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AN EMPIRICAL STUDY ON CONSUMER BEHAVIOUR OF CHILDREN ON FAST FOOD

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ABSTRACT

The potential of fast food market growth in India is tremendous. With a growth in the number of nuclear families, economic growth and increasing per capita income, fast food culture gained prominence in India. This research article aims to identify the consumer behaviour of children on fast food. The current study is mainly concentrated on the leading MNC's branded fast food restaurant located at Coimbatore, Tamil Nadu. The researcher has taken 755 respondents as the sample size and empirical research design was adopted. The samples were collected through questionnaire. The tool used for analysing the data is Factor analysis. Based on the analysis and interpretation, it is inferred that the MNC's can offer variance in menu with nutritional choices at affordable price and convenient size (quantity); they can also customize the food as most of the children give importance to taste and favourite dish.

KEYWORDS

Changing lifestyle, Consumption pattern and Fast food industry.

1. INTRODUCTION

The rapidly changing pace in our society regarding technology, information processing, had made it possible for children, as well as adolescents, to experience purchasing and consumption at a rate faster than that of their elders. Children today, have huge influence on their parent's purchases. Parents today, have a larger income and a higher education level; there are more single parent families, more liberalization of parent-child relationship, which has resulted into more open negotiation between parent and child rather than relationship regulated by authority and command. As a consequence, children are receiving now days more love and attentions from both parents and have being described as "Little Emperors and Empresses". Children today, in the new era, play an important role in consumer environment. Children have an enormous market potential.

1.1 FAST FOOD

Food diversity in India is an implicit characteristic of India's diversified culture consisting of different regions and states within. Traditionally, Indians like to have home-cooked meals – a concept supported religiously as well as individually. However, with times due to increasing awareness and influence of western culture, there is a slight shift in food consumption patterns among urban Indian families. It started with eating outside and moved on to accepting a wide variety of delicacies from world-over. Liberalization of the Indian economy in the early 1990s and the subsequent entry of new players set a significant change in lifestyles and the food tastes of Indians. Fast food is one which gained acceptance of Indian palate after the multinational fast food players adapted the basic Indian food requirements viz. vegetarian meals and selected non-vegetarian options excluding beef and pork totally from their menu.

1.2 FAST FOOD INDUSTRY IN INDIA

According to worldwatch.org, India's fast-food industry is growing by 40 percent a year and generated over a billion dollars in sales in 2013 as per their estimates. Before the entry of multinational fast food outlets, Nirula's was a popular domestic fast food provider for eating-out. Nirula's started with ice-cream parlours and later moved on the range of fast food including burgers, pizzas, sandwiches etc. Wimpy was another fast food provider besides Nirula's in Indian market. Wimpy was the only multinational fast food outlet in India before 1990s.

After the liberalization policy that came in force in 1991, multinational fast food providers have set up their business either jointly with Indian partners or independently. McDonald opened its first outlet in 1995 in New Delhi. It has 50 outlets in North India and 154 in total all over India. In 1995, Kentucky Fried Chicken (KFC) also entered the Indian market and opened its first outlet in Delhi. In 1996, Domino's set up its base in India. By 2000, Domino's had presence in all the major cities and towns in India. Domino's had grown from one outlet in 1995 to 101 outlets in April 2001. Pizza Hut entered India in June 1996 with its first outlet in Bangalore.

McDonald's, Domino's, Pizza Hut, Pizza Express, Pizza Corner and Nirula's are the most popular and frequently visited fast food outlets. With changing life style and aggressive marketing by fast food outlets, fast food is also becoming popular in small towns; therefore, success of existing fast food outlets and entry of more is inevitable.

2. OBJECTIVES OF THE STUDY

1. To identify the factors influencing children in the selection of fast food retail outlets.
2. To identify the opinion on fast food restaurant and the perception in choosing menu in fast food.
3. To offer suggestions to the fast food industry to devise various promotional strategies to increase the customer delight of consumers.

3. STATEMENT OF THE PROBLEM

With the opening of the Indian economy in food sector, large numbers of international players have entered into this sector and there has been increasing competition for domestic companies. Now a larger number of fast food choices are available before children to choose from. It is imperative to know how all these have changed the food purchase decisions for children. What is their perception about all these changes? What are the major factors that affect their purchasing decisions of children for fast food products in Coimbatore? How they have been socialized to act as consumers? Changes taking place in the socio cultural environment, when, why, how and where children purchase or eat fast food, and finally how children influence the market, especially the fast food industry in Coimbatore?

4. SCOPE OF THE STUDY

Globalization has influenced the lives of people around the world in numerous ways. With the shrinking of the global marketplace, regional cultures become more dynamic and changes in culture influence consumer behaviour. The Indian fast food industry has witnessed about 40% growth year after year for more

than a decade. MNC giants such as McDonalds, KFC, Pizza Hut, Dominos Pizza and Subway have established their presence in the Indian market since India liberalized its economic policies in the early 1990's. The Indian fast food market is growing at the rate of 30 – 35%, About 62% of the children like eating fast food .They are a big target segment for the marketers. Due to the changes taking place in the socio cultural environment children's roles in the consumer behaviour process is changing. Thus there is a need to study the children's consumer behaviour, consumption pattern, how they socialise to act as consumers and finally to offer suggestions to the fast food industry to device various promotional strategies to increase the customer delight of consumers.

5. LIMITATIONS OF THE STUDY

- The study is limited to Coimbatore District. The size of the sample comparing to the population may be less and it may not represent the whole population
- Since the study is about the behaviour of children, the findings may be valid only for the present time as they might change due to the growth of fast food industry.
- The area of study is limited to Coimbatore District and hence, the result cannot be generalized for other geographical areas.
- Unable to trace bias of the respondents

6. RESEARCH DESIGN

This design plays way to systematically solve the research problems. It includes the overall research design, the sampling procedure, data collection method and analysis procedure. In this study Empirical Research Design is used to identify the consumer behaviour of children in the age group of 8 to 16 in Coimbatore District.

The nature of the data is both Primary and Secondary data. The secondary data is collected journals, magazines, text books, and websites to support this study. The primary data is collected through questionnaire and direct personal interviews. The structured questionnaires for finding children consumer behaviour were open ended, multiple choice and ranking questions.

Sample for the study consisted of children in the age group of 8 to 16 years. The total size of the Sample was 755 consisting of children of Coimbatore District, Tamil Nadu. Simple random samples are drawn from among children of Coimbatore. Data was collected, when they were in malls, fast food outlets and schools. Questionnaire was handed to them with a request to fill it on the spot.

The tool used for analysing the data is Factor analysis followed by correlation. Further the significance of correlation was tested at the 1% level of significance.

A pilot study was conducted by collecting data from 50 children in the age group of 8 to 16 years using a well structured questionnaire. Reliability analysis was used to determine the extent to which the items in the questionnaire are related to each other, to get an overall index of the repeatability or internal consistency of the scale as a whole, and to identify problem items that should be excluded from the scale. To check the reliability of the questionnaire alpha analysis was used. In this the number items are 20 and the alpha value is 0.706 (i.e. 71.6%). Since the reliability is 71.6%, it is concluded that the data are more reliable for the study.

