus-authentic product screening technology and have no training on safe and hygienic storage, packaging or logistics.

The unorganized retail shops source their products from a chain of middlemen who mark up the product as it moves from farmer or producer to the consumer. The unorganized retail shops typically offer no after-sales support or service. Finally, most transactions at unorganized retail shops are done with cash, with all sales being final. The Economist forecasts that Indian retail will nearly double in economic value, expanding by about \$400 billion by 2020. The projected increase alone is equivalent to the current retail market size of France.

Before 2011, India had prevented innovation and organized competition in its consumer retail industry. Several studies claim that the lack of infrastructure and competitive retail industry is a key cause of India's persistently high inflation. Furthermore, because of unorganized retail, in a nation where malnutrition remains a serious problem, food waste is rife. Well over 30 percent of food staples and perishable goods produced in India spoil because poor infrastructure and small retail outlets prevent hygienic storage and movement of the goods from the farmer to the consumer. Indian market has high complexities in terms of a wide geographic spread and distinct consumer preferences varying by each region necessitating a need for localization even within the geographic zones.

INDIAN RETAILERS

There are many modern retail format and mall companies in India. A 2012 PWC report states that modern retailing has a 5% market share in India with about \$27 billion in sales, and is growing at 15 to 20% per year.

The first few companies to come up with retail chains were in textile sector, for example, Bombay Dyeing, S Kumar's, Raymonds, etc. Later Titan launched retail showrooms in the organized retail sector. With the passage of time new entrants moved on from manufacturing to pure retailing. Retail outlets such as Food world in FMCG, Planet M and Music world in Music, Crossword in books entered the market before 1995. Shopping malls emerged in the urban areas giving a world-class experience to the customers. Eventually hypermarkets and supermarkets emerged. The evolution of the sector includes the continuous improvement in the supply chain management, distribution channels, technology, back-end operations, etc. this would finally lead to more of consolidation, mergers and acquisitions and huge investment.

TOP 10 GLOBAL RETAILERS

1. Wal-Mart
2. Metro AG
3. Tesco
4. Kroger
5. Costco Wholesale Corporation
6. SchwarzPharma
7. AldiEinkauf GmbH & Compagnie
8. WalgreensCompany
9. The Home Depot
10. Target Corporation (Dayton Dry Goods Company).

TOP 10 RETAILERS IN INDIA

1. Reliance retail limited
2. Pantaloons retail limited
3. Provogue india ltd
4. Shoppers stop
5. ITC-Irbd
6. Trent ltd
7. Mcdonald's
8. Aditya birla retail
9. Titan industries
10. Kewal kiran clothing limited kewal

REVIEW OF LITERATURE

Rama Venkatachalam and ArwahMadan (2012) in their study highlighted the level of prices, quality of fresh groceries and availability of exotic fruits and vegetables, display and cleanliness and hygiene, home delivery and credit facility provided by both organized and unorganized retailer. Changes in consumer preference in shopping fresh grocery product from unorganized and organized retail outlets have been noticed in this study. This study also finds out that organized retail outlets are doing right things to sustain survive and growth.

R.Sathya and Dr.S.Sheela Rani (2012) have been done their research work on the development of retailers own brand by the organized retailers. They also find out that grocery and food products are able to popularize their own brand labeled. The consumers are attracted by their brands and also make purchase decision of their brands. Retailers own brands are emerged in India due to the growth of organized retailers.

Lakshmi Narayana (2013) survey concluded that India's organized and unorganized retail sectors can co-exist and flourish. The growth in the Indian organized retail market is mainly due to the change in the consumer's behavior. Retailers cautiously take care of the choice of the customers and bring the product which is demanded by them. They try to satisfy them with the wide range and at the same time maintain a good relationship to retain them and consequently convert them into their loyal customer.

Ms.MonikaTalreja and Dr.Dhiraj Jain (2013)'s study express that both modern and trading retailers will exist in India for sometimes because of its own competitive advantages. The low cost structure, advantages of location and consumer friendliness of the traditional retail stores and availability of product variety and better shopping experience of modern retail outlets are the reasons for their survival. But nowadays organized retail outlets are becoming a destination shop for buying fresh fruits and vegetables.

AmarendraPratap Singh (2013) concluded that Majority of consumers were quite happy and satisfied with the product and services. However, various suggestions were made by the customers about improvement of products and services of these stores. As regards, products and services of Shoppers Stop store, customers suggested that sales must be organized on regular basis. Existing discount schemes are usually on very high priced products. Better discount facility should be offered and first citizen card must provide more value to the consumers.

STATEMENT OF THE PROBLEM

The yield of new economic policy generates more employment opportunities, which increases the income of people, life style, buying pattern, conception culture. High growth of organized retail outlets not only in big cities but also in small cities and its glamour culture availability of product variety and other scheme attract the consumers. Therefore the present study makes an attempt to analyze consumer attitude towards organized retail outlet in Kanchipuram district.

NEED FOR THE STUDY

It is very important for retailers to understand the need of customers before carrying a product because of changing consumer preferences and life style. The study will also identify the consumers' behavior towards emerging Indian retail format hyper/ supermarkets, convenience stores and department stores, impact of demographic factors on consumers' behavior, and attributes influencing purchasing from these retail formats. And the study is conducted only on Reliance Fresh, Big Bazaar, More, Daily Spencer's, Nilgiris.

OBJECTIVES OF THE STUDY

1. To study the trend of organized retail outlets in India and Tamilnadu.
2. To assess the consumer satisfaction about the product and service quality available at organized retail outlet

3. To analyze the factors that determines consumer attitude towards selected Organized Retail outlets.
4. To give valuable suggestion and guidelines for the development of selected organized retail sector in Kanchipuram district.

RESEARCH METHODOLOGY

SOURCES OF DATA

The secondary data are collected from newspapers, books, journals, websites, etc. The primary data are collected through well-defined and well-structured questionnaire.

SAMPLING TECHNIQUES AND SAMPLE SIZE

Simple random sample is used to select the sample respondent from Kanchipuram district, who are buying goods from multibrand organized retail outlets. The information is collected through well-structured Questionnaire from 200 sample respondents from Kanchipuram district.

STATISTICAL TOOLS

The statistical tool namely, t-Test, F-Test, ANOVA-one way, Mean, SD and Factor analysis are employed and analyzed the primary data by using SPSS in this study. A detailed statistical analysis of the data is attempted. It may be noted that a sample enquiry has been adopted for the collection of basic statistical data relating to the problem under consideration.

ANALYSIS

OPINION ABOUT SERVICE QUALITY AND SATISFACTION LEVEL

TABLE 1: GENDER WISE DISTRIBUTION

Sl.No	Gender	Nos.	Mean	Std.Dev	Std.Error
1	Male	75	32.42	4.430	0.549
2	Female	125	29.81	3.872	0.363
T= 4.111		Degrees of Freedom= 177		Significance level= 0.000	

Source: Primary Data

H₀: There is no significance difference between service quality and satisfaction level of organized retail outlets and gender of the respondents.

Table 1 clearly indicates that an average of about 32 are male respondents and about 30 are female respondents are satisfied with a service quality offered by the multi brand organized retail outlets. The value of standard deviation statistically indicates that there is different in the opinion of male and female respondents.

To test the null hypothesis Leverage t-Test is employed. The test result ($t=4.111$, $P < 0.05$) indicates that there is significance difference in opinion about service quality of multi brand organized retail outlets in Kanchipuram district. It shows that female respondents are more to prefer the sample multi brand organized retail outlets.

TABLE 2: AGE WISE DISTRIBUTION

Sl.No	Age in years	Nos.	Mean	Std.Dev	Std.Error
1	Below 20	28	28.81	4.118	0.808
2	21-30	48	30.32	3.269	0.493
3	31-40	82	31.25	3.967	0.468
4	Above 40	42	31.68	5.462	0.898
F= 2.959		Degrees of Freedom=3		Significance level= 0.034	

Source: Primary Data

H₀: There is no significance difference in opinion about service quality and satisfaction level of organized retail outlets and Age groups of the respondents.

Table 2 indicates that an average of 31.68 were the age group of above 40 years and 31.25 were in the age of 31-40 years are having same level of satisfaction about service quality offered by the multi brand organized retail outlets. The value of standard deviation is varying from 3.269 to 5.462.

To validate the null hypothesis Leverage F-Test is used. The test result describes that ($f= -2.959$, $P < 0.05$) indicates that there is significance difference between age group of the respondents and their opinion regarding service quality offered by organized retail shops.

TABLE 3: OCCUPATION WISE DISTRIBUTION

Sl.No	Occupation	Nos.	Mean	Std.Dev	Std.Error
1	Student	19	28.12	3.887	.943
2	Employed	78	31.90	4.430	.533
3	Home maker	79	30.41	3.685	.440
4	Business	24	30.30	4.752	.991
F= 4.288		Degrees of Freedom= 3		Significance level= 0.006	

Source: Primary Data

H₀: There is no significance difference between the opinion about service quality of multi brand organized retail outlets and occupation of the respondents.

Table 3 clearly indicates that mean value of employed respondents is higher when comparing to others. On other hand, statistically the value of standard deviation indicates that there is different in the opinion of respondents based on their occupation. Leverage F-Test reveals that ($f=4.288$, $P < 0.05$) there is significance difference in the opinion of respondent based on their occupation regarding service quality offered by the multi brand organized retail outlet in Kanchipuram district. This indicates that the employees were highly satisfied about the service quality than others.

TABLE 4: INCOME WISE DISTRIBUTION

Sl.No	Income in Rs.	Nos.	Mean	Std.Dev	Std.Error
1	Below 10000	23	33.14	5.017	1.070
2	10000-20000	46	34.68	3.180	.523
3	20000-30000	72	34.59	3.723	.469
4	Above 30000	59	36.07	4.313	.571
F = 3.226		Degrees of Freedom= 3		Significance level= 0.024	

Source: Primary Data

H₀: There is no significance difference between the opinion about satisfaction in shopping of multibrand organised retail outlets and monthly family income of the respondents.

Table 4 clearly explains that Mean value of respondents having monthly family income of Rs 30000 and above is 36.07. On the other hand the mean value is about 35 in the income group of Rs. 10000-20000. The standard deviation is ranging from 3.180 to 5.017. To test the null hypothesis Leverage F-Test is used. The test result ($f=3.226$, $P < 0.05$) indicates that there is significance difference in the opinion of different monthly income group respondents regarding service quality offered by the multi-brand organized retail outlet in Kanchipuram district. It is concluded that the satisfaction level is higher in the, higher income group of respondents.

TABLE 5: FREQUENCY OF PURCHASE

Sl.No	Frequency of Purchase	Nos.	Mean	Std.Dev	Std.Error
1	Daily	25	37.92	4.313	.880
2	Weekly	55	35.56	3.552	.502
3	Fortnightly	27	35.00	3.656	.762
4	Monthly	56	33.81	3.530	.515
5	Occasionally	37	33.29	4.363	.737
F = 6.585		Degrees of Freedom= 4		Significance level= 0.000	

Source: Primary Data

H₀: There is no significance difference between the opinion about satisfaction in shopping of multibrand organised retail outlets and Frequency of Purchase of the respondents.

The above table 5 describes that respondent’s opinion about frequency of purchase from sample multi-brand organized retail outlets. Here mean value of daily purchase 37.92 is more when comparing to the other type of purchase. At the same time the statistical value of standard deviation reveals that there is different in the opinion. The value of standard deviation varies from 3.530 to 4.363. Leverage F-Test reveals that (f = 6.585, P < 0.05) there is significance difference in the opinion of respondent regarding satisfaction level in shopping from sample the multi-brand organized retail outlet and frequency of purchase. The Test concluded that respondents who were purchasing goods on daily basis are getting high level of satisfaction.

TABLE 6: SHOP WISE ANALYSIS

Name of the Shop	No’s	%	Mean	Std. Deviation
More	72	36	34.80	4.385
Reliance Fresh	32	16	35.31	3.607
Nilgris	46	23	34.24	3.806
Big bazaar	30	15	35.42	3.880
Daily Spencer’s	20	10	35.33	4.627
Total	200	100	34.90	4.070
F = 0.503		Degrees of Freedom= 4		Significance level= 0.734

Source: Primary Data

The sample respondent’s opinion about provided by the sample (Reliance Fresh, Nilgris, Daily Spencer’s, Big bazaar and More) Multi-brand organized retail outlet is given in the above table 6.

The above table indicates that 36 percent of sample respondents are satisfied with More retail store, followed by Nilgris 23 percent, but only 10 percent of respondents is satisfied with the of Daily Spencer’s.

FACTOR ANALYSIS

To form an idea about service quality of organized shops, factor analysis has been used. Under factor analysis method by using their close relationship all the ten variables are grouped into a smaller number of five variables (5 factors).

TABLE 7: FACTOR ANALYSIS- SERVICE QUALITY

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1.	2.061	20.608	20.608	2.061	20.608	20.608	2.017	20.174	20.174
2.	1.317	13.171	33.779	1.317	13.171	33.779	1.232	12.322	32.496
3.	1.227	12.272	46.050	1.227	12.272	46.050	1.212	12.117	44.613
4.	1.080	10.795	56.846	1.080	10.795	56.846	1.132	11.315	55.929
5.	1.034	10.343	67.189	1.034	10.343	67.189	1.126	11.260	67.189
6.	.994	9.939	77.128						
7.	.881	8.811	85.939						
8.	.819	8.193	94.132						
9.	.587	5.868	100.000						
10.	1.846E-16	1.846E-15	100.000						

Extraction Method: Principal Component Analysis.

SERVICE QUALITY OF THE MULTI-BRAND ORGANIZED RETAIL OUTLETS

Using the principal component Analysis method based on the percentage of variance accounted for by each factor to the relative variance in all the variables, 5 factors have been derived (Table 7). The 5 factors explained about 67 percent of the total information and reduction in number of variables results in about 33 percent of the information loss in the process.

TABLE 8: SERVICE QUALITY OF THE MULTIBRAND ORGANISED RETAIL OUTLETS- ROTATED COMPONENT MATRIX

Service Quality	Rotated Component Matrix				
	Component 1	Component 2	Component 3	Component 4	Component 5
Courtesy	.994	.012	-.019	.044	.040
Safety	.994	.012	-.019	.044	.040
Touch with customer	-.079	.838	.102	.009	.119
Knowing the customer	-.075	-.604	.082	-.015	.069
Credibility	-.060	.198	.772	.093	-.072
New items	.026	-.211	.743	-.116	.054
Responsibility	-.054	-.153	-.154	.799	-.011
Competence	.135	.188	.130	.678	.073
Reliability	-.041	.094	-.044	.024	-.740
Accessibility	.021	.118	-.060	.082	.737

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

The rotated Component Matrix as in Table 8 Shows that the representative commonality of each variables when these selected factors are taken into consideration. This table reports the factor loading for each variable on the factors after rotation factor. Each number represents the partial correlation between the items and the rotated factor. Based on factor analysis it is found that the factors like courtesy, knowing the customer, credibility, responsibility and reliability are closely correlated with one another and they are called as the major factors for measuring the service quality of the multi-brand organised retail sector.

FINDINGS

Some of the important findings of the study are summarized below:

- India has about 11 retail shop outlets for every 1000 people. In India modern retailing has 5 percent market share which is about \$27 billion and its growth rate is 15 to 20 per cent per year.
- Majority of respondents (34%) is buying goods on monthly basis and they are likely to buy goods from organized retail outlets.
- Lavance t- test indicates that there is significance difference between the opinion about service quality of multi-brand organised retail outlets and gender and age of the respondents.
- Factor analysis indicates that there are 5 important factors and variables that are highly loaded in each of the factors are mostly correlated with one another for knowing satisfaction level of the respondents.

SUGGESTIONS

Based on the major findings of the study the researcher is able to give the following suggestions to improve the service quality of multi-brand organised retail outlets to satisfy their customers. Internet has become a part of people life so data bank of consumer can be maintained. Consumer mobile numbers also can be obtained and group SMS service can be utilized to inform them about the offers. This data bank can be used for getting feedbacks and for inducing Customer Relationship Management activities. The sales person must be very courteous in receiving, guiding and answering to the customers which will induce the customer to spend more time within the store which may in turn make them to buy more

CONCLUSION

The growth in the Indian organized retail market is mainly due to the change in the consumer's behaviour. This change came due to increased income, changing lifestyles, and patterns of demography. Now the consumer wants to shop at a place where he can get food, entertainment, and shopping all under one roof. The service quality in retail shop and satisfaction in shopping is an important segment to be fulfilled in the modern era. The present study reveals that the consumer perception of service quality and satisfaction in shopping is influenced by the various natures among various customers. The general factors like Personal interaction, physical aspects, infrastructure facilities entertainment facilities, parking, children play area and food courts will influence the consumer to become customer.

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PERCEPTION OF THE RETAILERS TOWARDS MARKETING MIX STRATEGIES: A STUDY ON THE MINERAL WATER MARKET IN HYDERABAD, TELANGANA STATE (INDIA)

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ABSTRACT

Marketing mix is a powerful tool that enables the marketers to concentrate on specific marketing tasks of 4p's and allocates the resources like money time etc., to these tasks to be successful in marketing of products. On the other hand, retailing is the task of selling products to the final customers who are influenced by the marketers or by the retailers to make a purchase. The present case study focuses on retailers perception of the marketing mix strategies adopted by major players in the Indian mineral water market, that is Bisleri, Kinley, AquaFina etc., the study will be conducted in the Hyderabad with an objective of a comparative analysis on the perceptions of the retailers towards the marketing mix strategies adopted by these organization.

KEYWORDS

Mineral Water Market, Marketing Mix, Promotion Mix, Retailer Perception.

INTRODUCTION

Among all the strategies of marketing management, marketing mix strategies are considered to be important and superior to other strategies of marketing. The study of marketing mix strategies enables the marketers to be successful in marketing of products. Marketing mix is a powerful tool that enables the marketers to concentrate on specific marketing tasks as specialization wise 4p's and allocate resources like money, time and efforts to these tasks to be successful in the market. For this purpose marketers have to control their marketing activities by comparing the marketing results with the marketing objectives. On the other hand retailing is the task of selling product to the final customers who will be influenced by the marketer or by the retailer to make a purchase. If the marketers influence is working, the job of the retailer is made easy. If the marketers influence is not working, then the retailers job is difficult. Retailers have a direct contact with the customers, and get to know their response or satisfaction levels, using with they can evaluate the product as well as the marketing strategies of the firm. One of the ways of evaluating the efficiency of marketing activities is to analyze the perception of the retailers towards the mix strategies of the firm. The efficiency of the marketers can be gauged by measuring the perception of the retailers, whether it is good, or average, or poor. The study concentrates on analyzing the perceptions of the retailers and thereby, would be helpful for the organization and practitioners to design effective marketing strategies for better market performance.

REVIEW OF LITERATURE

According to Mohammed Rafiq and Pervaiz K. Ahmed (1995), the term marketing mix was first used by Borden and that it was suggested to him by Culliton's (1948) description of a business executive as 'mixer ingredients'. Borden did not define the marketing mix; it simply consisted of important elements of ingredients that make up a marketing programme (Borden, 1965, p. 389). McCarthy (1964, p. 35) refined this further and defined the marketing mix as a combination of all of the factors at a marketing managers command to satisfy the target market. Later McCarthy and Perreault (1987) together defined the marketing mix as the controllable variables that an organisation can co-ordinate to satisfy its target market, which is widely accepted as "the set of controllable marketing variables that the firm blends to produce the response it wants in the target market" (Kotler and Armstrong, 1989, p. 45). According to Jonathan Ivy (2008), marketing mix is a set of controllable marketing tools that an institution uses to produce the response it wants from its various target markets. Ronald E. Goldsmith (1999) stated that 4Ps was first formulated by McCarthy (1975) as a pedagogical tool to describe the chief tasks of marketing managers. Marketing managers must develop a systematic plan to sell to the customers after selecting a target market to create long-term relationships (Doyle, 1995). The marketing mix plan consists of 4Ps which consists of decisions about product, place, promotion and price (Goldsmith, 1999).

According to Bennet (1997), "the concept of marketing outlines a course for the organisation using controllable variables in an environment where many factors are uncontrollable, defined as the external market". Kotler (1967) (cited by Bennet, 1997) broadened this classification into four namely, customer, environmental, competitive and marketing decision variables. Focusing on manufacturing industries, Borden (1964) identifies the four external forces on the organisation as consumer buying behaviour, trade behaviour, competitor's position and government regulations. Robins (1991) formulated "four Cs" which is an alternate mnemonic to the marketing mix formulated by McCarthy (1964). Four Cs are defined as Customers who buys goods and services in the market place, Competitors who provide the choice of alternative sources of supply, Capabilities and Company both of them refers to the organisation which has ability to satisfy customer needs. Gronroos (1984) proposes a concept of interactive marketing which was backed by Kotler (1991). This concept emphasizes the relationship between the employee and the customer and identifies it as the key factor in successful market making. Kotler (1991) argues that the employee-customer relationship is an important factor in the success of the market-making process. Booms and Bitner (1981) added three additional factors to the marketing mix elements proposed by McCarthy (1964) namely people, processes and physical evidence. This concept highlights that the model proposed by McCarthy (1964) might lead to too narrow focus on the internal variables, and does not include some of the process variables which is a part of marketing planning system (Bennet, 1997, p. 151). Lings (1999) argues for services industry 4Ps are inadequate and 7Ps marketing mix illustrates the importance of internal factors, as retail sector is not a service based industry traditional 4Ps marketing mix is used to represent the external factors (cited by Khanh & Kandampully, 2004). 4Ps makes the marketing easier handle for the managers in non service based industry; the components of traditional marketing mix can change a firm's competitive position (Gronroos, 1994). Even with the deficiencies, the 4Ps remain a staple of the marketing mix (Kent and Brown, 2006).

MINERAL WATER

Typically from a spring, this contains dissolved solids like calcium, magnesium, sodium, potassium, silica and bicarbonates. Naturally available water, after having come in contact with various salts found in soil strata's and atmosphere contains a large number of chemicals. Some of them are calcium, magnesium, potassium, sodium, iron, sulphates, nitrates, nitrites, phosphates and oxygen.

Small quantities of these substances are responsible for the taste and color of natural water and are useful for essential functioning of the human body. Very small quantities of copper, chromium, chlorine, fluorine, arsenic, lead, cadmium, mercury and selenium are also found, depending upon the chemistry of the soil.

Bottled water, some say, is not always safer than tap water. Tap water, from city water systems, is monitored by the Environmental Protection Agency, while the FDA monitors water bottling activity. In fact, bottled water is one of the products most closely monitored by the FDA. The standards for these two agencies are a little different; for example, the EPA monitors for asbestos while the FDA does not. Water bottlers are also not very strictly required to monitor or disinfect for parasites. This is mainly because the FDA says that at the source the water is bottled from, it is unlikely to harbor parasites or contain these dangerous elements. However, water bottlers are given more strict standards for lead and chlorine.

But, there is more than just the FDA. Bottled water is actually monitored at three levels to ensure high quality and safety standards, the first being federal through the FDA. It is also regulated by the state and also by trade associations such as the International Water Bottlers Association (IBWA). While every water bottler has different techniques, here are some general guidelines of the steps to bottling water:

Bottling water starts at the source. As mentioned above, there are several sources to find water: protected underground springs, wells and municipal supplies. The next step is to filter the water through multi-barrier sources which could include source protections, source monitoring, reverse osmosis, ultraviolet light, distillation, micron filtration and ozonation. Water bottlers may use one or more of those processes.

PROSPECTS OF THE MINERAL WATER INDUSTRY

The categories of bottled water in India are Packaged Natural Mineral Water and Packaged Drinking Water. Bottled water industry, colloquially called, the mineral water industry, is a symbol of new life style emerging in India. The packaged drinking water in India, which is estimated at Rs.850 crores with over 200 brands floating in the market, most of which have restricted territorial distribution. This is a growing market in India as quality consciousness among the consumers is on the rise. The bottled water market is growing at a rapid rate of around 20%. At this growth rate, the Rs 7000 million per year market is estimated to overtake the soft drinks market soon. Multinationals, Coca-Cola, Pepsi, Nestle and others are trying to grab a significant share of the market. There are more than 180 brands in the unorganized sector. The small players account for nearly 19% of the total market. The per capita consumption of bottled water in India is less than half a liter per year, compared to 111 liters in France and 45 liters in the US. These points are to the future potential beyond the high growth.

Major Players with their brands include Parle Export which introduced Bisleri in India 25 years ago, Parle Agro with Bailley, Godrej Foods with its Golden Valley, Coca-Cola with Kinley, PepsiCo with Aquafina, Nestle India with Perrier, Mohan Meakins and SKN Breweries entered the market with Golden Eagle and Penguin mineral water, respectively. Nonetheless, Bisleri and Bailley, both of Parle Origin, enjoy about 50% market share and has become almost generic with the product. The premium bottled water market in India has brands like Evian, San Pelligrino, Perrier.

"We see an annual growth of 25%, with a huge demand from metros, where drinking packaged mineral water has become a way of life," said Ramesh Chauhan, CMD of Bisleri International, which sells 1.2 million bottles a day.

"People ask that when you are cooking, and the food is being heated, what is the use of purified water is. But they don't realise that we are offering water with minerals, acidfree, which is good for health," he said.

Chauhan pointed out that water users such as 'paani-puri' sellers and hair stylists were using bottled water to leverage their brand. The increasing usage of chlorine in India to purify water has led health experts to moot usage of ozone-treated water. "Chlorine is bad for hair and is "In the past 90 days, prices have increase 15% to 20% with all major players due to an increase in PET bottle prices. We definitely see prices going up in the long run, but as of now, they are stable after the recent hike," said the Kingfisher official.

Though completion between Bisleri, Aquafina, Kinley, and Tata Water plus continues, not just in carbonates but in other categories, such as bottled Mineral Water, Soft drinks as well as fruit juice and vegetable juice especially in summer sessions. Modern retail outlets are increasing their footprints in urban and rural areas in India. But independent small grocers continue to account for the largest share of sales. This is because of the strong reach of independent small grocers in rural India, which is potential growth revenue for mineral water.

OBJECTIVES OF STUDY

1. To review the prospects of the Indian mineral water market.
2. To study the marketing strategies adopted by the players of mineral water market.
3. To analyze the socioeconomic characteristics of the retailers selling Mineral Water products.
4. To study the perception of the retailers towards execution of the marketing mix strategies.

METHODOLOGY

The study was conducted in Hyderabad with an objective of carrying out a comparative analysis on how the retailers perceive the marketing mix strategies adopted by Bisleri, Aquafina, Kinley, and Tata Water plus. The primary data was collected from 100 retailers in Hyderabad city during the Feb – April 2014 those were selling Bisleri, Aquafina, Kinley, and Tata Water plus products in their retail outlets. The perceptions of the retailers were recorded on a 5 point liker scale with Highly Satisfied (5), Satisfied (4), Neutral (3), Dissatisfied (2), Highly Dissatisfied (1). The retailers were randomly chosen after judging whether they were selling the products before offering Questionnaire. The Questionnaire consisted of dichotomous questions, closed ended questions, open ended questions, and rating scales for the given attributes. The Questionnaire was designed in such a way that the retailers could provide their perception on the attributes of all 4 P's strategies of the Mineral Water market. To analyze the data XL Work sheet and SPSS 22.1 soft ware packages are used. The statistical tools are used to analyze the data like Percentages, X² test.

HYPOTHESIS

H1: There is significant difference between perceptions of the retailers towards marketing mix strategies.

H2: There is significant difference between role players towards marketing mix strategies.

H3: There is a significant difference between socioeconomic characteristics of the retailers selling Mineral Water products.

TABLE 1: SOCIOECONOMIC CHARACTERISTICS OF RETAILERS

		Frequency	Percent	Valid	Percent	Cumulative Percent
Gender Valid	Male	66	66.0	66.0		66.0
	Female	34	34.0	34.0		100.0
	Total	100	100.0	100.0		
Age Valid	<15Yr	5	5.0	5.0		5.0
	15-25Yr	26	26.0	26.0		31.0
	26-35Yr	36	36.0	36.0		67.0
	36-45Yr	18	18.0	18.0		85.0
	46-55Yr	10	10.0	10.0		95.0
	Above 56	5	5.0	5.0		100.0
	Total	100	100.0	100.0		
Education Valid	SSC	21	21.0	21.0		21.0
	INTER	22	22.0	22.0		43.0
	DEGREE	31	31.0	31.0		74.0
	PG	12	12.0	12.0		86.0
	ABOVE PG	14	14.0	14.0		100.0
	Total	100	100.0	100.0		
Income Valid	<10000	8	8.0	8.0		8.0
	10000-15000	16	16.0	16.0		24.0
	15001-20000	41	41.0	41.0		65.0
	20001-25000	35	35.0	35.0		100.0
	Total	100	100.0	100.0		

Source of Data: Primary Data

Socioeconomic Characteristics of the Retailers: The Above table-1 shows with analyzing the socioeconomic characteristics of the retailers as presented in the table. Out of 100 sample retailers, 66% retailers were male and the remaining were female. In the study are 5% are less than 15 Yrs, 26% were in age group 15-25Yrs, 36% were in the age group 26-35%, 18% were in age group 36-45 Yrs, 5% are in the age group 46-55Yrs. The educational qualification levels of the retailers are 21% are SSC level, 22% are Inter Level, 31% are Degree Level, 12% are PG Level, and 14 % are Above PG level. The income levels of retailers are 8% are Less than ₹ 10,000 , 16% are an income group of ₹10,000-₹15,000, 41% are in income group of ₹ 15,001-₹ 20,000 and 35% are an income group of ₹20001-₹25000

TABLE - 2: TYPE OF RETAIL OUTLETS & EXPERIENCE OF THE RETAILERS

		Frequency	Percent	Valid Percent	Cumulative Percent
Experience Valid	Less than5Yr	32	32.0	32.0	32.0
	5-10Yr	24	24.0	24.0	56.0
	10-15Yr	27	27.0	27.0	83.0
	15-20Yr	17	17.0	17.0	100.0
	Total	100	100.0	100.0	
Type of Outlet Valid	RETAILSHOP	21	21.0	21.0	21.0
	BACKERY	20	20.0	20.0	41.0
	CINEMA THEATER	20	20.0	20.0	61.0
	SWEET SHOP	20	20.0	20.0	81.0
	RESTARENT	19	19.0	19.0	100.0
	Total	100	100.0	100.0	

Source of Data: Primary Data

From the above table -2 the type of retail outlets and Experience of retailer: From the above table experience in the retails business observed to 32% are Less than 5 Yrs, 24% are 5 to 10Yrs , 27% are 10-15Yr, and 17% are 15-20Yrs.



TABLE 3: PRODUCT STRATEGIES

Perception		Products			
		BISLERI	TATA WATER	KENLY	AQU AFINA
Quality of the Product	DIS SATISFIED				
	% within Products	0.0%	16.2%	20.0%	0.0%
	NEUTRAL				
	% within Products	26.7%	10.8%	20.0%	0.0%
	SATISFIED				
	% within Products	6.7%	48.6%	30.0%	50.0%
	HIGHLY SATISFIED				
	% within Products	66.7%	24.3%	30.0%	50.0%
Branding Strategies	DIS SATISFIED				
	% within Products	6.7%	8.1%	13.3%	16.7%
	NEUTRAL				
	% within Products	0.0%	13.5%	13.3%	11.1%
	SATISFIED				
	% within Products	33.3%	40.5%	30.0%	27.8%
	HIGHLY SATISFIED				
	% within Products	60.0%	37.8%	43.3%	44.4%
Labeling strategies	DIS SATISFIED				
	% within Products	6.7%	8.1%	3.3%	16.7%
	NEUTRAL				
	% within Products	26.7%	18.9%	30.0%	27.8%
	SATISFIED				
	% within Products	13.3%	13.5%	16.7%	11.1%
	HIGHLY SATISFIED				
	% within Products	53.3%	59.5%	50.0%	44.4%
Packaging strategies	DIS SATISFIED				
	% within Products	20.0%	8.1%	6.7%	11.1%
	NEUTRAL				
	% within Products	6.7%	10.8%	13.3%	5.6%
	SATISFIED				
	% within Products	26.7%	29.7%	33.3%	27.8%
	HIGHLY SATISFIED				
	% within Products	46.7%	51.4%	46.7%	55.6%
Providing Visi Coolers	DIS SATISFIED				
	% within Products	13.3%	10.8%	10.0%	16.7%
	NEUTRAL				
	% within Products	0.0%	10.8%	13.3%	5.6%
	SATISFIED				
	% within Products	33.3%	35.1%	33.3%	27.8%
	HIGHLY SATISFIED				
	% within Products	53.3%	43.2%	43.3%	50.0%
Product Replacement	DIS SATISFIED				
	% within Products	13.3%	8.1%	3.3%	5.6%
	NEUTRAL				
	% within Products	6.7%	10.8%	16.7%	22.2%
	SATISFIED				
	% within Products	33.3%	35.1%	36.7%	38.9%
	HIGHLY SATISFIED				
	% within Products	46.7%	45.9%	43.3%	33.3%
Service to Retailers	DIS SATISFIED				
	% within Products	0.0%	16.2%	0.0%	0.0%
	NEUTRAL				
	% within Products	26.7%	2.7%	50.0%	0.0%
	SATISFIED				
	% within Products	46.7%	48.6%	10.0%	16.7%
	HIGHLY SATISFIED				
	% within Products	26.7%	32.4%	40.0%	83.3%

Source of Data: Primary Data

“P” - Product Strategies: from the above table-3 it is known that the satisfaction of the retailers were recorded for certain product attributes like quality, product replacement, services to retailers and storage facilities. The quality of products Bisleri, Tata Water, Kenly, Aquafina was Highly satisfied 67%,24%,30%,50% and Satisfied 6.7%,48.6%,30%,50%, Neutral 26%,10.8%,20%,0%, the Dissatisfaction to Tata Water 16.2%, 20%. Compared to the products of different brands. The branding strategies of Bisleri, Tata Water, Kenly, Aquafina was Highly satisfied 67%,24%,30%,50% and Satisfied 6.7%,48.6%,30%,50%, Neutral 26%,10.8%,20%,0%, the Dissatisfaction to Tata Water 16.2%, 20% compared with the products of different types of brands.

TABLE 4: PRICE STRATEGIES

Perception		Products			
		BISLERI	TATA WATER	KENLY	AQU AFINA
Profit Margin200ml	1.00				
	% within Products	20.0%	24.3%	26.7%	33.3%
	1.25				
	% within Products	26.7%	32.4%	20.0%	22.2%
	1.50				
	% within Products	0.0%	16.2%	10.0%	5.6%
Profit Margin500ml	1.75				
	% within Products	0.0%	0.0%	6.7%	5.6%
	2.00				
	% within Products	53.3%	27.0%	36.7%	33.3%
	2.50				
	% within Products	20.0%	24.3%	23.3%	33.3%
Profit Margin1lt	2.75				
	% within Products	26.7%	24.3%	33.3%	22.2%
	3.00				
	% within Products	0.0%	8.1%	16.7%	11.1%
	3.25				
	% within Products	0.0%	5.4%	0.0%	5.6%
Profit Margin1.5lt	3.50				
	% within Products	53.3%	37.8%	26.7%	27.8%
	4.00				
	% within Products	20.0%	24.3%	26.7%	33.3%
	4.25				
	% within Products	26.7%	32.4%	20.0%	22.2%
Profit Margin1.5lt	4.50				
	% within Products	0.0%	16.2%	10.0%	5.6%
	4.75				
	% within Products	0.0%	0.0%	6.7%	5.6%
	5.00				
	% within Products	53.3%	27.0%	36.7%	33.3%
Profit Margin1.5lt	5.00				
	% within Products	26.7%	24.3%	23.3%	27.8%
	5.25				
	% within Products	20.0%	21.6%	30.0%	33.3%
	5.50				
	% within Products	13.3%	8.1%	10.0%	11.1%
Profit Margin1.5lt	5.75				
	% within Products	6.7%	2.7%	6.7%	0.0%
	6.00				
	% within Products	33.3%	43.2%	30.0%	27.8%

“P” - Price Strategies: From the above table-4 it shows that the price strategies are Profit margin 200ml the high profit '2 Bislary, Tata Water, Kenly, Aquafina are 53.3%,27.0%36.7%,33.3%, Profit Margin 500ml the high profit '3, Bislary, Tata Water, Kenly, Aquafina are 53.3%,37.8%,26.7%,27.8%, Profit Margin 1lt the high profit '5, Bislary, Tata Water, Kenly, Aquafina are 53.3%,27%36.7%33.3%, Profit Margin .51Lt the high profit '5, Bislary, Tata Water, Kenly, Aquafina are 33.3%,43.2%30.0%27.8%. Bislari is the high profit margin among the all brands.

TABLE 5: PLACE STRATEGIES

Perception		Products			
		BISLERI	TATA WATER	KENLY	AQU AFINA
Availability of Product	DIS SATISFIED				
	% within Products	13.3%	5.4%	10.0%	16.7%
	NEUTRAL				
	% within Products	6.7%	13.5%	10.0%	5.6%
Transportation Facility	SATISFIED				
	% within Products	33.3%	29.7%	30.0%	33.3%
	HIGHLY SATISFIED				
	% within Products	46.7%	51.4%	50.0%	44.4%
Order Delivery	DIS SATISFIED				
	% within Products	13.3%	27.0%	16.7%	22.2%
	NEUTRAL				
	% within Products	20.0%	8.1%	16.7%	16.7%
Order Delivery	SATISFIED				
	% within Products	13.3%	24.3%	30.0%	33.3%
	HIGHLY SATISFIED				
	% within Products	20.0%	27.0%	26.7%	11.1%

“P” Place Strategies: The above tables -5 shows that the availability of product highly satisfied Bislary, Tata Water, Kenly, Aquafina are 46.7%, 51.4%,50% 44.4% , transportation facility highly satisfied Bislary, Tata Water, Kenly, Aquafina are 46.7%, 51.4% 50%, 44.4%, order delivery highly satisfied Bislary, Tata Water, Kenly, Aquafina are 20%,27%,26.7%,11.1%. and satisfied Bislary, Tata Water, Kenly, Aquafina are 33.3%,29.9%,30%,33.3%, transportation facility highly satisfied Bislary, Tata Water, Kenly , Aquafina are26.7%,32.4%,30%33.3%, order delivery highly satisfied Bislary, Tata Water, Kenly, Aquafina are 13.3%,24.3%,30%33.3%.