A Tool used for analysing the data is Factor analysis. Researcher used Factor analysis followed by correlation and also checked KMO (Kaiser- Meyer-Olkin) factor. The fixed hypothesis states that the variables of consumer behaviour have no significance influence on the attributes to choose a fast food restaurant and also check whether is there any significance influence on the opinion of respondents on fast food restaurant.

7. STATISTICAL ANALYSIS OF THE STUDY

7.1 FACTOR ANALYSIS

Factor analysis is a multivariate statistical technique used to condense and simplify the set of large number of variables to smaller number of variables called factors.

7.1 LEVEL OF PERCEPTION ON CHOOSING MENU IN FAST FOOD

Here the variables are, Based on the price (A1), Based on my mood (A2), Favourite dish (A3), I try out new dishes (A4), Based on friends' suggestions (A5), Choose the healthiest options available (A6), Based on the preferences of children (A7) and Already tried and tasted dishes (A8) are taken in account to analyse by using Factor analysis and correlation study.

7.1.1 KAISER-MEYER-OLKIN MEASURE OF SAMPLING ADEQUACY

The significance (0.00) is less than the assumed value (0.05) & KMO coefficient = 0.548. This implies that the factor analysis is valid.

TABLE 7.1.1: ROTATED FACTOR LOADINGS FOR THE LEVEL OF PERCEPTION ON CHOOSING MENU IN FAST FOOD VARIABLES

Perception on choosing menu in fast food variables	F1	F2	F3	Communality
A1	-0.264	0.393	0.643	0.638
A2	0.018	-0.031	0.786	0.619
A3	0.362	0.737	-0.007	0.674
A4	0.704	-0.011	0.095	0.505
A5	-0.180	0.768	-0.026	0.623
A6	0.532	-0.400	0.164	0.469
A7	-0.724	-0.109	0.142	0.556
A8	0.140	-0.161	0.569	0.369
Eigen value	1.670	1.410	1.380	
% of var. explained	20.88	17.61	17.19	55.67
Cum. % explained	20.88	38.48	55.67	

Table 7.1.1 gives the rotated factor loadings, communalities, Eigen values and the percentage of variance explained by the factors. Out of the 8 variables associated with the level of perception on choosing menu in fast food of children, 3 factors have been extracted and these 3 factors put together explain the total variance of these variables to the extent of 55.67%. In order to reduce the number of factors and enhance the interpretability, the factors are rotated. The rotation increases the quality of interpretation of the factors. There are several methods of the initial factor matrix to attain simple structure of the data. The varimax rotation is one such method to obtain better result for interpretation is employed and the results are given in Table 7.1.2.

TABLE 7.1.2: CLUSTERING OF LEVEL OF PERCEPTION ON CHOOSING MENU IN FAST FOOD

Factors	Level of perception on choosing menu in fast food	Rotated factor loadings
Factor I (20.88%)	1 - A4	0.704
	2 - A6	0.532
Factor II (17.61%)	3 - A3	0.737
	4 - A5	0.768
Factor III (17.19%)	5 - A1	0.643
	6 - A2	0.786
	7 - A7	0.142
	8 - A8	0.569

Three factors were identified as being maximum percentage variance accounted. The two perception variables A4 and A6 were grouped together as factor I and accounts 20.88% of the total variance. The two perception variables A3 and A5 constituted the factor II and accounts 17.61% of the total variance. The four perception variables A1, A2, A7 and A8 constituted the factor III and accounts 17.19% of the total variance.

The two perception variables ‘Try out new dishes’ (A4) and ‘Choose healthiest options available’ (A6) were grouped together as factor I and accounts 20.88% of the total variance.

7.1.3 CORRELATION ANALYSIS

The correlation is the study of finding the relationship between the variables. If there are only 2 variables in the study of correlations there it is called simple correlation otherwise the study in either partial or multiple correlation. In this study the simple inter-correlations analysis is performed between the selected variables and the results are presented in the form of correlation matrix

In this section the results of inter-correlation analysis between the perceptions on choosing menu in fast food variables based on the first factor are presented through correlation matrix. The results of the inter-correlation analysis with its significance are presented in the form of correlation matrix.

The Table 4.1.3 describes the results of inter-correlation analysis in terms of correlation coefficient & its significance at 1% level.

TABLE 7.1.3: CORRELATION MATRIX – PERCEPTION ON CHOOSING MENU IN FAST FOOD VARIABLES BASIS OF THE FACTOR I

Perception variables	Try out new dishes	Choose healthiest options available
Try out new dishes	1	0.198**
Choose healthiest options available		1

**Significance at 1% level of significance

It is found from the Table 7.1.3 that the variables of perception on choosing menu in fast food on the basis of factor I considered have significant inter-correlation.

It is concluded that the perception variables such as ‘Try out new dishes’ (A4) and ‘Choose healthiest options available’ (A6) have significant interrelationship between them.

7.2 LEVEL OF OPINION ON FAST FOOD RESTAURANT

Here the variables are Welcoming the consumers (C1), Internal Layout(C2), Internal Decoration(C3), Choice in menu(C4), Suitability of Fast food (price and value) (C5), Convenience of timing(C6), Information about the products(C7), Convenience of size (quantity) (C8),are taken in account to analyse by using Factor analysis and correlation study.

7.2.1 KAISER-MEYER-OLKIN MEASURE OF SAMPLING ADEQUACY

The significance (0.00) is less than the assumed value (0.05) & KMO coefficient = 0.548. This implies that the factor analysis is valid.

TABLE 7.2.1: ROTATED FACTOR LOADINGS FOR THE LEVEL OF PERCEPTION ON OPINION ON FAST FOOD RESTAURANT

Perception on opinion of fast food restaurant variables	F1	F2	Communality
C1	0.185	0.348	0.155
C2	-0.381	0.072	0.151
C3	-0.100	0.828	0.695
C4	-0.677	-0.076	0.464
C5	0.668	0.091	0.454
C6	0.774	0.055	0.602
C7	-0.038	0.847	0.718
C8	0.823	0.053	0.680
Eigen value	2.39	1.53	
% of var. explained	29.85	19.13	48.98
Cum. % explained	29.85	48.98	

Table 7.2.1 gives the rotated factor loadings, communalities, Eigen values and the percentage of variance explained by the factors. Out of the 8 variables associated with the level of perception on the opinion of fast food restaurant of children, 2 factors have been extracted and these 2 factors put together explain the total variance of these variables to the extent of 48.98%. In order to reduce the number of factors and enhance the interpretability, the factors are rotated. The rotation increases the quality of interpretation of the factors. There are several methods of the initial factor matrix to attain simple structure of the data. The varimax rotation is one such method to obtain better result for interpretation is employed and the results are given in Table 7.2.2.

TABLE 7.2.2: CLUSTERING OF LEVEL OF PERCEPTION ON OPINION OF FAST FOOD RESTAURANT

Factors	Level of perception on opinion in fast food	Rotated factor loadings
Factor I (29.85%)	1 – C5	0.668
	2 – C6	0.774
	3 – C8	0.823
Factor II (19.13%)	4 – C1	0.348
	5 – C2	0.072
	6 – C3	0.828
	7 – C4	-0.076
	8 – C7	0.847

Two factors were identified as being maximum percentage variance accounted. The three perception variables are C5, C6 and C8 were grouped together as factor I and accounts 29.85% of the total variance. The five perception variables C1, C2, C3, C4 and C7 constituted the factor II and accounts 19.130% of the total variance.

The three perception variables ‘Suitability of Fast food (price and value)’ (C5) ‘Convenience of timing’ (C6) and ‘Convenience of size (quantity)’ (C8) were grouped together as factor I and accounts 29.85% of the total variance.

7.2.3 CORRELATION ANALYSIS

The Table 7.1.2 describes the results of inter-correlation analysis in terms of correlation coefficient & its significance at 1% level.

TABLE 7.2.3: CORRELATION MATRIX – PERCEPTION ON CHOOSING MENU IN FAST FOOD VARIABLES BASIS OF THE FACTOR I

Perception variables	Suitability of Fast food (price and value)	Convenience of timing	Convenience of size (quantity)
Suitability of Fast food (price and value)	1	0.320**	0.483**
Convenience of timing		1	0.569**
Convenience of size (quantity)			1

**Significance at 1% level of significance

It is found from the Table 4.2.3 that the variables of perception on opinion of fast food restaurant on the basis of factor I considered have significant inter-correlation.

It is concluded that the perception variables such 'Suitability of Fast food (price and value)' (C5) 'Convenience of timing' (C6) and 'Convenience of size (quantity)' (C8) have significant interrelationship between them.

8. CONCLUSION

The emergence of the fast food industry has, transformed urban food culture in India to certain extent. The changing lifestyles with the increasing nuclear families and a rise in the urbanization in India over the past years have also supported the growth of the restaurant market in India. Thus, it can be rightly said that the fast food industry will benefit from other factors as well, such as increases in nuclear families, single-person households and the proportion of women in the workforce; as well as changing lifestyles and eating patterns. Children like eating fast food and are the big target segment for the marketing people. Children not only consume fast food but also influence the consumer behaviour of the family.

- Fast food restaurants can offer variance in menu with nutritional choice to their customers. The menu can be offered with a variance in toppings and fillings of Pizza, Burgers and Sandwiches as most of the children like these.
- Fast food restaurants should also try to provide nutrition information to customers. Consumers expect healthier lifestyle, fast food chains may introduce variety of healthy food items to attract and retain the young consumers. To develop awareness on healthy menu among consumers, nutritional information of each fast food can be provided in the menu card.
- The prices of the fast food in MNC's should be affordable and they should not compromise on quality. This will increase the frequency of visits of children.
- Convenience in size (quantity) should be provided by fast food restaurants, they can customize the food as most of the children give importance to taste and favourite dish.

Based on the analysis and results, we can say that with more and more acceptability of fast food outlets and change in life style, competition among fast food outlets with respect to quality of food, Variety in menu and customer service will be more prominent in the days to come.

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**MOBILE SERVICES USAGES AS GOOD PERFORMANCE FOR FARMERS PERSPECTIVES, LOCATED IN KIRI
KOUK PRICH COMMUNE, KINGDOM OF CAMBODIA**

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ABSTRACT

The present research paper is on improvable mobile services as good performance for farmers and elderly people who live in rural areas located in KOUK PRICH Commune located in KI RI VONG District, Takeo Province, South of Cambodia nearby Vietnam and Cambodia Border especially understanding how important factors of mobile usages' perspectives of people who live in rural areas especially linkages to how for improvable to elderly people who live in remote areas and connection to other places. Research Paper focused on how the challenges and opportunities factors impact of usage mobile phone services and was based on the reviews of people who have live in KOUK PRICH commune and data collections as available evidences to analysis of using mobile services in households located in 13 villages. It is a question how to use mobile phone services to get benefit from the usages and connection to other people? What kind of factors impacted on every aspect of a family's experience of villages and commune from using cell phone perspectives and being decision making interventions to improve their income increases and outcomes are from improvable mobile services each other to be effective as good performance for farmer and elderly communities and e-speaking?

KEYWORDS

Mobile phone usages' perspectives, e-communities, Cambodia.

INTRODUCTION

The present article is focused on Cambodia citizens who have lived in 13 villages located in KOUK PRICH Commune was good practices of using hand mobile connection and e-connection to each other and different places.

Hand mobile connection was a more powerful and potential for most people who live in rural areas and has been low, lower income or limited levels of standards of living in the countryside or remote areas.

KOUK PRICH Commune has faced many challenges to education, health care, safe water including public transportation so using hand mobile as good services for connection through mobile service usages mobile services from one to one and community to community.

Mobile phone service refer to hand phone usages of villagers, mobile service usages have been very popular for people who live in the capital and who live in rural areas so there are good opportunities and being more attractive many private mobile phones companies to be invested and improved by Ministry of telecommunication of Royal Government of Cambodia.

Most of people who live in rural areas and using mobile services through e-speaking and e-connection to each other and one to one were better potential for them. Understanding how to be improvable information markets or resources information through mobile connections is from place to place or village to village. Mobile phone service as information market prices is self-confident of individuals of rural people and people who live in the city to each other relationship to share information and better quality communication of the rural people behaviors to provide information relationship to products prices or called information market prices.

Distance people who live in countryside, most of them are challenges to be lack of information and market prices between their own villages and city directly so most important of usages mobile phone service is very necessary to share information from people who live in city to people who live in countryside called information market prices.

MOBILE PHONE REVIEW

Mobile Phone service or hand phone defines e-services as modular, nimble, electronic services that perform work, achieve tasks, or complete transactions. Using hand phone's e-services concept, any application program or information resource is a potential e-service and Internet service providers (ISPs) and other companies are logical distributors or access points for such services. The e-services concept also sees services being built into cars, networked devices, and virtually anything that has a microchip in it. HP's vision is that IT departments will increasingly address their needs in a modular way so that individual modules can potentially be addressed by some e-service.

E-speaking is an open software platform designed by hand phone to facilitate the delivery of e-services (electronic services) over the Internet. Based on Extensible Markup Language (XML) and often compared to Microsoft's .NET initiative, e-speak was designed to automate tasks people would have to complete personally by letting the computers involved talk to each other.

To understand e-speak, pretend you are thinking of taking a vacation to Paris. Instead of searching the Web for an airline, hotel, and rental car (and then spending hours looking through individual Web sites to see which services/prices fit your criteria), you would submit your criteria to a registered e-services site and a services agent would find the registered providers that met your requirements. An added advantage of using a registered e-service site would be that if for some reason you missed your flight and had to take a later one, all the e-services site computers involved in your travel arrangements would notify each other and re-adjust your reservations accordingly.