TABLE 6: PROMOTION STRATEGIES

Perception			Products			
			BISLERI	TATA WATER	KENLY	AQU AFINA
TV Advertisement	DISSATISFIED	% within Products	0.0%	16.2%	20.0%	0.0%
	NEUTRAL	% within Products	26.7%	8.1%	20.0%	0.0%
	SATISFIED	% within Products	6.7%	48.6%	30.0%	50.0%
	HIGHLY SATISFIED	% within Products	66.7%	27.0%	30.0%	50.0%
Radio Advertisements	DISSATISFIED	% within Products	6.7%	8.1%	13.3%	16.7%
	NEUTRAL	% within Products	0.0%	13.5%	13.3%	11.1%
	SATISFIED	% within Products	33.3%	37.8%	30.0%	27.8%
	HIGHLY SATISFIED	% within Products	60.0%	40.5%	43.3%	44.4%
Internet Advertisements	DISSATISFIED	% within Products	20.0%	8.1%	6.7%	11.1%
	NEUTRAL	% within Products	6.7%	10.8%	13.3%	5.6%
	SATISFIED	% within Products	26.7%	29.7%	33.3%	27.8%
	HIGHLY SATISFIED	% within Products	46.7%	51.4%	46.7%	55.6%
Hoardings ads	DISSATISFIED	% within Products	20.0%	8.1%	6.7%	11.1%
	NEUTRAL	% within Products	6.7%	10.8%	13.3%	5.6%
	SATISFIED	% within Products	26.7%	29.7%	33.3%	27.8%
	HIGHLY SATISFIED	% within Products	46.7%	51.4%	46.7%	55.6%
Poster ads	DISSATISFIED	% within Products	13.3%	10.8%	10.0%	16.7%
	NEUTRAL	% within Products	0.0%	10.8%	13.3%	5.6%
	SATISFIED	% within Products	33.3%	35.1%	33.3%	27.8%
	HIGHLY SATISFIED	% within Products	53.3%	43.2%	43.3%	50.0%
Signage Boards	DISSATISFIED	% within Products	13.3%	8.1%	3.3%	5.6%
	NEUTRAL	% within Products	6.7%	10.8%	16.7%	22.2%
	SATISFIED	% within Products	33.3%	35.1%	36.7%	38.9%
	HIGHLY SATISFIED	% within Products	46.7%	45.9%	43.3%	33.3%
Paintings	DISSATISFIED	% within Products	0.0%	16.2%	0.0%	0.0%
	NEUTRAL	% within Products	26.7%	0.0%	50.0%	0.0%
	SATISFIED	% within Products	46.7%	51.4%	10.0%	16.7%
	HIGHLY SATISFIED	% within Products	26.7%	32.4%	40.0%	83.3%
Ads on Visi Coolers	DISSATISFIED	% within Products	20.0%	8.1%	10.0%	16.7%
	NEUTRAL	% within Products	20.0%	0.0%	10.0%	33.3%
	SATISFIED	% within Products	53.3%	40.5%	50.0%	0.0%
	HIGHLY SATISFIED	% within Products	6.7%	51.4%	30.0%	50.0%
T Shirts	DISSATISFIED	% within Products	13.3%	10.8%	3.3%	22.2%
	NEUTRAL	% within Products	0.0%	10.8%	10.0%	22.2%
	SATISFIED	% within Products	26.7%	28.7%	43.3%	27.8%
	HIGHLY SATISFIED	% within Products	60.0%	48.6%	43.3%	27.8%

“P” - Promotion Strategies: From the above table -6 it shows that the promotion strategies of Bislary, Tata Water, Kenly, Aquafina highly satisfied TV Advertisement are 66.7%,27%,30%,50%, promotion strategies of Bislary, Tata Water, Kenly, Aquafina highly satisfied Radio Advertisement are 60%,40.5%,43.3%,44.4% , promotion strategies of Bislary, Tata Water, Kenly, Aquafina highly satisfied Internet Advertisement are 46.7%,51.4%,46.7%,55.6%, promotion strategies of Bislary, Tata Water, Kenly, Aquafina highly satisfied hording Advertisement are 46.7%, 51.4%, 46.7%, 55.6%, promotion strategies of Bislary, Tata Water, Kenly, Aquafina highly satisfied poster Advertisement are 53.3%, 43.2%, 43.3%, 50.0%, promotion strategies of Bislary, Tata Water, Kenly, Aquafina highly satisfied signage boards Advertisement are 48.7%, 45.9%, 43.3%, 33.3%, promotion strategies of Bislary, Tata Water, Kenly, Aquafina highly satisfied paintings Advertisement are 26.7%, 32.4%, 40% , 83.3%,promotion strategies of Bislary, Tata Water, Kenly, Aquafina highly satisfied ads on visi coolers Advertisement are 6.7%, 51.4%, 30%, 50%,promotion strategies of Bislary, Tata Water, Kenly, Aquafina highly satisfied T Shirts Advertisement are 60%, 48.6%, 43.3%,27.8%. The overall the highly satisfied by bislary with the advertisement of T shirts and signage board, Aquafina satisfied by paintings and visi cooler advertisements.

Ho4: There is no difference in the retailer’s perception and satisfaction level of the products

Ha4: There is a difference in the retailer’s perception and satisfaction level of the products

CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.017 ^a	9	.910
Likelihood Ratio	4.027	9	.910
Linear-by-Linear Association	.175	1	.676
N of Valid Cases	100		

a. 7 cells (43.8%) have expected count less than 5. The minimum expected count is 1.05.

It is observed from the above table that the calculated χ^2 value is 0.910 is greater than the 0.5. Hence the null hypothesis is rejected. It is concluded that there is a significant relationship between perception and satisfaction level towards the products.

Ho5: There is no difference in the retailer, s perception and satisfaction level of the Gender

Ha5: There is a difference in the retailer’s perception and satisfaction level of the Gender

CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.175 ^a	3	.365
Likelihood Ratio	3.543	3	.315
Linear-by-Linear Association	1.856	1	.173
N of Valid Cases	100		

a. 3 cells (37.5%) have expected count less than 5. The minimum expected count is 2.38.

Ho6: There is no difference in the retailer's perception and satisfaction It is observed from the above table that the calculated χ^2 value is 0.365 is less than the 0.5. Hence the null hypothesis is accepted. It is concluded that there is no significant relationship between perception and satisfaction level towards the Gender (Male and Female).
level of the age

Ha6: There is a difference in the retailer's perception and satisfaction level of the age

CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	50.259 ^a	54	.619
Likelihood Ratio	65.731	54	.132
Linear-by-Linear Association	.030	1	.862
N of Valid Cases	100		

a. 76 cells (100.0%) have expected count less than 5. The minimum expected count is .07.

It is observed from the above table that the calculated χ^2 value is 0.619 of is greater than the 0.5. Hence the null hypothesis is rejected. It is concluded that there is a significant relationship between perception and satisfaction level towards the age.

Ho7: There is no difference in the retailer's perception and satisfaction level of the education

Ha7: There is a difference in the retailer's perception and satisfaction level of the education

CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.940 ^a	12	.534
Likelihood Ratio	13.618	12	.326
Linear-by-Linear Association	.628	1	.428
N of Valid Cases	100		

a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is .84.

It is observed from the above table that the calculated χ^2 value is 0.534 of is greater than the 0.5. Hence the null hypothesis is rejected. It is concluded that there is a significant relationship between perception and satisfaction level towards the education.

Ho8: There is no difference in the retailer's perception and satisfaction level of the Income

Ha8: There is a difference in the retailer's perception and satisfaction level of the Income

CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.813 ^a	27	.990
Likelihood Ratio	14.547	27	.975
Linear-by-Linear Association	.022	1	.883
N of Valid Cases	100		

a. 36 cells (90.0%) have expected count less than 5. The minimum expected count is .56.

Ho6: There is no difference in the retailer's perception and satisfaction level of the Experience

Ha6: There is a difference in the retailer's perception and satisfaction level of the Experience

CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	55.429 ^a	45	.137
Likelihood Ratio	63.333	45	.037
Linear-by-Linear Association	.021	1	.885
N of Valid Cases	100		

a. 60 cells (93.8%) have expected count less than 5. The minimum expected count is .21.

It is observed from the above table that the calculated χ^2 value is 0.137 of is less than the 0.5. Hence the null hypothesis is accepted. It is concluded that there is no significant relationship between perception and satisfaction level towards the experience of customers .

MANAGERIAL IMPLICATIONS

1. Branding strategies of companies need to be improved. There is a huge product choice is being offered to the consumers, and the consumers are showing variety seeking buying behavior, less loyalty is shown by the consumers towards mineral water brands. Therefore, the branding strategies should aim at converting the variety seeking buying behavior into habitual buying behavior.
2. Packaging strategies of the products seems to be good because the consumers able to identify bottles with the label pasted on them. But packaging strategies should improve to clear identification.
3. Services to the retailers by the manufacturers should be evaluated from time to time and must be redesigned and offered according to the needs of the retailers. Services will play a major role in recommending the products if the stock is not available the customer will switch over to the other brand.
4. Order deliver and other terms and condition form manufacture to the consumer should be as promised.
5. The companies should be concentrating on radio advertising because consumers now days have cell phones that is equipped with radios. The perception of the retailers towards radio is not good. The companies should be target the radio audience.
6. Internet advertising like banners pop-ups, homepage ads are popular on websites, and email advertisement has to be placed strategically to improve the business.
7. The detriment like banners hoardings ads, poster ads, signage boards, visi-coolers were giving good results; the retailers have positive perception about the visi-coolers and signage boards etc.
8. The sales promotion schemes like coupons, holiday trips, offers and discounts had a positive perception in the retailers mind, but when claims the retailers were dissatisfied with the same. The claims will be settled on time.

LIMITATIONS OF THE STUDY AND SCOPE FOR FURTHER RESEARCH

This study is limited to the retail outlets of Hyderabad city only and the results cannot be generalized for other states and cities in India. The study is confined to the marketing mix strategies of mineral water retailers only. The retailers of other products were not considered for the present study. Furthermore, the retailers selling branded mineral water were only considered for this study, and the retailer selling unbranded Mineral water were not considered.

Researchers in the future can extend the present study to other cities of India. The marketing mix strategies discussed in the present paper were identified from observations in retail outlets of Hyderabad city only. However, there may be more marketing mix strategies used in other areas, which can be applied to future studies in this context. Furthermore, the same study can be replicated across the world because the mineral water market has its presence all over the world. The evaluation of the marketing mix strategies by the retailers can be applied to their manufacture products, consumer durables, consumer electronics, automobiles, fast moving consuming goods, and so for the for effective marketing and retailing strategies. Finally, to conclude, I would like to say that the marketing strategies are like pillars for the success or failure of any product. The retailer's perception of the marketing mix strategies adopted by an organization for its products acts as a benchmark for the effectiveness of the marketing practices.

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THE ANALYSIS OF FINANCIAL LEVERAGE ON PROFITABILITY AND RISK OF RESTAURANT FIRMS

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ABSTRACT

This study presents an empirical insight into the relationship between return on equity (ROE), financial leverage and size of firms in the restaurant industry for the period 1998 to 2003 using OLS regressions. Research results suggest that at least during the test period firm size had a more dominant effect on ROE of restaurant firms than debt use, larger firms earning significantly higher equity returns. Results also suggest that regardless of having lower financial leverage, smaller restaurant firms were significantly more risky than larger firms. As such, the dominance of size effect in the ROE-financial leverage relationship within the Restaurant industry is better understood.

KEYWORDS

restaurant firms, financial analysis, ROE.

INTRODUCTION

It has been reported that many new restaurants start up but one of three new restaurants in the United States fails within 2 years (Ernst, 2002). According to Ernst (2002), the lack of a Financial plan is one of the most common reasons for restaurant business failure, following choosing the wrong location. Financial planning is an important part in the restaurant business because the restaurant industry has higher percentage of cost of sale than other industries. A national survey in 2000 evidenced that 61 cents was consumed as food and labor costs for every dollar earned in full-service hotel restaurants, excluding other costs such as interest expense and rent (Ernst, 2002). Because of the high-cost nature of the business, the profitability of restaurant firms may be related to the level of interest expenses that are incurred due to the firms' debt use.

According to previous studies, financial leverage affects cost of capital, ultimately influencing firms' profitability and stock prices (Higgins, 1977; Miller, 1977; Myers, 1984; Sheel, 1994). Also, several researchers have studied firms' debt use and suggested the determinants of financial leverage by reporting that firm's debt-equity decision is generally based on a trade-off between interest tax shields and the costs of financial stress (Kim, 1997; Sheel, 1994; Sunder & Myers, 1999; Titman & Wessles, 1988; Upneja & Dalbor, 2001).

According to the trade-off theory of capital structure, the optimal debt level balances the benefits of debt against the costs of debt (Gu, 1993). The tax benefits of debt dominate up to a certain Debt ratio, resulting in higher return on equity, but the benefit would be less than the cost after the level of debt ratio. In other words, the more a company uses debt, the less income tax the company pays, but the greater its financial risk. Elgomy (2002) mentioned that hotel investors must consider four basic elements debt-financing: business risk, the need for financial flexibility, the degree of ownerships' risk aversion, and tax considerations. Based on the trade-off theory for capital structure, firms can take advantage of debt to make a better return on equity. Since Modigliani and Miller (1958) investigated a balancing theory of optimal capital structure between the tax advantages of debt and the cost of debt to maximize the value of firms, many subsequent studies have attempted to find the determinants of capital structures in the hospitality industry (Upneja & Dalbor, 2001; Kim, 1997; Sheel, 1994). Despite the importance of capital structure, there are few studies, particularly in the restaurant industry, on the relationship between internal performance measures based on the firm's financial statements and external appraisal based on stock price changes. The main objective of this study was to investigate the effect of financial leverage on restaurant firms' profitability and risk. Since the aim of this study was not to discover the determinants of profitability and risk in restaurant firms but to examine whether financial leverage is significantly related to firm's performance and risk, only one predicting variable, financial leverage, was used in regression analyses along with one control variable, the firms' total assets. Total asset of the restaurant companies was used as a proxy of the firm size (Kim 1997, Sheel 1994). Both accounting-based measures and market-based measures were examined to see whether these two different types of measures held the same information on the level of debt use and to provide practical information to both managers and investors in restaurant companies.

LITERATURE REVIEW

There have been several capital structure studies conducted in the hospitality industry.

Sheel (1994) was one of the pioneers, reporting that collateral value of assets would be the most significant determinant of long-term debt in his research on hotel and manufacturing firms. Kim (1997) investigated the determinants of restaurant capital structure. In the study, seven variables (size, earning volatility, profitability, growth opportunities, non-debt tax-shield, percentage of franchise, and lease expense) were regressed against short-term, long-term and total debt of restaurant firms. The significant determinants for long-term debt were firm size, growth opportunities, and lease expenses. All three predictors were negative. In other words, smaller restaurant firms having fewer growth opportunities and spending less on leases were more likely to use long-term debt (Kim, 1997). Using a pooled regression analysis, Dalber and Upneja (2002) summarized theories related to debt maturity and debt selection (contracting costs of debt, signaling effects, and tax effects). Firms with growth opportunities should need less long-term debt because they make more discretionary investments and they are not willing to pay the relatively high fixed costs of high interest payments. Long-term debt tends to send the wrong signal about a firm's market value; low-quality firms may take advantage of mispricing because investors are not able to distinguish them from high-quality firms. In terms of tax effects, a firm with a higher tax rate tends to use more long-term and more risky debt. Tax rates also can be used as a proxy for the firm's financial stress or distress. In empirically testing these theories, results showed that larger restaurant firms with low growth opportunities and with a higher probability of bankruptcy use more long-term debt because they don't want benefits to accrue to bondholders, they can afford the higher fixed costs of long-term debt, and they are willing to take advantage of mispricing. Moreover, riskier restaurant firms tend to use more long-term debt (Dalber & Upneja, 2002).

Most studies of capital structure used a basic assumption of the trade-off theory. Once firms find a certain optimal combination of financing sources, that is, the mix of debt and equity sources that balance the benefits of the tax shield provided by debt with the increased costs of financial distress to the firm's equity holders, firms should maintain this target capital structure. However, two empirical studies indicated that this is not valid. Although the two studies surveyed different samples, the interpretation of the results was similar. Pinegar and Wilbricht (1989) surveyed Fortune 500 firms, only 31 % of the firms reported that

they used target capital structure. Hittle, Haddad, and Gitman (1992) surveyed the 500 largest Over-The-Counter firms and found that only 11 % of the surveyed firms used target capital structure. Furthermore, when both taxes for corporate and equity holders were considered at the same time, financial leverage appeared not to bring significant benefits to the investors at the end (Myers, 2001). Although this is difficult to explain under the agency cost/tax shield trade-off theory, Sunder and Myers (1999) explained that the most profitable firms in many industries often have the lowest debt ratio, which is very different from predictions using the trade-off theory. Dann (1981) and James (1987) also noted that large positive abnormal returns for a firm's stockholders are associated with leverage increasing events such as stock repurchases or debt-for-equity exchanges instead of leverage-decreasing events such as issuing stock. Few American companies issue new stock as frequently as once per decade (Megginson, 1997). In contrast to the trade-off theory, the pecking order theory of capital structure states that firms have a preferred hierarchy for financing decisions. The highest preference is to use internal financing such as retained earnings, before resorting to any form of external funding. If a firm uses external funding, the order of preference is debt, convertible securities, preferred stock, and common stock (Myers, 1984). This order reflects the motivation of a financial manager to reduce the agency costs of equity, retain control of the firm, and avoid the seemingly inevitable negative market reaction to an announcement of a new equity issue (Hawawini & Viallet, 1999). However, the pecking order theory also has some limitations. It does not explain the influence of taxes, financial distress, security issuance costs, or the set of investment opportunities available to a firm in that firm's actual capital structure. In reality, it is impossible to explain real situations with one or two theories.

Titman and Wessels (1988) observed that highly profitable firms have lower levels of leverage than less profitable firms because they first use their earnings before seeking outside capital. In addition, stock prices reflect how the firm performs. Firms tend to issue equity rather than use debt when their stock price increases, so that their leverage levels stay lower than firms using debt. Similar findings were reported more recently in Gu (1993), Sheel (1994), Sunder & Myers (1999) and Wald (1999). According to Wald (1999), profitability, which is the most significant determinant of firms' financial leverage, negatively affects the debt to asset ratios in the heteroskedastic to bit regression model. Sheel (1994) also supported the negative relationship between debt-to-asset ratio and non-debt tax shield or/and between firm's leverage behavior and its past profitability. Specific to the restaurant industry, Gu (1993) found that the fine dining restaurant segment, which uses debt lightly compared to the fast-food restaurant and the economy/family restaurant segments, has the highest percentage of profit margin and of return on assets. The research concluded that medium debt use may not be the optimal capital structure but little or no debt use may be optimal. Because of the characteristics of the food service industry, such as its vulnerability to seasonality and economic adversity, using debt could bring greater risk than for those firms in industries where cost of debt may be lower than restaurant industry (Gu, 1993).

HYPOTHESES

In order to achieve the objective of this study, which was to investigate the association between financial leverage and restaurant firms' profitability and risk, three hypotheses were developed. Both accounting-based measures and market-based measures were examined to see whether these two different types of measures held same information on the level of debt use and to provide practical information to both managers of and investors in restaurant companies.

Despite the conflict with the general expectation, based on the findings of Gu (1993), profitability should be higher for firms using less or no debt than those using more debt in the restaurant industry. Thus, Hypothesis 1 was proposed: restaurant firms using a lower level of financial leverage have higher profitability.

When a restaurant has a higher level of financial leverage, it should spend a large interest expense regardless of business situations. Thus, profitability of the restaurant would be volatile if business environments change. Thus, Hypothesis 2 was: restaurant firms with a higher level of financial leverage are riskier than those with a lower level of financial leverage.

Both accounting measures and market measures are expected to result in similar outcomes regarding the effect of financial leverage on restaurant firms' profitability and risk, because both measures are basically rooted in a company's financial performance. Thus, Hypothesis 3 was: market-based measures and accounting-based measures are positively Correlated to each other.

METHODOLOGY

Standard Industrial Classification (SIC) 5812 (eating and drinking places) was used to represent the restaurant industry in this study. Financial statements and stock prices of sixty-two restaurant firms in the United States for the years 1998 through 2003 were collected from the Mergent Online database and the Yahoo Finance. Thus, the total observation (company-year) was 372. The restaurant firms used for the analysis are listed in the Appendix A.

Financial leverage (FL) was measured with long-term debt (LTD) to total asset (TA).

Long-term debt in this study was defined as any debt that has maturity of more than one year.

$FL = LTD / TA$, where FL = financial leverage, LTD = long-term debt, and TA = Total Asset. Accounting-based profitability was measured using return on equity (ROE) ratio. ROE is a comprehensive indicator of a firm's performance because it provides information as to how well managers are using the funds invested by the firms' shareholders to generate returns. Market based profitability was assessed using changes in stock price (SP).

$ROE = NI / ET$ $SP = [(Pr t - Pr t-1) / Pr t-1] * 100$, where ROE = return on equity, NI = net income (after tax) for the year, ET = equity for the year, SP = stock price change in percentage, Pr t = stock price of the month, and Pr t-1 = stock price of the previous month.

Standard deviation among quarterly ROE for a year was used as the risk associated with accounting-based measures while standard deviation of monthly stock price changes was calculated for market-based risk measures. There are several different ways of estimating risk. Dalbor and Upneja (2002) used Ohlson's revised O score indicating the probability of bankruptcy and Skalpe (2002) used percentage change in return on investment (ROA) as their accounting-based risk measure while many other researchers used standard deviation or variance of profitability measures. For example, Sheel (1994) estimated the accounting-based risk using standard deviation of profit and Kim (1997) using standard deviation of EBIT, and Borde (1998) estimated market risk using stock-return variance and Gu (1994) using standard deviation of monthly return on stock. Because this study investigated both accounting and market measures, standard deviations of profitability measures were used as risk.

It was impossible to calculate ROEs of some companies because of missing data for several periods. As a result, the total ROE observations were 340. When a company has net loss, rather than net income, ROE was negative. Fifty-four had negative ROEs. Twelve among these 54 ROEs were from 2002 and twelve from 1999. In 2001, however, only five negative ROEs were detected, which was the smallest number of observations in the six-year study period. In fact, overall sales of the foodservice industry grew after the terrorist attack in 2001 (Peters, 2002). Especially, revenues of 46 publicly traded casual-dining chain sector increased averaging 11.5 percent for the first seven months of 2002 when compared to the same period in 2001. Therefore, it was presumed that 54 negative ROEs were derived from the restaurant firms which were other than casual-dining chains or which depended their sales largely on the travelers rather than local customers. One hundred forty-two negative percentage changes in stock price were found among 363 observations. Approximately, two thirds of these negative numbers were from 1998 to 2000 (65.5 %). Less than 10 % of the 142 negative values were from 2001 (9.2%). In 2002, twenty- seven companies' stock prices decreased. To satisfy basic assumptions for the regression analysis, the variables were checked for normality and linearity between dependent and independent variables, and were then transformed. The note of Table 1 shows the transformation functions that were used for the subsequent analysis

TABLE 1: DESCRIPTIVE INFORMATION OF VARIABLES

	N	Minimum	Maximum	Mean	Std.
Dependent variable					
ROE -a	323	-76.2	38.37	8.80	11.72
SP- b	363	-11.35	14.04	0.79	4.09
ROE std -c	320	0	22.70	1.88	2.71
SP std -d	369	0	71.05	15.82	10.36
Independent variable					
FL -e	332	0	4.22	0.29	0.32
Control variable					
TA -f (million)	359	0.38	25525.10	802.20	2932.459

Notes
 1. The above numbers are before-transformation information
 2. Transformation function
 a. ROE = (ROE + 30)1.4 b. SP = (SP+12)1.02 c. ROE std = (ROE std) 1.27 d. SP std= LN (SP std) e. FL= (FL+1) -2 f. TA = LN (TA)
 Four regression analyses, having financial leverage (FL) as an independent variable and total assets (TA) as a control variable, were performed for each profitability and risk measure to test the proposed hypotheses. SPSS 11.5 was used to statistical tests performed in this study. The four regression models can be expressed as follows:
 $ROE = \beta_0 + \beta_1FL + \beta_2TA + \epsilon$
 $SP = \beta_0 + \beta_1FL + \beta_2TA + \epsilon$
 Standard deviation of ROE = $\beta_0 + \beta_1FL + \beta_2TA + \epsilon$
 Standard deviation of SP = $\beta_0 + \beta_1FL + \beta_2TA + \epsilon$
 In addition to these four regression analyses, correlations among each measure were examined to test hypothesis three.

RESULTS AND DISCUSSION

The results of the regression analysis related to hypothesis one (restaurant firms using a lower level of financial leverage have higher profitability) are presented in Table 2.
 Multicollinearity was checked with Variance Inflation Factor (VIF), and no evidence of a multicollinearity problem was found in the model. When the significance level was set at $\alpha = 0.05$, the model for the accounting-based profitability ratio, which was measured by ROE in this study, was significant (F-statistics= 14.219, p-value = 0.000, variance explained = 8.3%) while one for the market-based profitability measure, which was determined by stock price change in percentage, was not significant (F-statistics = 2.526, p-value = 0.082, variance explained = 0.9%). However, ROE was mostly predicted by the control variable, total assets (t-test = 5.154, p-value= 0.000), rather than the expected predictor, financial leverage (t-test = 1.301, p-value = 0.194). This result suggests that the restaurant firms with larger assets were more profitable. But the above findings indicate that financial leverage does not influence the restaurant firms' profitability, not supporting the hypothesis one. On the other hand, it is noteworthy that the sign of financial leverage is positive; meaning that more leveraged firms had more profits on average even though it was not statistically significant. This is somewhat consistent with the findings of Upneja and Dalbor (2001). Their study reported that publicly traded restaurant firms with high cash flows tend to use more debt. The researchers explained the reason as opportunities for growth. Based on their explanation, a firm that is able to generate more cash has greater opportunity for growth. Furthermore, it will be easier for them to borrow money from creditors than for those with less profitable restaurant firms.
 However, the models in this study were not strong enough to examine the relationship between financial leverage and profitability because the models explained only 8.3 % of the variance for accounting-based profitability and 0.9 % for market-based profitability. Inclusion of more control variables, such as tax rates, growth opportunities, and probability of bankruptcy might suppress nuisance more effectively to better identify the relationship between financial leverage and profitability. Future study is recommended to include more control variables.

TABLE 2: REGRESSION ANALYSIS RESULTS – PROFITABILITY (ROE AND SP)

	B	Std. Error	t-stat.	P	VIF	F(sig.)	R2(Adj R2)
ROE						14.219	0.089
Intercept	104.820	17.007	6.163**	.000		.000	(.083)
FL	26.236	20.170	1.301	.194	1.000		
TA	10.145	1.968	5.154**	.000	1.000		
SP						2.526	0.016
Intercept	10.875	1.091	9.964**	.000		(.082)	(.009)
FL	2.206	1.280	1.723	.086	1.001		
TA	.188	.126	1.488	.138	1.001		

** p< .01
 The regression results for hypothesis two are shown in Table 3. There was no collinearity problem between FL (VIF = 1.001) and TA (VIF = 1.001). Both accounting-based and market- based risk measures turned out to be significant when alpha was set at 0.05. As shown in Table 3, volatility in ROE could be predicted by financial leverage in the presence of total assets in the model (F-statistics = 28.738, p-value = 0.000, variance explained = 16.2%). Investor risk was also predictable using a firm's leverage level (F-statistics = 31.212, p-value = 0.000, variance explained = 15.7%).

TABLE 3: REGRESSION ANALYSIS RESULTS – RISK (ROE STD AND SP STD)

	B	Std. Error	t-stat.	p	VIF	F(sig.)	R2(Adj R2)
ROE						28.738	0.168
Intercept	1.735	.094	18.393**	.000		.000	(0.162)
FL	-.616	.108	-5.687**	.000	1.001		
TA	-.057	.011	-5.192**	.000	1.001		
SP						31.212	0.162
Intercept	3.356	.125	26.748**	.000		(.000)	(0.157)
FL	-.371	.147	-2.517*	.012	1.001		
TA	-.109	.014	-7.575**	.000	1.001		

Note: * p< .05, **p< .01
 The results for the second hypothesis seems not to be rational since the sign of the betas were opposite to our expectation. Financial leverage had a significant negative sign at an alpha level of 0.05 for both models. In other words, a firm with a higher level of financial leverage had less volatility in its ROE, and stock prices changed in a narrower range than for firms with less financial leverage. One possible explanation may be related to the result of the first hypothesis. It

was observed that the sign of financial leverage was positive, which means that firms with higher debt rates were, on average, more profitable. It is logical that more profitable firms are less risky in business, so that they could have less volatile in accounting and market measures. Thus, the restaurant business with higher debt rate was turned out to be less volatile in the analysis. This is a unique finding from this study about the restaurant industry. This result is also supported by the correlation analyses for the hypothesis three. Table 4 presents the results of the correlation analyses. ROE and the standard deviation of ROE were negatively correlated ($R = -.16$, $p\text{-value} = .01$) and ROE and the standard deviation of SP had negative correlation as well ($R = -.22$, $p\text{-value} = .00$), which implies that restaurant firms with high returns on equity have less volatility in their ROE and SP. Another explanation may be found on Sheel's study (1994). Relative to the manufacturing industry, in the hotel industry, a volatility of earnings on the long-term debt levels had significantly larger negative influence. The reduction in debt level leads to smaller total capitalization. However, the hotel industry has higher levels of operating leverage as well as financial leverage than the manufacturing industry. Therefore, cutting down the level of debt will result in an increase in earning volatility (Sheel, 1994). The hotel industry and the restaurant industry could be presumed to have a lot in common. However, to verify these possible reasons, further investigation is necessary.

Table 4 shows the results of the correlation analysis among the variables. Financial leverage was not significantly related to the profitability variables. The correlation between financial leverage and volatility on ROE ($R = -.30$, $p\text{-value} = .00$) and between financial leverage and volatility on stock price change ($R = -.11$, $p\text{-value} = .05$) were significant. Total assets were significantly related to the accounting-based profitability measure ($R = .24$, $p = .00$), accounting-based risk measure ($R = -.28$, $p\text{-value} = .00$), and market-based risk measure ($R = -.41$, $p\text{-value} = .00$). Volatility of ROE was statistically significantly correlated to all other variables used in this study. This accounting-based risk measure was negatively correlated to the two profit proxies, ROE ($R = -.16$, $p\text{-value} = .01$) and SP ($R = -.13$, $p\text{-value} = .02$), and two exploratory variables, FL ($R = -.30$, $p\text{-value} = .00$) and TA ($R = -.28$, $p\text{-value} = .00$). In connection with hypothesis three, both profitability measures ($R = .14$, $p\text{-value} = .01$) and risk measures ($R = .25$, $p\text{-value} = .00$) were positively correlated to each other. This result indicates that the accounting-based profitability measure and risk measure are projected correctly to those in market-based measures. However, correlation coefficients were not very high, so the results need to be validated in the future studies as well.

TABLE 4: PEARSON CORRELATION OF VARIABLES (2-TAILED)

		ROE	SP	ROE std	SP std	FL	TA
ROE	Pearson's r	1.00	.14*	-.16**	-.22**	.07	.24**
	Sig.	.	.01	.01	.00	.22	.00
	N	322	318	292	321	295	320
SP	Pearson's r	.14*	1.00	-.13*	.04	.10	.10
	Sig.	.01	.	.02	.51	.07	.07
	N	318	363	316	362	325	351
ROE std	Pearson's r	-.16*	-.13*	1.00	.25**	-.30**	-.28**
	Sig.	.01	.02	.	.00	.00	.00
	N	292	316	320	317	288	314
SP std	Pearson's r	-.22**	.04	.25**	1.00	-.11*	-.41**
	Sig.	.00	.51	.00	.	.05	.00
	N	321	362	317	368	329	355
FL	Pearson's r	.07	.10	-.30**	-.11*	1.00	
	Sig.	.22	.07	.00	.05		
	N	295	325	288	329	332	
TA	Pearson's r	.24**	.10	-.28**	-.41**	-.03	1.00
	Sig.	.00	.07	.00	.00	.61	
	N	320	351	314	355	329	359

* Correlation is significant at the 0.05 level (2-tailed).

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

CONCLUSION AND IMPLICATIONS FOR FUTURE STUDY

This study investigated the relationship between financial leverage and profitability and risk. Accounting-based profit and risk measures and market-based profit and risk measures were examined. It was hypothesized that highly leveraged restaurant firms have lower profitability. However, this research failed to support the hypothesized positive relationship between financial leverage and both profit measures. It was also hypothesized that highly leveraged restaurant firms are riskier in terms of their return on equity and investment. The results indicated that high leveraged firms were less risky in both market-based and accounting-based measures, which is the opposite of hypothesis two. Industry specific variables may help explain these unexpected findings. Lastly, for hypothesis three, the correlation between accounting-based measures and market-based measures was tested and found to be positively significant. The accounting-based profit measure, ROE in this study, and the market-based profit measure, stock price change percentage in this study, moved in the same direction. Moreover, the results showed that there were risk correlations between the two measures; when ROE fluctuated, so did the stock price change.

This study is not free from limitations. This study only used one independent variable, financial leverage, along with one covariate variable, firm size. Because there are various factors affecting firms' profitability and level of debt use besides these variables, in order to more effectively investigate the relationship between firms' level of debt use and their profitability and risk, inclusion of covariates besides the firm size is recommended for future study. Also, there are more than 878,000 restaurants in this country serving more than 70 billion meal and snack occasions (NRA, 2004). However, only 62 restaurant companies were included in this study study are generally large, multi-unit companies. Most restaurant firms are not publicly traded but should be included to examine the true financial picture of the restaurant business. In addition, future studies should include more control variables related to both industry-specific variables, such as operating leverage and economy-related variables to create better models.

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AGRICULTURAL INNOVATIONS AND FOOD SECURITY IN SRI LANKA

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ABSTRACT

Food insecurity in terms of food availability, accessibility and affordability is a core issue in many developing countries. Sri Lanka is also faced this challenge and had been followed various strategies to tackle the problem since independence in 1948. Technological advancement in food crop agriculture sector is one of the main strategy adopted in this regard and consequently it was able to increase the availability of staple food by gaining self-sufficiency in paddy/rice production. At the same time, it was able to minimize poverty and other obstructions in relation to economic development of the country. However as a developing country, still Sri Lanka faces a greater challenge in assuring its food security under rapid globalization in production and marketing system and alarming threats of climatic changes. So the main purpose of this paper is to review the present status of food security in Sri Lanka with special reference in how technological advancement programs implemented in Sri Lanka were able to minimize food insecurity. The analysis of the paper was based on the inductive method and secondary source of information. Thus the analysis was focused on three issues i.e. reviewing present status of food security, innovative technological programs adopted in Sri Lanka and implications of technological innovations on enhancing food security in Sri Lanka. The research phenomena that highlight the interrelationship between food security and technology advancement in Sri Lanka indicated that food security in Sri Lanka has improved gradually in the past mainly due to technological advancement programs applied for domestic food production. However, improved food production is not sufficient enough to avoid food insecurity in relation to food accessibility and affordability. The paper also highlights some implications that need to be addressed by policy makers in view of domestic and global food production, climatic changes and other negative externalities of technological advancement. Finally it suggests suitable policy recommendations to be considered by policy makers in improving domestic food security in Sri Lanka.

KEYWORDS

food security, technological advancement, food availability, productivity.

1. INTRODUCTION

The idea of food security simply means that availability of foods and individuals' ability access to it (Google, 2015). More broadly it was defined as "food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life (Raj Patel, 2013). Food insecurity is divers from shortages of food to famine. The World Food and Agricultural Organization (FAO) recognized that famine and hunger are main features of the food insecurity (FAO, 2006). According to the FAO estimates, nearly 2 billion people in the world are suffered from lacked food or inability to access nutritious food. Stunting and chronic nutritional deficiencies were recognized as the common symptoms of food insecurity. So assuring food security becomes the sole responsibility of the governments and takes every actions to avoid food insecurity from natural or manmade hazards. Like many developing countries Sri Lanka is also faced this challenge to feed the nation with minimum risk under global climatic changes and high fluctuation of world food prices.

As a small island the government of Sri Lanka has implemented numerous programs in order to ensure domestic food availability and food security over the past six decades. Though these programs were included in increased food production, food distribution and food stability in the country, still food insecurity remain as a core issue in Sri Lanka because food availability is linked with various uncertain factors in relation to physical, climatic and institutional aspects (Somaratne, 2011,196). However, owing to welfare oriented development strategies followed by the successive governments in Sri Lanka, it was able to increase the domestic food security substantially compared to many other developing countries. Nonetheless, still nearly 8 percent of population is living under poverty line (Department of Census of Statistics, 2014). Food insecurity is high in rural and estate sectors and subsequently hunger and malnutrition has increased in these sectors (Silva, R. P. 2006, 79)). At the same time, cultivation pattern has disrupted by climatic changes occurred in the country. Changes in monsoon rainfall pattern has made a greater influence in changing domestic rice production in Sri Lanka during 2012/13 and 2013/14 Maha seasons (Central Bank of Sri Lanka, 2013). Similarly global agricultural production changes were also substantially affected for assuring domestic food security (Somaratne, 2012, 188).

Hence the main objective of the paper is to review the present status of food security in Sri Lanka with special reference in adopting technological advancement programs for increasing production and productivity and thereby the food security in Sri Lanka. Thus the analysis was focused on three issues. First, it reviews present status of food security in view of food availability, food access and food use. Secondly, it examines the innovative technological programs adopted in Sri Lanka with a view to increase domestic food production and thirdly, it assess the impact and implications of technological innovations on enhancing food security in Sri Lanka.

The methodology of the paper was based on inductive research method and used secondary sources of information published by the Department of Agriculture, Department of Census and Statistics and Central Bank of Sri Lanka.

The paper is consisted of five sections. The section one explains the background and the importance of the topic. The section two explains the methodology followed for data collection and analysis. The section three presents the results of data analysis in accordance with objectives mentioned above. The discussion was followed in the section four. It highlights effects and implications of the issue reflecting the need for special food policy framework for improving domestic food security. Finally, the section five concludes the paper along with policy recommendations

2. BACKGROUND

As defined above food security is physical, social and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life. It also considers the total food requirement fulfilled by imports. Bulk of literature in relation to conceptual base, measurements and case studies of food security in different countries are available (Wikipedia, navigation, search). Basically there are four pillars of food security has identified. It includes food availability, food access, food use, and food stability" (FAO,2009). World Health Organization (WHO) has recognized the first three pillars (WHO, 2014) and it was elaborated by the FAO by adding a fourth pillar as food stability at the World Summit on Food Security in 2009.

Food availability means supply of food through production, distribution, and exchange (Gregory et al, 2005). Thus food production is determined by various factors such as land distribution and use; soil management; crop selection, breeding, and management; livestock and management. Food production is changed often by physical and climatic factors. At the same time the opportunity cost of growing food or agricultural land utilization is high when it compared with other alternatives such as urbanization or nonagricultural purposes. Environmental impact of agricultural land utilization such as desertification, salinization, soil erosion and sedimentation has affected badly for sustainable food security in the long run. Food distribution is also an important activity that relates to food storage, processing, transport, packaging, and marketing of food (FAO, 1997). Similarly market infrastructure and storage technologies and facilities may influenced the amount of food wasted in the distribution process. Food exchange is also an important concept and it relates with domestic and international trading.

The FAO has suggested a "twin track" approach to minimize food insecurity in developing countries. As an inclusive growth approach it combines with sustainable development and short-term hunger relief while included investing in rural markets and rural infrastructure (FAO, 2006). It has also emphasized the use of public policies and programs that promote long-term economic growth and alleviating poverty with conditional and unconditional programs. The World Food Program (WFP) that implement under United Nations (UN) is supported developing countries to promote food security and to eradicate hunger and poverty. It provides food aid to refugees and to other groups that required food emergencies (UN, 2013). Similarly, United States Agency for International Development (USAID) has intermediated to increase agricultural productivity in developing countries particularly in view of increasing rural income and reducing food insecurity (USAID, 2015). The USAID program was based on three aspects i. e; boosting science and technology for improving agricultural productivity, securing property rights and access to finance and enhancing human capita through education and improved health.