Although mobile phone service or hand phone has given up propriety rights to e-speak, it plans to sell servers, storage, and application solutions to developers who plan to use e-speak on their Web sites. HP is also using e-speak for its own product management has given up propriety rights to e-speak, it plans to sell servers, storage, and application solutions to developers who plan to use e-speak on their Web sites. Mobile phone service is also using e-speak for its own product management.

PROCESSING RESEARCH

On my processing research paper, first, focus on how to create the questionnaires relationship to our goals or objective and subjective research. Secondly, we choose or limit the place in my country, KOUK PRICH commune located in Takeo Province of Cambodia where we were thinking the important is linking to our purpose of research areas. Thirdly, we are to go directly to get information from citizens who live in 13 villages located in the commune to be selection data to analysis.

RESEARCH METHODOLOGY

The research was designed to use a survey method in order to generate evidences of both positive and negative effects of people who are living in rural areas located in KOUK PRICH commune a part of KIRI VONG district, Takeo province, Cambodia. In addition, it was designed to build up on Commune Monitoring System also and create a panel households dataset or households that were interviewed for mobile phone service monitoring and improving local planning in Commune.

The evidences from the survey were expected to provide policy recommendation to mitigate the negative effects and promote the positive ones to compare the family who used mobile phone service in response. Assessment was made to considerate any possible innovations mobile phone services in the public sector located in 13 villages.

DATA COLLECTION

Relationship to data collection located in KOUK PRICH Commune has been a part of KIRI VONG in South Takeo Province of Cambodia. KOUK PRICH Commune is subdivided into 13 Villages include TRAPEANG PRING Village, KBAL DAMREI Village, KOUK PRICH Village, CHI KHMOL Village, CHHEU NEANG KHPOS Village, SLAENG Village, SAMRAONG KHANG KAEUT Village, SAMRAONG KHANG LECH Village, CHAMBAK Village, ANDOUNG THUM Village, KOUK KRUOS Village, PREY CHEUNG Village, and BAM Village to be sure the qualitative and quantitative in the field survey.

RESULTS

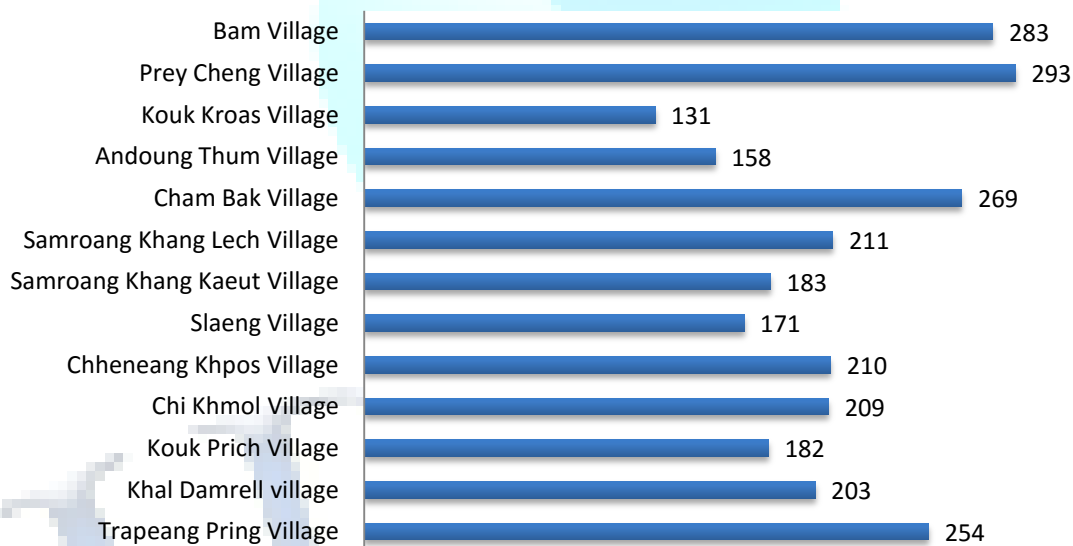
The resources including information data collection, we had 7 group volunteers were from high school and teachers to attend or participated to interview different villages to have a test and sum papers to analysis relationship to mention above.

The result collection data and linkage to 13 villages of our field surveys and different population of each village as figure below:

According to the sources mention above, we subdivided the gender of sum totally population in the commune is 13161 people (2014) of 2757 families/households among 13 villages was located in KOUK PRICH commune and there were male: 6539 and female: 6622 reported by Mr. SANGHA, secretary of KOUK PRICH commune contacted him through his mobile phone: +85512490721 and reviewed by MS. OUTH SARMON contacted her through her mobile phone: +855 92897146, Commune Council Committee.

FIG. 1

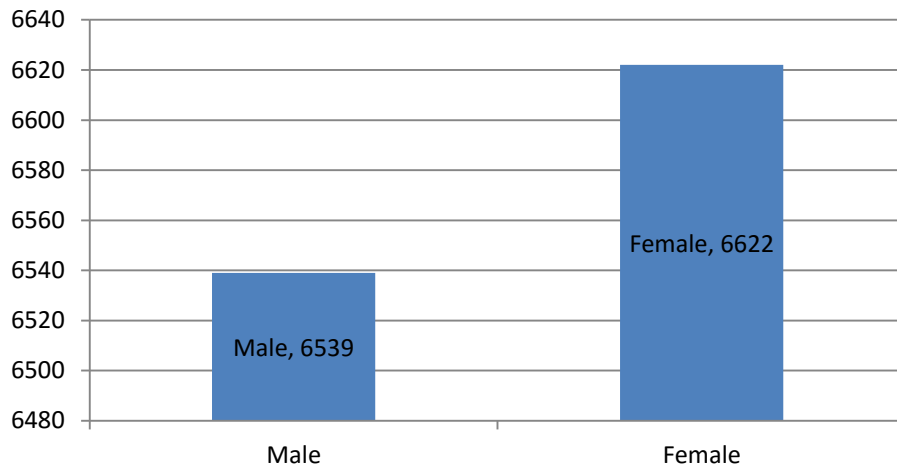
13 Villages & Families in commune



SOURCE: Author's own, data collection, interviewed MS OUTH SARMON, KOUK PRICH COMMUNE COUNCIL COMMITTEE.

How to measure the villagers depended on the questionnaire and meeting every chief of the village's interview and most of villages separated each other so we needed the time or spent many days to see rural people and face to face to be friendly including asked some questions relationship to our questionnaire to complete the table and figure of the documents and the number of females is more increasing than men in those areas.