A healthy sustainable food system focused on environmental health, economic viability and social equity and human health is presently advocating by countries with a view to ensure more balanced system with the environment in food production, food distribution and food consumption (FAO, 2003).

Sri Lanka is a small island with an area of 65,628 sq. km. and a population of 20,338 million as estimated in 2013. The nominal value of GNP per capita income (2013) was US\$ 2866 (Rs.365600) and the value of Purchasing Power Parity was Rs. 570000. The contribution of agriculture sector is still important and accounts for 10 percent of gross domestic product (GDP), 24 percent of total exports and 31 percent of total employed labor force. Nearly 70 percent of people lives in rural areas and engaged in agriculture and related activities. The agricultural sector characterize with two main sectors such as plantation and non-plantation sectors. The plantation sector consists of tea, rubber and coconut plantations mainly for the export market and non-plantation agriculture consists of cultivation of paddy, grains, vegetables, tubers and fruits that based mainly on the domestic market. This analysis was focused on the non-plantation or domestic food crop sector concerning the food supply of the nation.

The successive governments of Sri Lanka that came to power since independence (1948) have implemented two policy options in increasing domestic food production (Henegedara, 2004).

1. Horizontal expansion; Increase the extent cultivated through expanding uncultivated lands in dry zone areas. Thus Total paddy land extent has increased from 390,310 Hectares in 1951/52 to 1067,000 Hectares in 2011/12.
2. Vertical Expansion; improving production efficiency and factor productivity. Through improving technology and cultivation practices. Thus, average paddy production per acre has increased from 2929 kg in 1980 to 4528 kg in 2010.

Though both strategies were greatly influenced in increasing domestic food production, main focus of this paper is laid on assessing the effects of using technological innovations on increasing domestic food security. Along with the huge irrigation infrastructure development and land settlements programs, the initial technological advancement programs have introduced since late 1960s. As in many countries initial technological advancement programs that based on biological and chemical improvements were known as "green revolution" and recognized as the miracle of doubling food production. Thus technological innovations were considered as the focal point of increasing food security than the other policy options such as price policy, trade policy and institution policy. According to available literature, it was revealed that food availability has increased mainly due to increased factor productivity associated with technological advancement programs. (Zoyza, and Silva, 2007, Sandaratne, 2011).

Assurance of domestic food security is still a big challenge to Sri Lankan government because it related to economic stability and the macro economic imbalances of the country. Food prices are changed very often as variation of supply factors and global price changes (Somaratne, 2011). Thus many governments are concerned about food insecurity and vulnerability, Vulnerability to a food insecurity relates to wide range of factors which make people at risk of becoming food insecurity (Silva, R. P. De, 2006, 3). Therefore, increase food availability, purchasing power and the food access were considered as the key factors of the government policy (Mahinda Chintana, 2005). The need for innovative technological advancement program was emphasized by researchers. According to Somaratne (2011), "food security in Sri Lanka will be directly threatened by the food crisis. However situation could be avoided through supply side stimulants, food self-sufficiency drives, investment in R&D, technological developments and innovative approaches to enhance productivity" Ekanayake, A (2011) has also emphasized that it is time for Sri Lanka to seriously consider changes in the way food is cultivated. Thus there are reasonable facts to identify the relationship between technological advancements and food security in Sri Lanka. So this paper will examine how food security in Sri Lanka has achieved through innovative technology advancement.

3. METHODOLOGY

The methodology of the paper was based on the deductive method. Required data was based on the secondary data published by the Department of Census and Statistics, Central Bank of Sri Lanka, Department of Agriculture and the Hector Kobbekaduwa Agrarian Research and Training Institute. Indicators of measuring food security were aimed to capture its main components such as food availability, food access, food affordability, production process and technology adopted. Thus indicators such as food production, food consumption, rice self Sufficiency ratio, poverty line, Head Count Ratio, food imports, income decile, Nominal and Real mean food values, Per Capita rice Consumption, Labour Absorption ratio, Food expenses, were used to measure food security while mechanization cost, new varieties and labor use and factor productivity were used as the indicators of technology advancement. Tables and graphs were used in this regard.

4. ANALYSIS AND RESULTS

Data analyses was concentrated mainly on two aspects. The first part of the analysis is focused on food availability, per capita income, per capita consumption and food access. Adoption of new technology and its impacts on increasing domestic food crop production in Sri Lanka is analyzed in the second part.

4.1 FOOD AVAILABILITY

Household food availability in Sri Lanka is assessed considering key indicators such as availability of main food items, domestic food production, and self-sufficiency of rice production and imports of essential food items.

4.1.1 AVAILABILITY OF MAIN FOOD ITEMS

Domestic food availability was measured by valuing local food production and imports of main food items required consumption for the nation. According to estimates of the Department of Census and Statistics (2012), though domestic rice production has fulfilled more than 90 percent of domestic food requirements, it was able to fulfill only 84% of domestic availability of total cereal requirements. The balance cereal requirement is fulfilled from imports of wheat and wheat flour. However, the domestic availability of other food items such as roots and tuber, vegetables, fruits, meat, fish, eggs and milk is somewhat adequate (Ekanayaka, 2011, 347). According to estimates of the Department of Census and Statistics of Sri Lanka (2008), the country is able to produce 79% of root and tuber, 30% of pulses and nuts, 82% of vegetables, 83% of fruits, 98% of meat, 100% eggs, 90 % of fish, 81% milk , 98% of oil and fats and 7% of sugar. The annual report of the Central Bank of Sri Lanka (2012) indicates that nearly 10 percent of total imports were allocated for food and beverages that include the items such as rice, flour, sugar, milk and milk products and fish. Though the imports of rice has declined significantly, imports of wheat flour, sugar, milk and milk products has increased annually as increased the demand. Thus the domestic food supply is maintained through local production and imports, which determined on the principle of Comparative Advantage.

TABLE 1: VARIATION OF LOCAL PRODUCTION AND IMPORTS OF ESSENTIAL FOOD ITEMS AS A PERCENTAGE OF NATIONAL FOOD REQUIREMENTS

	Local Production (Mt)		Imports (Mt)		Imports as a % of national requirement	
	1996	2006	1996	2006	1996	2006
Rice (000Mt)	1402	2272	336	11	19.4	0.5
Green Gram	16,885	7975	22	11995	0.1	59
Maize	32,824	47523	92457	84043	74	64
Kurakkan (millet)	3906	6296	499	1933	11	24
Soya bean	726	5177	285	212	28	4
Black Gram	7365	6923	4033	1589	35	19
Potato	100,755	78484	25784	46556	20	37
B. Onion	19367	73612	89158	119478	82	62
Wheat	-	-	-	-	100	100
Sugar	-	-	-	-	-	06
Milk products	-	-	-	-	-	28

Source: Hector Kobbekaduwa Agrarian Research & Training Institute, Commodity Review (2008)

Table 1 presents local production and imports of some key food commodities for 1996-2006 period. Accordingly domestic production of rice, green gram, maize, millets, soya bean, potato and big onion have increased and the imports of green gram, potato and millet have increased. Consequently, imported quantity of rice, maize, soya bean and big onion has decreased. It is noteworthy to see that imports of rice have declined from 19% to 1% during the respective period. However, domestic rice production has been increased after 1970s due to extensive and intensive programs implemented by the government and subsequently rice import ratio had dropped within the range of 1-8 percent during the respective period.

4.1.2. PER CAPITA CONSUMPTION AND DOMESTIC RICE PRODUCTION

Per capita rice consumption is an important indicator to Sri Lanka because it shows the availability and the accessibility to staple food by nation. Table 2 shows that total rice requirements, local rice production, per capita rice consumption and the domestic rice self-sufficiency ratio have increased continually during 1973-2012. It implied that population and the food demand have increased during the respective period and food supply has also increased subsequently.

TABLE 2: PER CAPITA RICE CONSUMPTION AND RICE SELF SUFFICIENCY RATIO* IN SRI LANKA 1973-2012

Year	Total Rice Requirements (000 Mt)	Local Rice Production (000 Mt)	Per capita rice Consumption (Kg/Year)	Self-sufficiency Ratio*
1973	1187,160	867,394	86.80	0.73
1978	1293,055	1233,017	86.80	0.95
1983	1619,413	1585,855	101.30	0.98
1988	1583,298	1583,298	103.66	0.89
1993	1642,105	1642,105	103.66	0.88
1998	1720,726	1720,726	106.14	0.84
2003	2113,666	1692,983	106.20	0.93
2008	2182,223	2476,900	107.94	0.92
2010	2229285	2749,199	107.94	1.19
2012	2234611	2176003	108	0.95

Source: Department of Census & Statistics (2012)

*Rice Self Sufficiency Ratio = $\frac{\text{Total Rice Production}}{\text{Total rice requirements}}$

The Rice self-sufficiency ratio is a vital indicator influenced in determined the availability of local rice production. Table 2 shows how local rice production and rice availability has increased during 1973-2012 period. Table 2 also highlights that per capita rice consumption and Rice Self Sufficiency ratio also increased gradually during the period. Thus per capita rice consumption has increased from 86.0 kg in 1973 to 107 kg in 2012 and thereby Rice Self Sufficiency Ratio has increased from 0.73 in 1973 to 0.95 in 2012. It also reflects a high variation in production and consumption indicators after 1980s.

Though the average per capita rice consumptions ratio remains around 107 Kg since 2007, it has changed extensively according to rural, urban and estate sectors as well as the income deciles (Table 3). Thus, the lowest per capita consumption has reported from high income decile groups in urban sector, especially above Rs. 22,037 as minimum income. The Table 3 also illustrates that food availability among lowest income deciles in all sectors are below the average food consumption value. Thus it shows that food insecurity is high among poor categories. At the same time, it shows that the average rice consumption level of middle income decile groups is high.

TABLE 3: VARIATION OF PER CAPITA RICE CONSUMPTION ACCORDING TO INCOME DECILES AND URBAN, RURAL AND ESTATE SECTORS

Income Decile	Minimum Income(Rs)	Maximum Income(Rs)	Urban Sector (Kg)	Rural Sector(Kg)	Estate Sector(Kg)	All sectors (Kg)
1	0	4520	74.65	105.98	106.37	104.28
2	4527	6214	84.61	109.71	105.43	107.95
3	6220	7728	82.62	112.71	105.99	110.55
4	7733	9430	88.45	111.71	112.58	110.29
5	9435	11350	76.23	111.00	116.80	107.09
6	11357	13755	80.07	113.44	114.06	109.79
7	13757	17271	84.21	112.01	107.88	108.24
8	17275	22036	77.00	107.39	103.12	102.48
9	22037	32778	82.86	109.80	126.89	104.70
10	32793	825694	74.00	107.72	136.86	97.77
Average	12513	95078	79.17	110.28	109.72	107.94

Source: Consumer Finance Survey (2003/2004), Central bank of Sri Lanka

The characteristics of household food security is not simply mean that food availability and production, it also includes factors such as deforestation, seasonal variations in food supply, availability of fodder and forest foods, shifts from subsistence to the cash economy, and cash out flow requirements. In rural Sri Lanka, forests and farm trees play an important role in household food security. It provides critical support to agricultural production by providing food and fuel, cash income and insurance against drought and crop failure. Thus forestry related activities have made a great impact on rural household's food security directly and indirectly

4.1.3. FOOD ACCESS AND USE

Food access which indicates the food use and affordability is viewed as the important aspect of food security analysis. It is measured by three indicators i.e. household income, food expenditure and poverty level.

HOUSEHOLD INCOME

According to Table 4 nominal and real mean monthly per capita income of the country has increased during 2002-2009/10 period. Thus nominal mean per capita income has increased from Rs. 12803 to Rs. 36451 and the real mean values have changed from Rs. 12803 to Rs. 17129. Similarly mean household expenditure is

also increased during the period from Rs. 12083 to Rs. 313331. According to monthly income and expenditure gaps, it shows that households were able to save around 20 percent of their monthly income. However, savings were diverted according to estate, rural and urban sectors indicating a higher income inequality among the sectors. Except for 2002, the base year for estimates, the difference between nominal and real income values have widened during the respective periods. . Nevertheless, both nominal and real household income has increased indicating a significant improvement in monthly mean and median household incomes during three respective periods (table 4).

TABLE 4: MONTHLY HOUSEHOLD INCOME AND EXPENDITURE (2002-2010)

Monthly HH Income	2002 (Rs/Month)	2006/07(Rs/Month)	2009/10 (Rs/Month)
Nominal median income	8482	16735	23746
Real Median income	8482	11120	11159
Nominal mean income	12803	26286	36451
Real mean income	12803	17645	17129
Mean HH Expenditure	12803	22952	31331

Source: Department of Census & statistics, (2008)

4.1.4 HOUSEHOLD FOOD EXPENDITURE

Access to food and drink is measured by food ratio, which indicates the value of food expenditure as the percentage value of total expenditure. It measures both in terms of nominal and real values. The table 5 indicates nominal and real values of food expenditure in Sri Lanka. Thus nominal mean food expenditure in 2010 was Rs. 13,267 and it accounts for 42 percent of total expenditure. The real mean food expenditure in 2010 is Rs. 14,723 and it accounts for 32 percent of total income.

Though the value of food expenditure in Sri Lanka is higher than the developed nations, the real value of food expenditure as a % of total expenditure has declined from 50% in 2002 to 32 % in 2009/10. Since the demand elasticity for essential food items is high, food ratio also remains somewhat high. It also shows that real mean monthly food expenditure is higher than nominal food expenditure values (Table 5). According to Consumer Finance Survey conducted by the Department of Census and statistics in 2006, 26 percent of food expenditure of low income households has spent for cereals.

TABLE 5: VARIATION OF NOMINAL AND REAL MEAN FOOD VALUES (2002-2009/10)

Item	2002	2006/07	2009/10
Nominal mean monthly food expenditure	5488	3641	13267
Nominal mean nonfood expenditure	7299	14317	18064
Value of food expenditure as a % of total expenditure	44.5	37.6	42
Real mean monthly food expenditure	13147	15250	14723
Real mean nonfood expenditure	13147	22252	31331
Value of food expenditure as a % of total expenditure	50	40	32

Source: Department of Census & Statistics (2010)

4.1.5 FOOD ACCESS AND POVERTY LEVEL

Poverty line, which demarcates the minimum food requirement for surviving people is used as a sufficient indicator to measure access to food. According to Department of Census and Statistics in Sri Lanka (2002), poverty was defined basically on three main criterions.

- (1) Households belonging to lowest four per capita expenditure deciles.
- (2) Households which spend more than 50 percent of their household expenditure on food.
- (3) Households for which average caloric consumption is between 2475 and 2750 kilocalories per adult equivalent per day.

Once the households satisfy simultaneously the above conditions (1), (2) and (3) are isolated, for those households, average per adult equivalent food expenditure per month is calculated. This value is referred as Minimum Required Adult Equivalent Food Expenditure (MRAEFE). Then considering all the households, poor households were defined as the households which spend more than 50 percent of expenditure on foods and the adult's equivalent food expenditure is below MRAEFE. According to Household income and expenditure surveys conducted by the Department of Census and Statistics in 2001/2002 and 2009/2010 years, monthly value of MRAEFE was equivalent to Rs. 1294 in 2002 and it has increased Rs. 3808 in 2013 (Table 6).

TABLE 6: VARIATION OF NOMINAL POVERTY LINE

Sri Lanka	2002	2004	2005	2006	2007	2008	2010	2013
Nominal Poverty line	1294	1628	1817	2066	2427	2845	3208	3808

Source: Department of Census & Statistics (2010)

Similarly. Household income and expenditure surveys conducted by the Department of Census and Statistics in 1990/91, 1995/96, 2001/2002 and 2009/2010 years highlights the percentage of poor households that based on the official poverty line has gradually decreased over the years. Table 7 shows change in Head count index (HCI) or the percentage distribution of population below the poverty line according to urban, rural and estate sectors.

TABLE 7: HEAD COUNT RATIO AND PERCENTAGE OF POOR HOUSEHOLDS BASED ON OFFICIAL POVERTY LINE

Country/Sector	1990/91	1995/96	2002	2006/07	2009/10
All country	26.1	28.8	22.7	15.2	8.9
Urban	16.3	14.0	7.9	6.7	-
Rural	29.4	20.9	24.7	15.7	-
Estate	20.5	38.0	24.3	22.0	-

Source: Department of Census & Statistics (2008), Central Bank of Sri Lanka

$$HCI = \frac{\text{No of poor people in the population}}{\text{Total population}} \times 100$$

4.1.6 FOOD USE

It is vital to know the nutritional adequacy of basic food requirements that includes calories, protein, energy fats etc. So the nutritional value of food is a combine effect of food basket that includes grains, meat, fish, milk, vegetables, fruits and other vitamins. The table 8 shows average monthly per capita availability of nutrition per day for 2007-2013 period. Accordingly kilo calorie and protein gram requirements per day have increased over the period and fat gram requirements has decreased slightly.

TABLE 8: PER CAPITA AVAILABILITY OF NUTRITION PER DAY, 2007-2013

Year	Kilo Calories per day	Protein Gram per day	Fat Gram per day
2007	2367.7	59.6	48.9
2008	2539.5	61.3	43.8
2009	2437.1	61.1	46.2
2010	2688.3	67.0	46.0
2011	2581.2	66.1	46.3
2012	2632.8	66.8	46.4
2013	2756.7	68.5	47.7

Source: Statistical Abstracts (2013), Department of Census & Statistics

Statistical analysis in relation to food security, particularly with respect in food availability, accessibility and affordability has showed that food insecurity in Sri Lanka is low compared to many developing countries. Though the risk and uncertainty is still existed in the process of food supply, technological advancement programs were greatly influenced to minimize the risk by enhancing production and productivity of domestic food production.

4.2 INNOVATION, TECHNOLOGY ADVANCEMENT AND FOOD SECURITY

Innovation is a process of inventing or discoveries. Though invention and discoveries are the result of creative process, which is often difficult to predict and plan, meaning of these two concepts is slightly different from each other according to its origins. Thus, discover refers to what before existed, which we unknown; and invention refers to what did not before exist. Accordingly, some innovations are technology based while other innovations such as new product or service are facilitated by technology. It also categorized as product innovation and process innovation. Product innovation increases net revenue sufficiently to yield a positive rate of return on Research and Development (R&D) while Process innovation can lower a firm's production costs by improving internal production techniques.

On the other hand, the term of technology refers increasing production efficiency through knowledge, skills and creativeness. Thus technological innovation is defined as adoption of new technology enabling more revenue to be obtained from given total resources (Hill, 1977). The increase in revenue may be obtained either from increased physical output, improved quality or combination of both. Whatever, its source, the result of technological innovation must be to increase revenue or decrease the production cost (ibid). The technological innovations in agriculture are practiced mainly through three methods i.e. mechanical innovations, biological innovations and chemical innovations.

In line with technology development programs implemented in Sri Lanka, particularly in view of agricultural and food production, it has been adopted many technological development programs since 1960s for the purpose of increasing domestic food production. Like many other developing countries, Sri Lanka also adopted biological, mechanical and chemical technologies in this regard. It includes introducing high yielding varieties, chemical fertilizer and farm machineries. Basically It aimed at preventing the diminishing returns that inherited in small scale subsistence farming through new technology, which known as dynamic disequilibrium (Ellis, F 1992). Thus our discussion is focused on reviewing how mechanical, biological and chemical innovations were effective in increasing production and productivity of domestic food products.

MECHANICAL INNOVATIONS

Mechanical innovation is referred in using new farm machineries for reducing burden and cost of existing farming system. Thus Sri Lanka has introduced various farm machineries time to time with a view to overcoming labour shortage and high labour cost. Thus, Tractors (2w) and (4w), seeders, harvesters and combine harvesters were introduced time to time for the sake of increasing production efficiency of paddy other food crops.

TABLE 9: EFFECT OF FARM MECHANIZATION FOR HARVESTING PADDY

Machine/Activity	Rs/Acre
By using Tractor	
Harvesting by labor (350*8)	2800.00
Threshing cost for tractor	1000.00
Cost For labor (350*6)	2100.00
Fanning by tractor (Rs/hour)	350.00
Other (Foods/ tea for labors)	1600.00
Total	7850.00
By using Combine Thresher	
Harvesting by labor (350*8)	2800.00
Threshing by machine	2700.00
Other (Foods/ tea for labors)	1000.00
Total	6500.00
By using Combine Harvester	
Harvesting by combined harvester	6500.00
Helper	350.00
Drying and fanning	2100.00
Total	8950.00

Source: The Study on Recent Trend of Labor Market, (HARTI, 2007)

Use of farm machines had a greater impact on reducing the number of labour units and the cost (HARTI, 2007). Table 9 highlights how tractors, combine thresher and combine harvesters were effective in reducing required number of labours units and the cost. It shows that use of combine harvester was more efficient and economical in harvesting paddy. Thus farm mechanization for paddy cultivation has greatly influenced to reduce labour cost of paddy production by 10 percent (ibid).

BIOLOGICAL INNOVATIONS

Biological innovations are referred to breeding and using higher yielding seed varieties and strains of livestock. Sri Lanka introduced high yielding varieties and protection technologies since late 1960s. The Department of Agriculture (DOA) is responsible for technology development and diffusion at farm level. Thus several research centers have established under direct supervision of the DA. Accordingly, 05 Rice/Paddy Research Centers were established at Batalagoda (BG), Bombuwala (BM), Ambalantota(AT), Mahailuppallama(MI) and Labuduwa (LD) areas in view of developing suitable varieties required to different climatic conditions. At the same time, Mahailuppallama, Gannoruwa, Wanathawilluwa, and Angunakolapelassa centers were established conducting R & D for other food crops such as vegetables, fruits and tubers. Table 10 displays innovative technology advances applied on diffusing of new varieties of paddy and other food crops.

TABLE 10: NEW PADDY AND OFC VARIETIES DEVELOPED BY THE DOA

Crop	VARIETIES RELEASED BEFORE 1990	VARIETIES RELEASED AFTER 1990
Paddy	BG 11-11, BG 3-5, LD 66, MI 273, BG 34-6, BG 34-8, BG 90-2, BW 78, BG 94-1, BW 100, BG 94-2, AT 16, BG 276-5 BG 400-1, BG 379-2, BG 407, BG 745, BG 38, BG 380, BW 266-7, BW 267-3, BW 2272-6B; BG 450, BW 451, BW 400, BG 350, BW 351' BG 300, BG 301, BW 302	BW 452, BG 403, BW 453, AT 401, AT 402, BG 352, AT 353, AT 354, LD 355, BG 304, AT 303, LD 356; BG 357, AT 405 BG 305, BG 358, BG 359, BG 360
Chili	MI -1 150-180 MI- 2 120-150	KA- 2 115-150 Arunalu 105-150
Maize	Badhra 115-130	Ruwan 105-155, Aruna 90-110, Mutu 110-115
Finger Millet	MI-302 115-130	Ravi 90-100
Pigeon pea	MI-10 Semi perennial	Prasada 120-135
Green gram	MI-4 75-80	Harsha 55-60
Green gram	Type 77 75-80	No
Cowpea	MI-5 90-100 MI-1 90-100 MI-35 70-80	Wijaya 60-70 Waruni 60-70 Dhawala 60-70
Black gram	MI-1 90-100	No
Soybean	PB-1 80-95 Improved Pelican 95-105 Boissier 90-100	PM 13 90-95 PM 25 95-100
Groundnut	MI-1 90-100 No.45 90-100 X-14 90-100	Tissa 90-100 Walawe 120-135 Indii 110-115
Sesame	MI-1 (Black seed) 90-100 MI-3 (White seed) 90-100	Uma 85-90 Mali 75-80
Cotton	HC-101 Semi perennial	No
Total	20	18

Source: Annual Reports, Department of Agriculture

These technology improvements are included in introducing old high yielding varieties as well as new high yielding short-term varieties that suitable for any climatic condition of the country. OFC varieties are famous as new improved high yielding varieties that suitable for commercial cultivation.

CHEMICAL INNOVATIONS

Chemical innovation is referred in using chemical fertilizer and herbicide and pesticide for controlling pests and diseases more efficient manner. Once introduced biological and mechanical innovations for domestic agriculture, use of chemical fertilizer and agro chemicals were also followed as a package of new technological advancement. Today fertilizer application becomes the main variable factor of increasing paddy production and almost all paddy farmers are relied on chemical fertilizer application despite its' increased prices (Henegedara, 2006). Hence the government of Sri Lanka granted 90 percent fertilizer subsidy for paddy farmers in order to protect them from high cost of production that lead to reduce returns of paddy cultivation. Though the high reliance on chemical inputs created negative externalities on causing diseases and environmental problems, still using chemicals regards as the important factor of increasing domestic rice production.

The above technological advancement programs implemented in Sri Lanka had a positive impact on increasing domestic food production (Soyza and Silva, 2007). Thus the total production of rice, the staple food has increased from 1357, 000Mt in 1973 to 3846, 000Mt in 2012 and subsequently domestic self-sufficient ratio of paddy/rice has increased from 0.73 to 0.95 during the consecutive period (Table2). Similarly, average output per Hectare has increased from 2929 in 1980 to 4353 in 2012 (HARTI, 2008). The main factors influenced for increasing paddy production are associated with biological and chemical innovations relating to use of chemical fertilizer and high yielding varieties (Central Bank of Sri Lanka, 2012). It also revealed that biological innovations had a positive impact on increasing the productivity of other field crops grown in Sri Lanka leading to reduce the amount of imports of said crops (HARTI, 2008).

Self-sufficiency in staple food (rice) is a sufficient measure to indicate the outcome of technological advancement of any country. It measured by using midyear population, per capita consumption, rice requirements for consumption and seed paddy and the extent sown as main proxies. Thus Table 3 shows that self-sufficiency ratio of paddy has reached to 100 percent of the domestic rice requirement though it fluctuates slightly time to time due to climatic factors. Time series data shows that the self-sufficiency ratio has increased during the 1973 - 1985 period and decreased after 1986. But, it had been increased after 2000 fulfilling more than 100 percent of domestic food requirements. However assurance of remaining in 100 percent self-sufficiency ratio is still a challenge since its high volatility in fluctuation of production due to frequent climatic changes in Sri Lanka as a typical monsoon country.

The technological advancement in agriculture development has impacted negatively on domestic labour use indicating a labour displacement or decline in labour absorption to paddy cultivation. Subsequently, rural unemployment and outgoing migration has increased (HARTI, 2010). The Table 11 shows gravity of labour displacement as use of farm machineries in paddy production. The labour absorption for paddy while increasing the labour productivity. So the labour displacements in agriculture has badly affected for food affordability and domestic food insecurity. The Table 11 also highlights the variation of labour use according to irrigated and rain fed farming areas, reflecting that labour productivity is high in irrigated areas where farm mechanization is high than in the rain fed farming areas where relatively low farm mechanization existed.

TABLE 11: VARIATION OF LABOR REQUIREMENTS AND LABOR ABSORPTION IN PADDY FARMING SECTOR

Type of Farming	District	1990/91 Maha	1990/91 Maha	2007/08 Maha
Irrigated farming	Anuradhapura	43	37	32
	Kalawewa	43	39	19
	Hambantota	57	41	31
	Polonnaruwa	41	45	33
	Kurunegala	53	35	31
Rain fed Farming	Kandy	103	50	37
	Kalutara	49	43	31

Source: Cost of production of paddy Cultivation, Department Of Agriculture (2006)

Once technological conversion in agriculture has increased, farmer's reliance on imported inputs such as chemical fertilizer, machineries and agro chemicals were increased and subsequently cost of cultivation were also increased tremendously over the years. However output prices were not increased sufficiently and thereby terms of trade in relation to agricultural crops, consumer goods and industrial goods were decreased (Statistical Abstracts, Department of Census and Statistics). Thus relative prices of milk food, urea and wheat have increased with a greater variation than the variation of farm gate prices of food commodities. Technological advancement practices in Sri Lanka was based mainly on imported inputs leading to increase cost of production and to decrease farm income. However this effect would be negligible when increased the total factor productivity (Henegedara, 2006).

5. DISCUSSION

Hypothetical phenomenon assumed that adoption of innovative technologies had influenced in increasing food production and food security in Sri Lanka was statistically proved implying that availability of rice and other food crops had been increased. However food availability itself is not sufficient enough to satisfy that required to fulfill other components i. e, food access and affordability. So it seems that the tendency for food insecurity is slightly there with respect in food access and food use. The factors influenced in this regard are discussed in this section by focusing on implications and the issues to be addressed by policy makers.

1. Though the R&D and innovations were effective in increasing productivity of total rice production, overall production pattern was always fluctuated over the years due to climatic changes. Therefore still around 5-10 percent of total rice requirements of the nation has to be fulfilled by imports. Due to continued crop failures in two consecutive seasons in 2012/13 Maha and 2013/14 Maha, the present level of rice production is not adequate to fulfill domestic food requirements and hence reliance on rice imports were increased. Consequently food insecurity in terms of food availability, food access and affordability has increased in the recent past mainly due to climate changes.
2. The recent trend in high reliance on food imports in Sri Lanka open eyes of policy makers on two important factors. First it indicates the comparative disadvantage for producing some food items such as millets, moon bean, potatoes and even rice. Secondly it shows how accomplish foreign exchange that required for imports. Though both of these issues are two sides of the same coin, it is important for macroeconomic stability of the country. So if the country doesn't have comparative advantage for rice compared to major producing countries, then alternative measures to be followed with respect in increasing the production efficiency by cutting the production costs.
3. Some technological methods followed for increasing food crops had made negative externalities such as labour displacements, environmental pollution and health hazards etc. For instance, it was found that kidney troubles in dry zone areas in Sri Lanka were happened mainly due to polluted water from extensive use of agro chemicals. When the negative externalities are high in a country it will affect the social cost particularly for economic sustainability.
4. Data in relation to head count ratio and poverty line indicate that food accessibility in rural and estate sectors are rather vulnerable than in urban areas despite the fact that national poverty line has decreased 8 percent in 2013. The vulnerability has occurred mainly due to disparities in land ownership, vicious circle of poverty in remote areas and institutional barriers existed in marketing and extension. Tendency for having spatial poverty and seasonal poverty is high due to uncertainty in climatic factors and marketing.
5. The global food production and supply has exceeded the global demand resulting decline in world food prices (Somaratne, 2011). Though global climate changes has threatened change in world food production time to time (Ekanayake, 2011), increase in global food production is a crucial factor in determining the comparative advantage in producing food crops among major producing countries. Regional integration through trade blocks has created trade restrictions rather than free and fair trade (Cherunilam, 2008, 216).

6. CONCLUSION

According to three main criterion of food security such as food availability, food access and food use, the country has adequately fulfilled the requirements of maintaining food security. Thus food availability was assured both in terms of local production and free imports. Food access, which measured by household income, expenditure and food values, indicates that about 40 percent of total income is spent on food and beverages in spite of wider disparities among urban and rural sectors. When considered the food use in terms of poverty line, food ratio and head count ratio (HCR), people living below the poverty line become 8.6 in 2012 indicating food insecurity is low. But the food availability or the food use does not assured the malnutrition level and other food deficiencies in some segments of the society who live somewhat vulnerable position in rural and estate sectors. Though the nominal food values has increased due to the inflationary effects in the recent past, real values of household income and expenditure on food are rather higher because non traded items are used by people in rural sector.

Though the Technological innovations developed through mechanical, biological and chemical innovations has effectively contributed to increase the domestic food supply, particularly achieving more than 90 percent of self-sufficiency in rice production, its impacts on declining food insecurity is yet to be increased by improving food access and food use.

Therefore, attention of policy makers should be focused on the comprehensive policy framework based on clear ends and means along with millennium development goals and global challenges. The policy recommendations should also necessarily be based on the implications discussed in section four.

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TRAINING NEEDS ANALYSIS: A COMPARATIVE STUDY OF PRIVATE SECTOR VS. PUBLIC SECTOR HOTELS IN CHANDIGARH

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ABSTRACT

Having an exposure spanning over a decade as a trainer in Hospitality Management, there have been always a curiosity to study and compare the differences and similarities in Training Needs Analysis practices being followed in public and private sector hotels. The study is significant as the analysis of training needs lead to the foundation and design of training and development programs for the employees and executives. Many a times tailor made training programs are sought without addressing the root cause of the performance problem in the hotels. This further leads to a substantial amount of investment without any significant change in the performance. This study is based on the samples from two reputed top class hotels in Chandigarh, namely, Hotel Taj, Chandigarh (Private sector) and Hotel Mount View, Chandigarh (Public sector). The paper is aimed at comprehending existing techniques used for assessing training needs, identifying the specific performance problem areas, analysing the causes of the performance problems, determining environmental, motivational and behavioural factors causing performance problems and recommending certain training interventions and non-training implications.

KEYWORDS

Cause & Effect Analysis, EMB Factors , Functional Analysis, SAT Process, TNA.

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INTRODUCTION

Employees Training as a significant determinant of organizational performance has been well documented in numerous studies (ILO, 1986; Chand and Katou, 2007). Hence, managers in today's organisations have placed great importance on the issue of training of their employees. This is because employees who are well trained are more likely to be committed to their organisations. These workers, in return, are more likely to take pride in organisational membership, believe in the goals and values of the organisation and, therefore, exhibit higher levels of performance (Arthur et al., 2003). The hotel industry is chosen as the industry for identification of employee training needs, as it is the critical industry accommodating the increasing number of visitors and is the second largest foreign-exchange earner in India after manufacturing. Tourists' arrivals reached new records of 5.11 million in 2009, generating US\$ 11.39 billion in tourism receipts (Ministry of Tourism, 2009). Moreover, the hotel and tourism industry is projected to generate total revenue of about 11.34 billion during the period of the 11th Indian Plan (The planning commission, 2009). Hence, highly trained, satisfied and committed employees in the hotel industry, delivering high service quality levels to the tourists, is of paramount importance, whereby the employees are often seen as an integral part of the service experience (Podsakoff, Todor, & Skov, 1982).

SIGNIFICANCE OF TRAINING NEEDS ANALYSIS

The reason for training and development activities is to help people, or organisations, improve performance. Training is concerned with helping them to acquire knowledge and skills, whereas development focuses on future, anticipated needs... TNA provides the basis for these activities by:

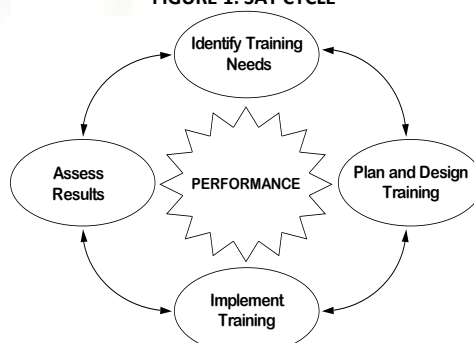
1. Looking at an organisation as a whole to understand its business and where it's experiencing problems, seeking wherever possible to turn problems into opportunities.
2. Looking at the people employed by an organisation, at all levels, to find out how they can help to improve their performance by means of training and development.
3. Looking at an organisation's products, services, technologies and systems to identify significant performance problems.
4. Analysing problems to identify training needs for people who are associated with them.
5. Helping individual employees plan their training and development.
6. Recommending training and non-training solutions.

SYSTEMATIC APPROACH TO TRAINING

Effective training that helps to improve performance is far more complex than putting people in a classroom and 'teaching' them. Training activities should be based on a 'planned processes, called the 'systematic approach to training'- often called SAT. An illustration of SAT process is shown in Figure 1A, below. It consists of four principal areas of activity:

1. Identify Training Needs
2. Plan, Design and Develop Training
3. Implement Training
4. Assess Results and Evaluate Training Outcomes

FIGURE 1: SAT CYCLE



Source: TNA Consultancy Skills Course, DoPT, Govt. of India, p.08 (<http://www.persmin.nic.in/otraining/Index.asp>)

It is seen that the organisation focus the four stages of the training process around 'Performance'. This is to emphasise that the primary purpose of training is to improve performance - using the four stages of the process. It is also important to recognise that the performance the organisation is concerned with is that of a 'client organisation'. Although the research work will be primarily concerned with the first stage, it's important to recognise how this links with other stages.

ORGANISATIONAL PROFILE OF HOTEL TAJ CHANDIGARH

The Indian Hotels Company Limited (IHCL) and its subsidiaries are collectively known as Taj Hotels Resorts and Palaces and are recognised as one of Asia's largest and finest hotel company. Incorporated by the founder of the Tata Group, Mr. Jamsetji N. Tata, the company opened its first property, The Taj Mahal Palace Hotel, Bombay in 1903. The Taj, a symbol of Indian hospitality, completed its centenary year in 2003.

Taj Hotels Resort and Palaces comprises more than 60 hotels in 45 locations across India with an additional 15 international hotels in the Malaysia, United Kingdom, United States of America, Bhutan, Sri Lanka, Africa, the Middle East and Australia. Spanning the length and breadth of the country, gracing important industrial towns and cities, beaches, hill stations, historical and pilgrim centres and wildlife destinations, each Taj hotel offers the luxury of service, the apogee of Indian hospitality, vantage locations, modern amenities and business facilities. Chandigarh holds the distinction of being India's first and only planned city. The capital of both Punjab and Haryana, it has grown to be the commercial hub of North India and is fast emerging as an ITES centre. Taj Chandigarh offers contemporary rooms designed keeping the business traveller's requirements in mind, thoughtful amenities, distinctive dining and an efficient & warm service that bears the legendary Taj stamp. It is located in the heart of Chandigarh's premium business district and shopping area. Sector 17. The hotel is a 20-minute drive from the airport or a 15-minute drive from the railway station. It has a capacity of 149 Guest Rooms include Superior Rooms, Deluxe Rooms, Luxury Rooms and Suite.

ORGANISATIONAL PROFILE OF HOTEL MOUNTVIEW, CHANDIGARH

The Chandigarh Industrial and Tourism Development Corporation Limited (CITCO) were incorporated as a Company under the Companies Act 1956 on 28.03.1974. It was originally known as Chandigarh Small Industries Development Corporation (CSIDC) and started functioning as such from 20.09.1974. The Corporation was given additional functions of promotion of Tourism and other related activities in the year 1982. As a result of which, its name was changed to Chandigarh Industries and General Development Corporation Limited. (CIGDC). In 1982, the Management of Hotel Mountview, Sector 10, Chandigarh and Hotel Parkview (then Chandigarh Yatri Niwas) was transferred to the Corporation. Hotel Mountview was originally constructed by the Chandigarh Administration in the 1950s to serve as a Field Hostel by the government for providing accommodation to the officers who were in charge of planning and development of Chandigarh. It was designed by Maxwell Fry and had 33 rooms. Subsequently the building was converted into a hotel and handed over to Oberoi's - a private hotel chain. The Oberoi's managed it till 1982. The Administration then took control of the hotel and handed it over to the Corporation. The hotel was renamed as Hotel Chandigarh Mountview and then simply Hotel Mountview. In 1988-89, the hotel was upgraded with the addition of 36 rooms, Restaurants, modern kitchen and a Health Club cum swimming pool. In 1992, another expansion was undertaken and a Banquet Hall, a Conference Hall, a lobby level Business Centre, a 24 hr. Coffee Shop and a new Lobby were added. In 2006, a Convention Hall with a provision of Video Conferencing was added on the first floor of the hotel. A major expansion of the hotel was initiated in 1996 and completed in March 1999. A new residential block having 86 new deluxe rooms and a Roof Top Restaurant was added. This is the only public sector 5 star hotel in Chandigarh and is very popular among the corporate sector. The total number of rooms is now 155 including 10 suites.

REVIEW OF LITERATURE

The training needs analysis is a function recognized as an integral part of any well designed training programme by training theorists and academicians. Its logic is simple. To utilize most effectively training dollars and resources, one must first determine exactly the location, scope and magnitude of the training need. There is no justification for expenditures on training programmes that do not increase the efficiency and effectiveness of the workforce. Currently, this field of training needs analysis, as a scholarly endeavour, suffers from several major deficiencies. Little theory development has occurred addressing the issue of how to diagnose performance problems and ascertain that they are caused by some lack of knowledge and skill and that some variant of training represents the optimal solution set.

Investment in training can only be justified if it leads to improved performance. This applies to public and private organizations, departments of government, NGO's and, especially to individual employees and beneficiaries. For training to make an effective contribution to improved performance, and to help people to develop to their potential, it should be based on all four stages of the Systematic Approach to Training (SAT). The first stage of this requires that training and development needs of people, as individuals and members of working groups are identified. This enables time, money and resources to be focused on helping people and organizations with performance-related problems and opportunities for development. However, not all performance problems are caused through training needs. Other, non-training factors, of equal importance, also influence performance. All these factors are included in the concept and practices of Training Needs Analysis.

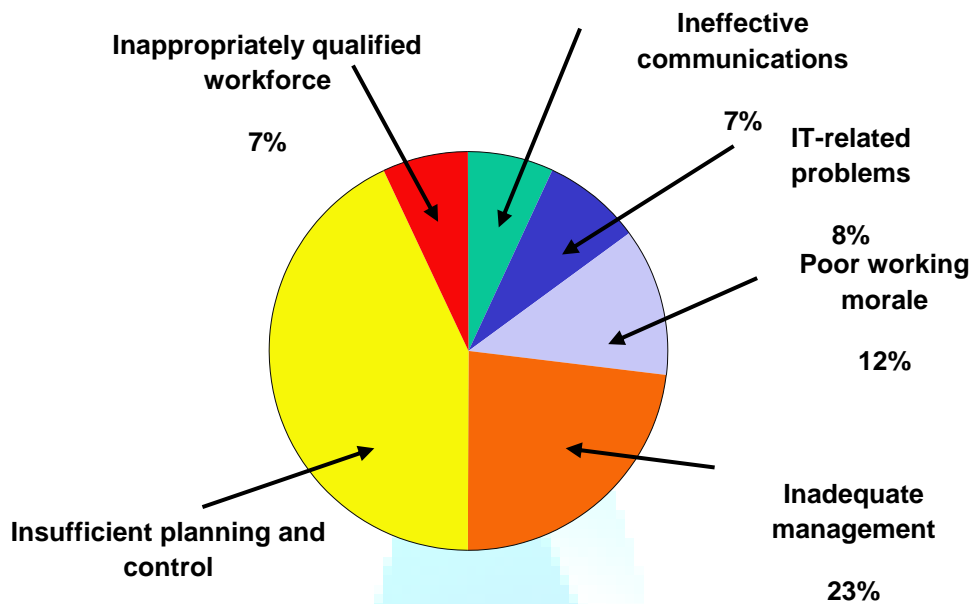
The process of T&D in any sector across all jurisdictions can be seen. It is clear that in order for the right people to be developed, there are five problems that need to be addressed: those of identification, selection, application, measurement, and alignment. While all are important in their own right, we are more concerned here with the first one since that determines the nature and orientation of the T&D interventions; get the identification wrong, and you are targeting the wrong people and/or the wrong skills gaps. Central to this issue is that of competencies which advanced jurisdictions have increasingly been employing to identify existing and potential public sector leaders.

In today's fast-paced world of change, many of the performance bottlenecks found within organizations are caused by a lack of worker knowledge and skills. Because organizations lack the resources to address all their training needs, analyzing performance needs has become increasingly important. The three elements are organization characteristics, decision-maker characteristics, and analyst characteristics. The interaction of these elements influences the process used to identify the needs, the solutions that are identified, and the final product.

The largest expense for HRD programs, by far, is attributable to the time spent by the participants in training programs, career development, and/or organization development activities. In training, costs due to lost production and travel time can be as much as 90-95% of the total program costs. Direct and indirect costs for the delivery of training are about 6% of the total cost, and design and development count for only about 1-2% of the total. Realistically, it makes sense to invest in an assessment of training needs to make sure we are making wise investments in training and other possible interventions.

According to Sunday Times Survey performed on 1300 companies worldwide, the causes of low productivity are mostly due to non-training factors.

FIGURE 2: CAUSES OF LOW PRODUCTIVITY



Source: Sunday Times dated 6 10 2002. A Survey for 1,300 companies in 7 countries

IMPORTANCE OF THE STUDY

The study is intended to compare, evaluate and offer recommendations so as to make the present Training Needs Analysis Practices being followed in both Hotel Taj (Private sector) and Hotel Mount view (Public Sector) more effective for Human Resource Development. The study will also provide recommendations encompassing training interventions and non-training implications to the respective managements so as to justify the huge amount of investment attributed to training and development of their employees and executives to improve the performance.

STATEMENT OF THE PROBLEM

For the purpose of effective utilization of Human Resources by an organization and to offer better avenues for elevation, Training and Development at present is being given topmost attention in professionally managed and dynamic organisations. The reason for training and development activities is to help people, or organisations, improve performance. Training is concerned with helping them to acquire knowledge and skills, whereas development focuses on future, anticipated needs. The purpose of the research is to determine and explore - How Training Needs Analysis provides the basis for these activities by:

- Looking at an organisation as a whole to understand its business and where it's experiencing problems, seeking wherever possible to turn problems into opportunities?
- Looking at the people employed by an organisation, at all levels, to find out how they can help to improve their performance by means of training and development?
- Looking at an organisation's products, services, technologies and systems to identify significant performance problems?
- Analysing problems to identify training needs for people who are associated with them?
- Helping individual employees plan their training and development?
- Recommending training and non-training solutions?
- Helping management to decide priorities, and benefits from an investment in training?
- Helping management to plan training initiatives?

OBJECTIVES OF THE STUDY

To conduct *Comparative analysis* of the training needs of Hotel Mount view (public sector) and Hotel Taj (private sector), Chandigarh in order

1. TO COMPREHEND EXISTING TECHNIQUES USED FOR ASSESSING TRAINING NEEDS.
2. TO IDENTIFY THE SPECIFIC PERFORMANCE PROBLEM AREAS.
3. TO ANALYSE THE CAUSES OF THE PERFORMANCE PROBLEMS.
4. TO DETERMINE ENVIRONMENTAL, MOTIVATIONAL AND BEHAVIOURAL FACTORS CAUSING PERFORMANCE PROBLEMS.
5. TO RECOMMEND CERTAIN TRAINING INTERVENTIONS AND NON-TRAINING IMPLICATIONS.

RESEARCH METHODOLOGY

SAMPLING

Judgment sampling has been used as these two hotels happens to be the best in Public and Private Sector in Chandigarh and at the same time it involves the choice of subjects which are most advantageously placed or in the best position to provide the information required. In both these hotels, exploratory study was conducted whereby the Head of the Human Resource department of the organizations were interviewed. Also, the respondents of the survey have carefully chosen as they could reasonably be expected to have expert knowledge by virtue of having gone through the experience of identifying training needs and processes themselves and might perhaps be able to provide good data or information to the study. Thus, Judgment sampling may curtail the generalizability of the finding due to the fact that we are using a sample of experts who are conveniently available to us. However, it is the only viable sampling method for obtaining the type of information that is required from very specific pockets of people who are very knowledgeable and understand the importance of training needs analysis in initiating training and Development programme are included in the sample.

NATURE OF DATA

Primary Data- Primary data is important for all areas of research because it is unvarnished information about the results of an experiment or observation. Two strategies are commonly employed when gathering primary data from both the hotels: randomizing and blinding. Both of these strategies serve to keep the

results objective. It has prevented from imposing bias on the data and a more careful observation was required. The subject is prevented from becoming either encouraged or discouraged by any previous opinions about the treatment.

TOOLS AND TECHNIQUES OF DATA COLLECTION

1. Standard Interview schedule on TNA was administered to the Human Resource Manager of both the sample hotels.
2. SPIO cards were used to elicit information from the Human Resource Manager and the concerned employees.
3. SWOT Analysis of both the hotels was conducted.

TOOLS AND TECHNIQUES OF DATA ANALYSIS

1. Environmental, Motivational or Behavioural Factors An
2. Cause and effect Analysis
3. Functional Analysis
4. De Bono Analysis.

Secondary Data - As in this case, the common sources of surveys, organizational records and data collected through qualitative methodologies or qualitative research. Qualitative data re-use provides a unique opportunity to study the raw materials of the recent or more distant past to gain insights for both methodological and theoretical purposes.

THE TNA PROCESS

The TNA process involves using a range of techniques to analyse how a hotel's employees can be helped to improve performance. This was done individually for particular employees, for groups of workers, for departments and even for the hotel as a whole. It was also be used for all levels of staff. The result of doing a TNA is to accurately identify where and for whom training is needed, and to be able to present training recommendations to management for approval as a justifiable investment. The TNA research was carried out in following phases:

PHASE 1: ENTRY AND CONTRACTING

TNA ACTIVITIES

- Initial research
- Plan the first meeting
- Meet the client
- Explain purpose of TNA
- Identify stakeholders
- Identify constraints
- Agree Terms of Reference

The purpose of this phase is to prepare both the researcher and the hotels for the investigation and data collection. Initially, the phase provides an opportunity to find out about the hotel and the business environment in which it operates. This enables the researcher to be well prepared to establish terms of reference. It also save time and helps to establish rapport with the organization heads. Of even more importance is to talk to people in the hotel at all levels to explain the reasons for carrying out a TNA exercise and the process intended to use. It was stressed how they can benefit from the work. It is vital that they see the TNA exercise not as a threat, but as an opportunity to contribute to the success of the hotels and to the security of their jobs. The first meeting is the opportunity to gain entry to both the hotels, develop rapport with the General Manager, Human Resource Managers and others, who can be considered as 'stakeholders'. Both the concept of TNA and the benefits of TNA exercise was sold to them so that they were sensitized to the credibility to analyse the organisation's need for training. It is essential to gain their confidence and commitment.

OUTCOMES INTENDED

1. Identification of 'stakeholders' in and associated with the organisation
2. Identification of constraints which may limit the extent of the TNA investigation.
3. Terms of Reference approved by the Head of the Organisaaton.

PHASE 2: DATA COLLECTION

TNA ACTIVITIES

- Understand the hotels
- Collect information
- Interview employees
- Establish performance standards
- Analyse performance issues

The amount and quality of data obtained about the hotels and its activities determined the effectiveness of the research. A necessary overall strategy was decided for collecting data, using a combination of interviews and observation. Data obtained were relevant to the hotels, and to the sector and, where available, national standards of performance. This was applicable to individuals, or to departments or functions within the hotels - such as administration, sales, finance, manufacturing, liaison with beneficiaries, funding agencies, etc. The ability to collect what is likely to be a wide variety of data and information depended upon the time available, and the strategy chosen.

Training need Analysis (TNA) tools like **SWOT** analysis and **SPIO** have been used for data collection in a structured and systematic manner. The collected data was analysed and diagnosed using tools like Bono, Fishbone Analysis etc. which facilitated comprehensive study learning to the identification of some root causes of various performance related problems.

OUTCOMES INTENDED

1. Evidence of performance problems influenced by environmental or motivational factors.
2. Completion of some, but not necessarily all the TNA tools listed above.
3. Verification of the data by stakeholders and others who have contributed to its collection.

RESULTS AND DISCUSSIONS

IDENTIFICATION AND ANALYSIS OF SPECIFIC PERFORMANCE PROBLEM AREAS OF HOTEL MOUNTVIEW, CHANDIGARH

Following four performance problems were identified on priority after administering data collection tools such as SPIO Cards and Standard interviews with the General Manager, HRD manager and Head of the Departments.

1. Lack of initiative and new ideas by the staff members of the hotel.
2. Frequent Guest Complaints in the Restaurant and Room Service.
3. Lack of Synergy amongst employees of various departments.
4. Lack of Job knowledge and skills of front Line Staff for overall guest satisfaction.

The analysis and diagnosis of data collected has been done with a focus on finding out the performance related issues/problems and identifying root causes of the performance problems. For this purpose, the following TNA tools were used:

- a) Functional Analysis
- b) Cause And Effect Analysis
- c) DeBono
- d) Job Description

In the course of the research, through **Functional Analysis**, it was found that in the Hotel Mountview many functions are not clearly defined and hotel employees being involved in several functions, without necessarily the competence required. I was also revealed that:

- a) No Key Purpose has been established in the hotel Mountview and the unit is spreading its energies and resources too widely.
- b) Functional areas are poorly defined and that employees are not organised into effective working units.
- c) Some employees are also spread thinly over several functional areas, without them having the necessary competence.
- d) There is difficulty in establishing suitable standards of performance.

As the hotel didn't have the specific job descriptions, job analysis was done to devise **Job descriptions** of key members of the hotel. It was revealed that many employees did not know what was expected out of them, which further hindered their performance. As a result using other tools to collect data, the researcher had found a considerable amount of information from a variety of sources. There were a lot of data obtained from one source which conflicted with data collected from another. Many employees, especially of hotel Mountview provided contradicting opinions about particular problems, based on their personal point of view. This was likely to be influenced by who they are, what they wish to achieve and any agenda they wish to pursue. Hence **De Bono** Technique was used to analyse the real causes of performance problems. Using the **Cause and Affect** diagrams as shown in the Figure 5A, 5B, 5C and 5D which resembles a fish bone, the data collected was analyzed and the causes for the key performance problems (Shown in box at the end of the bone) were diagnosed. The effect of the causes has been depicted in the box as the head of the fish.

FIGURE 3: HOTEL MOUNTVIEW: ANALYSIS OF PERFORMANCE PROBLEM

1. Reference: TNA Consultancy Skills Course, DoPT, Govt. of India, Tool 3.2 p.01-03, <http://www.persmin.nic.in/otraining/Index.asp>

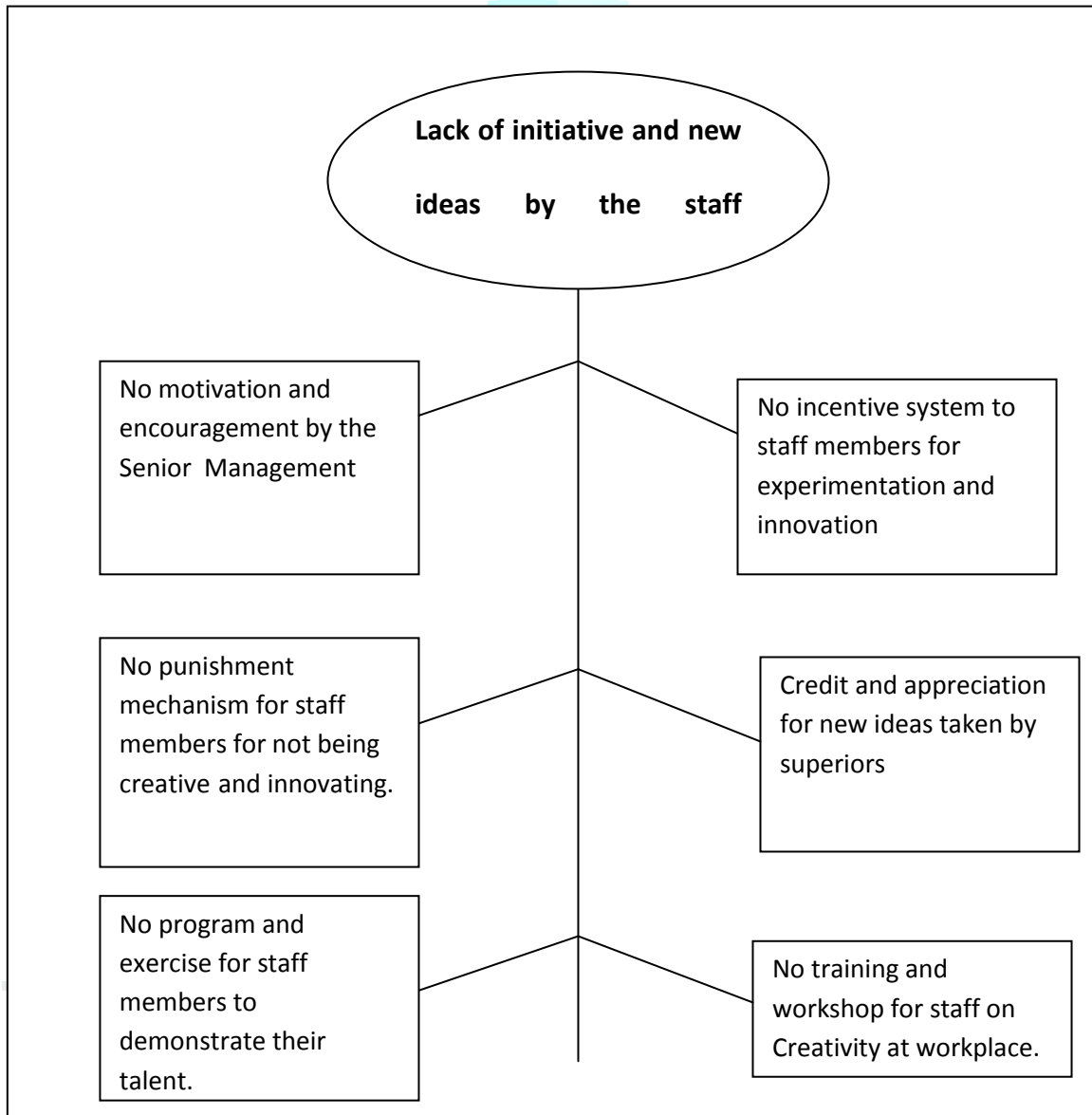


FIGURE 4: HOTEL MOUNTVIEW: ANALYSIS OF PERFORMANCE PROBLEM

2 Reference: TNA Consultancy Skills Course, DoPT, Govt. of India, Tool 3.2 p.01-03, <http://www.persmin.nic.in/otraining/Index.asp>

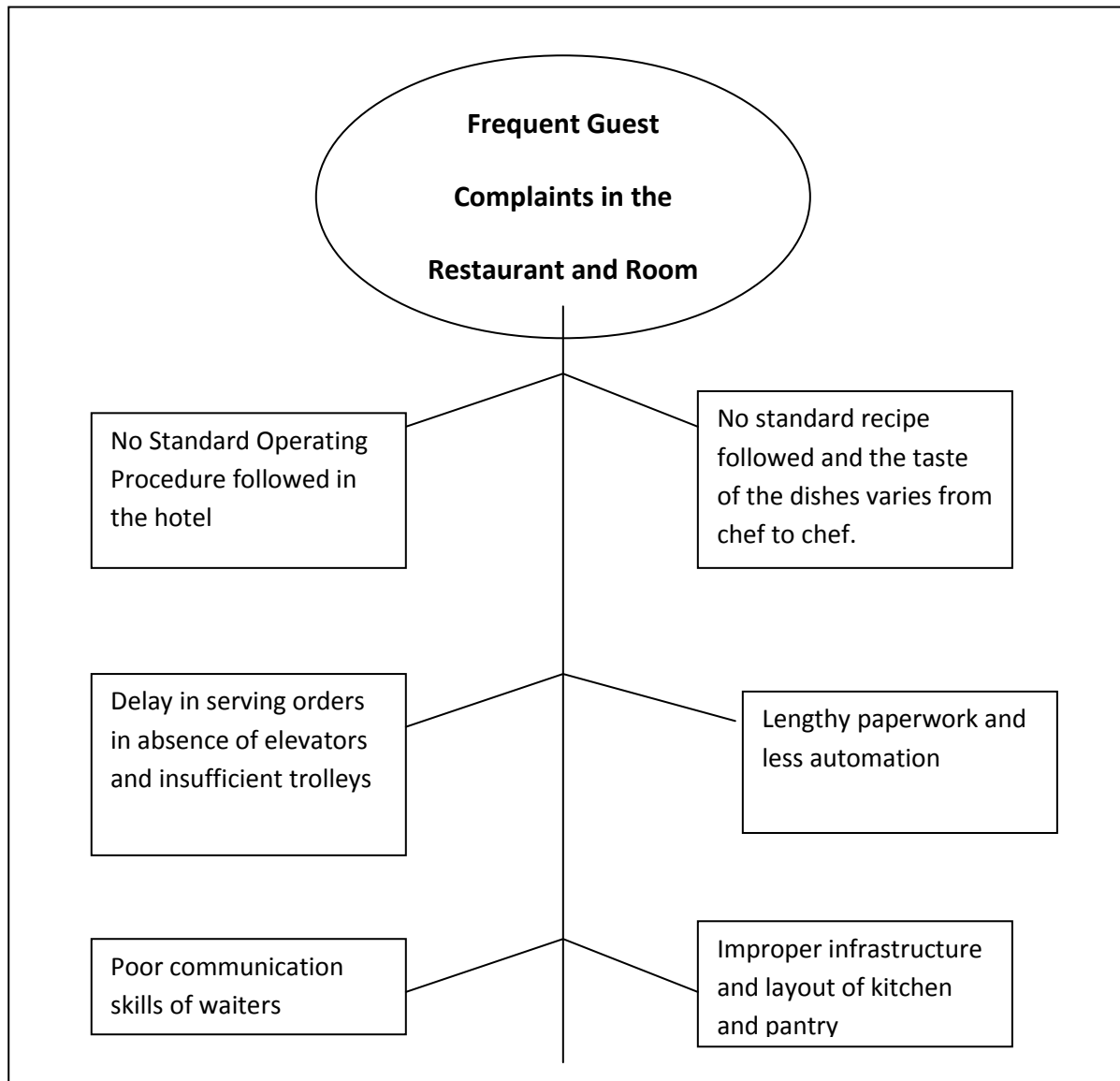


FIGURE 5: HOTEL MOUNTVIEW: ANALYSIS OF PERFORMANCE PROBLEM

3 Reference: TNA Consultancy Skills Course, DoPT, Govt. of India, Tool 3.2 p.01-03, <http://www.persmin.nic.in/otraining/Index.asp>

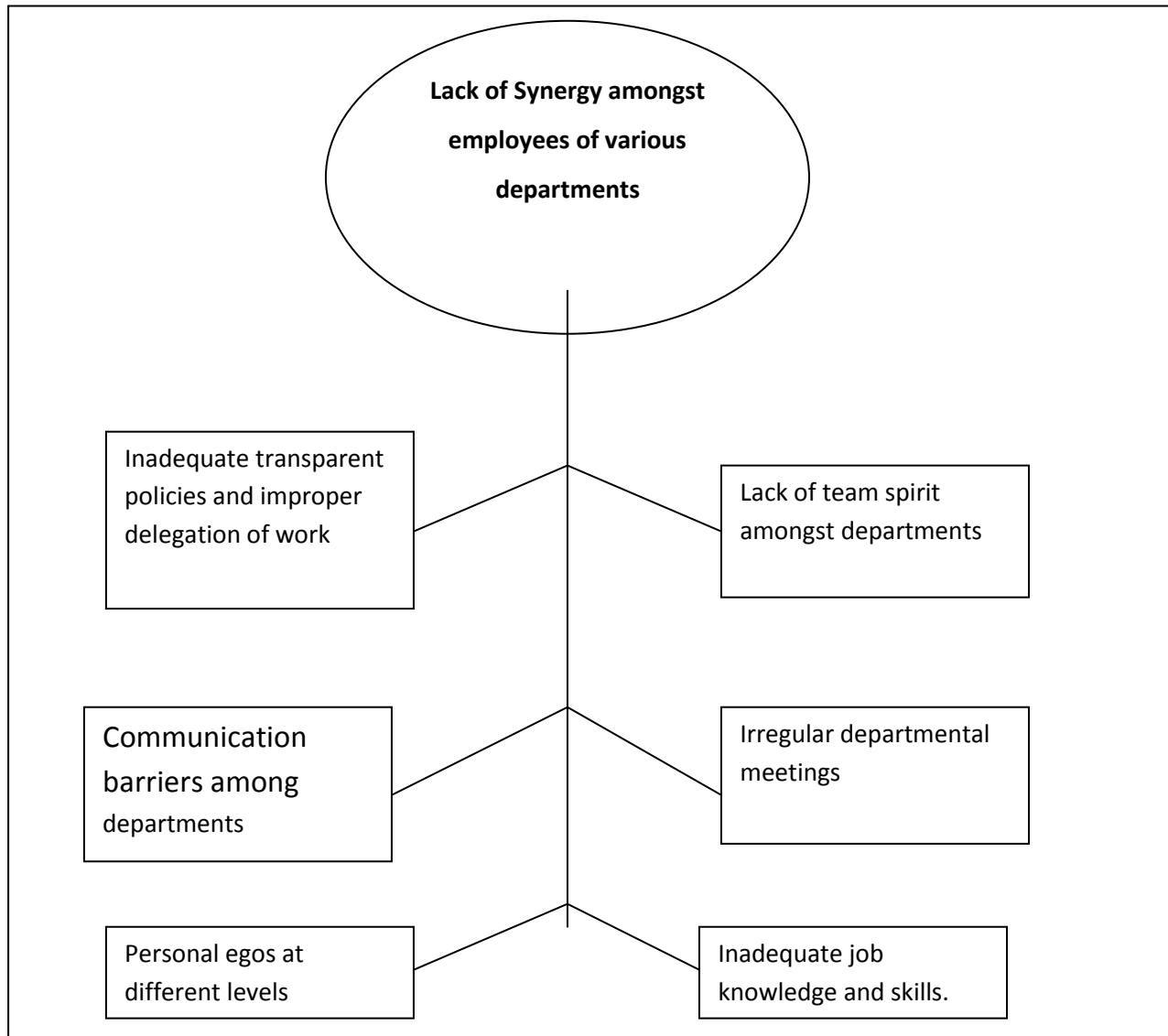
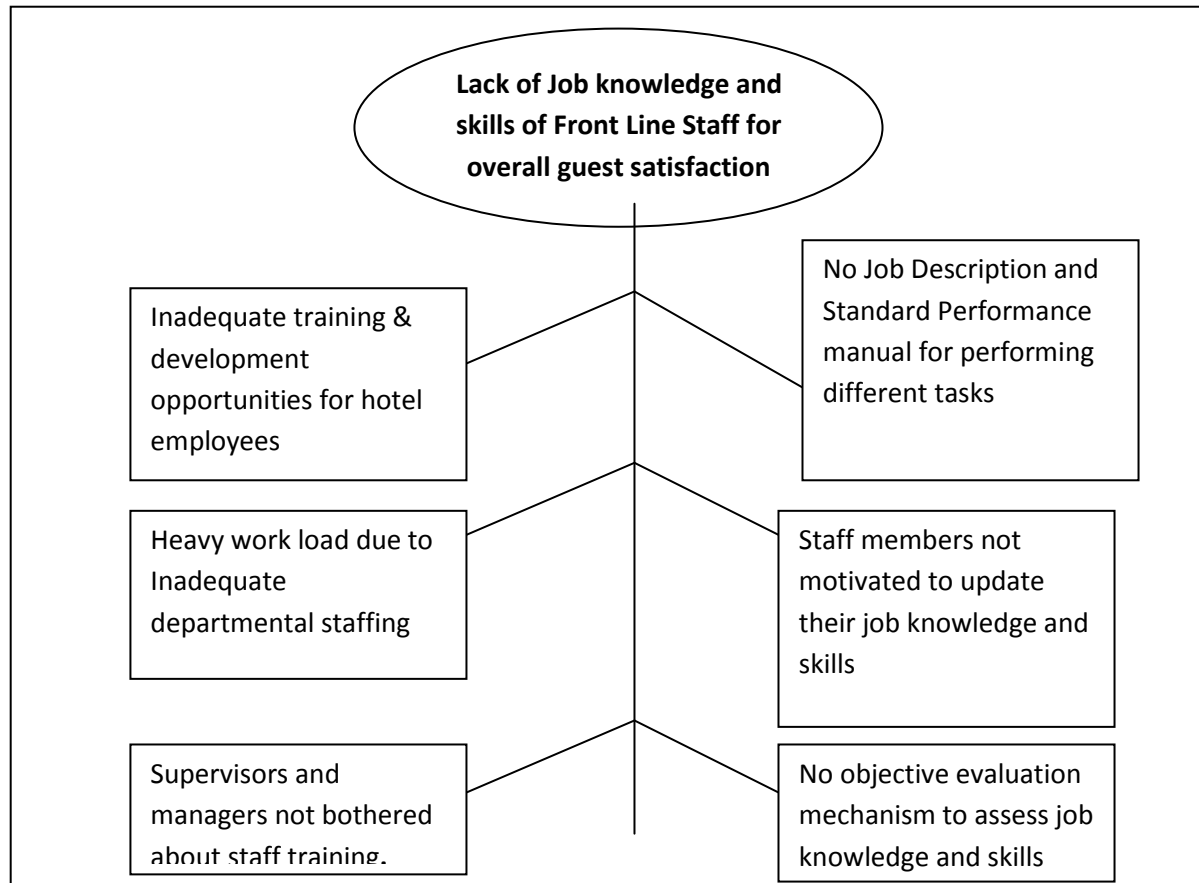


FIGURE 6: HOTEL MOUNTVIEW: ANALYSIS OF PERFORMANCE PROBLEM

4 Reference: TNA Consultancy Skills Course, DoPT, Govt. of India, Tool 3.2 p.01-03, <http://www.persmin.nic.in/otraining/Index.asp>

FINDINGS

EMB ANALYSIS OF PERFORMANCE PROBLEMS

(A) Environmental

1. No incentive system to staff members for experimentation.
2. No punishment mechanism for staff members for not being creative.
3. No program and exercise for staff members to demonstrate their talent.
4. No training and workshop for staff on Creativity at workplace.
5. No Standard Operating Procedure followed in the hotel.
6. No standard recipe followed and the taste of the dishes varies from chef to chef.
7. Delay in serving orders in absence of elevators and insufficient trolleys.
8. Lengthy paperwork and less automation.
9. Improper infrastructure and layout of kitchen and pantry.
10. Inadequate transparent policies and improper delegation of work.
11. Irregular departmental meetings.
12. Inadequate training & development opportunities for hotel employees.
13. No Job Description and Standard performance manual for performing different tasks.
14. Heavy work load due to Inadequate departmental staffing.
15. No objective evaluation mechanism to assess job knowledge and skills.

(B) Motivational

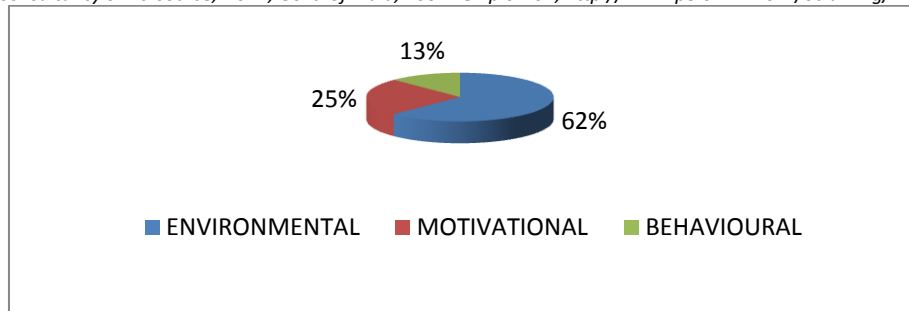
1. No motivation and encouragement by the Senior Management.
2. Credit and appreciation for new ideas taken by superiors.
3. Lack of team spirit amongst departments.
4. Personal egos at different levels.
5. Staff members not motivated to update their job knowledge and skills.
6. Supervisors and managers not bothered about staff training.

(C) Behavioural

1. No training and workshop for staff on Creativity at workplace.
2. Inadequate job knowledge.
3. Poor Communication skills of waiters.

FIGURE 7: HOTEL MOUNTVIEW: PROPORTION OF EMB FACTORS

TNA Consultancy Skills Course, DoPT, Govt. of India, Tool 2.3 p.01-04, <http://www.persmin.nic.in/otraining/Index.asp>



The above figure shows that in Hotel Mountview, 62% causes of the identified performance problems are due to environmental factors, 25% due to motivational factors and remaining 13% are due to behavioural factors.

IDENTIFICATION AND ANALYSIS OF SPECIFIC PERFORMANCE PROBLEM AREAS OF HOTEL TAJ, CHANDIGARH

As Taj has a very systematic and efficient systems and procedures, there seems to be no major performance problem affecting the day to day function of the hotel, However, on interacting with the departmental head, following two performance problems were identified on priority after administering data collection tools such as SPIO Cards and Standard interviews with the General Manager, HRD manager and Head of the Departments.

1. Lack of commitment of Contractual Staff members of the hotel.
2. Delay in delivery of Room Service orders.

The analysis and diagnosis of data collected has been done with a focus on finding out the performance related issues/problems and identifying root causes of the performance problems. For this purpose, the following TNA tools were used:

- a) Functional Analysis
- b) Cause And Effect Analysis
- c) DeBono
- d) Job Description

Using the cause and effect diagram, the data collected was analyzed and the causes for the key performance problems (Shown in box at the end of the bone) were diagnosed. The effect of the causes has been depicted in the box as the head of the fish.

FIGURE 8 : HOTEL TAJ: ANALYSIS OF PERFORMANCE PROBLEM

1 Reference: TNA Consultancy Skills Course, DoPT, Govt. of India, Tool 3.2 p.01-03, <http://www.persmin.nic.in/otraining/Index.asp>

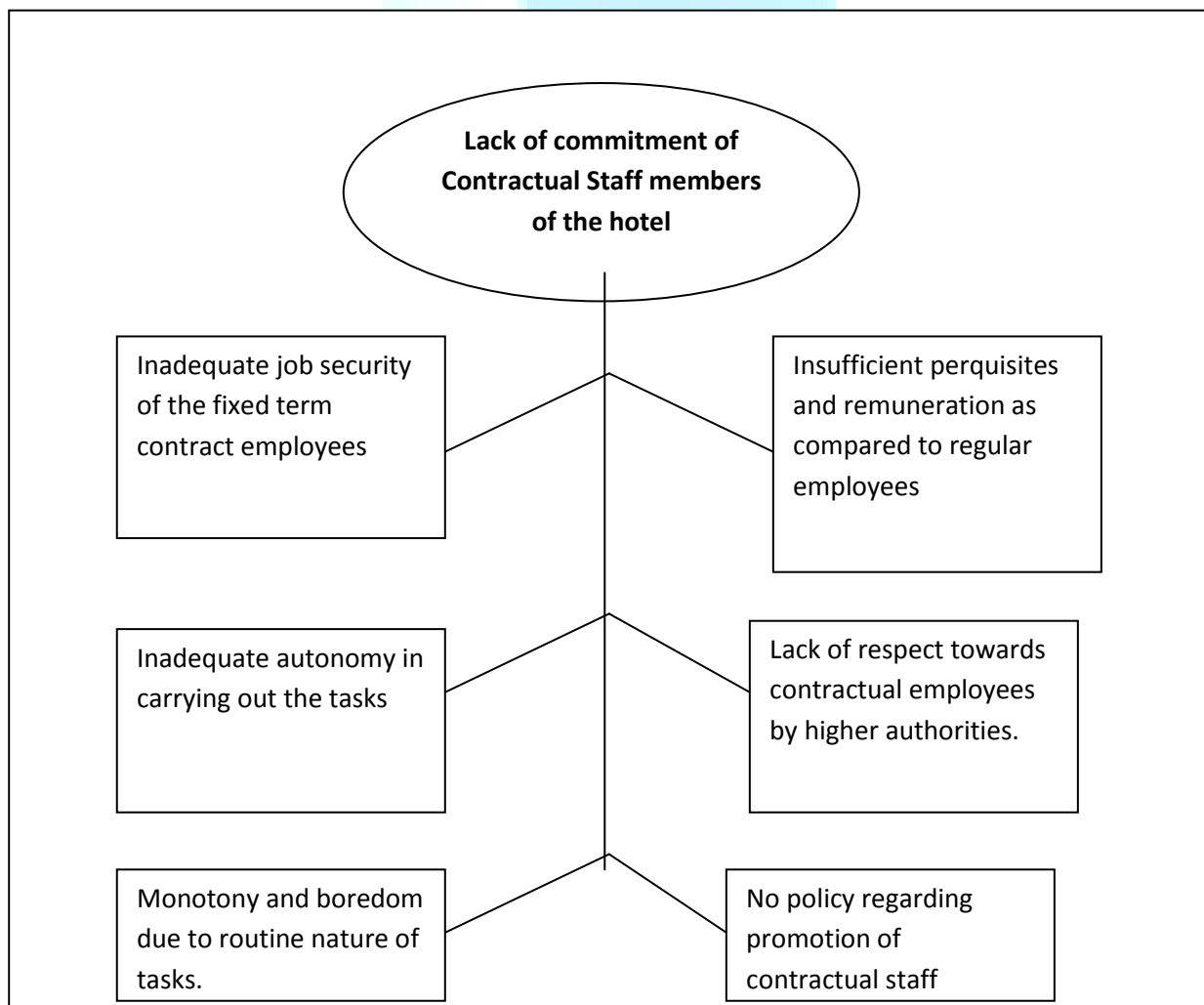


FIGURE 9: HOTEL TAJ: ANALYSIS OF PERFORMANCE PROBLEM 2

Reference: TNA Consultancy Skills Course, DoPT, Govt. of India, Tool 3.2 p.01-03, <http://www.persmin.nic.in/otraining/Index.asp>



FINDINGS

EMB ANALYSIS OF PERFORMANCE PROBLEMS

(A) Environmental

1. Inadequate autonomy in carrying out the tasks.
2. No policy regarding promotion of contractual staff.
3. Staffing for room Service not adequate at times.
4. Infrastructure of Room service kitchen and pantry not adequate.
5. Long shifts of waiters at times leading to fatigue.
6. Insufficient trolleys as compared to volume of orders at times.
7. Unawareness and confusion due to frequent changes in the room service menu.

(B) Motivational

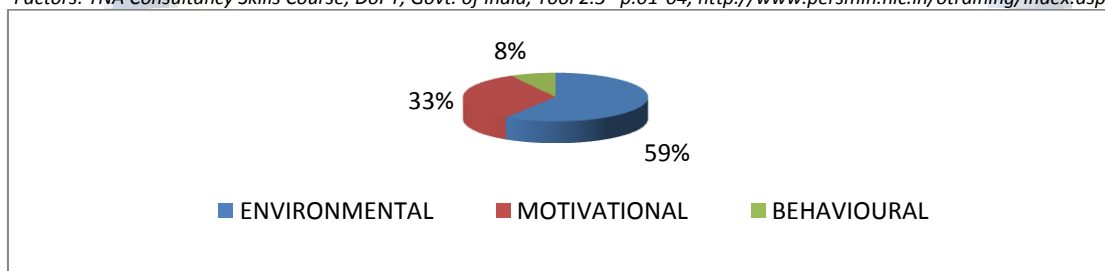
1. Inadequate job security of the fixed term contract employees.
2. Insufficient perquisites and remuneration as compared to regular employees.
3. Lack of respect towards contractual employees by higher authorities.
4. Monotony and boredom due to routine nature of tasks.