FIG. 2

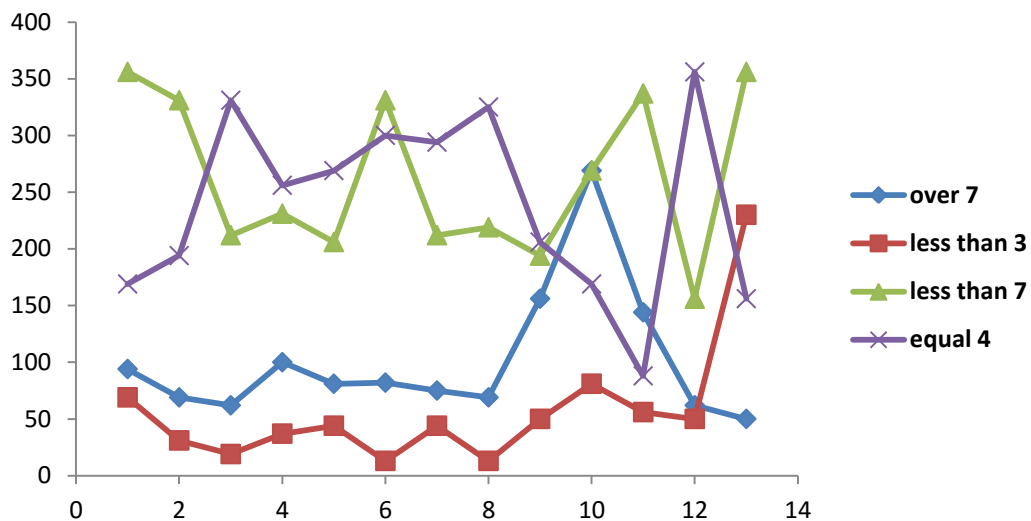


Sources: Author's own, data collection and interviewed Mr. SIN SANGHA.

Mr. SIN SANGHA, secretary of the commune population between male and female and reviewed by MS OUTH SARMON, KOUK PRICH commune council committee.

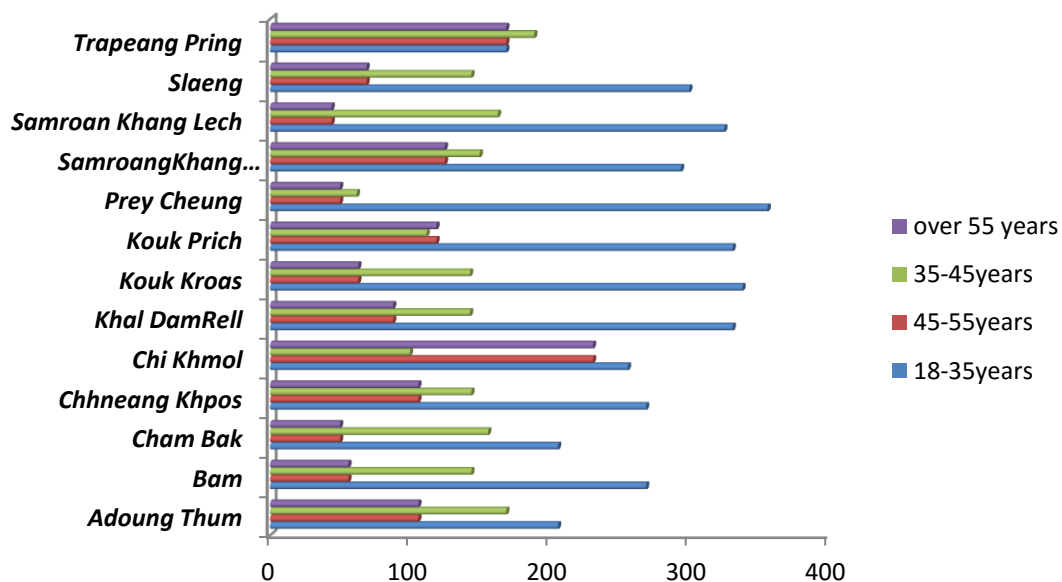
Our data collection had many different items such as member of each family compare to others from villages to other villages and we limited at least three members and more than seven members of households.

FIG. 3



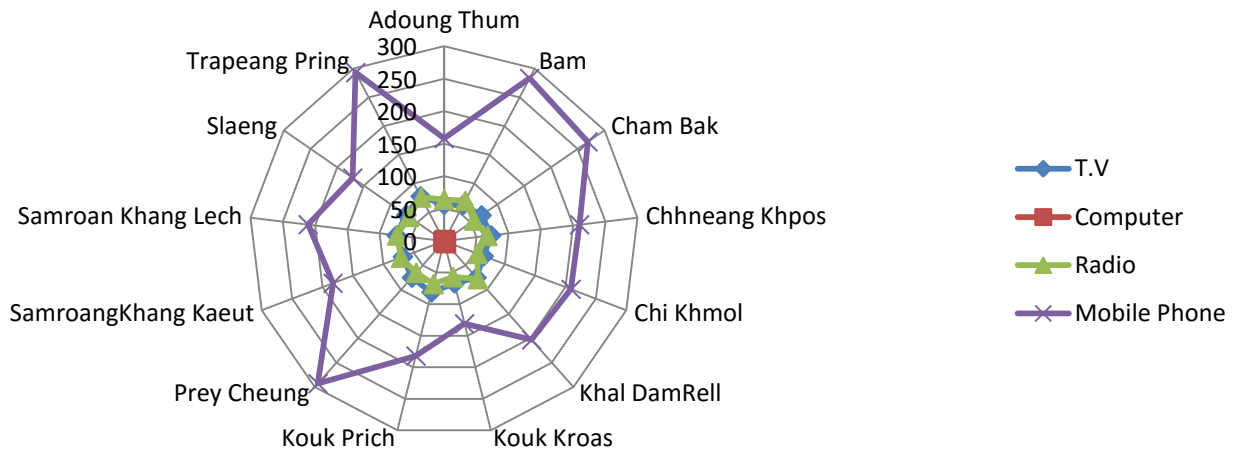
We understood the first rank of family-member is less than 7 people and second rank is 4 people, third rank is 7 seven people and fourth rank is less than 3 people of each households in the villages.

FIG. 4



We would like to know among age of people from 18 to over 55 years old so we saw the first age rank was from 18 to 35 years old as the top rank and secondly, the age rank from 35 to 45 years old as the second rank, third, age rank from 45 to 55 years old as third rank and fifth rank was over 55 years old. My paper survey field based on the villagers in located in KOK PRICH commune as we would like to know the key words in the daily lives of people who live in the rural are, we saw most of the people using mobile phone to connect each other or communication as well as showing in figure as presents to among of people using more mobile phone in social relations who connected each other directly by using mobile phone connection according to the questioners after in this case.

FIG. 5



Exploring results mobile phone usages is the first or top rank compare to others such as TV, Computer and Radio in the commune but problems are unavailable second data collection to compare with my own data collection 2015.

A mobile phone service is important functions and more potential for SMS, E-connection, E-villages and E-communities from one to one of people who live in different places.

DISCUSSION

The last one focused on the main reasons or factors to become the threat of mobile phone usages in the villages were different items, we studied on; the government should be concerned the environmental and social impact on the poor people or not such as the financial supporting to the own government and local government; subsidy to the poor areas or remote areas; concerned about the climate changes and human capital including health care, if it was not provide the delivery services or public e-services on time is very risk to citizens in rural areas so important factors both the government and citizens were hard working and coworkers on time and participation to anti-corruption to be accountability and transparency after getting the results and exploring as mentionabove, the basically were different conceptions with:

- The important relevance to policy making and initiatives to be improvable E-services, penetration among farmers who have lived in the rural area.
- And the challenges of the rural areas are facing the financial support for pro poor labor and poverty line that have lived in the community to participation or usage E-services in the public sector
- So how to apply and what kind of E-services for people such as developed and developing their family-self.