(C) Behavioural

1. Lack of training of new room service waiters.

FIGURE 10 - HOTEL TAJ: PROPORTION OF EMB

Factors: TNA Consultancy Skills Course, DoPT, Govt. of India, Tool 2.3 p.01-04, <http://www.persmin.nic.in/otraining/Index.asp>



The above figure shows that in Hotel Taj, 59% causes of the identified performance problems are due to environmental factors, 33% due to motivational factors and remaining 8% are due to behavioural factors.

RECOMMENDATIONS AND SUGGESTIONS OF TRAINING AND NON- TRAINING INTERVENTIONS TO IMPROVE OVERALL PERFORMANCE

The performance problems discussed in the previous section were quite complex. However, various analytical tools helped in categorizing the causes and then identifying training interventions required to develop competencies of the staff as well as non-training factors that require attention by the management. Tackling non-training interventions are vital to solve the problems. In fact, both are important for effective solving of performance problems in these hotels. The training interventions and non-training interventions required in various problem areas for the hotels are as follows:

HOTEL MOUNTVIEW, CHANDIGARH

Upon analysis of EMB factors, it was found that about 87% of the causes for the performance problems in the hotel are due to environmental and motivational factors, whereas only 13% of the causes needed the training attention. Though, recently, a number of training courses and workshops are being organized for the staff of Mountview under the CBSP "Capacity Building for Service Providers" scheme sponsored by Ministry of Tourism, Government of India, the content of these courses are developed not through a proper Training Needs Analysis of the entire hotel, but merely by the directions of Human resource department. Such training more often than not are non-directed to the real training needs and may not improve the overall performance in spite of investing huge sum of money and time towards implementing these tailor made courses. Moreover, it was stressed to the management of the hotel that Training needs Analysis also highlights the Non-training factors which need serious consideration by the top management in case they are committed to enhance the overall performance of the hotel.

TRAINING INTERVENTIONS

- 1) Workshop on Creativity at Workplace to be organized for the hotel employees.
- 2) Short refresher technical training courses to be conducted at flexible hours for the front line hotel employees to hone their job knowledge and skills.
- 3) Short Training Course on Art of Communication Skills needs to be conducted for the waiters and other front level employees.
- 4) Sensitization training to be often conducted to stress the need of working in a team and the effect of synergy and team spirit towards achieving excellence.

NON- TRAINING INTERVENTIONS

- 1) Incentive and reward system for staff members needs to be introduced.
- 2) Non performing employees need to be penalized.
- 3) Talent shows must be organized from time to time to motivate the employees to demonstrate their latent skills.
- 4) Devising Standard Operating Procedures for performing various tasks at various levels in order to raise the overall standards of the hotel for guest satisfaction.
- 5) Standard recipe should be prepared to create uniformity in dishes.
- 6) Procurement of sufficient service trolleys and provision of elevators separately for service staff.
- 7) More automation and less paperwork to be introduced to reduce the service delivery delays.
- 8) Kitchen and pantry needs to be re-designed and modern equipment and machinery needs to be installed.
- 9) Proper system of delegation and transparent policies needs to be practiced.
- 10) Departmental meetings along with the staff members needs to held at regular intervals to facilitate upward communication.
- 11) More training and development opportunities to be given to hotel employees at all levels keeping their views also. A provision for the same should be provided in the Annual Confidential Report.
- 12) Proper Job Analysis should be conducted to design Job descriptions for the employees.
- 13) Staffing should be done adequately as poor staffing leads to unsatisfactory guest services through delays, mistakes, etc.
- 14) Performance management system needs to be developed and a system of Multi-rater feedback should be practiced to reduce bias and subjective assessment of superiors.
- 15) Senior management needs to be more participative with the front level employees.
- 16) Recognition of good work should be awarded to the concerned employee to instil motivation. Hotel can introduce programs such as "Employee of the month", etc.
- 17) Personal egos and prejudices should be kept aside and professional ethics and values need to be practiced.
- 18) More popular journals of hospitality and e- resources needs to be provided to the staff members and should be encouraged to access them.

HOTEL TAJ, CHANDIGARH

At the outset, the training and development program of Hotel Taj Chandigarh is well organized. As the hotel is ISO 9001:2008 certified, all the principles of Total Quality Management are followed. As the hotel is a part of Taj Group of hotels, all latest Quality Management Systems are practiced. The employees are subjected to a number of Training & Development Programs based on their individual as well as the organizational needs. All the latest techniques of identifying training needs of the employees are practiced and recommended by the Learning & Development Centre of the hotel to the Corporate Human Resources Department at Taj Mahal Hotel, New Delhi. Depending on the number of trainees for the need of a particular training, batches are prepared and the training is implemented at the concerned hotel by in-house trainer or an external trainer. If trainees are less, the training might be conducted at some other property of Taj hotel. Employees are happy with the training initiatives and the policies of Human resource Department. Attractive reward programs and incentive schemes are well practiced in the property and a hence a sense of motivation prevails within the staff members.

The HRD Manager was satisfied with the overall performance of its staff but mentioned a bit of concern for the contractual employees in terms of their commitment towards the guest satisfaction.

However, in course of our interaction with Contractual employees, it seems that there are some motivational issues which are hindering the performance of its contractual employees. Moreover, the F & B manager expressed some concern regarding the delay in delivery of room service orders. Upon analysis of EMB factors, it was found that about 92% of the causes for the performance problems in the hotel are due to environmental and motivational factors, whereas merely 8% of the causes needed the training attention.

TRAINING INTERVENTIONS

- 1) Room service waiters who join the hotel need to be trained as per the standards of delivery of orders and their performance reviewed.
- 2) More frequent Refresher training for the experienced waiters and front line workers.

NON-TRAINING INTERVENTIONS

- 1) Contractual employees to be given autonomy and made responsible for carrying out important tasks.
- 2) Provision of contractual staff that perform well needs to be absorbed as the regular employee of the hotel.
- 3) As the volume of room service orders increase, adequate staff needs to be deployed.
- 4) Redesigning of Room service kitchen and pantry needs to be done.
- 5) Waiters and other front line employees to be given sufficient rest so that their overall efficiency increases.
- 6) More trolleys need to be deployed at the room service.
- 7) Changes in menu due to ever changing guest preferences should be well circulated among the concerned employees with correct description before it is placed in the menu card.
- 8) Job security, i.e., renewal of contract of well performing fixed term contract employees should not be left for the last moment. Instead, they should be intimated well in advance to develop their sense of belongingness and loyalty towards the hotel.
- 9) Perquisites and remuneration of the Contractual employees need to be revised based on their performances and well performing employee's needs to be remunerated at par with that of regular employees.

- 10) Managerial level employees need to be sensitized to the contribution and hard work of contractual employees in achieving the overall goals of the organization. Hence, they should be treated with respect as integral members of the Taj team.
- 11) Job enrichment, Job enlargement and Job rotation programs should be undertaken for the Contractual employees at regular intervals for instilling variety and change from the routine nature of their tasks.

CONCLUSION

The observation and findings from the analysis of data show that the Training and Development practices and policies of Hotel Taj, Chandigarh is highly organized and systematic. The hotel adheres to Systematic Approach to Training, following ISO and a number of other international standards in imparting training and development to its staff members at all levels. The needs for Training of employees are ascertained with the help of variety of tools and instruments. After ascertaining the training needs for the employees, training courses are designed keeping in mind the specific requirement. Once the modules are ready, the required training is imparted to the concerned employees. Training modules are also evaluated at required intervals to ascertain its validity in terms of enhancing job performance at workplace. Further, internal, external and international HR audits are also conducted at frequent intervals to assess and maintain the high performance and productivity standards of the employees of the hotel. The staff of the hotel, in general, is satisfied with the training and development activities of the hotel and highly motivated to achieve challenging targets. As, the existing training practices are periodic and systematic, the research provided a little requirement of any fresh training need. Only, contractual employees of Hotel Taj require some attention in terms of enhancing and sustaining their motivational levels.

On the other hand, Hotel Mountview which a public sector unit, requires an urgent need for revamping and redesigning its systems, infrastructure, policies and procedures. The study reveals that there is no systematic process to ascertain training needs of its employees at all levels. Though there is a huge financial aid given from the Ministry of Tourism for training and developing their staff, a little have been done to find out the specific training needs for its employees. Instead, the employees are sent to tailor made courses at various educational institutes in Chandigarh without evaluating whether the course is really going to help them in enhancing their performance in the workplace. It seems that the hotel is wasting the money to a large extent, as substantial number of employees is dissatisfied with the training and development practices of the hotel management. The staff seems demotivated as a number of employees are stagnant in the same post for more than 15-20 years. Moreover, the vacancies for the higher posts are filled up from outside leading to frustration of the junior employees. The study also highlights the indifference of middle and higher level managers shown towards the junior employees. They feel that the front line workers are unskilled, inefficient and non-performing and require training. On the other hand, the front line workers accused higher authorities for their miseries and frustration.

It seems that unless the top leader, i.e., the Managing Director of the Corporation really takes interest and intervenes in these issues, the hotel is going to lose out to its upcoming competitors in the Chandigarh hospitality market. It seems a lot of environmental and motivational issues need to be resolved on urgent basis for the hotel to survive in the long run.

LIMITATION OF STUDY

Due to time constraint, the study is limited to only two selected hotels in Chandigarh, one belonging to the Private sector and the other Public sector. Therefore, the findings are specific to these two hotels only and can't be taken as general for the entire hotel industry.

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THE ROLE OF COMMUNITY BASED DEVELOPMENT PROJECTS IN SOCIAL SERVICE DELIVERANCE IN MOSHI DISTRICT, KILIMANJARO REGION-TANZANIA

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ABSTRACT

In recent years there has been a growing interest in the community development through development project which are donor funded and government funded. There is a relevance of the community development activities to achieve various government development programmes which lead to effective resource utilization as well as community participation in their developments. This study was carried in Kilimanjaro region Moshi district in Tanzania with the aim of scrutinizing the role of community based development programmes in social services delivery. Basically the focus was on TASAF education projects in Moshi district in Kilimanjaro region, and the Community Development Programmes have been used as Community Based Projects. The study applied a cross-sectional design while purposeful sampling was the main sampling techniques used in the sampling processes. The sampling frame was 23 schools which were all under TASAF projects during the survey but only 2 schools were sampled (1 secondary school and 1 primary school). Both secondary and primary data were collected through documentary review, focus group discussion, observations and Key Informants interview. The study findings found that TASAF is having a total of 89 projects in the district while of them 25 are education related projects (both in primary and secondary schools). These include construction and maintenance of class rooms, latrines, laboratories, supply of reading materials and desks in these schools. The projects have been able to fasten education accessibility in the district they are well appreciated by community members; they also have been able to improve socio-economic welfare and increased unification among community members. The study recommends that there are needs to establish new and expand the existing projects in the district; communities should have given more room for identifying and conceptualizing the projects so that to make sense of project identification originality, and also establish other community development related activities.

KEYWORDS

Education, Education Services, Education Projects, TASAF, Development programmes, Accessibility and Community Based Development.

1.0 BACKGROUND INFORMATION

1.1 INTRODUCTION

Tanzania has been involved in formulating a variety of development programmes since her independence in 1961, and all of these programmes are meant to improve the quality and social well-being of its citizens in the areas of education, health and sanitation and social protection just few to mention.

These are implemented through different bases and approaches. Among the opted approaches is the community-based approach, which is well known as Community Based Development Programmes (CBDP).

The Community Based development projects have become an important form of development assistance in recent decades. They are among the fastest growing mechanisms for channelling development assistance. The Community Based Development is an umbrella term that refers to projects which actively include beneficiaries in their design and management. This form of development gives communities a direct control over key project decisions as well as management of investment funds (Mansuri & Rao, 2003).

The Community Based Development Programmes enable communities to build on their own strengths and capacities to promote their healthy and relevant socio-economic development. They are in different forms with a common goal of increasing the level of community functioning and contributing to the community-building processes at all levels.

A fundamental characteristic of community-based development programmes is that of facilitating staff and communities to work together in relationships based on equality and respect. They make every effort to affirm and strengthen communities' cultural and racial identities and their ability to function in a multicultural society. These CBDP work with families to mobilize resources to support development, and advocate with families for services and systems that are fair, responsive, and accountable to the people served.

According to Yonah (2005), Tanzania is one of the 191 United Nations Member states that have pledged to meet the eight (8) United Nations Millennium Development Goals (MDGs) by the year 2015. These include; Eradicate extreme poverty and hunger; Achieve universal primary education; Promote gender

equality and empower women, Reduce child mortality, Improve maternal health; Combat HIV/AIDs, malaria and other diseases; Ensure environmental sustainability and Develop a global partnership for development

In response to this pledge, the country restated the UN-MDGs and came out with its own nine development goals, herein to be referred to as Tanzania Millennium Development Goals (TZ-MDGs) of which all of them correspond to the goals of the 2025 National Vision. The 2025 National Vision led to the formulation of the National Strategy for Poverty Reduction (NSPR) in 2005. Since the establishment of the NSPR there have been various programmes introduced by different agencies including public and private agencies. Among the agencies to implement the NSPR include the Tanzania Social Action Fund (TASAF) which is the government agency.

The TZ-MDGs expresses in Extreme poverty - Halve the proportion of people living below the national poverty line by 2015; HIV/AIDS - Halt and reverse the spread by 2015; Hunger - Halve the proportion of underweight, under-five year olds by 2015; Basic amenities - Halve the proportion of people without access to safe drinking water by 2015; Primary education - Achieve universal primary education by 2015; Gender equity - Achieve equal access for boys and girls to primary and secondary schooling by 2015. Reproductive health - Reduce maternal mortality ratio by three-quarters by 2015; Under-five mortality - Reduce under-five mortality by two-thirds by 2015; Environmental sustainability - Reverse loss of environmental resources by 2015)

This study aimed at, among others, scrutinizing the role of community based development programmes in social services delivery. It basically focused on TASAF education projects in Moshi district in Kilimanjaro region. In this study Community Development Programmes have also been used as Community Based Projects.

1.2 PROBLEM STATEMENT

Tanzania has put in place several policies and strategies on poverty reduction including the Poverty Reduction Strategy (PRS) which enabled the government to make some achievements in reducing poverty particularly in respect to non-income issues such as education and water (URT, 2004). TASAF which is a government of Tanzania funding facility organisation has been seen as an important intervention at community level within the framework of social services provision with the aim of achieving the above.

The objective of TASAF is to empower communities to access opportunities so that they can request, implement and monitor sub-projects that contribute to their social services attainment as linked to MDGs indicator targets in the Poverty Reduction Strategy. That being the case that TASAF aims at meeting the Millennium Development Goals, Vision 2025, and the National Strategy for Growth and Poverty Reduction (NSGRP) there are various social service related projects which have been put forward. Social services in this study shall mean all services provided for the benefit of the community such as health/medical care, housing, water and sanitation, and education.

There are different evaluations on TASAF I projects in Tanzania; but there is little empirical and documented evidence on the critical role played by the TASAF II projects in most places in the country. It was the intentions of this study therefore to analyse and explore the extent of programmes under TASAF that have contributed towards achieving the social services deliverance in Tanzania as far as Moshi District is concerned. The study has dealt with education services only. Social service deliverance for the case of this study shall mean the provision of social services as well as the community accessibility to social service.

1.3 THE INTENDED RESEARCH QUESTION

The study was answering the central question that, how have the community based TASAF programmes contributed to education service deliverance?

1.4 RESEARCH OBJECTIVES

1.4.1 MAIN OBJECTIVE

To document the contribution of community based development programmes in facilitating education service delivery in Moshi District.

1.4.2 SPECIFIC OBJECTIVE

- i. To describe education social services oriented projects developed by TASAF;
- ii. To analyse the effects of TASAF projects on education service delivery in the study area;
- iii. To describe the community accessibility to education services; and
- iv. To assess education services provision in the study area.

1.5 RESEARCH QUESTIONS

- i. What are the education social services oriented projects established by TASAF?
- ii. How have the TASAF's programmes facilitated the social services delivery?
- iii. To what extent have education services accessibility been improved?
- iv. How have education services been featured since the introduction of the projects?
- v. How have the projects addressed the education services delivery challenges?

1.6 SIGNIFICANCE OF THE STUDY

In order to have proper community development programmes there is a need to have core understanding of the ways into which different development actors are involved in community development movements. The study will increase awareness in the ways into which TASAF implements its projects and how communities are involved and respond to.

The study is expected to amplify understanding to different planners, policy and decision makers in realizing the importance of Community Based Programmes in attaining the MDGs for National Strategy for Growth and Reduction of Poverty objectives. It will be noteworthy to other researchers who are interested in finding knowledge of community based projects especially those introduced by TASAF enriching them significantly on a variety of studies done. Moreover the findings will reveal challenges associated with TASAF programmes and suggest solutions for the identified challenges.

2.0 STUDY FRAMEWORK AND LITERATURE REVIEW

2.1 THE STUDY FRAMEWORK

The study entails to explain the processes involving in achieving the Tanzania-MDGs through various community development programmes involving different actors as recognized in the 1996 Community Development Policy. Similarly it evaluates the roles TASAF is playing towards achieving social services deliverance as a theoretical approach and specifically education projects.

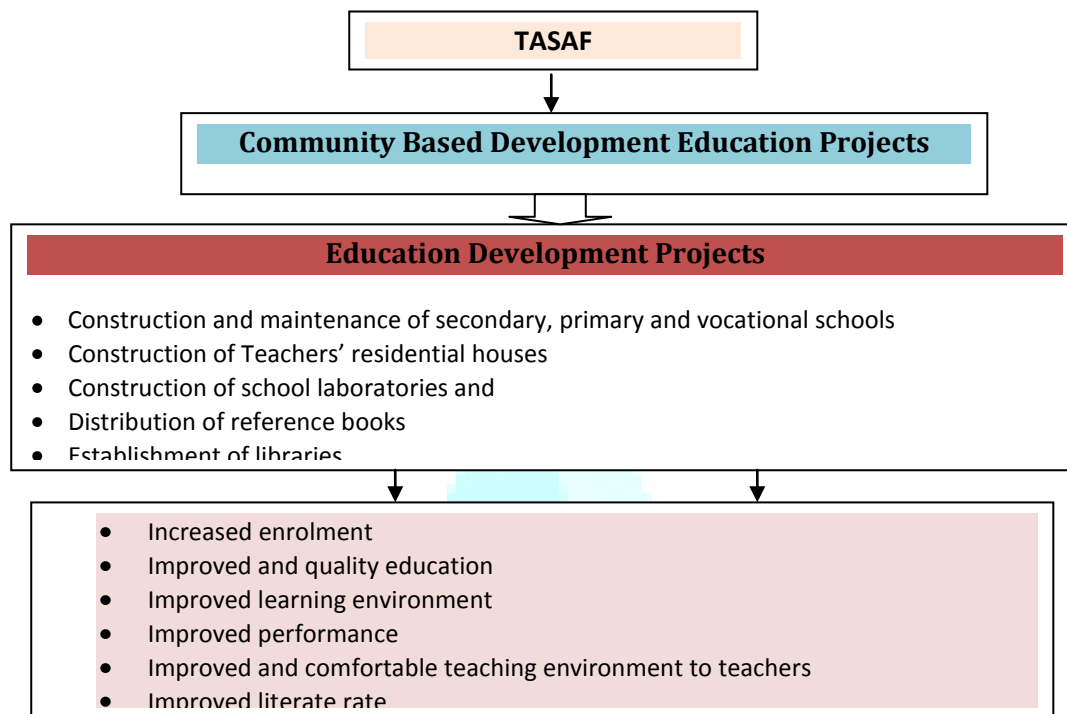
The framework assumed that there is a link between TASAF projects and the need of the country to achieve service deliverance. It also assumes that community based programmes through the National Village Fund and Capacity Enhancement under TASAF in which communities participate is more productive and sustainable in attaining the communities' better and improved education services.

The education services projects like construction and maintenance of secondary, primary and vocational schools, teachers' residential houses, laboratories, establishment of libraries and distribution of reference books, , few to mention are later on expected to have an influence on increased enrolment; improved and quality education; learning environment; performance; comfortable teaching environment to teachers as well as improved community's literate rate.

Through TASAF education programmes, various opportunities established and hence leading to community development capacity enhancement. These lead communities to improve their living standard. In the processes there are services like infrastructure investments, income generation activities, food security programmes, resources mobilization (natural capital and social capital), vulnerable group support programmes and employment creation.

The framework also assumes that apart from the physical gain from education services there are some invisible gains from the projects which enhance them to advance socially, demographically, culturally and economically. In the same line, it anticipates that community members gain confidence and assurance on attaining education, capacity building through outreach and extension services. At this stage the framework assumes that the Tanzania-MDGs on education have been achieved. See figure 1.

FIGURE 1: THE STUDY FRAMEWORK FOR TASAF EDUCATION SERVICES PROJECTS



Source: Authors, 2014

2.2. TASAF HISTORICAL OVERVIEW

Tanzania Social Action Fund is a government of Tanzania funding facility organisation that provides a mechanism that will allow local and village governments to respond to community demands for interventions that will contribute to the attainments of specific Millennium Development Goals. Towards this endeavor, TASAF contributes to achieving the goals of Tanzania Poverty (URT, 2005). This has been spelt out in the National Strategy for Growth and Reduction of Poverty (NSGRP) which is famously in Kiswahili Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania (MKUKUTA).

This is an instrument instituted to empower communities, facilitate their participation in planning and implementation of interventions that would improve their livelihood and make them benefit from macro level achievements. The programmes are implemented at the local government levels where as the planning and implementation is at the district level (www.tasaf.org).

At the national level TASAF is administered under the President's Office and the first phase of the project (TASAF-I) was implemented from 2000 to 2005. The coverage was 40 districts on the Mainland as well as Unguja and Pemba islands in Zanzibar. The second phase (TASAF-II) was a five year project (2005-2009 have been extended) implemented in all 121 Local government Authorities (LGAs) in Tanzania Mainland, and Unguja and Pemba islands.

The locus of the Project was at the lowest level of the LGAs, that is, the Village in rural areas, the 'Mtaa' in urban areas and the Shehia in Zanzibar (www.tasaf.org). TASAF II is an important intervention at community level within the framework of PRS with the aim of achieving the Millennium Development Goals.

There are two components under TASAF namely; National Village Fund (NVF) and Capacity Enhancement. The NVF is the main instrument to respond to community requests for investment that is supposed to assist specified beneficiary groups namely the service poor, food insecure households and vulnerable individuals to take advantage of opportunities that can lead to improved livelihoods. TASAF beneficiaries under Capacity enhancement are; government and private implementing agencies at the community, ward, Local Government authority/ Island and national level. They have the requisite capacity to implement the community sub-project cycle activities and poor individuals participating in groups' savings.

TASAF is organized in a decentralized manner to facilitate greater autonomy and empowerment to local government structures and the community in conformity with the provisions for the Local Government Act No. 7 and 8 of 1982 for Mainland. TASAF II is set to operate within the three spheres of government i.e. national, LGA and village levels in mainland Tanzania. Similarly, in Zanzibar the operational is set up to be at national, island (Unguja and Pemba) and Shehia. TASAF operates in harmony with other ongoing initiatives within the Local Government Reform Program (www.tasaf.org).

There are several donors have that been attracted to work with TASAF as development partners. These development partners have entered into agreement with TASAF to channel their funds to the communities. These development partners include the Organization of Petroleum Exporting Countries (OPEC), Fund for International Development (FID), Participatory Forest Management (PFM) Fund-Sub component under Tanzania Forestry Conservation Management Program (TFCMP), Marine and Coastal Environment Management Project (MACEMP), Zanzibar AIDS Commission (ZAC) – Community AIDS component, Tanzania Commission for AIDS (TACAIDS) - Community AIDS Response Fund (CARF), Japan Fund for Social Development (JFSD), The International Development Agency (IDA), Accelerated Food Security Program, Global Fund for Community Foundations (GFCCF), and Ford Foundation (www.tasaf.org).

2.3 EDUCATION AND DEVELOPMENT

The relationship between education and development depends on the extent to which the kind of education provided and its methods can meet individual expectations and the needs of society. In this ideology we can say that education and its guiding philosophy of all development efforts in Tanzania is the achievement of self-reliance (URT, 1995). A good system of education in any country must be effective on two fronts; on the quantitative level, to ensure access to education and equity the distribution and allocation of resources to various segments of the society and on the qualitative level, to ensure that country produces the skills needed for rapid social and economic development. Evidence exists to show a very high correlation between investment in education and the creation of national wealth.

2.4 COMMUNITY BASED DEVELOPMENT

This is a form of development that takes place within the community. It emphasizes maximum participation of community members in its design and implementation, it's ongoing, and meets real needs, and is basically self-reliant. To achieve this, the community needs to have a structure, and persons trained in appropriate methods of implementation. Usually, the community-based development will be small-scale, low-cost, and use simple technologies (www.epress.anu.edu.au). For the case of community based education projects, it means that the communities are provided with education services basing their own initiatives of identifying the projects and the other actors become supporters of project implementation. Hence community-based development encompasses forms of development as well as the structures needed to achieve them: it is biased in favor of participatory, community-controlled methods.

According to Mansuri and Rao (2003) Community Based Development (CBD) and its more recent variant, Community Driven Development (CDD), are among the fastest growing mechanisms for channeling development assistance. The CBD is an umbrella term that refers to projects which actively include beneficiaries in

their design and management. The CDD is a term, originally coined by the World Bank that refers to CBD projects where communities have direct control over key project decisions as well as the management of investment funds. This is to say, the concepts are the hot studies which are in line with the current development movements. In this opinion, we can say that the CBD and CDD are interrelated theories and same concepts used in different community development activities and processes.

2.5 THE COMMUNITY DRIVEN DEVELOPMENT (CDD)

As explained before that the concepts of CDD and CBD are related in all processes of community development, Mansuri and Rao (2003) view CDD as a mechanism which can among other things: enhance sustainability; improve efficiency and effectiveness; allow poverty reduction efforts to be taken to scale; make development more inclusive; empower poor people, build social capital, and strengthen governance; and Complement market and public sector activities. While in CBD projects people have direct control over key project decisions as well as the management of investment funds, this is also the same to CDD and hence automatically we take and consider the two concepts the same.

3.0 METHODS OF DATA COLLECTION AND PROCESSING

3.1 THE STUDY AREA AND JUSTIFICATION FOR ITS SELECTION

Since the study aimed in evaluating the role of community based programmes in facilitating social services delivery with specific to TASAF education projects, the Moshi District council was proposed for the study and two villages were involved (Mawanjeni and Himo). According to the district education office data base Moshi District has a total of 96 secondary schools and 296 primary schools.

TABLE 1: DISTRIBUTION OF PRIMARY AND SECONDARY SCHOOLS IN MOSHI DISTRICT

Sn.	Level of schools	Public	Private	Total in a District
1.	Primary schools	252	44	296
2.	Secondary schools	59	37	96

3.2 RESEARCH DESIGN

The study applied the cross-section design. According Alan (2008) cross-section design is sometimes called survey design. The design allows the researcher to be closely connected in most people's minds. The design was useful because the collection of data was done once and made the study cost and time effective and more specifically efficiency in delivering the study findings. The design was proposed due to its flexibility characteristics in the collection of information.

3.3 SAMPLING PROCEDURES

Purposeful sampling was applied to pick the Moshi Rural District council among the other districts in Kilimanjaro region. The district was purposefully selected because it is among the districts in the country which started to enjoy TASAF II in the year 2006, and since then there is no any study carried out to evaluate its contribution specifically in facilitating education deliverance in the district.

The sampling frame involved two villages out of 23 villages which benefit from the TASAF projects. These villages are Mawanjeni and Himo. The selection of these two villages was based on the reasons that they were easily accessed given the environmental and weather conditions during data collection phase. Other villages were inaccessible as data were collected during the rainy season.

3.4 TYPES OF DATA AND COLLECTION TOOLS AND METHODS

Both primary and secondary data were collected in order to obtain sufficient and insightful information. Three methods of data collection were used, these included; key informants interview, focus group discussion and documentary review.

3.4.1 PRIMARY AND SECONDARY DATA

Two Rural Appraisal techniques (Key Informant interview and Focus Group Discussion) were used. Community elders and youth both males and females were engaged in separate discussions for qualitative data. These involved; the checklist guiding questions for the key informant interviews and the focus group discussion. Secondary data collection involved assortment of existing information in the study areas through documentary review of a variety of reports from TASAF office at the district office and the visited schools.

3.4.2 FOCUS GROUP DISCUSSIONS (FGD)

This is also called group interviewing; it is essentially a qualitative method. Two Focus Group Discussions were conducted one in each village. Ten participants were purposely selected from each village to represent the entire community. The groups involved village social services committee members as well as the TASAF school construction committee members. This method enabled researchers to collect information on perception and knowledge of people about the existence of TASAF in the place. Also the information included the impacts brought by the established TASAF projects.

3.4.3 OBSERVATION AND SITE VISITING

This method was used in observing physical objects like buildings and infrastructures assets available in the study areas. Through this, the study was able to judge, analyse and evaluate TASAF education projects in the areas. As such, observation was carried throughout the entire period of the study. The method involved visiting the sites which were complete and those under utilization. In this case one secondary school (Mangi Mareale) and one primary school (Mieresini) were visited.

3.4.4 KEY INFORMANT INTERVIEW (CONSULTATION)

From this method, the study captured the deep knowledge on the development of the various community based programmes under TASAF. Similarly, it was also possible to get to know the activities, study areas, approaches and all processes that are taking place were also understood. The method involved interviewing TASAF staff members (Coordinator and the TASAF vote accountant), the Head Teacher from Mieresini Primary School and the Second Master from Mangi Mareale Secondary School. It also involved talking with two TASAF projects committee members (one from each village).

3.4.5 DOCUMENTARY REVIEW

Documentary review is defined as a process of reading various extracts found in offices or places dealing or associated with the issue relating to what the research is investigating (Miles, 1996 cited in Komba, 2007:30). The data obtained through this technique have enabled the study to obtain information from the documented sources. The main sources of documents were TASAF reports as well as the development reports from Mieresini Primary School and Mangi Mareale Secondary School. The information collected through this technique has added value in the primary data.

3.5 DATA COLLECTION TOOLS

Through the Participatory Rural Appraisal techniques, the primary data were collected using the interview guide and a checklist for key Informants interview and the focus group discussion successively.

3.6 DATA ANALYSIS

The nature of the study is mainly qualitative though some little quantitative information has been collected. Originally, data analysis started in the field where the records for each focus group discussion and key informant interview were cross checked (edited) after the interview. As such data analysis was an ongoing activity. Relevant information was used and others were discarded. This involved situational and contextual analysis where the collected data were qualitatively and manually coded and analyzed. The quantitative data obtained through documentary review were analyzed, described and quantified meaningfully.

3.7 DATA PROCESSING

Qualitative data were processed and analysed through content analysis during the research process similarly some questions were formulated during data collection, where some themes were noted throughout the process.

4.0 FINDINGS AND DISCUSSION

4.1 INTRODUCTION OF TASAF IN MOSHI DISTRICT

According to the district TASAF staff members, Moshi District was not involved in the first phase of TASAF which started in the year 2000. However it started benefiting from TASAF II which was introduced in 2006 all over the country in about 121 Districts. The TASAF II is operating nationally covering the mainland as well as the Islands of Unguja and Pemba in Zanzibar (URT, 2005).

4.2 TASAF DEVELOPMENT PROJECTS IN THE DISTRICT

The study identified eighty nine (89) projects introduced and funded by TASAF II since its establishment in the District. Among them there are those which are complete and others are still in progress. According to TASAF coordinator of Moshi District, these projects have been established in the twenty three (23) villages. These projects are implemented at the village levels as well as at the group levels where there are some groups which are formulated to facilitate the provision of project formulation services among individuals.

4.3 TASAF EDUCATION PROJECTS ESTABLISHED IN THE DISTRICT

Since the establishment of TASAF II, it has managed to establish and fund twenty five (25) education related projects in the district in twenty three (23) villages. According to the District TASAF coordinator all the projects have a value amounting to about eight hundred fifty two million nine hundred twenty eight thousand and twelve Tanzanian shillings (852,928,012/=). The sources of these funds are from the TASAF headquarters basket which is filled by the government together with the development partners.

These projects include; establishment of pre-primary school classes, construction of primary school classrooms, construction of secondary school classrooms, construction of students' and teachers' latrines, maintenance and renovation of classrooms, building of teachers' houses, construction of library for secondary schools, distribution of learning materials, and facilitating payments of schools fees and other related contributions to the identified poor families, and distribution of students' desks and teachers' office tables. Table 2 summarizes the categories of projects established and facilitated by TASAF in the District.

TABLE 2: TASAF EDUCATION PHYSICAL PROJECTS IN MOSHI DISTRICT

Sn.	Name of Project Established	Total number in a District	Number at Mieresini Primary School	Number at Mangi Mareale Sec. Sch.
1.	Pre-primary classrooms	8	1	-
2.	Class rooms	40	6	2
3.	Library building	7	-	-
4.	Laboratory building	4	-	-
5.	Teachers residential houses	8	-	-
6.	Toilet/pit latrines	14	1	1

4.4 COMMUNITY ACCESSIBILITY TO EDUCATION SERVICES

Education accessibility is a very crucial issue in any country for it contributes to society development. Findings of the study have shown that such services established and introduced by TASAF have contributed to the increased education services provision and accessibility. It was revealed by one of the community members at Himo village that before the construction of Mieresini primary schools children around the areas used to walk for a long distance of about five to seven kilometres going to school to the neighbouring villages.

Currently, large number of students has been recruited at Mieresini Primary School from standard one up to standard seven. In fact this school was established by TASAF in 2009. Considering the duration of its establishment, Mieresini Primary School was supposed to have classes up to standard five. However having the students up to class seven was contributed by fact that some of the students who were walking a long distance for attending school were transferred to the newly established nearby school that is, Mieresini. This is the evidence that the establishment of Mieresini Primary School has to a large extent solved uncomplicated accessibility of primary education in these villages. On top of that, funds from TASAF had made it possible for the village to construct one pre-primary classroom, and four classrooms.

PLATE 1: MANGI MAREALE STUDENTS IN A CLASSROOM AND DESKS DONATED BY TASAF



4.5 COMMUNITY APPRECIATION ON THE ESTABLISHED EDUCATION PROJECTS

During the focus group discussion in both villages the community admiration to TASAF educational projects was of very high. Most respondents had acknowledged the way TASAF performs its duties like making sure that all financial regulations in the projects are well administered and observed. Likewise the respondents agreed to have received the TASAF education projects with joy, since it has increased and opened up people's mind of bringing their children to school.

On top of that, other advantages of the project as mentioned during the discussion include; reduced overcrowding students in the classes; attending of school in a single session instead of double sessions as all of them have started attending from morning to afternoon. The following is an example of the evidence narrated by the Head Teacher at Mieresini Primary School.

".....This school was established by TASAF in 2009 and there were four classroom buildings only... we used to teach students by sessions, for example when one class is in class since morning the other class comes during the afternoon and this continued up to when TASAF had built another two buildings to make a total of six buildings, this has made alternation of studying to an end.....".

Furthermore, the project has contributed members' awareness to the community such as bringing their children to school and those with their children in the distant schools are taking their children back to the village nearer schools. This narrates positive reception of the community members to the established project in the village.

At Mangi Mareale Secondary School community members together with teachers appreciated the project too. The project has not only built the two classrooms but also it brought school furniture for students and teachers. As such this has created conducive environment for teaching and learning unlike before.

The extract below was narrated by a boy of class three who was given lift by the researchers after he has attended the morning session and he was leaving from school going back home meanwhile he left his sister attending a tuition session.

".....My sister was studying at Himo Primary school which is far from our home, but when this school was established she was transferred here and she is now comfortable in her studies and she expects to sit for standard seven examinations in September this year, she used to wake up early in the morning so as to arrive at school on time but nowadays I can see her waking up the time I am waking up and she gets time clean up the home grounds just before we leave for school and I also do clean ups of plates used in the last night, she can also get private studies after school and she can attend tuition sessions in the afternoon after studies.....".

PLATE 2: TWO TASAF CONSTRUCTED CLASSROOMS AT MANGI MAREALE SECONDARY SCHOOL



4.6 COMMUNITY UNIFICATION AND TASAF PROJECTS

It is appreciated that TASAF education projects have been of very important that they have stimulated education needs and brought about a new mindset on the importance of education among the villagers. Similarly the projects are acknowledged for their introduction styles that have brought about alliances among the community members and hence strengthening community social capital. The community members have realised the importance of working together as a team for it emphasises openness and accountability to the use and caring of the public funds. This is because the involved communities are the ones who identify and establish their needs and write proposal through filling an application form from TASAF. So these processes have made them work together. One of the female villagers during the focus group discussion had the following comment to make:

"...all of villagers can now work together and trust each other since our leaders from the village whom we appointed them as members of the committee (Community Management Committee) have shown us that we can trust and work together for the good sake of our community...."

It was also emphasised that, working together has made communities manage well all the infrastructures and other properties. For instance a security guard at Mieresini Primary has been hired and being paid by the villagers themselves. Not only that but also lunch is offered to the students at school where the same parents contribute monthly to cater for students' lunch while at school.

4.7 INFLUENCES OF EDUCATION SERVICES ON SOCIO-ECONOMIC WELFARE

The establishment and development of TASAF schools have made some of the private companies, Community Based Organizations and NGOs to be near to the communities. These come into these schools and offer different services. There are those which have been there to provide environmental education more specifically in the conservation of Mt. Kilimanjaro and water sources in the district.

Through the establishment of the Mieresini Primary School villagers have raised the demand for water services in their villages as well as within the school itself. Similarly the established schools have also opened small businesses surrounding the school environment.

Furthermore the construction of two classrooms at Mangi Mareale Secondary School has enabled the school to increase students' enrolment meanwhile the communities around the village to undertake business activities whose customers are teachers and students. Such services are like food selling.

4.8 EDUCATION SERVICES AND SOCIAL SERVICES DELIVERY CHALLENGES

The establishment and provision of social service has no doubt that may bring about the prerequisite for the need to another service. In the two visited villages the projects under the study have led to the establishment of several services like business activities where as some retail shops have been established, environmental education services have also been established since there are Non Government Organizations (NGOs) coming in to educate students on environmental conservation knowledge.

Mangi Mareale Secondary School for example; has a total number of four hundred ninety four (494) students who are being served in these retail shops. On top of that, there are some restaurants (mama lishe) observed around, these have also stimulated self employment among the communities around the secondary school. In addition to that, there is a motor-cycle transport services (boda boda) for both teachers and students, which has also created self employment jobs in the village.

4.9 NEED FOR NEW PROJECTS

The establishment and introduction of education projects have brought about the need for creation of other services in the villages and within the visited schools. It was revealed during the discussion at Mangi Mareale Secondary School that the TASAF classrooms were also installed with solar power which is of no use since the school is a day school; rather they requested the solar power to be shifted to the laboratory. They also requested the need to install the solar power to all other classes. Apart from the issue of solar power, there were also several needs raised during the survey. These needs have been mentioned in (table 3) separately from each village visited. The proposed services are meant to be established in the villages or within the school premises in order to facilitate education services more easily and efficiently.