CONCLUSION

Research paper explored all the farmers’ usages E-service as limited but their best wishes to be more opportunities and legal rights to practice and motivation E-Services as family’s decision making policy through information and communication technology to:

- Enhance economic, health and education activities
- Increase e-agricultural products especially
- Government must pay more attentions and need more strategies management: E-services as good performance or policy-making to attractive investment, e-technologies and X-machines to support the farmers, developed and developing their own families as a whole country.

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CORPORATE TAXATION GROWTH OF TEXTILE INDUSTRY IN INDIA

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ABSTRACT

The Indian textile industry is one of the largest in the world with a massive raw material and textiles manufacturing base. Our economy is largely dependent on the textile manufacturing and trade in addition to other major industries. About 27% of the foreign exchange earnings are on account of export of textiles and clothing alone. The textiles and clothing sector contributes about 14% to the industrial production and 3% to the gross domestic product of the country. Around 8% of the total excise revenue collection is contributed by the textile industry. So much so, the textile industry accounts for as large as 21% of the total employment generated in the economy. Around 35 million people are directly employed in the textile manufacturing activities. Indirect employment including the manpower engaged in agricultural based raw-material production like cotton and related trade and handling could be stated to be around another 60 million. Corporate taxes are paid by the companies to the Government of India and it is levied on the income of the corporate. Apart from the corporate tax, they also have to pay other kinds of taxes. Indian textile industries paid the corporate taxes to the government. In this revenue collected the government and use the various innovative activities to the nation. This paper has been depicts that corporate taxation growth of Textile Industry in India.

KEYWORDS

textile industry, corporate taxation.

INTRODUCTION

A textile is the largest single industry in India (and amongst the biggest in the world). It provides direct employment to around 20 million people. Textile and clothing exports account for one-third of the total value of exports from the country. There are 1,227 textile mills with a spinning capacity of about 29 million spindles. While yarn is mostly produced in the mills, fabrics are produced in the powerloom and handloom sectors as well. The Indian textile industry continues to be predominantly based on cotton, with about 65% of raw materials consumed being cotton. The yearly output of cotton cloth was about 12.8 billion. The manufacture of jute products (1.1 million metric tons) ranks next in importance to cotton weaving. Textile is one of India's oldest industries and has a formidable presence in the national economy in as much as it contributes to about 14 percent of manufacturing value-addition, accounts for around one-third of our gross export earnings and provides gainful employment to millions of people. They include cotton and jute growers, artisans and weavers who are engaged in the organised as well as decentralized and household sectors spread across the entire country.

Many countries impose corporate tax, also called corporation tax or company tax, on the income or capital of some types of legal entities. A similar tax may be imposed at state or lower levels. The taxes may also be referred to as income tax or capital tax. Entities treated as partnerships are generally not taxed at the entity level. Most countries tax all corporations doing business in the country on income from that country. Many countries tax all income of corporations organized in the country. Company income subject to tax is often determined much like taxable income for individuals. Generally, the tax is imposed on net profits. In some jurisdictions, rules for taxing companies may differ significantly from rules for taxing individuals. Certain corporate acts, like reorganizations, may not be taxed. Some types of entities may be exempt from tax. Many more countries tax corporate entities on income and also tax the owners when the corporation pays a dividend. Where the owners are taxed, a withholding tax may be imposed. Generally, these taxes on owners are not referred to as corporate tax.

REVIEW OF LITERATURE

Griffith, Miller and O'Connell (2014) also consider the link between corporate tax rates and patent applications, but with a more flexible model which allows tax effects to vary across locations. They find that corporate tax rates are important determinants of location choice and that the unobserved heterogeneity in behavior is important for explaining location choices.

Feld, Heckemeyer and Overesch (2013) provide a recent review of the empirical literature on the impact of CIT on debt financing. They combine 48 previous studies and find a substantial impact, with a predicted marginal tax effect on the debt ratio of about 0.27, which means that a 10 percentage point increase in the marginal tax rate (e.g. from 25% to 35%) increases the debt-to-asset ratio by 2.7 percentage points (e.g. from 0.6 to 0.627). Their study also shows that the estimated effect is typically bigger when using simulated marginal tax rates than when using statutory tax rates.

Rakesh and Kulkarni (2012) analyzed the Gujarat textile industry working capital evaluation on selected five company for the eleven years and performed ratio analysis, descriptive statistics etc. The study concluded with all the company financial performance with sound effective as well as current and quick ratio, current asset on total asset, sales, turnover etc. are analyzed with the help of hypothesis and used ANOVA. In this research also researcher followed this attributes. Zahid and nanik (2011) concludes the overall performance of the textile sector was adversely affected by crisis through analysis of income statement, debt payment ability, management and inventory sales, receivables, productivity, fixed assets, etc.

RESEARCH METHODOLOGY

The present research paper is mainly based on secondary data obtained from the annual reports of the sample units. To supplement the data different publications, various books, journals, CMIE Database and different websites related in textile industry have been used for better reliability.

OBJECTIVES

1. To study the strengths and weakness of textile industry in India.

2. To evaluate the number of textile industry in India and Tamil Nadu.
3. To analyze the corporate tax growth of textile industries in India.

TEXTILE INDUSTRY

The Indian textile industry is in a stronger position now than it was in the last six decades. The industry which was growing at 3 – 4 percent during the last six decades has now accelerated to an annual growth rate of 9 – 10 percent. There is a sense of optimism in the industry and textiles sector has now become a 'sunrise' sector. Considering the domestic availability of cloth, the per capita availability of cloth is projected at 62.23 sq. mtrs. by the end of the Eleventh Plan period, as against 39.17 sq. mtrs. in 2006-07, registering an annual rate of growth of 9.70 percent per annum. The per capita availability is estimated based on the projected population and expected export trend.

STRENGTHS

- Third largest producer of cotton in the world.
- Fifth largest producer of man-made fibre and yarn in the world.
- Vertical and horizontal integrated textile value chain.
- Strong presence in entire textile value chain from raw material to finished goods.
- Globally competitive spinning industry
- Average cotton yarn spinning cost at US\$ 2.5 per kg. Which is lower than all the countries including China?
- Low wages: rate at 0.75 US\$ per operator hour as compared to US\$ 1 of China and US\$ 3 of Turkey.
- Unique strength in traditional handlooms and handicrafts.
- Flexible production system.
- Diverse design base.

WEAKNESS

- Structural weaknesses in weaving and processing.
- 2 percent of shuttle less looms as percentage of total looms as against world average of 16 percent and China, Pakistan and Indonesia 15 percent, 9 percent and 10 percent respectively.
- Highly fragmented and technology backward textile processing sector.
- Highly fragmented garment industry.
- Except spinning, all other segments are predominantly in decentralized sector.
- The rigid labor laws : proving a bottleneck particularly to the garment sector. Large seasonal orders cannot be taken because the labour strength cannot be reduced during the slack season.
- Inadequate capacity of the domestic textile machinery manufacturing sector.
- Big demand and supply gap in the training facilities in textile sector.

TABLE 1: PROFILE OF TEXTILE INDUSTRY IN INDIA AND TAMIL NADU

ITEM	ALL INDIA	TAMILNADU
SPINNING SECTOR		
No. of Spinning Mills	3069	1889
Workers (in lakh)	8.94	2.40
Spindles (in Million)	39.27	18.92
POWERLOOM SECTOR		
Powerlooms (in lakhs)	19.03	3.66
Workers (in lakhs)	47.57	9.14
HANDLOOM SECTOR		
Handlooms (in lakhs)	34.86	4.13
Weavers (in lakhs)	65.50	6.08
HANDLOOMCLOTH		
Production(Bn. Sq. Mt)	6.00	0.70
Value(Rs.in Crore)	18000	1700
OTHER SECTOR		
Power processing Units	2510	985
Hand Processing Units	10397	2614
Knitwear and Garment units	8000	4000

Source: These sources collected from the Tamil Nadu Textile Industry Website.

Table 1 shows that the Textile Industry of Tamil Nadu has its significant presence in the National and State economy. It is the forerunner in Industrial development. Handloom, Powerloom, Spinning, Processing, Garment and Hosiery are the various sectors of the Textile Industry in Tamil Nadu and known for the largest economic activity next only to Agriculture in providing direct and indirect employment.

Handlooms: Tamil Nadu occupies a pride place in handloom sector with maximum number of handlooms in the Country. Handloom weaving is one of the largest economic activities in Tamil Nadu. There are 4.13 lakh handlooms located in the State in which 2.32 lakh handlooms are functioning with 1130 Handloom Weavers Cooperative Societies and the remaining 1.81 lakh looms are outside the Cooperative fold, thus providing employment to 6.08 lakh weavers.

Powerlooms: The Powerloom Sector in Tamil Nadu provides employment to around 9.14 lakh workers. As against 19.03 lakh registered powerlooms in India, 3.66 lakh are located in Tamilnadu and of that 42,566 are covered under 164 Powerloom Weavers Co-operative Societies. During the year 2008–09, these Societies have produced 1487.50 lakh metres of cloth worth around Rs. 246.09 Crores and the turnover was around Rs.253.50 Crores.

Textile and Spinning Mills: The Textile Mills are the backbone of Tamil Nadu's industrial development and are providing massive employment in the State predominantly spinning oriented. The State textile industry has a significant presence in the national economy also. There are 3069 large, medium and small spinning mills in India, of which, 1889 are located in Tamilnadu. The spinning mills in the State comprise 18 Cooperative Spinning Mills (5 functioning), 17 National Textile Corporation Mills (7 functioning) and 1854 Private Mills (including 23 Composite Mills). Those spinning mills provide employment for around 2.40 lakh persons. The capacity of the spinning mills in the State is around 18.92 million spindles. The State produces about 1612 million kg. of spun yarn per year and this is about 40% of the spun yarn produced per year in the entire nation.

Garment and Hosiery: The Garment Sector in Tamil Nadu is one of the fast growing sectors in the textile industry. It is located substantially around Chennai City, with specialization in cotton fibre garments. The Hosiery Units in Tamil Nadu are located at Tiruppur and are manufacturing Knitwear Garments to the tune of Rs.11000 Crores per annum. There are around 4000 knitwear and woven garment production units in the State providing employment to around 5 lakh persons.

Processing: The processing sector determines the core product value, product quality and has tremendous scope for innovations and control over the final output. Processing is an important value added segment in the Textile Industry. There are about 10397 Hand Processing Units and 2510 Power Processing Units in India, out of which 2614 Hand Processing Units and 985 Power Processing Units are located in Tamil Nadu.

TABLE 2: CORPORATE TAXATION GROWTH IN INDIAN TEXTILE INDUSTRY (Rs. Million)

Industry	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Textiles	7,017.50	6,959.80	14,099.20	27,481.50	17,816.50	18,028.80	22,205.80
Cotton & blended yarn	660.4	649.7	2,177.60	6,785.20	1,082.20	2,573.00	4,542.80
Cloth	1,880.70	1,357.70	2,614.70	4,453.80	3,938.10	2,685.80	Nil
Man-made filaments & fibres	1,020.00	620.3	1,909.30	7,592.80	4,720.90	4,211.90	3,385.90
Textile processing	459.7	545.4	727.9	705.2	244.6	167.6	192.9
Readymade garments	1,263.30	1,860.40	2,497.80	2,005.10	2,212.90	1,730.80	2,086.40
Diversified cotton textile	586.6	362.4	800.7	1,764.50	2,075.40	3,526.40	3,612.20
Other textiles	1,146.80	1,563.90	3,371.20	4,174.90	3,542.40	3,133.30	6,387.60

Source: CMIE DATA BASE

Table 2 portray that every year textile industry corporate tax growth is increased. To compare the financial year 2007-2008 to 2013 -2014 most of the Indian textile unit corporate taxation is to be increased. Sometimes corporate tax rate is affected the Textile industries corporate taxation growth.

CONCLUSION

To conclude that majority of the government revenue came from textile industry through corporate taxation. The Government of India have been utilized revenue generations by means of various dimensional activities and substantially increasing trends of textile industry in India. The recent Union budget on 28th February 2015 proposed cutting basic rate of corporate tax to 25% from current 30% over the next four years, accompanied by fewer exemptions. The Honorable Finance Minister Mr. Arun Jaitley said a high rate with too many exemptions had led to a situation in which "we neither get revenues nor investments". This will lead higher level of investment accelerate growth and more jobs" He added.

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IMPACT OF FDI ON EXPORT PERFORMANCE OF INDIAN FIRMS-AN ANALYSIS

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ABSTRACT

This paper investigates the impact of Foreign direct investment on the exports performance of different firms. The study is based on 195 firms belonging to 8 different sectors including different subsectors and industries related to manufacturing covering a period of 2000-01 to 2012-13. The study uses OLS regression and Compound annual growth rates to find out the trends and pattern of performance for different firms. The results of the present study suggest that FDI has significant impact on the export performance of different firms. Although the impact becomes visible after 5 to 6 years of FDI coming into Indian corporate firms.

KEYWORDS

FDI, export performance.

1. INTRODUCTION

Most of the Countries are involved in international trade for a diversity of reasons. Exports, in particular, are a way to generate the foreign exchange required to finance the import of goods and services; to obtain economies of specialization, scale and scope in production; and to learn from the experience in export markets. In the era of Globalization, exports success can serve as a measure for the competitiveness of a country's industries. Increase in export among developing countries has been rigorous only in a few countries. But, the comparative and absolute advantage of most of the developing countries still lies in primary commodities and unskilled-labour-intensive manufacturing only. As the time passes, they grow and accumulate capital and skills, and wages rise, their competitive base needs to alter. The developing countries need to upgrade their primary and labor intensive exports into advanced value-added items, and they have to move into new, more sophisticated, export-oriented activities. Both require greater inputs of skill and technology.