TABLE 3: LIST OF NEW DEMANDED PROJECTS PER VILLAGE

Village	Mawanjeni Village	Himo Village
School	Mangi Mareale Secondary School	Mieresini Primary School
Proposed Projects	<ul style="list-style-type: none"> • Construction of more classrooms • Electricity power/Solar power installation in all classrooms and teachers' residential houses and in the laboratory • Laboratory equipments • Construction of a dispensary Construction of library • More and modern toilets should be constructed • Construction of Teachers' offices 	<ul style="list-style-type: none"> • Construction of Teachers' offices • Rain water harvesting at the school • Supply of clean water in the village • Construction of agriculture harvests store • Supply of office equipments and furniture's • Construction of library • Construction of a water well

Table 3 shows the need for different projects. During the discussion, it was discovered that the above mentioned projects are the need for requirements. In the light of these findings; these needs differ from one village to another and from one school to another because they are of different environmental settings, and also one being a secondary school and another being a primary school.

At Mangi Mareale Secondary School the study found that TASAF has installed a solar power system which is of no use academically. However they had mentioned that it helps for security purposes only. This has also enlightened them to realise that it would be better if it was installed in the existing laboratory which is however not a TASAF project (the laboratory was not constructed by TASAF). The secondary school itself does not have a library so it was suggested that when TASAF introduces other new projects at the school it would be better if they constructed a library so that students may be using it for private studies during the working days as well as during the weekends. By doing so, students will have a better place for private study.

It was also suggested that TASAF should establish its own projects rather than waiting to fund projects which were already identified and raised by the village communities in the district. This was said so because it was realized that some of the projects identified and established by community members and being funded by TASAF were of no relevance at that particular area. For example the installation of the solar power system would be more useful if it was installed in a laboratory than it was installed in a day school classroom.

However it should be remembered that, TASAF does not come up with own projects rather they fund projects which have been raised by the community members themselves. So during the discussion it was also an opportunity for the villagers to identify their new need projects. All the projects mentioned in table 3 are regarded as new era of identifying, preparing and submitting proposals to TASAF for funding.

4.10 CHALLENGES FACING TASAF PROJECTS

In any process of development there must be success, failure and challenges. This section presents and discusses the challenges that TASAF education project face as they were identified and explained during the field visit. During the data collection processes as a response to the question about challenges facing the projects; the following challenges were identified, they have been grouped into three typologies depending on time and how it was experienced.

TABLE 4: IDENTIFIED CHALLENGES FACING TASAF EDUCATION PROJECTS

Project Stages	Challenges experienced
Establishment	<ul style="list-style-type: none"> Limited knowledge of project identification (prioritizing knowledge) Political challenges (political ideology differences)
Implementation	<ul style="list-style-type: none"> Community/household income poverty (delaying community/household contribution) Untimely funding from the government (delays on funding release) Political challenges (political ideology differences)
Sustainability	<ul style="list-style-type: none"> Limited community participation on the caring of the established projects Delaying in the maintenance of the buildings under TASAF

5.0 RECOMMENDATIONS AND CONCLUSION

5.1 CONCLUSION

The whole system involved in the process of influencing and accomplishing community based programmes is different from one place to another. Thus, in the same case assurance of education services established and those continued programmes by TASAF differs from one place to another depending on the place it has been implemented in the country. All in all the community based programmes seemed to be of great importance in ensuring community social services are delivered accordingly.

Similarly, the study found that, TASAF education projects have stimulated education concerns among the community members, they have also influenced and facilitated education accessibility in the study area whereas students' classroom congestion has been reduced, many schools and classes built have led community members to access education closer to their surrounding environment. Other associated benefits identified include; environmental conservation knowledge, accessibility to other services such as health and transport, employment creation, and the demand for other development projects.

The study also found that there were much of community appreciation of the projects established and facilitated by TASAF, since they have accelerated other development activities in the study areas including other social-economic welfare activities and services like water services as well as outreach activities as multiplying effects.

5.2 RECOMMENDATIONS

The results in this work are expected to be a proceeding of other extensive studies on the role played by community based programmes in facilitating education services delivery in the country and more specifically those education projects under TASAF. However there is a need to collect more information in order to have a good generalization and a better understanding of the sustainability of community based programmes established by TASAF all over Tanzania.

Similarly, that there is a need to have another research in the study area or any other places in the country where projects of these kinds have been introduced. There could be done another study on the impacts of these projects on the living standard improvements and or if the projects have the direction to improve poverty targeting strategies.

Likewise the study recommends that, there is a need to include a body of expertise and consultants during project identification to moderate the discussion at that stage. This is because due to TASAF objectives and strategies that the community members should identify the development projects by themselves was found not to be a healthy idea because of heterogeneity nature of the community members. As such this can lead to social differences among members at the end of the day the project may vest to invest into an intervention which is almost benefiting the minority population in the community. For example at Mangi Mareale Secondary School, it was found that, the idea of installing solar power in the classroom was the idea of a few community members and it was as such a deceptive idea.

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A STUDY ON THE ENTREPRENEURIAL INTEREST AMONG AMRITA UNIVERSITY STUDENTS: A CASE STUDY IN AMRITA SCHOOL OF ARTS & SCIENCES MYSURU (MYSORE)

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ABSTRACT

A major development of the new Millennium in the sphere of business is the emergence of the entrepreneurial 'Spirit' among the new generation youth. With the shrinking employment opportunities in the government sector and the effect of global business development, it appears as if the entrepreneurial 'bug' has infected the Indian Youth as well. Catering to these needs, venture capitalists and angel capitalists are entering this business space in large numbers. Keeping this growing interest in mind, many universities have introduced entrepreneurship education to promote the interest of students to become future entrepreneurs. This is more in line with regards to first generation entrepreneurs. The purpose of this study is to investigate the entrepreneurial interest among University students of Amrita, specifically, the Mysuru Campus. The influence of demographic characteristics and family business background on student's interest on entrepreneurship is also examined. A stratified sample of 100 targeted respondents of final year students from Amrita Mysuru Campus will be taken for this purpose. The students from both commercial and non commercial background will be taken for the study. The study also focuses on whether suitable training programs can increase the likelihood of Amrita University students becoming entrepreneurs. Finally based on the findings suitable recommendations will be made.

KEYWORDS

Angel capital, Entrepreneurs, Stratified sample, Venture capital.

INTRODUCTION

Entrepreneurship has become a keyword of the day. Policymakers, economists, academics and even university students are discussing about it. Seminars, conferences and workshops are being organised every year across the world which emphasize the importance of entrepreneurship to the economy of a country, society as well as individual development.

Today, entrepreneurship is regarded as one of the best economic development strategies to develop country's economic growth. Courses in entrepreneurship are also becoming a popular at college and university levels. The history of entrepreneurship education could be dated back in 1938 when Shigeru Fijii, who was the teaching pioneer at Kobe University, Japan, had initiated education in entrepreneurship.

Therefore the role of entrepreneurship education is mainly to build an entrepreneurial 'culture' among young people that, in turn, would improve their career choices towards entrepreneurship. In other words, the objectives of entrepreneurship education are aimed in changing students' state of behaviours and even intention that makes them to understand entrepreneurship, to become entrepreneurial and to become an entrepreneur that finally resulted in the formation of new businesses as well as new job opportunities. Entrepreneurship can be regarded as an "employment opportunity", helping people to get self-employed.

OBJECTIVES

- To briefly trace the history of Entrepreneurship on a global level and its relevance in the Indian context.
- To discuss the most suited entrepreneurial model for India in the current economic and business scenario.
- To empirically examine whether there is entrepreneurial interest among students.
- To analyse the factors that increase and decrease the desire for entrepreneur willingness
- To determine the attitude of students towards entrepreneurial training programmes
- To draw appropriate conclusions based on the sample study.

NEED FOR THE STUDY

The study has a greater relevance in the modern business world. As the main aim of the study is to look forward the entrepreneurial interest among University students, further they can be guided in all the means they want. Similarly the youth are the budding entrepreneurs of tomorrow, they can contribute to the economy of the country as well. There have been different studies conducted at different universities, which later aided the universities to upgrade themselves. Before everything comes up it is the interest of students, which forms foundation for any development.

REVIEW OF LITERATURE

Several studies have been conducted by different universities and research institutions with respect to entrepreneurial interest among students.

In 2011 March, a study was conducted by Ooi yeng Keat, Christopher Selvarajah, Denny Meyer among the Malaysian University students about their inclination towards entrepreneurship. It was examined together with several related variables. The results of the analysis indicated that two entrepreneurial education variables that is, university's role to promote entrepreneurship and the entrepreneurial curriculum and content along with gender, working experience and mother's occupation are significant. It was observed that male students and students with self-employed parents have higher inclination. The role of universities in promoting entrepreneurship is highly correlated to entrepreneurial curriculum. (International Journal for Business and Social Sciences, Vol 2, No.4, March 2011) Another study titled "Factors influencing entrepreneurial intention among University students" was conducted by Xue Fa Tong, David Yoon Kin Tong and Liang Chen Loy. The study gave importance on seeking the undergraduate's perceptions on factors that influence them to entrepreneurial intentions. The results showed that entrepreneurial intention predicted by the need for achievement, family business background and subjective norms accept the desire for independence. The results indicate the need for achievement has a significant impact on entrepreneurial intention. (International Journal of Social Sciences and Humanity Studies Vol 3, No.1, 2011)

In 2013, an article called "Entrepreneurial characteristics amongst University students in Albania" was conducted by Anisa Kume, Vasilika Kume and Besa shahini. This paper argues that it is very necessary for Albanian Universities to introduce sustainable development ideas to their entrepreneurship education and re-

orientate the education objectives, content and methodology of entrepreneurship education. The study concluded that there is a relatively healthy level of interest in entrepreneurship among students in Albania. (European Scientific Journal, June 2013 edition, Vol9, No.16)

Mior Nasir Mior Nazri, Zarinah Hamid and Herna Muslim in 2014 conducted a study titled "The inclination of Information and Communication Technology (ICT) students towards entrepreneurship. the research shows that non business students specifically those with ICT background have the interest to become entrepreneurs after they graduated from the University. They need entrepreneurship education to become successful entrepreneurs and be less dependent on employers. The factors that influence student's entrepreneurial inclination include attitude towards entrepreneurship and subjective norms of entrepreneurship. The research was found that there is a lack of awareness on the needs of non business students towards entrepreneurship education. (International Journal of Management and Sustainability 2014,3(8):484-492).

THEORETICAL ASPECTS

Today, entrepreneurship is regarded as one of the best economic development strategies to develop country's economic growth. For most people, the popularity of entrepreneurship is largely due to the positive effects it has on many countries as a catalyst that creates wealth and the generation of job opportunities.

Entrepreneurial development is a complex phenomenon. Productive activity undertaken by an entrepreneur and constant endeavour to sustain and improve it are the outward expressions of this process of the development of his personality. The words entrepreneur, entrepreneurship has acquired species significance in the context of economic growth in the changing socio economic and cultural climates.

Who is an Entrepreneur?

Basically an entrepreneur is a person who is responsible for setting up a business or an enterprise. In fact he is one who initiative, skill for innovation and who looks for high achievements. He is a catalytic agent of change and works for the good of the people. He puts up new green field projects that actually creates wealth, opens up employment opportunities and fosters other sectors in terms of economic feasibility. The entrepreneur is a visionary and an integrated man with outstanding leadership qualities.

What is Entrepreneurship?

Entrepreneurship is the propensity of mind to take calculated risks with confidence to achieve a predetermined business or industrial objective. It is the process of identifying opportunities in the market place, marshalling the resources required to pursue these opportunities and investing the resources to exploit the opportunities for long term gains. It is the set of activities performed by an entrepreneur. Thus entrepreneur precedes entrepreneurship.

Enterprise ready for the pursuit of business and responsive to profit by way of producing and or marketing goods and commodities, to meet the expanding and diversifying actual and potential needs and demands of the customers, is what constitutes entrepreneurial *stuff*.

Importance of entrepreneurship

1. Development of managerial capabilities

The biggest significance of entrepreneurship lies in the fact that it helps in identifying and developing managerial capabilities of entrepreneurs. An entrepreneur studies a problem, identifies its alternatives, compares the alternatives in terms of cost and benefits implications, and finally chooses the best alternative. This exercise helps in sharpening the decision making skills of an entrepreneur. Besides, these managerial capabilities are used by entrepreneurs in creating new technologies and products in place of older technologies and products resulting in higher performance.

2. Creation of organisations

Entrepreneurship results into creation of organisations when entrepreneurs assemble and coordinate physical, human and financial resources and direct them towards achievement of objectives through managerial skills.

3. Improving standards of living

By creation of productive organisations, helps in making a wide variety of goods and services available to the society which results into higher standards of living for the people. Possession of luxury cars, computers, mobile phones, rapid growth of shopping malls, etc. are pointers to the rising living standards of people, and all this is due to the efforts of entrepreneurs.

4. Means of economic development

Entrepreneurship involves creation and use of innovative ideas, maximisation of output from given resources, development of managerial skills, etc., and all these factors are so essential for the economic development of a country. Promotion of entrepreneurship in society leads to channeling the youth energy.

Why entrepreneurship education and training?

Research has been extensively focused on the field of entrepreneurship education, which has enjoyed exponential growth level internationally (Hill, Cinneide et al. 2003; Raichaudhuri 2005). This is evident from the strands of studies which have been conducted on the ability of entrepreneurship to create new jobs and the importance of entrepreneurship education in producing potential entrepreneurs from the educational system (Kourilsky 1995; Kuratko 2005; Venkatachalam and Waqif 2005). For example, Volery and Mueller (2006) highlight the possibility of the role of entrepreneurship education in influencing an individual's decision to become an entrepreneur. Participation in entrepreneurship education, in this regard, has been associated with the increasing interest towards choosing entrepreneurship as a viable career option (Gorman, Hanlon et al.1997).

METHODOLOGY CHOSEN

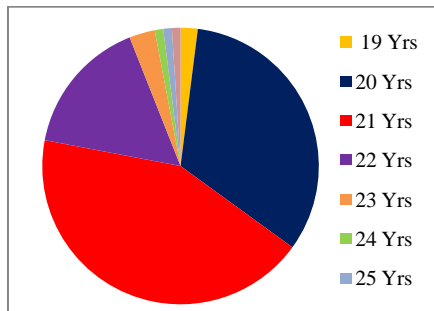
The study focuses on 100 stratified sample of Amrita University's Mysore Campus, excluding the school of education. A questionnaire consisting of 10 questions were circulated among 100 students in order to collect the data. 92 usable Questionnaires were used to make necessary recommendations. The statistical tool used in the study is Percentage Analysis and interpreted thereafter.

ANALYSIS & INTERPRETATION

Age: The first question that was asked was the age of the respondents. The following Table summarizes the results.

TABLE 1: AGE DISTRIBUTION

Age	No of respondents	% of respondents
19	2	2 %
20	29	33%
21	38	43%
22	1	16%
23	3	3%
24	1	1%
25	1	1%
27	1	1%
Total = 89.		No response = 3

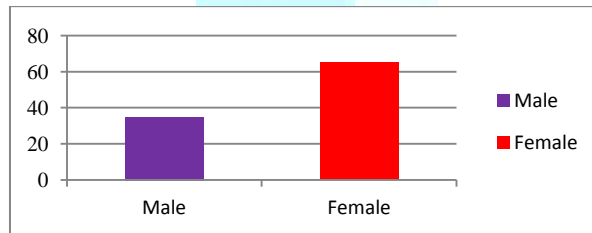


Out of a total response of 89, 38 of them, that is, 43% of the respondents are aged 21years, followed by 20 years (33%). This is followed by 22 years (16%).

Gender: The following Table shows the distribution of respondents in terms of gender (Male or female)

TABLE 2: GENDER

Gender	No of respondents	% of respondents
Male	32	35 %
Female	60	65%
Total = 92		

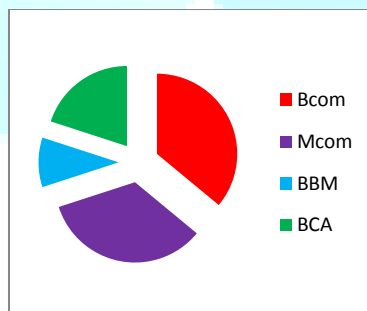


Out of a total of 92 respondents, 60 are female and 32 male. That is, 65% of the respondents were female and the remaining 35% male.

Course

TABLE 3: COURSE

Course	No of respondents	% of respondents
Bcom	33	36 %
Mcom	31	34%
BBM	9	10%
BCA	19	20%
Total = 92		

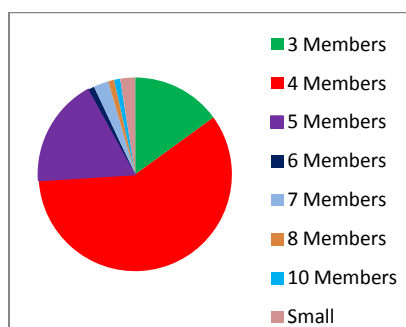


Out of the 92 respondents, majority of them are from the commerce background. In that 36% of them were from Bcom course and 34% from Mcom. Non commerce students from BCA were of 20%.

FAMILY SIZE

TABLE 4: FAMILY SIZE OF THE RESPONDENTS

Members	3	4	5	6	7	8	10	Small
No of Respondents	13	51	15	1	2	1	1	2
% of Respondents	15%	59%	18%	1%	2.5%	1%	1%	2.5%
Total = 86		No Response = 6						



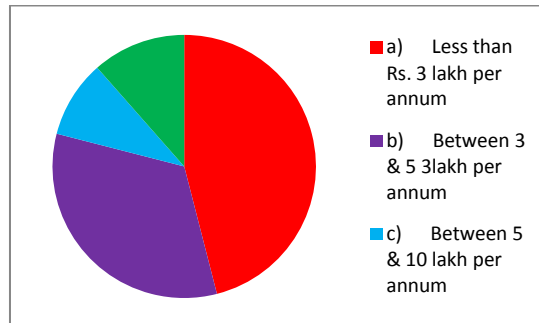
Most of the students are coming from a family with 4 members.

DATA TABULATED FROM QUESTIONNAIRE WITH PERCENTAGE ANALYSIS

1. Family income

TABLE 5: FAMILY INCOME

Family Income	No of respondents	% of respondents
a) Less than Rs. 3 lakh per annum	42	46%
b) Between 3 & 5 lakh per annum	30	33%
c) Between 5 & 10 lakh per annum	9	9.5%
d) Above 10 lakh per annum	11	11.5%
Total = 92		

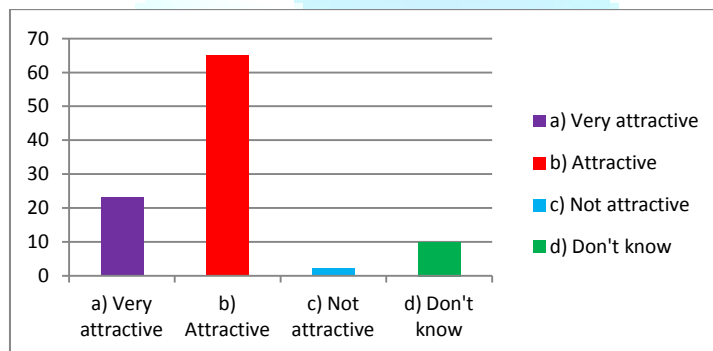


Most of the respondents come from a middle class family. The income ranges between less than 3 lakh and between 3lakh & 5 lakh.

2. What you think about the attractiveness of entrepreneurship?

TABLE 6: ATTRACTIVENESS OF ENTREPRENEURSHIP

Attractiveness of entrepreneurship	No of respondents	% of respondents
a) Very attractive	20	23
b) Attractive	56	65
c) Not attractive	2	2
d) Don't know	8	10
Total = 86 No response = 8		

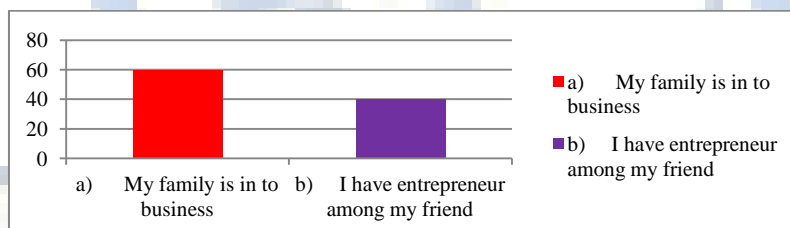


Out of 92 respondents, almost everyone have an opinion that entrepreneurship is attractive and some says that it is very attractive.

3. Select the most appropriate statement according to you?

TABLE 7: STATEMENT

Statement	No of respondents	% of respondents
a) My family is in to business	53	60
b) I have entrepreneur among my friend	35	40
Total = 88 No response = 4		

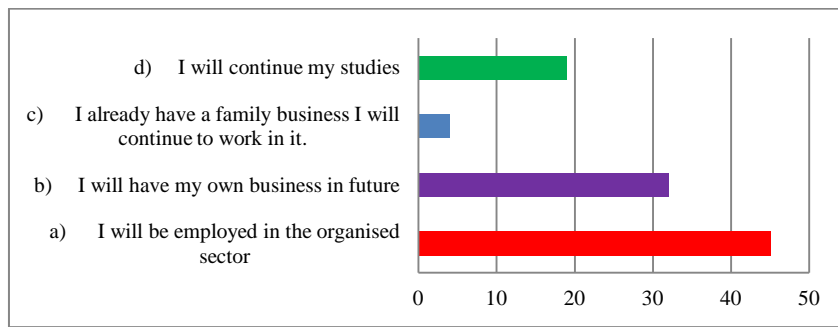


About 60% of them come from an entrepreneurial background family. And the rest have a friend who is an entrepreneur.

4. Which statement would you select when you think about your career plans?

TABLE 8: CAREER PLANS

Career Plans	No of respondents	% of respondents
a) I will be employed in the organised sector	41	45
b) I will have my own business in future	29	32
c) I already have a family business I will continue to work in it.	4	4
d) I will continue my studies	17	19
Total = 91 No Response = 1		

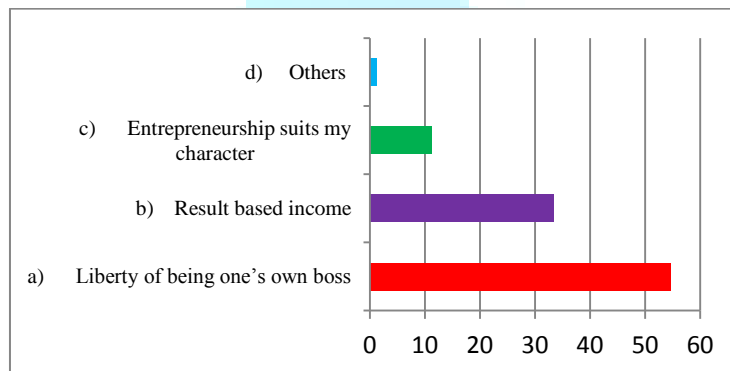


Most of them want to be employed in the organised sector may be they prefer to have a safety job. But 32% of them have dreamed about starting their own enterprise.

5. Which of the following factors increase your desire to become entrepreneur?

TABLE 9: FACTORS INCREASING THE DESIRE TO BECOME AN ENTREPRENEUR

Factors	No of respondents	% of respondents
a) Liberty of being one's own boss	49	54.5
b) Result based income	30	33.3
c) Entrepreneurship suits my character	10	11.1
d) Others	1	1.1
Total = 90		No Response = 2

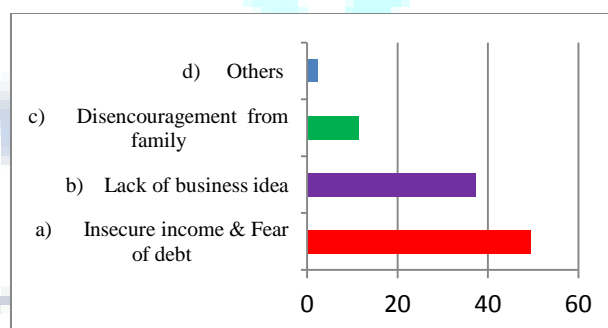


This shows that most of them do not prefer to work under someone. Being their own boss is the main factor which increases the desire to be an entrepreneur.

6. Which of the following factors decrease your desire to become an entrepreneur?

TABLE 10: FACTORS DECREASING THE DESIRE TO BECOME AN ENTREPRENEUR

Factors	No of respondents	% of respondents
a) Insecure income & Fear of debt	44	49.4
b) Lack of business idea	33	37.1
c) Discouragement from family	10	11.2
d) Others	2	2.3
Total = 89		No Response = 3

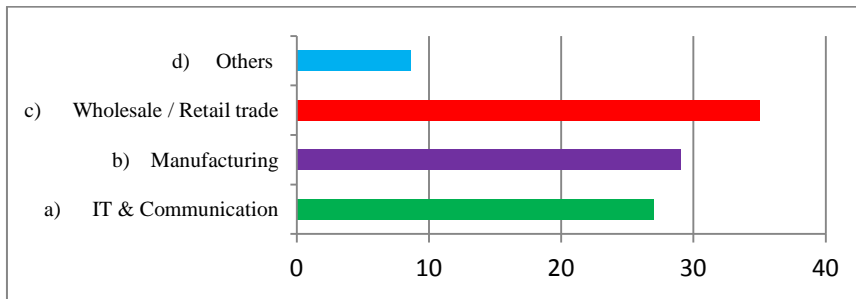


Insecure income & fear of debt is a major factor which makes most of the students to move away from entrepreneurship. And they also lack the idea to start up.

7. Which sector would you choose, if you start your own enterprise?

TABLE 11: SECTOR

Sector	No of respondents	% of respondents
a) IT & Communication	25	27
b) Manufacturing	27	29
c) Wholesale / Retail trade	32	35
d) Others	8	8.6
Total = 92		

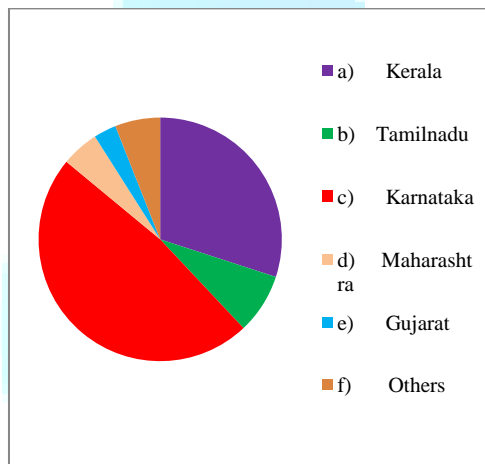


When they were asked, which sector they will choose in order to start up an enterprise, most of them are interested in wholesale/ retail trade. They were interested in manufacturing goods also.

8. Which part/region in the country, according to you is most suited for starting a new enterprise? Please mention the name and the state in which it is located.

TABLE 12: PART/REGION

Part/region	No of respondents	% of respondents
a) Kerala	25	30
b) Tamilnadu	7	8
c) Karnataka	41	48
d) Maharashtra	4	5
e) Gujarat	3	3
f) Others	5	6
Total = 85		No response= 7

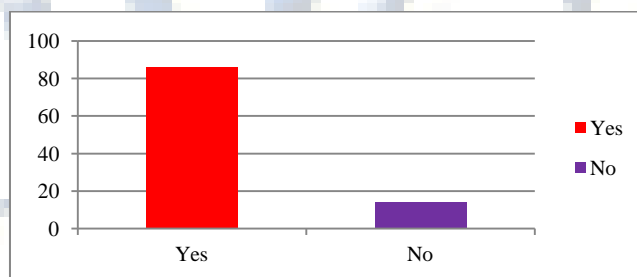


The selection of the place was according to the native of the student. Most of them selected their native as a better option to start a business. As the institution is in Karnataka and most of them are from this state So, majority of them stated Karnataka.

9. If your university provides an opportunity in participating an entrepreneurial training, would you like to participate?

TABLE 13: PARTICIPATING IN TRAINING

Participating in training	No of respondents	% of respondents
Yes	79	86
No	13	14
Total = 92		

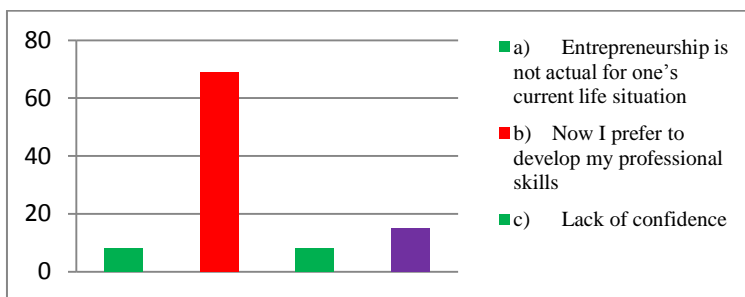


More than 80 % of them showed their interest in participating in the entrepreneurial training program. This shows their interest in entrepreneurship.

9a. If No, which of the following is the reason?

TABLE 14: REASON

Reason	No of respondents	% of respondents
a) Entrepreneurship is not actual for one's current life situation	1	8
b) Now I prefer to develop my professional skills	9	69
c) Lack of confidence	1	8
d) Others	2	15
Total = 13		

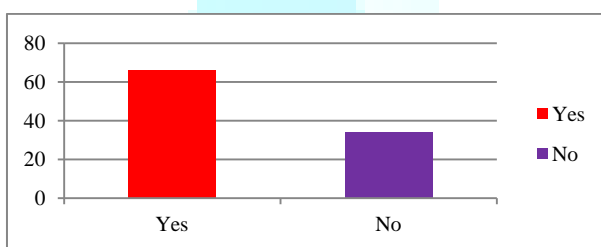


Most of the students who were not interested in the program were concerned about developing their professional skills. And they have other reasons for the same.

10. Whether you have studied any paper related to entrepreneurship?

TABLE 15: PAPER RELATED TO ENTREPRENEURSHIP

Paper related to entrepreneurship	No of respondents	% of respondents
Yes	60	66
No	31	34
Total = 91 No response = 1		

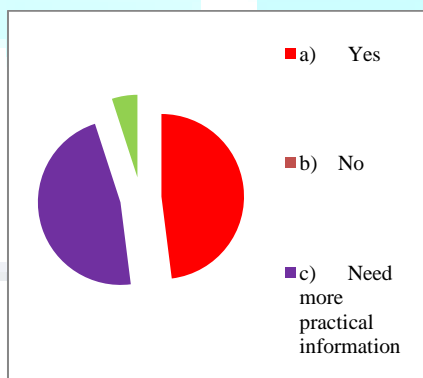


About more than 60 % of the people have studied a paper related to entrepreneurship. It shows that there is a basic knowledge and awareness in them.

10a. If yes have it created any awareness /interest towards entrepreneurship?

TABLE 16: INTEREST

Interest	No of respondents	% of respondents
a) Yes	29	48
b) No	0	0
c) Need more practical information	28	47
d) Others	3	5
Total = 60		



It is also clear that the paper has created an interest in them towards entrepreneurship, as well as most of them have an opinion that they need more practical information related to that.

Inferences

From the 92 usable questionnaires gathered, the majority of respondents were heavily females (N=92, 60 per cent). This scenario is understandable as female students comprise the majority of students in Amrita University, Mysore Campus. All the respondents were studying at both the undergraduate and postgraduate level; they were mostly aged between 20 to 23 years old.

It is found from the study that students in Amrita University have keen interest in developing their entrepreneurial skills if they are given a chance to attend a training programme. But

When it is about their career plans most of them desire to have a job in the organised sector, which shows they are less risky and look for a safe future.

Liberty of being one's own boss is the major factor which increases their desire to become an entrepreneur. Whereas insecure income and fear of debt is what that decrease their desire for the same.

It is seen that that they have interest towards entrepreneurship and they need much more practical information also.

CONCLUSION

There is a relatively healthy level of interest in entrepreneurship among students in Amrita University. Currently most of them need to be employed in the organised sector; in the meanwhile more than 75% of them are interested to participate in the entrepreneurial training program. This indeed is a sign that they can be transformed to enthusiastic Entrepreneurs. The University plays a major role in this process. Students have an opinion that they need some more practical information related entrepreneurship. This can be made by making suitable changes in the course curriculum. Entrepreneurial education to people will

somehow deter young people from leaving the country. To be an entrepreneur does not need any extraordinary talent. It needs some skills that most students possess (or can develop), initiative, imagination, a clear vision and confidence. Most entrepreneurs want to make the world a more pleasant place to live.

LIMITATIONS OF THE STUDY

This study has several limitations that arise from the fact the not all campuses of the Universities are included in the study. And also have a relatively small sample size of 100 students and an even smaller comparison group of students who have taken entrepreneurship classes.

Future research should study these issues with a larger sample size. Of particular concern is the need to get larger sample sizes, and to do comparisons for overall University. It is also important for future research to not stop at assessing entrepreneurial intention, but go on to examine whether intentions lead to entrepreneurial entry and entrepreneurial success.

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FACTORS INFLUENCING TAX COMPLIANCE BEHAVIOUR OF SMALL AND MEDIUM ENTERPRISES (SMEs): A SURVEY OF MOMBASA COUNTY, KENYA

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ABSTRACT

The purpose of this study was to establish the factors influencing the compliance behavior of SMEs Mombasa county in Kenya. SMEs form the bulk of tax payers in the tax net besides wage earners, who generally are only subject to income tax withholding. Tax non-compliance has always been a challenge to the tax authorities worldwide. The research adopted a descriptive survey research design. Structured questionnaires were the main instruments for data collection. Data collected was analyzed and presented using both descriptive and correlation analysis method. The study established that poor business infrastructures should be improved to support the business community and in particular small and medium enterprises (SMEs) in order to increase compliance behavior. The research also establish that county government should be proactive enough to understand the challenges faced by Small and medium enterprises (SMEs), based on several factors such as, the business legal status, the period the business has been in operation, the firm's annual turnover, the sector that the business operates in. The study recommends that The county government to facilitate SMEs formalization by lowering licensing costs, Kenya Revenue Authority to communicate rules and regulations efficiently and ensure tax fairness to younger firms and Small and Medium Enterprises owners to be involved in the policy formulation process of the government either at county or national level.

KEYWORDS

tax compliance, behavior, SMEs.

1.1 INTRODUCTION

 Small and medium enterprises (SMEs) according to World Bank (2009) are companies whose personnel fall below certain limits depending on the region considered. For example both the European Union and United States generally use the same threshold of fewer than ten (10) employees to refer to SMEs.

As a unique phenomenon for the tax system, Small businesses, form the bulk of taxpayers in the tax net besides wage earners, who generally are only subject to income tax withholding. At the same time, however, small businesses are the major contributors to the informal economy operating outside the tax net. According to the research done by International Finance Corporation (2007), the findings revealed that in many developing and transition countries, SMEs are the most rapidly growing business segment. Their characteristics and also their tax compliance attitude vary significantly. On the one hand, a large number of SMEs register with the tax authority voluntarily or as a result of enforcement actions. On the other hand, high costs, difficult formalization procedures, or the expectation of gaining a comparative advantage from not complying with tax obligations drive many small businesses into operating in the informal economy. Fjeldstad *et al*, (2003) assert that compliance risks and attitudes in the small business segment of the taxpayer population are fundamentally different from large taxpayer compliance behavior. In case of larger businesses, the core risk for the tax system is the recourse to tax avoidance strategies. Large businesses (and wealthy individuals) have access to sophisticated tax advice to develop strategies for the reduction of their tax liabilities, e.g. through the use of transfer pricing techniques. Smaller businesses are more likely to engage in tax evasion practices and either operate completely outside the tax net or hide a certain part of their business transactions from the tax inspector. The risk of detection of such tax evasion practices can be rather modest in countries with weak tax administration enforcement capacity or a high level of corruption in the tax administration.

According to Institute of Economic Affairs report compiled in 2006, in Kenya, taxation is the single largest source of government budgetary resources. Between 2000 and 2008, tax revenue constituted 80.4% of total government revenue (including grants). Relatively, the importance of non-tax revenue is also significant in sustaining the public budget, although its importance is much less than the role of taxation given that its share over the same period was 15.1%. Foreign grants play a minimal role as they have averaged only 4.5%.

The same study reveals that taxation in Kenya has been applied to meet two objectives. First, taxation is used to raise sufficient revenue to fund public spending without recourse to excessive public sector borrowing. Second, it is used to mobilize revenue in ways that are equitable and that minimize its disincentive effects on economic activities. An in-depth analysis of the report reveals that one of the main challenges of the Tax Modernization Program (TMP) initiated by the government is the large informal sector.

The SMEs sector in Kenya is large and growing in numbers. The first National Baseline Survey done by the Kenya Bureau of Statistics in 1993 identified 910,000 micro and small enterprises (excluding agro-based activity) employing about 2.0 million people. The second National Baseline Survey of 1999 identified 1.3 million enterprises with about 2.4 million people involved. This sector requires treatment other than that provided by refined methods of tax administration and provisions in the revenue code.

A good tax administration system should identify all those required to pay taxes and issue unique identification numbers that are fed into a master file upon which updates are made and from which retrievals can be made. Talierno (2004), established that Kenya Revenue Authority has made some progress in this area by increasing the number of value added taxpayers in its registry from 17,106 in 1997 to 26,591 in 2000 (an increase of 55%). According to KRA (2006), a total of 33,923 taxpayers and 33,141 taxpayers were recruited in 2003/04 and 2004/05, respectively. In 2005/06, a total of 40,537 taxpayers were recruited. Despite this, KRA has to contend with the problem of low filing compliance, which stood at 29% in 2007.

Another challenge for KRA is integrating the processes of registration and filing. Since these processes are poorly integrated, most of the operations are still manual. Similarly, the registration function is yet to be integrated; different taxes still require separate identification numbers and different offices are charged with the registration function. However, KRA has moved towards an integrated tax payer registration system where a uniform Personal Identification Number (PIN) applies regardless of whether a tax payer is registering for Personal Tax, Corporate Tax or VAT.

KRA has taken a further step by introducing TSW Taxpayer Software, effective May, 2008. Through this system, taxpayers are required to apply for registration on-line. They only use Personal Identification Number (PIN), to register for all taxes. The taxpayers are required to enter their tax obligations when applying for

on-line registration. This is a step forward for the tax authority. However, this method has its own challenges. Majority of the taxpayers are not computer literate. This means that, for them to operate efficiently, they will be required to get some training on how to use the system. Alternatively, they will be required to seek for services of computer literate individuals, who can enter and process the tax information for them. That is filing their tax returns and sending any other information required on-line. This increases the cost of compliance.

1.2 STATEMENT OF THE PROBLEM

According to International Tax Dialogue (2007) global conference in Argentina, it is well recognized that SMEs play a prominent role in all economies as they are a driving force for job creation and innovation. They are also the dominant form of business organizations, accounting for between 90-95% of the business population world-wide. They are important to the economy and they are important to tax policymakers and administrators.

With this indisputable scenario in mind, Kenya introduced the Taxpayer Software (TSW) in 2008 with the hope that this would, among other things, enhance revenue collection, improve tax administration and reduce compliance and collection costs. However, according to Institute of Economic Affairs (2008), despite the tax modernization program, there are concerns that the challenges that confront the Ministry of Finance and Kenya Revenue Authority today are not much different from the challenges that faced them before the reforms. There are also concerns that tax competitiveness in Kenya is low and the country remains among the most tax unfriendly countries in the world. Consequently, tax evasion rates have remained high, with a tax gap of about 35% and 33.1% in 2004/5 and 2006/7 respectively. As Kenya Institute of Public Policy Research and Analysis (KIPPR) documents in its 2008 report, the tax code is still complex and cumbersome, characterized by uneven and unfair taxes, a narrow tax base with very high tax rates and rates dispersions with respect to trade, and low compliance. A study conducted by IEA (2008) established that additional challenges include; tax systems with rates and structures that are difficult to administer and comply with; are unresponsive to growth and discretionary policy hence low productivity; raise little revenue but introduce serious economic distortions; treat labor and capital in similar circumstances differently; and are selective and skewed in favor of those with the ability to defeat the tax administration and enforcement system. Fieldstad & Rakner, (2003) argue that, as research in African countries has shown, "tax resistance is likely to continue (and increase) if service provision does not improve, necessitating costly and coercive methods of tax enforcement that may undermine the legitimacy of the government.

Its on the basis of above that the researcher carried out research on factors that influence tax compliance behavior of SMEs in Mombasa county, Kenya.

2.1 LITERATURE REVIEW

2.1.1 TAX COMPLIANCE

One important dimension of individual responses to taxes is the extent to which they willingly comply with the laws. Tax evasion and avoidance are major causes of deviation between the actual and intended impact of taxes. While stakeholder analysis is a necessary and useful tool for understanding why the interest of a business and its stakeholders' collide, a more robust and sufficient theoretical framework that can model tax compliance behavior of SMEs is based on economic theory of tax payer compliance behavior as demonstrated by Allingham-Sandmo model.

2.2.1 THE ALLINGHAM-SANDMO MODEL

In the classic Allingham and Sandmo (1972) paper, an amoral but risk averse tax payer, with true income Y , chooses the fraction of income to declare to tax authorities to maximize her expected utility of income. The policy environment is given by the legally mandated income tax function (Y), the penalty rate on detected but underpaid taxes Q and the probability of tax audit and detection, P . For simplicity, the model assumes a proportional tax function with tax rate, t here. The fraction of income reported voluntarily to tax authorities (or level of compliance) is denoted by χ .

The tax payer's decision problem can be written as:

$$\text{Max } E(U) = (1-P) U(Y_n) + P U(Y_c)$$

Where,

$Y_n = Y - t\chi Y$ and $Y_c = Y - t\chi Y - (1+Q)(1-\chi)T_y$, represent, respectively, net (after tax and penalty) income if evasion remains undetected (not caught) and is detected (caught) by tax authorities (\cdot) is the Von-Neumann Morgenstern utility function of the tax payer, assumed to be strictly concave, implying risk aversion.

This model predicts that, provided the expected additional payment on detection, $P(1+Q)t_y$ is below the tax due when income is reported honestly, $t(Y)$, the tax payer will not comply fully, choosing to report less than 100% of her income. However, there will be greater compliance if there is stricter enforcement either by raising P or Q .

In studies attempting to empirically verify the AS model, it has been pointed out that since expected additional payments if evasion is detected observed in practice are always less than taxes due, taxpayers would always evade taxes if they behaved in accordance with the AS model.

2.2.2 ANTAGONISTIC-SYNERGISTIC CLIMATE THEORY

The conceptual framework used in the current study discusses the idea that the tax climate in a society can vary on a continuum between an antagonistic climate and a synergistic climate. In an antagonistic climate, taxpayers and tax authorities work against each other ("cops and robbers" attitude; high social distance between authorities and taxpayers); in a synergistic climate, they work together ("service and client" attitude, close social distance). This is supported by the framework advanced by Kirchler (2007) which distinguishes between enforced compliance and voluntary compliance, and proceeds with the idea to think about tax compliance along two major dimensions: the (coercive) power of tax authorities to enforce compliance and trust in tax authorities. These dimensions and their interactions jointly influence the type and level of tax compliance. Two different ways of how authorities could gain cooperation from the public are distinguished: the first way claims that the threat of audits and punishment can enforce compliance (economic approach). The second way claims that perceived competence in managing problems can activate citizens to aid the authorities and to feel obliged to adhere to decisions, policies, and rules (psychological approach). Trust in authorities depends on the following variables: subjective tax knowledge; attitudes towards tax authorities and the government; personal, social, and national norms; perceived fairness - distributive fairness (horizontal, vertical, exchange fairness), procedural fairness (fairness of procedures, i.e., neutrality, transparency and interactional justice with two aspects of interpersonal treatment: interpersonal justice, reflecting the degree to which people are treated with politeness, dignity, and respect by authorities; and informational justice, focusing on the explanations provided to people that convey information about why procedures were used in a certain way or why outcomes were distributed in a certain fashion).

Retributive / Restorative fairness (restorative justice focuses on crime as an act against another individual or community, and the victim should receive some type of restitution from the offender). Perceived fairness is connected to the trust dimension because a just treatment of taxpayers (i.e., distributive, procedural fairness, retributive fairness) helps to build and maintain trust. Retributive justice is connected to the power dimension as well, because it depends also on detecting and fining wrongdoers. In turn, an inconsiderate exertion of power that is perceived as intrusive can reduce trust.

The responsive regulation approach (Braithwaite, 2007) fits well with the theory. It proposes regulatory rules and suggests that the authorities should act responding to the beliefs and attitudes of the taxpayers. These are captured in the concept of "motivational postures", defined as "an interconnected set of beliefs and attitudes that are consciously held and openly shared with others". Motivational postures are commitment, capitulation, resistance, disengagement, and game playing.

2.3 EMPIRICAL REVIEW

In a recent work, Webley (2007) argues that the main reasons for non-compliant behaviour can be categorized as: Equity; the perceived fairness of a taxation system is important, with taxpayers' behaviour influenced by two perceptions: that the system treats them unfairly compared to others, and that the government is doing too little with the revenue it collects. Opportunity for non-compliance; several studies report this as the most significant explanatory factor for non-compliant behaviour. Individual differences; in his study, Webley (2007) argues that those who do not comply tend to be male, younger, egotistical and have positive attitudes towards tax evasion and negative attitudes towards taxation authorities. There is some evidence to suggest that education about the taxation system has a direct impact on reducing the propensity to evade.

According to James *et al* (2001) taxpayers who believe 'the system' is unfair or who have personal experiences of 'unfair' treatment are less likely to comply. Other psychological variables include the perception of minimal risk. That is to say if a taxpayer has the opportunity not to comply and thinks that there is only a

minimal risk of being detected, he or she will take the risk. This presumably accounts for the greater under-reporting of certain types of income. For example, salary and wage income is usually highly 'visible' to a tax authority because of third party reporting. However, other forms of income may be much less visible and therefore subject to more 'creative' accounting. Risk taking; some people view tax avoidance as a game to be played and won: they like to test their skill in avoiding their obligations and avoiding being caught.

In the study by Tedds (2006), firms were asked if; it is common to pay some "irregular" payments to government officials; and if laws and regulations that affect the firm are interpreted consistently by the government or courts. If corruption is common, then among other effects, it will increase the cost of doing business, reduce morality, and reduce a firm's confidence in government, all of which have a negative effect on tax compliance.

3. METHODOLOGY

The study used Descriptive Survey Research Design. Survey research design generally entails the use of sample population to analyze and discover occurrences of events. According to Krathwohl (1988) as reported in Okeyo (2012), survey research design is suitable for extensive research and provides the ability to understand population from part of it.

The researcher used both quantitative and qualitative data. For primary data; the questionnaire was used to collect data. The researcher obtained secondary data from already analyzed information sources within the sampled organization; Periodicals, regulatory authority and library resources. The data collected was analyzed using both descriptive and inferential analysis methods.

4. FINDINGS

The relationship between SMEs that engage tax auditors is positively correlated with concealing barter trade proceeds, understating tax payable; since rich people don't comply in their tax returns. This means that an increase in SMEs that engage tax auditors will result in an increase of this type of behaviour. Incidences of concealment of barter trade proceeds will decrease with an increase in SME formalizations.

The relationship between turnover and concealment of barter trade proceeds is also negative. The firm age is negatively correlated with understating income. This means that an increase in the number of younger firms will decrease this type of behaviour. Previous studies suggest that when taxpayers perceive the tax system as unfair, in terms of distribution of the tax burden, they are more likely to evade or underpay their tax obligations.

The findings also indicate that SME firms that are audited by external audit firms are more likely to neglect reporting barter trade proceeds in their tax returns. This particular behaviour (bartering) is also positively correlated with business turnover, and the legal form of the firm. Another interesting finding is that firms that undertake tax audits are more likely to evade paying when they perceive that they have been denied a deduction by the government.

Some of the negative correlations related to; firm age turnover tax audit and tax evasion behaviour are based on perceptions of tax inequalities. Progressive tax systems are those that take a progressively bigger share of a person's or firms income as income increases.

Regressive tax regimes are the opposite, meaning taxpayers pay a smaller proportion of their income on tax when their income reduces. As such, perceptions of progressive tax regimes increase tax evasion incidences.

The other findings indicated a negative correlation between industry infrastructure and concealment of cash income. This indicates that when the infrastructure is poor, tax compliance is better or when infrastructure is good, non-compliance increases. There is a positive correlation between profit margin and tax non-compliance. When the margins increase, non-compliance increases. When margins decrease, compliance improves. This is in line with the descriptive statistics that, the higher the profits a business makes, the more the chance of non-compliance.

5. CONCLUSIONS AND RECOMMENDATIONS

The study draws the following conclusions:

1. Poor business infrastructures should be improved to support the business community and in particular small and medium enterprises (SMEs) in order to increase compliance behavior. Improvement in infrastructures to support the business community may also lead to increased compliance levels. On the profit margin factor, the Mombasa county government and in general Kenyan government should applying progressive tax rates. Incentives may be introduced to motivate the higher income earners, and in turn encourage them to be more tax compliant.
2. The county government should be proactive enough to understand the challenges faced by Small and medium enterprises (SMEs), based on several factors such as, the business legal status, the period the business has been in operation, the firm's annual turnover, the sector that the business operates in, etc. And hence treat them according to the challenges they are facing.

The possible recommendations that the researcher made are:

1. The county government to facilitate SMEs formalization by lowering licensing costs.
2. Kenya Revenue Authority to communicate rules and regulations efficiently and ensure tax fairness to younger firms to increase their tax compliance by applying progressive tax system.
3. Small and Medium Enterprises owners to be involved in the policy formulation process of the government either at county or national level. This will make them feel that they are directly contributing to the policies that will govern them in operating and managing their businesses.

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CONSUMER PERSPECTIVES ON E-TAILING: AN EMPIRICAL STUDY AT HYDERABAD CITY

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ABSTRACT

The E-tail with its innovative business model is radically changing the way people traditionally shop, Modern retailing concept which help customer as well as shopkeeper or companies to buy or sell products at lowest price, with in time. E-tail companies have been very successful, but traditional large-format retailers have been trying to compete by pushing discounts and adopting technologies to enhance the in-store experience of customers. This paper evaluates and identifies the alternate strategies for the traditional retailers to plan the aggressive marketing strategies as comparing to the e-tailors'. For this study the primary data was collected from the 100 respondents through the structured questionnaire by adopting the simple random sampling techniques, the secondary data also collected from the existing literature surveys. The findings of the study are useful for the traditional retailers to formulate the flank strategies to attract the new consumers and retaining the existing ones.

KEYWORDS

E-Tail, Modern retailing, flank strategies and traditional retailers, in-store experiences.

INTRODUCTION

The Indian Online Retail is a rich segment waiting to be exploited. Internet is a potent medium that can serve as a unique platform for the growth of retail brands in India. The medium holds many virtues favourable for the retail industry including a higher customer penetration, increased visibility, and convenient operations. The current web-based models for e-tailing are part of an embryonic phase preceding an era of rapid transformation, challenge, and opportunity in Indian retail market.

E-tailing is defined as the sale of goods and services through the Internet. Electronic retailing, or e-tailing, can include business-to-business and business-to-consumer sales. E-tailing revenue can come from the sale of products and services, through subscriptions to website content, or through advertising. It is a play on the words "retail" and "e-commerce."

According to Philip Kotler "Retailing includes all the activities involved in selling goods or services to the final consumers for personal use. A Retailer or Retail store is any business enterprises whose sales volumes comes primarily from retailing"

The word retail is derived from the French word retailer, which means – "to cut off a piece or to break bulk." A retailer may be defined as a dealer or trader who repeatedly sells goods in small quantities. The sale of goods or commodities in small quantities directly to consumers. Of, relating to, or engaged in the sale of goods or commodities at retail. It also means to sell in small quantities directly to consumers.

WHY IS IT IMPORTANT FOR E-TAILING TO GROW IN INDIA?

The formalization and growth of e-tailing will play a pivotal role in bringing sustainability and economic viability to many facets of the economy. It will provide both direct and indirect employment as well as support such infrastructure industries as logistics, telecom, etc. by creating demand. It will spur entrepreneurship by providing business opportunities to merchandise vendors and service providers, and reduce transaction costs (tax leakages, distribution costs, etc.) by providing accessibility to quality products / solutions in an efficient manner. In summary, the growth of e-tailing in India will positively have four broad impacts:

- A. Generate employment
- B. Facilitate growth of allied industries
- C. Promote entrepreneurship
- D. Reduce transaction costs

OBJECTIVE OF THE STUDY

To study the consumer perspective on e-tail strategies

METHODOLOGY

This study time for traditional retailers to adopt the e-tailing strategies: an empirical study on consumer perspectives seeks to highlight the issues, opportunities and strategies of e-tailing for traditional retailers. The data was collection through the structured questionnaire from the online consumer and 100 shoppers in Hyderabad from the different area focusing on the emerging role of the e-tailing sectors. Such an approach seeks to develop a broad snapshot of the changes occurring within the industry and also gives an idea of challenges and opportunities to the traditional retailers. Through this data, it has made possible to observe a dramatic transformation in the nature of e-tailing sectors.

LITERATURE REVIEW

According to Turban (2006), e-tailing is defined as retailing conducted online, over the internet. Wang (2002) has provided a broad definition of etailing by defining it as the selling of goods and services to the consumer market via the internet. Zeithaml (2002) has defined that the success of e-tailing depends on the efficient web site design, effective shopping and prompt delivery. The other e-store services are delivery on real time, return and replacement process, period of filling out online orders form, speed of response time to e-customers queries. Ratchford (2001) has said that through internet, consumers can gather information about merchandise and they compare a product across suppliers at a low cost.

Rao (1999), E-commerce offers increased market activity for retailers in the form of growing market access and information and decreased operating and procurement costs. Myerson (1998) expressed that consumers are getting smarter in using e-tailers (and online searchengines and Rao (1999), E-commerce offers increased market activity for retailers in the form of growing market access and information and decreased operating and procurement costs. Myerson (1998) expressed that consumers are getting smarter in using e-tailers (and online search engines and agents) for convenience and comparison- shopping. Guttman (1998) describes several unique elements make online shopping different from the traditional instore retail model. Besides offering convenience and expanded product variety, the online model also makes it easy for consumers to access and compare data from multiple sources. Meeker (1997), retailers might cry foul, but the new shopping aradigm they have to face is that as premium customers begin to accept the e-tail alternative in larger numbers.

Yu Gang, CEO of Yihaodian says, E-retail with its innovative business model is radically changing the way people traditionally shop. The demise of companies like Tower Records, Borders can be attributed to growing acceptance of e-retail. The extremely high growth rates are a cause of concern for traditional retail. However, despite glaring advantages, e-retail is only 5% of total retail sales. Traditional stores have inherent advantages in terms of experiential products and a

huge supporting ecosystem. But, the market dynamics are changing and traditional stores can't rely on the momentum barrier to keep out e-retail. The future lies in innovation and the ability to integrate channels to satisfy evolving customer needs.

ANALYSIS & INTERPRETATION

TABLE 1: DEMOGRAPHIC PROFILE

PARTICULARS	CLASSIFICATION	% of Respondents
Gender	Male	66
	Female	34
Marital Status	Married	13
	Unmarried	87
Age Group	Below 20 years	8
	21 – 30 years	74
	31 – 40 years	14
	Above 41 years	4
Education	PG	78
	Degree	14
	Intermediate	0
	SSC	0
Monthly Income	< 5,000	4
	5,001 to 10,000	16
	10,001 to 15,000	34
	15,001 to 20,000	16
	20,001 and above	30

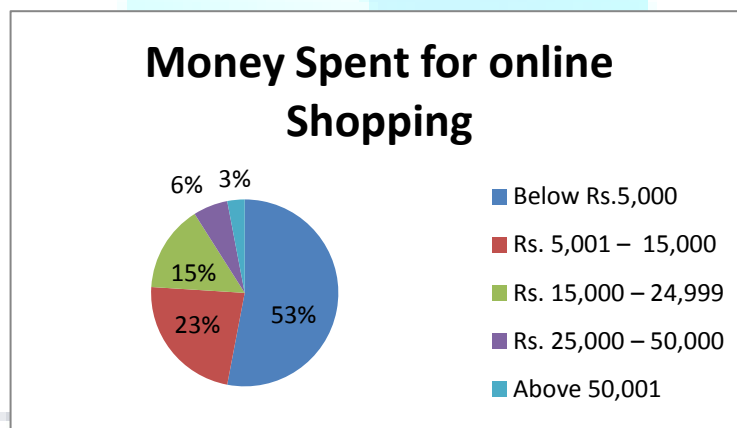
Source: Primary Data

The above tables reveal that from the sample which we have collected, 66% are males and remaining 34% are females. As far as the age of the respondents are concerned 74% are between 21-30 years followed by 31-40 years with 14%. If we consider the educational qualifications 78% of respondents are postgraduates & graduates and only 14% are having intermediate. As far as their monthly income is concerned 34% are earning between 10001- 15000 rupees followed by 30% with an income of 20001 plus per month.

TABLE 2: MONEY SPENT FOR ONLINE SHOPPING

Amount	% of Respondents
Below Rs.5,000	53
Rs. 5,001 – 15,000	23
Rs. 15,000 – 24,999	15
Rs. 25,000 – 50,000	6
Above 50,001	3

Source: Primary Data

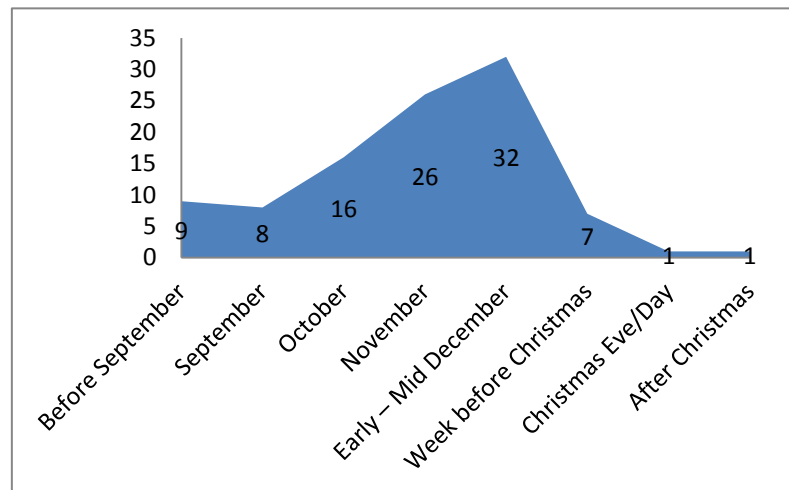


It could be observed from table 2 that out of 100 sample Majority of respondents 53% are spending <5,000 and 23% (5,001-15,000) for online shopping followed by 15% (15,001-24,999), 6% (25,000-50,000) and 3% (>50,001).

TABLE 3: SHOPPING TIME DURING THE FESTIVAL SEASON

Time	% of Respondents
Before September	9
September	8
October	16
November	26
Early – Mid December	32
Week before Christmas	7
Christmas Eve/Day	1
After Christmas	1

Source: Primary Data



From the above table 3, it could be inferred that out of 100 sample respondents, while a portion of 16% of respondents choose to get a head start by beginning their Christmas shopping in October or earlier, the majority of respondents wait until 26% November or 32% December, keeping up the traditional “Christmas rush” that we are used to seeing this time of year.

TABLE 4: PRODUCTS PURCHASE THROUGH ONLINE

Products	% of Respondents
Apparels	16
Fashion Accessories	12
Groceries	5
Books	13
Electronics / Gadgets	23
Cosmetic / Beauty Products	8
Toys / Games	5
Jewelry / watches	7
Kitchenware / Cookware	2
Home Furnishings	1
Musical Instruments	3
Sporting / fitness goods	4
Others	1

Source: Primary Data

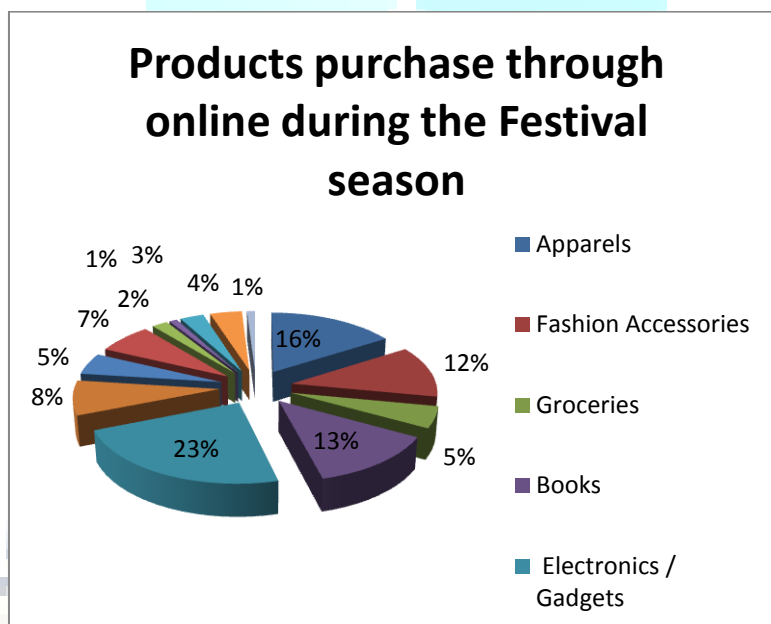
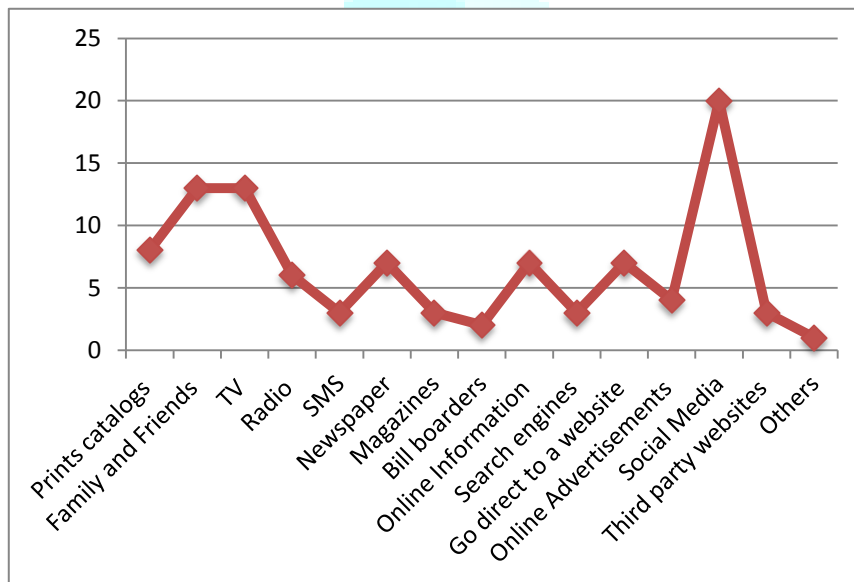


Table 4 reveals that the majority of 23% and 16% respondents are purchasing the Electronic Gadgets and Apparels during the festival season through online purchasing.

TABLE 5: SOURCE OF INFORMATION

Source of Information	% of Respondents
Prints catalogs	8
Family and Friends	13
TV	13
Radio	6
SMS	3
Newspaper	7
Magazines	3
Bill boarders	2
Online Information	7
Search engines	3
Go direct to a website	7
Online Advertisements	4
Social Media	20
Third party websites	3
Others	1

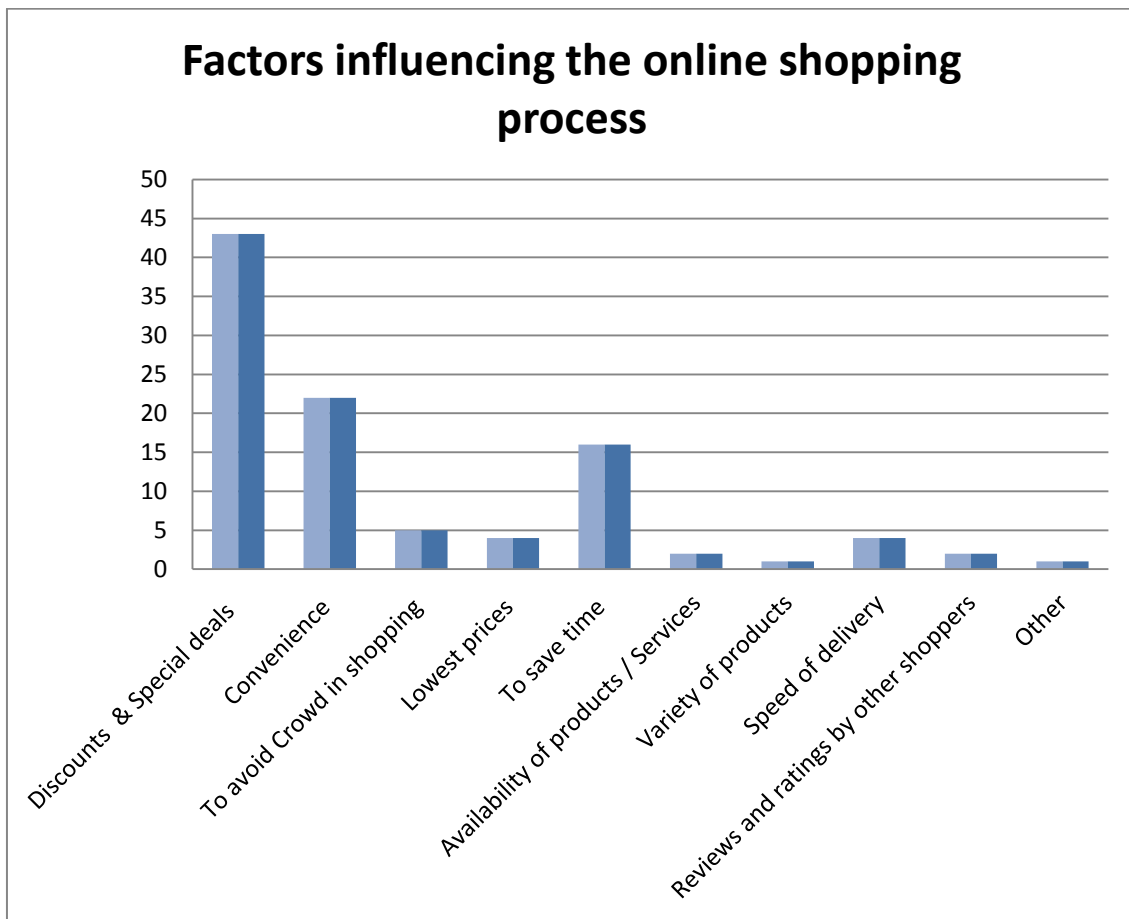
Source: Primary Data



From the above table 5, it could be inferred that out of 100 sample respondents, when looking for information to help them with their Christmas shopping, most respondents turn to the Internet, 20% majority of respondents got the information from Social Media, 13% TV and 13% friends/relatives. For those respondents who turn to the Internet for shopping help, the preference is to go straight to the source with around half (3%) saying they find the information they need by using a search engine, or going directly to a product, brand or retailer’s website (7%).

TABLE 6: FACTORS INFLUENCING THE ONLINE SHOPPING PROCESS

Factors	% of Respondents
Discounts & Special deals	43
Convenience	22
To avoid Crowd in shopping	5
Lowest prices	4
To save time	16
Availability of products / Services	2
Variety of products	1
Speed of delivery	4
Reviews and ratings by other shoppers	2
Other	1



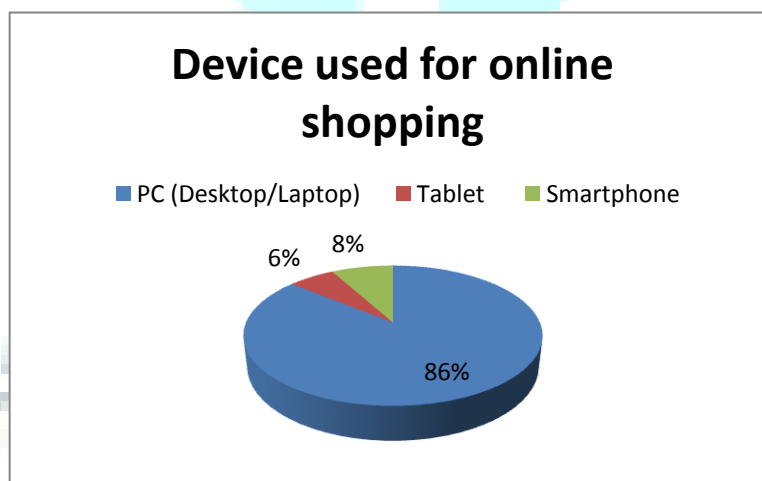
Source: Primary Data

It could be observed from table 6 that out of 100 sample respondents 43% giving the importance to Discounts & Special deals, 22% and 16% are shopping through online shopping due to convenience and time saving.

TABLE 7: DEVICE USED FOR ONLINE SHOPPING

Device	% of Respondents
PC (Desktop/Laptop)	86
Tablet	6
Smartphone	8

Source: Primary Data



It could be observed from table7 that introduction of mobile apps by many retailers may make shopping online through a Smartphone or tablet easier, but it seems many still 86% prefer doing it the traditional way, through a PC.

FINDINGS, SUGGESTIONS & CONCLUSIONS

- From the survey I found that majority of 43% of consumers plan to spend more time on online shopping due to the discounts & special deals.
- While consumers are researching early, 33% plan to do the majority of their holiday shopping in early/mid December.
- Consumers plan to spend almost same amount on festival shopping through online comparing to last year.
- Consumers say the internet is more convenient, although price and the ability to shop at any time of day or night are also important reasons for using the web to fill those stockings.

- Almost half of consumers told us they were influenced by social networking, price comparison websites and product reviews.
- Most of the people purchase on cash basis during festivals rather than credit or any other instrument.
- In case of awareness most people say that the perception of online purchasing is changing and more people are coming forward to do online purchase.
- It is found that the person's who have purchased online about 70% are satisfied with online purchasing but the 30% people which are not satisfied is due to poor quality and security of credit card.
- Most respondents said that average money spent online shopping is less than Rs.5000.
- In case of benefits most respondents feel saving of time and cost availability perceive them for online purchasing comparison to traditional purchasing.
- It is hard that most people feel that online shopping has a good future in India.

CONCLUSION

The findings of this study have revealed a higher number of male internet shoppers than females. Age has also been found to have an influence on internet retailing adoption. Internet usage has not diffused uniformly amongst all age groups, hence the difference in attitude towards online purchase and the PC literate population with higher exposure and awareness of internet. Tradition and rituals attached to festivals in India plays important role to judge the behavior of customers. So Festival season plays a dominant role in the Indian scenario. There Lot's of Emotions Attached to Different Festivals in India. There Purchasing Behavior Mostly Judge On The Basis Of These Festivals in India.

This clearly indicates that online retailing is not the most appealing and convenient means of shopping amongst internet users in India. Annual household income affects internet retailing adoption. Higher income motivates more purchasing the Internet retailing adoption. The Higher position in an organization indicates more awareness of modern technology and opportunities that increases higher online retailing prospects. So the online retail companies in India need to formulate the innovative strategies to increase the internet shopping India.

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PRADHAN MANTRI GRAM SADAK YOJANA: ANALYTICAL STUDY OF THE DEVELOPMENT OF THE BASTAR DISTRICT

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ABSTRACT

Road plays a major role in the development of rural areas. The first rung of development is the construction of roads. Our intention of rural development is to develop rural areas in aspect of economic as well as social development. The Ministry of Rural Development, Government of India has made a variety of plans to develop the rural sectors and to improve the quality of life of villagers and to give them the standard living as urban people. India has many unconnected villages this is the big problem for the development. So, to solve this problem The Government of India has introduced Pradhan Mantri Gram Sadak Yojana where the connectivity of roads are linking rural habitations.

KEYWORDS

PMGSY, Bastar.

INTRODUCTION

Pradhan Mantri Gram Sadak Yojana plan launched by The Central Government scheme to provide road connectivity to the rural areas. This is the plan which links the town to the small villages and small villages to different villages. For the development of rural areas, The Indian Government has announced Pradhan Mantri Gram Sadak Yojana on 15th August 2000, by the former Prime Minister Atal Bihari Vajpayee and this planning inauguration has taken place on 25th December 2000.

Under this program at the primary stage, the plains with a population of 500 and above and mountainous and desert areas with a population of 250 and above is considered to provide contact at all habitations.

AREA OF RESEARCH

Bastar district have been selected for the research studies. Bastar district is located to south of chhattisgarh's state. Bastar district is set on 20.6-20.24 longitude and 80.48 - 81.48 latitude. Bastar district geographical area is 43169 Sq. Km which is more than kerala state. Under Bastar district there are 12 blocks. Which are-

1. Tokapal
2. Bastanar
3. Bakawant
4. Darbha
5. Keshkal
6. Kondagoan
7. Baderajpur
8. Bastar
9. Lauhandiguda
10. Farasgoan
11. Jagdalpur
12. Maakdi

This research work review the development work of these 12 blocks.

RESEARCH OBJECTIVES

1. Study of the benefitted areas under Pradhan Mantri Gram Sadak Yojana.
2. Study of direct and indirect resources of employment through Pradhan Mantri Gram Sadak Yojana.
3. Contribution to socio-economic development of the villagers by Pradhan Mantri Gram Sadak Yojana.
4. The study of the improvement in transportation through Pradhan Mantri Gram Sadak Yojana.

STUDY MODE

The study is based on survey research methods. The survey area is Bastar district and its 12 blocks. By preparing questionnaire and taking interview of villagers primary data has been collected. under collection of secondary data much information has been collected from the District Statistics Office and Pradhan Mantri Gram Sadak Yojana. website.

RESEARCH HYPOTHESIS

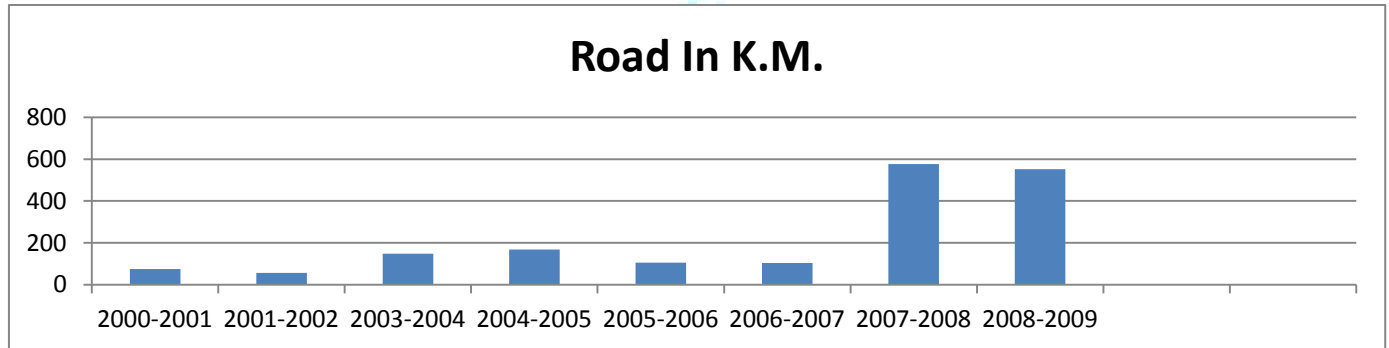
1. Increase in the employment opportunity in rural areas through Pradhan Mantri Gram Sadak Yojana.
2. Increase in transport facilities in rural sectors through Pradhan Mantri Gram Sadak Yojana.
3. Through Pradhan Mantri Gram Sadak Yojana there is facility in transportation of agricultural products.

ANALYSIS

TABLE NO. 01: DETAILS OF DEVELOPMENT OF ROADS UNDER PRADHAN MANTRI GRAM SADAK YOJANA

Year	Road in K.M.	Percentage
2000-2001	75.98	4.25
2001-2002	57.45	3.20
2003-2004	148.74	8.31
2004-2005	168.57	9.42
2005-2006	105.55	5.90
2006-2007	104.22	5.82
2007-2008	576.79	32.23
2008-2009	552.46	30.87
Total	1789.76	100

Source:-www.pmgysy.nic.in & www.cgrrda.gov.in

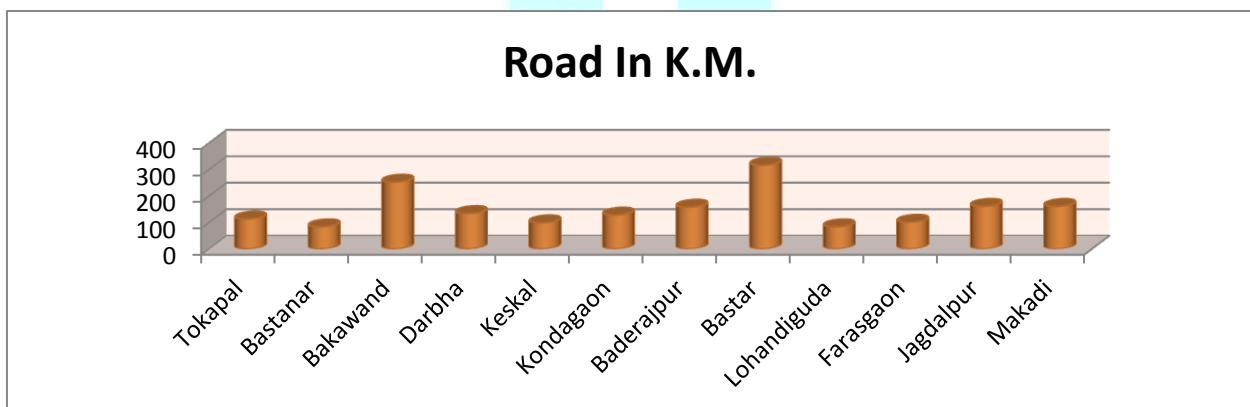


Above Table 1: It is known that the analysis plan in the beginning of the year 2000-2001; constructed road was only 75.98 Km(4.25%). Most of the roads were built in the year 2007-2008, which was of 576.79 Km(32.23%). The road leading to the build-up access to the villagers of the district, towns and other villages has grown. But in the year 2008-2009 road construction was slow.

TABLE NO. 02: THE BLOCK WISE DETAILS OF DEVELOPMENT OF ROADS UNDER PRADHAN MANTRI GRAM SADAK YOJANA

Block	Road in K.M.	Percentage
Tokapal	113.45	6.33
Bastanar	83.78	4.68
Bakawand	252.55	14.11
Darbha	134.11	7.50
Keskal	99.02	5.53
Kondagaon	128.18	7.00
Baderajpur	158.05	8.83
Bastar	316.64	17.70
Lohandiguda	83.76	4.68
Farasgaon	101.05	5.64
Jagdapur	161.19	9.01
Makadi	160.98	8.99
Total	1789.76	100

Source:-www.pmgysy.nic.in & www.cgrrda.gov.in



By the help of Table 2 it is clarified that the most road construction was done in Bastar block i.e., 316.64 Km and Bakawant block i.e., 240.27 Km. Whereas lowest road construction took place in Bastanar block i.e., 70.06 Km because this area is affected by Maoism and it comes in very interior area that's why road construction of this area is very sluggish.

TABLE NO. 03: DETAILS OF FACILITIES PROVIDED UNDER PRADHAN MANTRI GRAM SADAK YOJANA

Type of Facility	Percentage
Connect by cities	65
Health & education Facility	25
Connect to others villages	10
Total	100

Source:- Questionnaires & Interviews

facilities provided under PMGSY



Above Table 3 give the information that with the help of Pradhan Mantri Gram Sadak Yojana the roads of rural areas have been connected to the nearby urban areas up to 65% but there is average increment in the area of education and medical facilities and the modification of rural roads which are connecting another rural areas are in average condition.

TABLE NO. 04: ANALYSIS OF FINANCIAL RECORD OF VILLAGES

Particulars	Percentage
Increase in a land price	67
Increase in a retails shop	51
Increase in a small hotels	48
Increase in a facility of employment	55
Increase in a banks	20

Source:- Questionnaires & Interviews

Analysis of financial record of villages

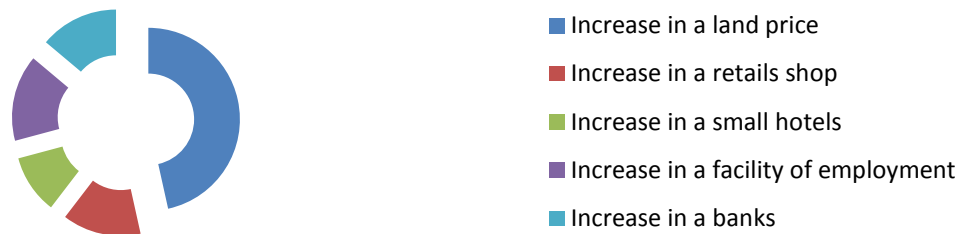


Table 4. By taking interview of villagers we get the information that there is definite increase and improvement in the financial condition in rural areas and there is a lot of hike in the land price of its nearby places.

TABLE NO. 05: DETAILS OF INTERVIEWS TAKEN FROM VILLAGERS

Interviews by Questionnaire	Answerer		
	Yes	No	Not Interested
Villagers got jobs under this Planning	69	22	9
Increase in chance of getting jobs by labourer	73	19	8
Increase in transports facilities in rural area	86	12	2

Source:- Questionnaires & Interviews

With the help of Table 5. it is clear that Pradhan Mantri Gram Sadak Yojana have given rise in the employment opportunities as well as rise in the transport facility.

CONCLUSION

Pradhan Mantri Gram Sadak Yojana plays a vital role in the establishment of socio-economic development of the rural areas. This planning have given the best result and became very helpful for connecting the rural areas to urban areas by the help of which transportation is very easy and can be used 24x7 and the rural people get the knowledge and benefit of the various government planning. This planning helps the government to know the advantage and disadvantage of the other planning which are introduced by the government i.e., Pradhan Mantri Gram Sadak Yojana planning becomes the basic planning for the success of all other planning.

The main problem of Bastar district is the problem of Maoism which has become the biggest interruption for this planning also. Because of this problem the construction of roads cannot be completed at the specified time period but then also the construction of roads are in process and that day not so far when India's rural areas will become well known urban areas.

Now we don't have an exaggeration in saying that "Roads are the first stepping stone for the development".

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ROLE OF TALENT MANAGEMENT IN BUSINESS STRATEGY

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ABSTRACT

Today Talent management is most significant factors for structure success. we have a tendency to will say talent management is distinctive, attracting, integration, developing, motivating and retentive folks of the organization .The 3 most significant areas were talent management, leadership development and performance management and rewards. in step with The Conference Board (Morton, 2005), "talent" refers to "individuals WHO have the potential to create a major distinction to this and future performance of the corporate." This definition emphasises the necessity to incorporate not solely a read of however staff square measure playing currently, however conjointly their capability to perform within the future to fulfil new industrial demands.

KEYWORDS

talent management, performance appraisal, retention.

INTRODUCTION

Many corporations have enforced talent management systems in recent years, and also the issue has recently been subject to the eye of scientific literature, from totally different theoretical views. specifically, HRD literature advanced few essential views on talent management, discussing its real impact on HRD practices. this text reports the results from case studies on four Indian corporations, focusing the social control practices they enforced for managing talent. The results show that, within the Indian context, talent is managed for terribly totally different structure objectives, with the overall aim to foster a divided approach to the work force and to commit high and line managers to HRD activities. The results square measure compared with existing literature, and each implications for HRD apply and HRD theory square measure highlighted.

LITERATURE ON TALENT MANAGEMENT

Talent management has become a key management issue. many studies showed that business leaders think about finding proficient folks to be the one most significant social control preoccupation for this decade (e.g. Paauwe 2007; Guthridge, Kommand Lawson 2008; Deloitte 2010). These authors expect that the aggravating competition for talent can have a serious result on corporations. Despite the recession, several business leaders square measure adjusting their talent methods to fulfil the future talent shortages (Deloitte 2010). The increasing attention for talent and also the expected talent shortages square measure stricken by many trends and factors, like demographic changes caused by ageing and increasing quality and globalisation (e.g. Basri and Box 2008; Beechler and Woodward 2009; Tarique and Schuler 2010; Schuler, Jackson and Tarique 2011a, 2011b). Transformational changes in business environments conjointly have an effect on the number, quality and characteristics of the talent required (Ashton and jazz musician 2005; Guthridge et al. 2008; Beechler and Woodward 2009; Schuler et al. 2011a, 2011b; Vaiman, servant and Collings 2012). This refers to developments like the shift from product-based to knowledge-based economies, the necessity for workers WHO will handle additional complicated occupations, the changes in structure (for example cooperation and network arrangements) and also the growing importance of building and sustaining relationships. Blass and Apr (2008, p. 48) state that 'the extremely educated worker could be a less malleable supply for the corporate and a additional mobile capitalist of his/her intellectual, social and emotional capital'. Schuler et al. (2011b) claim that the success of corporations nowadays relies on however effectively they determine and manage the (global) talent challenges they're confronted with and adapt to those challenges as they evolve and develop. The question is whether or not the organization is ready to urge the correct folks within the right place at the correct time .These talent challenges are debated extensively in common and professional person adjusted literature, net magazines and on social networking sites. Since 2001, lecturers have conjointly made a substantial quantity of literature on talent management. In 2006, Lewis and Heckman complete that despite the degree of educational literature, talent management was still in its infancy; it lacked a transparent and consistent definition and scope moreover as a abstract framework supported research. In 2009, this was once more confirmed by Collings and Mellahi. Simply 2 years later, Collings, servant and Vaiman (2011) complete that the sphere had touched from infancy to adolescence, due to the contribution of the many, in the main US-based, student's exploitation North yank thinking and analysis. The consequence is, in their read, that the North American country context includes a dominant influence on the talk. Additionally, Powell et al. (2012) state that there's conjointly a powerful specialize in talent management within the personal sector and in multinationals. this is often corresponding to the overall field of human resource management (HRM) (Keegan and Boselie 2006). within the field of HRM, there's a growing awareness of the relevant impact of discourse factors within the shaping of the use relationship and HRM (Paauwe 2004). Therefore, this ideas and assumptions in talent management literature associated with the context of US-based, personal and transnational organizations square measure in all probability but equal to describe and study talent management in organizations in alternative contexts, like public or non-profit organizations or tiny and medium enterprises.

OBJECTIVE OF STUDY

Objective of study is to present the role of Talent management.

RESEARCH METHODOLOGY

This paper presenting roll of talent management in business strategy. After go through journals ,various papers and various web search engines I found that talent management is very important for any organization .

TALENT INSUFFICIENCY AND ACCOMPLISHMENT

Technology advances have pushed businesses forward however they've conjointly given new challenges: finding the correct folks to assist you get the correct merchandise to plug — particularly before your competition — is more durable than ever. this is often combined by the appearance of on-line skilled networks. Where as these networks will facilitate recruiters additional simply realize new talent, they conjointly create it doable for high performers to be found by alternative hungry recruiters and cherry choose talent for his or her next nice job. Some jobs square measure simply crammed, however only too usually the talent the organization desires is scarce and also the talent of recruiters in quickly finding and appeal that talent is crucial. this is often a matter of strategic importance to the company's bottom line. Open essential positions result in delayed comes, lost targets and overextended groups. And a delayed project isn't simply Associate in Nursing inconvenience—it will mean the distinction between obtaining a product out before competitors and being late to plug. These vacancies will ultimately contribute to reduced revenue and loss of market share. Given the impact vacancies will wear the organization, recruiters should perpetually explore new techniques to cut back the time to fill openings. therefore what works?

In this study, results varied. Simply over common fraction of corporations purpose to higher sourcing because the darling plan of action in decreasing time to fill . ligature for second place were the utilization of social tools and improved screening and assessments. Some corporations conjointly noted enhancements

attributable to higher package and processes. Solely seven-member of corporations aforesaid that additional competitive compensation and edges created a distinction. This might be as a result of organizations square measure unwilling to extend pay or haven't thought-about exploitation non-financial rewards to draw in talent. Corporations falling into the "other" class reported techniques like being flexible in adhering to job descriptions once sourcing new recruits and looking forward to their firm's success and name to draw in talent. The takeaway is that there's no remedy once it involves decreasing time to fill. Additionally likely, it's a mix of higher sourcing, effectively investing social media tools, rising screening and streamlining package applications and processes. As we'll see later, some corporations are turning to non-financial rewards. Finally, one plan of action not mentioned by those surveyed is employing a holistic, analytical approach to higher anticipate vacancies—via foreseen retirement or attrition—and prepare before there's an instantaneous would like.

RETENTION, COMPENSATION AND LEARNING

If finding the simplest folks is crucial to a company's success, keeping them is even additional necessary. Even as with customers, finding new high talent is longer and resource-consuming than keeping the highest talent you have already got. Compensation and learning square measure primary factors in worker satisfaction, that ultimately ends up in retention, and that they are examined during this section. once search regarding general retention methods, eightieth of study rumoured that specialize in one among 2 tactics: higher worker engagement through clear goals and communication, and higher career and succession management. within the book on the far side HR: The New Science of Human Capital, John Boudreau and Pete Ramstad create a case for cheater focus, like higher desires analysis once it involves worker retention. After all, organizations aim to retain high performers and high potentials, not all staff. solely 100 percent of respondents listed desires analysis as a high focus, that is in line with general survey findings relating to talent management application integration and also the embracement of unit of time analytics. At this time, unit of time remains seemingly to be centred on programs for the overall worker population. Respondents WHO answered "other" named techniques like employing a combination of those ways (rather than focusing effort on one) or exploitation higher choice as the simplest way to boost retention. whereas limiting choice to those anticipated to remain may match once there's an oversized pool of qualified candidates, in times of talent insufficiency, it's going to be impractical.

PERFORMANCE MANAGEMENT AND TALENT REVIEWS

End-to-end talent management encompasses 3 main pillars: accomplishment, learning and performance management. Performance management could be a crucial part of maintaining the simplest doable work force because it allows corporations to spot high performers and high potentials whereas conjointly understanding problems with under-performance. From there, corporations will higher strategize benefit will increase, retention efforts and additional. Organizations indicated that coaching managers in performance management has brought them the foremost success; this is often conjointly the world of greatest focus for continuing improvement. the opposite 2 productive practices are higher alignment between goals and higher goal setting. Respondents WHO answered "other" pointed to the importance of constructing performance management a part of the culture and in progress employee-manager communication. one among the foremost necessary parts of talent management is to travel on the far side the individual performance appraisals and appearance closely at the talent pool to spot and develop key talent. This method is usually known as a talent review, and is handled by a committee of senior managers. simply over 2 hundredth of organizations rumoured that they failed to use talent reviews. If we have a tendency to specialize in the nearly eightieth that did, we discover that near 1/2 those solely use paper-based reviews. Given the benefit with that talent review committees will type through Associate in Nursingd appraise a worldwide work force exploitation an integrated talent management system, it looks seemingly the quantity exploitation manual processes can shrink within the years ahead. complete technology (instead of integrated technology) is amazingly prevalent; it's utilized by run over 1/2 the organizations that use technology for talent reviews.

THE APPEARANCE OF INTEGRATION

Soon when adopting new talent management applications, most organizations notice the necessity for integration. Technology investments square measure usually created to contour processes and improve information accuracy. however the total power of technology can not be realised once corporations have multiple systems of record with disconnected information streams and conflicting processes. Moving information from one system to a different and ultimately wanting to method the data in an exceedingly manual application, sort of a programme, ends up in inaccuracies, frustration and wasted force. Study shows that unit of time includes a great distance to travel once it involves integration. the bulk of organizations surveyed report poor to moderate integration of their talent management applications. Performance management could be a bit additional seemingly to be integrated than the opposite pillars of talent management, though even there the quantity with poor integration greatly outnumbers those with sensible integration. Talent management is more and more turning into a priority for corporations and CEOs have new, additional strategic expectations of their unit of time leadership. At constant time, unit of time leaders attempt to be seen as over transactional contributors and push for a seat at the manager designing table. To elevate their roles and gift CEOs with the thoughtful, verified talent intelligence demanded, unit of time leaders can got to create systems integration and clean, consistent information bigger priorities.

CONCLUSION

The talent management ply necessary role in trade growths. Slower economic process combined with a insufficiency of talent to fill crucial positions, the appearance of social networking and a replacement generation of digital natives, AND raised expectation from the highest, mean that the times of transactional unit of time have long passed. unit of time leaders need a seat at the strategic table and CEOs need to relinquish it to them. however to be ready to create this leap from transactional to strategic, unit of time leaders got to place bigger specialize in tools, method and integration and stop addressing talent management in silos. whereas techniques for decreasing time to fill, maximising the effectiveness of compensation and rewards, and retentive high performers vary among corporations, one factor is constant: easy accessibility to work force intelligence is essential. while not access to wash, consistent information, unit of time leaders cannot act with the knowledge and speed to urge the simplest folks at very cheap price and make sure the best performance and lowest attrition. Moreover, unit of time can lose the chance to be true leaders within the business and facilitate guide the CEO in choices supported future business impact. what percentage high performers can you lose to retirement within the next 5 or 10 years? What talent demands square measure on the rise? that regions, classes and functions would like bigger attention? what is going to be very cheap line impact of giving benefit will increase to high performers solely vs. all employees? {this is |this is often |this will be} all insight that the unit of time leader can and may give. one among the 3 crucial parts of a productive business has the simplest folks within the world. it's a war to seek out, develop and retain the simplest folks, however it's one which will be won with the correct tools at hand.

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MICRO-FINANCE AND WOMEN EMPOWERMENT

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ABSTRACT

The study revolves round micro-finance and empowerment of weak hearted gender with its help. The study aims to explain the impact of micro finance on empowerment of women in district Srinagar of Jammu & Kashmir. The impact of the WDC's is classified into economic impact, social impact, psychological impact and political impact. The study reveals micro-finance is a powerful instrument for poverty alleviation, employment generation and empowerment of women folk. In general, most of the members believe that the SHGs satisfactorily contribute to women's development, thereby helping women to survive and let them live a life with self esteem, dignity, self-reliance, respect and, humanity.

KEYWORDS

women's development cooperation (WDC), self help group (SHG), micro finance.

INTRODUCTION**MICRO-FINANCE**

A large section of the Indian population is not covered by the formal financial system even after three-and-a-half decades of nationalization of banks. The Government nationalized and expanded the banking system; enlarged its coverage to a large segment of the population of the country through the use of targeted, low-priced loans. The poor were given subsidized credit so as to reduce their dependence on the informal sector, which charged high-interest rates in the range of 25-40 per cent. The rural cooperative banks and the regional rural banks were set up to cater to the financial needs of the rural poor. Also, the commercial banks are required to ensure that 40 percent of the total credit is allocated to the priority sectors. In order to achieve the quantitative targets, the bankers' lost sight of the qualitative aspects of lending which resulted in increased loan defaults and strengthened the belief that poor are not really bankable. The transaction cost required for servicing small loans to a large number of borrowers and the cost of risk are barriers to financial inclusion. Thus for the banking institutions, lending to the poor was an obligation and not viable commercial activity. This widened the gap between the demand and supply of credit to weaker sections in the rural areas. Thus, a large section of the population, particularly in rural areas remain excluded with no access to formal financial services.

An alternative delivery mechanism, for meeting the requirements of the poor known as microfinance, came into existence.

HISTORY OF MICRO-FINANCE

In 1976, Dr Mohammad Yunus, a professor of Economics in Chittagong University, Bangladesh, came up with the concept of lending to groups of poor women. This group was loaned money without any collateral, but with higher rates of 20- 24 percent. If any member defaulted, the group was denied access to further credit. This joint liability put a social pressure which produced a very high repayment rate of 98 percent. The success of this pilot project inspired him to set up a Grameen Bank for providing banking services.

In the Grameen Bank model, members of the group are also the owners of the bank. The group normally consists of five members and the liability to repay the loan lies with the individual. The loan is given directly on the basis of trust and no agreement or document is required. The success of Grameen Bank proved that the poor needed access to financial services rather than the cheap subsidized credit. The pioneering experiment came to be later known as 'microfinance' for the poor. The Grameen Bank lends US\$30 a month to 1.8 million needy borrowers. Dr Mohammad Yunus and Grameen bank were awarded the Nobel Peace Prize in 2006 for their efforts to create economic and social development from below'.

WOMEN EMPOWERMENT

World Bank defines empowerment as "the process of increasing the capacity of individuals or groups to make choices, and to transform those choices into desired actions and outcomes. Central to this process are actions that build organizational and institutional context which govern the use of these assets".

According to UNIFEM, women empowerment consists of "gaining the ability to generate choices and exercise bargaining power, developing a sense of self-worth, a belief in one's ability to secure desired changes, and the right to control one's life".

Naila Kabeer (1999) stresses that women's empowerment is the process to acquire the ability from those who have been denied the ability to make strategic life choices. Her emphasis that ability to exercise choice incorporates three interrelated dimensions: Resources, Agency, and Achievements.

MICRO-FINANCE AND WOMEN EMPOWERMENT

Women empowerment attracted concern of the people worldwide from all the walks of the society. In spite of their efforts, they could not contribute significantly. One of the proven concept that had universal acceptance in empowering women is Micro Credit. People, especially women, who were offered this facility grabbed the opportunity since they were looking for a medicine that could empower them and thereby satisfy their need.

One of the primary reason for women being ignored and looked down upon is her economic dependence on the male members of the family. They could hardly say anything or raise their voice.

Professor Mohammad Yunus the noble laureate, who has created history by effectively using micro finance for poverty eradication stated that his mission is to eradicate poverty from the world. He believes that it could be achieved through entrepreneurship which is present in every human being. MFI around the world have succeeded to a great extent in reaching the poorest of the poor by providing loans to people, especially women- the most venerable groups in society. Micro credit has created opportunity for self employment and has significantly increased women's security, autonomy, self-confidence and status within the household. Such credit is extended at full cost interest rates, within collateral, that are repayable in frequent installments. Borrowers are organized in groups, which reduces the risk of default.

Women Empowerment is important area of concern in many parts of the world especially in India where, still in some areas women are considered only as reproductive machines. The contributions of great reforms like Raja Ram Mohan Roy, Mahatma Gandhi, Subramaniaya- Baharathiyar, Periyar had improved the situation far better. But one could easily understand the situation of women in India from the long unsuccessful struggle for 33% reservation in state Legislatures and Parliament.

Marginalized women, when provided with an opportunity to organize themselves in small groups and carryout trading activities by utilizing the micro credit facility for making money, had proved that they are equally, if not more, capable of contributing to the economic development in many ways. Thelma key states in his research paper that women who had generated increased income through self-help schemes have gained greater respect and decision making power with the household, able to command attention within the community and have self confidence due to exposure to women's rights and social and political issues.

LITERATURE REVIEW

Osmani(1998) analyzed the impact of credit on the well being of Grameen bank women clients. He attributed improvement being only partial to cultural conditioning. The project was found to have increased their autonomy in that they were able to spend family income more freely than non-clients. They had greater control over family planning but the project was not shown to have had an impact on clients control over other decision-making but they were found to have greater access to household resources than the non-clients.

Mayoux (1999) argued that sustainable microfinance services alone might lead to women's individual economic empowerment through stimulating women's micro enterprise development, leading to increased income under women's control. This study assumes that microfinance services empower women by enabling them to earn cash income through various types of entrepreneurial activities. These entrepreneurial activities increases their ability to contribute to their families' support which increases women's role in household decision making and control over allocation of resources within the household economic portfolio.

Kabeer(2003) states that women need empowerment as they are constrained by the norms , beliefs, customs and values through which society differentiates between women and men. She states that it becomes apparent that while access to financial services can and does make vital contributions to the economic productivity and social well being of poor women and their household, it does not "automatically" empower women, just as with other interventions, such as education, political quotas etc that seeks to bring about a radical structural transformation that true empowerment entails. She also states that empowerment refer s to the " process by which those who have denied the ability to make strategic life choices acquire such ability", where strategic choices are "critical for people to live the lives they want. Therefore MFIs cannot empower women directly but can help them through training and awareness-raising to challenge the existing norms, cultures and values which place them at a disadvantage in relation to men and to help them have greater control over resources and their lives.

Johnson (2004) states that having women as key participants in micro finance projects do not automatically lead to empowerment. Sometimes negative impacts can be witnessed. He refers to increased workload, increased domestic violence and abuse. This led her to ask me certain question of whether targeting women is just an efficient way of getting credit into the household since women are more likely than men to be available in the home, attend meeting, be manageable by field staff and take repayment more seriously, even if they do not invent or control the loan themselves? Or on the other hand, if such targeting is fully justified on the grounds of enhancing of gender equity she claims the answer is probably somewhere between the two alternatives. She argues that MFIs must analyze both the positive and negative impacts their interventions are having on women and that MFIs need to work with men to pave the way for the change in attitude to women enhanced contribution to the household.

Rehman and Khan (2007) presented that Micro Finance is the provision of collateral free loans to poor people especially in rural areas that are repayable in frequent and easy installments. These are effective mechanisms for poverty reduction, to improve health, education, legal rights, sanitation and other living standards. Micro Finance programs target women, most vulnerable part of society who lives within household with no assets. By providing them opportunity of self employment, these programs have significantly improved women security, autonomy, self confidence and status within the household, special focus on Bangladesh. The main goal is to find out not only the mechanism of microfinance in Bangladesh but also to find out that how microfinance helps to poor people to improve their living standard.

Chaudary and Nosheen (2009) women empowerment is one of important issue of present day development policies multidimensional concept; it is determined by many socio economic factors and cultural norms. The author attempts to explore the determinants of women empowerment using regression analysis. The data were collected from district of southern Punjab, especially from rural urban and tribal areas. The status of women is much more vulnerable in rural and tribal areas and they have very limited access to all basic facilities. The sample selected for survey by using stratified random sampling and all respondents belonging to the age group of 14 to 65 years. For women empowerment measurement four indices are developed in making a cumulative index. The results show that age, married women and women having Islamic view have statistically positive impact on women empowerment.

OBJECTIVES

The study aims at analyzing the performance on promoting women empowerment and gender equality of Women's Development Cooperation with the following objectives:

1. To examine the contribution of microfinance initiatives towards women empowerment in district Srinagar.
2. To evaluate the performance of SHGs viz-a-viz income, living standard and social status of SHG members;
3. To evaluate the awareness of members regarding SHG scheme, and ;
4. To discuss the important problems of microfinance experiments and offer solutions to resolve them.
5. To assess the level of satisfaction of the respondents with regards to the microfinance services.
6. To suggest measures on the basis of study results regarding improvement of SHG scheme designed and implemented in the district Srinagar.

METHODOLOGY**DATABASE**

The data used for the study was drawn from both primary and secondary sources. The data from primary source is based on the field survey through a well-structured questionnaire, which was pre-tested before actually administering it. The data was collected and observations made when there was a focused discussion with the SHG members. Financial data was collected from the Programme Coordinators and the data thus collected was tabulated and analyzed. To supplement the primary data, information was also drawn from secondary sources such as official reports/files of women's development co-operation, NABARD statistical supplements and annual reports, Report of the Directorate of Economics and Statistics (j&k Government).

UNIVERSE OF THE STUDY AND SELECTION OF SAMPLE

The universe of the sample consists of the SHGs which have been promoted by the Women's Development Corporation

The SHGs working in SRINARGAR who have been granted credit through WOMENS DEVELOPMENT COOPERATION have been selected for the purpose of this study, the details of which are as:

s.no	Name	Trade	Date	Amount	Members
1	New diamond crewel works	Crewel Works	11-08-2012	5,00,000	20
2	Om Paper Machie	Paper Machie	09-06-2010	5,00,000	20
3	Gulfam Willow Works	Willow Works	10-11-2013	4,50,000	18
4	Fatim Self Help Group	Shawl Emporium	19-04-2013	2,50,000	10
5	Blue Dart centre	Child Development	22-03-2012	2,25,000	9
6	Kohinoor Aari Staple Emporium	AAri Works	01-02-2012	2,00,000	8
7	Alamdar Sozni Works	Sozni Work	26-09-2009	5,00,000	20
8	Taj Self Help Group	Crewel Works and Paper Machie	22-12-2012	1,50,000	6
9	Green World Welfare Society	Sozni Emporium	06-05-2011	2,25,000	9
	Total				120

Out of 120 above members, we have selected about 100 members for the purpose of this study, however, only 50 members have responded.

PROFILE OF SAMPLE SHG

ACTIVITIES

The main activities dealt by SHGs range from Crewel (26.7%) to Willow Works (6.5%) , Shawl Embroidery(4.1%), child Development (2.3%), Sozni Emporium (23%), Jute Activity (6.7%), Paper Machie (23%) and others (7.7%)

Activities Performed	Crewel	Willow Works	Shawl Embroidery	Child Development	Sozni Emporium	Jute Activity	Paper Machie	Others	Total
Percentage	26.7	6.5	4.1	2.3	23	6.7	23	7.7	100

DEMOGRAPHIC PROFILE OF SAMPLE SHG MEMBERS

CHARACTERISTICS	NO. OF RESPONDENTS	PERCENTAGE
MARITAL STATUS		
Married	35	70
Unmarried	10	20
Divorced	2	4
Widowed	3	6
TOTAL	50	100
AGE		
18-30 years	10	20
30-40 years	24	48
40-50 years	14	28
Above 50 years	2	4
TOTAL	50	100
RELIGION		
Hindu	4	8
Muslim	45	90
Sikh	1	2
Christian	0	0
TOTAL	50	100

The family size of SHG members varied from 4 members to extended joint families. 46.6% had nuclear family below 5 members, 16.7% had joint family below 10 members and 6.7% had joint families more than 10 members.

43.3 % of SHG members were involved in trading, 36.7% engaged in cultivation, 16.7% were engaged in cultivation and trading both, and the rest of 3.3% worked as daily wagers.

RESULTS AND DISCUSSIONS

ATTENDANCE OF MEMBERS IN THE MEETING

S.no	Attendance	Number	Percentage
1	less than 50%	10	20
2	50-75%	15	30
3	75-90%	20	40
4	More than 90%	5	10
	Total	50	100

PARTICIPATORY DEMOCRACY IN DISCUSSIONS

S.no	Participatory democracy	Number	Percentage
1	Allowed to participate	50	100
2	Not allowed to participate	0	0
	Total	50	100

COMMON ISSUES DISCUSSED IN THE MFIS

S.no	Issues discussed	Number	Percentage
1	Financial issues	45	90
2	Issues concerning society	5	10
3	Political & social issues	0	0
	Total	50	100

CREATION OF SELF CONFIDENCE THROUGH MOBILIZATION

SHGs convene meeting regularly in equal intervals to review the progress made by the group, discuss the social and financial issues of the members, avenues for developing financial subsistence, collecting for loan installments and social capital etc. This mobility helps them to acquire self confidence.

The above data shows the response of the members in conducting the group meeting. Meetings are held only once in a month and it is even conducted beyond an interval of one month also. There seems to be slackness in the interval between meetings which is not good sign for a healthy organization. It could also be observed that the sample respondents do not fulfill this criterion. The only encouraging finding is that democracy is prevailing in the meetings. Members are allowed to freely express their opinion and actively participate in discussion.

A matter of equal importance is the topic or the agenda of the meeting, i.e, the type of issues discussed in the meeting. The purpose of self association of women in groups is to empower themselves socially and financially. This is the sign of healthy nature of the group which contributes to build self confidence among women.

Also it is revealed that there exists good understanding between the members of the group and between members of other SHGs. This is encouraging because this will go long way in social mobilization which is a prime factor for empowering women.

SOURCES FROM WHICH MICRO FINANCE IS AVAILED

S.no	Sources of funds	Number	Percentage
1	Commercial banks and MFI	30	60
2	MFI	20	40
	Total	50	100

PURPOSE FOR WHICH LOAN IS UTILIZED

S.no	Loan utilization	Number	Percentage
1	Productive purpose	40	80
2	Household purpose	10	20
	Total	50	100

REPAYMENT SCHEDULE OF MFI

S.no	Repayment schedule	Number	Percentage
1	Easy	38	76
2	Difficult	5	10
3	No Idea	7	14
	Total	50	100

MAINTENANCE OF ACCOUNTS FOR THE LOAN

S.no	Account maintaining	Number	Percentage
1	Yes	50	100
2	No	0	0
	Total	50	100

WHETHER BENEFICIARIES HAVE BANK ACCOUNT

S.no	Account maintaining	Number	Percentage
1	Yes	50	100
2	No	0	0
	Total	50	100

FINANCIAL LITERACY AND THE SELF HELP MICRO CREDIT LOANS

Women need to be aware of certain concepts such as credit facility, sources of such facility, rate of interest at which such facility is available, repayment period, non-financial support from the lending institution etc, to make themselves financially literate and differentiate between the alternative and choose a better one that would help their self development.

The study on the members of the MFI-IMPACT finds that the beneficiaries are well versed with these concepts. Members are aware of the micro credit facility extended by MFIs. Even though banks provide micro credit at comparatively lesser rate of interest than MFI-IMPACT, respondents preferred to avail the facility from MFI because field staff come to the door steps of the beneficiaries, provide training, organize meeting, collect installments dues etc. Above all they are relieved from the clutches of the pawn brokers and money lending sharks who swallow their livelihood.

Respondents revealed that good percentage of the respondents used micro credit loan availed for household purposes instead of productive business purpose. There seems to be a clear deviation from the concept of micro finance. All the respondents have expressed that they were earlier having practice of borrowing from pawn brokers and money lenders for their household needs and lost most of their assets.

But as far as SHGs are concerned, there exists healthy banking practice among the self help groups. All the members are having a bank account and all the SHGs also have a bank account. Also these accounts are properly maintained by paying dues on proper time.

PROFIT MARGIN IN THE BUSINESS

S.no	Profit margin	Number	Percentage
1	Not willing to respond	22	44
2	Less than 20%	18	36
3	20-40%	7	14
4	More than 40%	3	6
	Total	50	100

SAVING OUT OF PROFIT

S.no	Saving	Number	Percentage
1	Bank account saving	30	60
2	Household saving	10	20
3	Saving with SHG	7	14
4	No saving	3	6
	Total	50	100

INVESTMENT IN ASSETS

S.no	Investment	Number	Percentage
1	Household assets	45	90
2	Real assets	3	6
3	Others	2	4
	Total	50	100

CONTROL AND ACCESSIBILITY TO THE ASSETS

S.no	Control and accessibility	Number	Percentage
1	Access to money	25	50
2	Ownership of business	15	30
3	Control over income	10	20
	Total	50	100

TRAINING RECEIVED FROM VARIOUS ORGANIZATIONS

S.no	Organizations	Number	Percentage
1	Management	5	10
2	Business Planning	15	30
3	Accounting Procedures	17	34
4	Banking Practices	13	26
	Total	50	100

S.no	Social Capital	Number	Percentage
1	Yes	30	60
2	No	20	40
	Total	50	100

CONTRIBUTION OF MICRO FINANCE FOR THE FINANCIAL EMPOWERMENT AND WEALTH CREATION

Empowerment can take place through asset creation, increased income, control over assets, control over business and freedom of spending the earning. The study revealed positive response from the beneficiaries since micro credit has increased their household income.

The study has revealed that women prefer to invest their saving in the form of jewels. Some respondents stated that this will enable them to approach a pawn broker in their future need. This shows that there is a misunderstanding among them that micro credit facility which is easily available to them now may not be available in future.

The members earn for their family, they do not spend on their own. Instead they spend with the consultation of their spouse. This shows their intention to get along with their spouse. This shows their intention to get along with the spouse albeit this adds value to their decision making power. This shows that micro credit facility have helped the women to financial empowerment and control over their hard earned money. Observing this, when they are questioned about whether they feel their hard earned money is hijacked by other family members. Response made was that members spend the money and it is for them they earn.

The majority of sample respondents opined that they would stay in the existing business. Reasonable level of profit from the business is also one of the reasons for them to stick to that business. Only 17% of them opted to choose new business backed provided it is backed by adequate training.

Availability of micro credit is easy now-a-days but proper utilization for productive purpose is under question. SHGs need training support from Government and Non-Government agencies for smooth conduct of the business. They need training in Business Planning, Business Development. Respondents agreed that they had received training in simple accounting procedures and banking practices. Areas such as planning, marketing and controlling need to be trained.

These observations show that dramatic changes are taking place in the earning capacity of the women SHG. Credit goes to the Banks and MFIs that had made micro credit loans available to those who have successfully demonstrated their entrepreneurial skills.

INCREASE IN STANDARD OF LIVING AFTER JOINING SHG

S.no	Living Standard	Number	Percentage
1	Good and improving	50	100
2	No difference	0	0
3	No idea	0	0
	Total	50	100

RESPECT FOR BEING SHG MEMBER

S.no	Respect owned	Number	Percentage
1	Yes	50	100
2	No	0	0
	Total	50	100

DECISION MAKING IN FAMILY MATTERS

S.no	Family decisions	Number	Percentage
1	Self	10	20
2	In inclusion with others	40	80
3	No consultation	0	0
	Total	50	100

MEMBER OF SHG BEING MEMBER OF ANY OFFICIAL OR UNOFFICIAL BODY

S.no	Member	Number	Percentage
1	Yes	0	0
2	No	50	100
	Total	50	100

ACCEPTABILITY OF SHG MEMBERS AMONG VILLAGE/COMMUNITY PEOPLE

S.no	Acceptability	Number	Percentage
1	Yes	35	70
2	No	15	30
	Total	50	100

CONTRIBUTION OF MICRO CREDIT TOWARDS CREATING 'STATUS' FOR WOMEN IN THE FAMILY AND SOCIETY

So far, analysis is done on the external environment of the implications of the micro credit on the self help group members. But the objectives of this study will not get fulfilled if evaluation is not done on the contribution made by the scheme in reducing the vulnerability of the women and creating a 'status' for them in their house, community and the society. The present study reveals that they are treated equally and respected in the community since they earn for the supporting of the family. Though there seems to be a gender inequality there is no discrimination against the women because of their financial empowerment. The analysis of the response shows that the timely availability of micro credit has enhanced the standard of living to a great extent. Though decision making is directly connected with the level of empowerment, 95% of the respondents have expressed that they take decisions only in consultation with other family members. The response of the members revealed that there is substantial increase in their household income after joining as a member of the self help group and availing micro credit finance for business activity.

For the question as to whether the members are respected by the family member, they expressed that they are highly respected by the family members in the capacity of SHG member. Respondents expressed that they are happy to spend their earnings for the family and earning being spend by family members. They don't feel that their income is being hijacked by others rather they love to see it being spent by others.

MAJOR FINDINGS OF THE STUDY**FROM THE FOREGOING ANALYSIS ON THE BASIS OF SURVEY THE FOLLOWING MAJOR FINDINGS EMANATE:**

1. Access to the microfinance facility through WDC at reasonable rate of interest without collateral security is made easy and approachable.
2. SHGs while having a positive opinion on the availability of micro finance at a lesser rate of interest compared to banks, showed fascination towards WDC due to the service they receive from WDC relating to training, collection etc.
3. A strong repayment culture has been established among the beneficiary women. They understand the importance of prompt repayment which is understood from the fact that they expressed willingness to approach the same MFI in case of any need for micro loan. This is evident from the fact that there are no defaulters as of now. But there are some instances of delay in repayment of the installments due to certain unavoidable circumstances like political turmoil, or other unavoidable circumstances.
4. Banking and saving culture has been created since disbursement of Rs.25000 is made through cheque facility only. All the respondents had opened a bank account for transacting the saving and business activities.
5. WDC continuous monitoring and training has helped members of SHF to get motivated to lead different way of life which have increased their standard of living not thought of so far.
6. Positive transformation is taking place in the basic structure of the society in favour of women. This shows that they are slowly getting empowered in the society.
7. Though this WDC did not help the women starving in poverty, it has helped the women who have existing business and business skills, to restart their business activities at the right time.
8. Micro finance and WDC help the respondents to attain 'respectability' in the family and society.
9. Micro credit have helped them to gain knowledge in financial matters and empowerment.
10. Micro credit is thriving since lending is done in cash based activity.
11. Micro credit relieved the respondents from the clutches of private money lending sharks.

WEAKNESS IDENTIFIED IN THE STUDY

1. SHG meetings are not conducted regularly and in the intervals expected by the WDC.
2. The attendance of the members in the meeting is not as per the expectations of WDC.
3. Micro loans availed for productive purpose is also being spent for non productive purposes.
4. Group savings with an intention to create 'social capital' is not conspicuous.
5. Knowledge of training in business skills such as marketing, business planning etc is lacking.
6. The training programs which could enrich the skill and potential of women entrepreneurs are essential to enrich new and young entrepreneurs who wish to set up a small or medium scale unit but are not available currently to the women entrepreneurs.

CONCLUSION

Empowering the weak hearted gender, which was exploited so far, is taking place slowly by steadily. Women are getting stronger to face the challenges posed to them by the family, community and the society.

The impact of the WDC's is classified into economic impact, social impact, psychological impact and political impact. In general, most of the members believe that the SHGs satisfactorily contribute to women's development. Micro finance has bought psychological and social empowerment than economic empowerment. Impact of micro finance is appreciable in bringing confidence, courage, skill development and empowerment.

They have attained a remarkable level of self confidence since they have exposure to financial, social and political issues. The study has proved that micro credit has helped to empower women and has helped the women folk to eradicate poverty and also to empower women or the beneficiaries. The researcher could see the happiness and enthusiasm with the respondents while responding to various questions. All they need is a way to develop their skills and talents by participating in various training programs.

SUGGESTIONS

1. There is great necessity to educate masses about the micro finance schemes.
2. The rate of interest should be reduced further.
3. The recovery schedule should be flexible and should duly consider the business conditions of the SHG.
4. The necessity of a guarantor who is Govt. employee should not be there, because it becomes difficult for the beneficiary to arrange one and thus remain deprived from micro credit.
5. The Development corporations should be made more responsible for providing micro credit facility to the people without crating unnecessary hurdles such as delay in sanction of loan, not providing full information about interest rates, repayment schedules etc.
6. Government policy on the status of women plays an important role in empowering women in social as well as economic factors of employment. Government and other development partners should work together in addressing immediate need of women.
7. Non-financial services with conditionalities to credit access, such as carefully designed adult literacy and business training programs, can facilitate women's access to better jobs and income-generating opportunities and are perhaps the most effective means of promoting gender equality.

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