The Government of India saw in FDI a prospective non-debt creating mean of finance and a bundle of assets, viz., capital, technology, market access (foreign), employment, skills, management techniques, and environment (cleaner practices), which could help in solving the problems of less income growth, deficit in savings, investments, exports and unemployment. It was argued that FDI would also aid in the expansion of production, trade and increase in opportunities in India to boost the benefits that could be drawn from greater integration with the other economies of the World. In short, FDI would enlarge the opportunities for India to participate in international specialization and other gains from trade. In addition to FDI, export orientation has also been emerged as an engine of growth. The Newly Industrialized Economies' (NIEs: Singapore, Hong Kong and Taiwan) successful economic development has been attributed to these economies' success in pursuing an export led growth strategy (Kohpaiboon 2007).

The liberalization policy of 1991 has mechanically helped in increasing the FDI inflow into India. Without a doubt, the increased inflows of FDI into the Indian economy have led to the expansion of production by multinational enterprises and their networks of closely associated firms in India. Other than that, the question here arises that whether the impact of all this is on export performance is positive or negative. This paper is divided into 6 sections. Section 1 deals with Introduction. Section 2 deals with review of literature, Section 3 and 4 deals with objectives, database and research methodology. Section 5 deals with discussions and results and finally Section 6 deals with conclusions and findings.

2. REVIEW OF LITERATURE

Iyer, K(2010) in his paper tried to examine the determinants of firm level export intensity in New Zealand's agriculture and forestry over the period 2000-06. The study is based on the application of a random effects model and revealed that export intensity is driven by firm productivity and export market diversification. The empirical results concluded that firm size does not have a negative effect on export intensity. **Joseph and Nagi(2010)** in their study examined the impact of horizontal as well as backward spillovers from the presence of foreign firms, on the export performance of domestic firms in the Indian manufacturing industry during 1993-2008. Increased competition in the domestic market in post-liberalisation period through sales of foreign firms had forced domestic firms to look for export markets. The results indicated that domestic firms were not benefited in improving their export performance through any buyer-supplier linkages with the MNEs. **Bhattacharya, Chen and Pardeep(2008)** studied the spillovers from foreign direct investment, research and development (R&D) and exporting activities on productivity both for foreign and domestic firms. The results of the above study indicated that there were positive and beneficial spillover effects from FDI because of the lower manufacturing cost and better FDI environment. R&D and exporting activities had a negative spillover effect. The local firms were less inclined to invest in uncertain risky in house R&D activities. **Buckley, Jeremy and Chengqi(2006)** focused on a single subsector to investigate whether spillovers declined over time. This suggested that the spillover benefits did not flow automatically from FDI but were contingent upon other factors. It also suggested that sub sector specific productivity effects were associated with, but caused by the existence of foreign firms. TNC's appeared to concentrate in more productive subsectors with in China's electronic industry. **Muller, Thomas & Schnitzer, Monika (2003)** in their study recognized and well argued that foreign direct investment was a source for the diffusion of knowledge and technology. It was well recognized that sharing ownership with a local partner could reveal a multinational's proprietary knowledge and in that way gave rise to technology spillovers. The extent of such technology spillovers certainly depended on the nature of the transferred technology and on the ownership structure in the joint venture. **Blomstorm M and Kokko A.(2003)** Suggested that the use of investment incentives focused exclusively on foreign firms, although motivated in some case from a theoretical point of view, was generally not an efficient way to raise national welfare. The main reason was that the strongest theoretical motive for financial subsidies to inward FDI spillovers of foreign technology and skills to local industry was not an automatic consequence of foreign investment. **Banga, Rashmi(2003)** studied the role of FDI in promoting exports. The study brought out the significance of the source country of the FDI in influencing exports. The study had undertaken both industry level as well as firm level analysis for the period 1994-95 to 1999-2000. The Results showed that FDI had a significant effect on the export intensity of industries in the nontraditional export sector and therefore to some extent led to diversification in India's exports. The impact of FDI on exports however differ with respect to source country of FDI. US FDI had a positive significant effect on export intensity of industries in nontraditional export sector while the impact of Japanese FDI was not.

Liu and Wang(2001) in their paper studied the impact of foreign direct investment on Total Factor Productivity(TFP) for a cross sectional sample of Chinese industrial sector. TFP was estimated from a production function involving physical capital and labour forces. The possible determinants of TFP were sought with special focus on FDI. The results from the production function suggested that physical capital and labour force were the main determinants of industrial production ,underlining the fact that both physical capital and labor inputs were important to the output level in industrial sectors. Greenaway, Sousa & Wakelin(2002) Investigated export spillover effects from MNEs to domestic firms in an industrialized economy. They outlined the reasons why spillovers were expected to exist,focusing particularly on information externalities, demonstration effects and competition effects. The model provided the theoretical background for the empirical analysis which followed a two stage strategy, modeling both the decision of whether or not to export and export propensity. It was found that probability of domestic firms exporting was positively influenced by the intensity of foreign R & D expenditure , the relative importance of MNE's production and MNE's export activities in the host market. However the most important of these was the level of foreign production in the sector.

3. OBJECTIVES OF THE STUDY

On the basis of above studies, following are the specific objectives of the study:

1. To study the trends and pattern of the firm's exports
2. To study the impact of FDI on the export performance of firms.
3. To analyse the impact of FDI on the growth of different firms.

4. DATA AND RESEARCH METHODOLOGY

This study is based on secondary data so it has used multiple sources. The major part of the data is collected from Capital line, an online database provided by provided by Capital Market Ltd in India. The database provides firm level financial information of more than 13,000 companies. For this purpose, approximately 6000 firms were examined , Out of those only 450 were selected who are receiving FDI more than 10 percent. But the major problem with those firms were either they have received FDI in the initial period of the study and with the passage of time the foreign investment has decreased from the required level. Major problem was found in deciding about the criteria of foreign ownership structure. We have taken the criteria as per the IMF/OECD recommendations of ownership of 10 per cent or more (implying the direct investor's ability to influence the management of the enterprise) of the ordinary shares or voting stock is the guideline for determining the existence of a direct investment relationship. We assumed that the firm who is receiving either 10 percent or more than foreign investment in terms of share capital which includes investment by foreign promoters, foreign non promoters, Foreign institutional investment, overseas corporate bodies(state owned or private owned),the firm is included in our sample. After this process of selection due to non availability of data on some measures the size of the sample was dropped to 195. These 195 firms belong to different sectors and subsectors as per the following table.

TABLE 1: INDUSTRY/SECTOR WISE SAMPLE DISTRIBUTION

Industry Sector	No. of firms
Metal and Non metal, Steel and Iron	20
Engineering - power generation	24
Electronics and electrical appliances/equipments	24
Food and diary products - coffee, tea, vanaspati, distilleries, sugar, FMCG	26
Automobiles and auto ancillaries	30
Chemicals & allied products-	24
Pharmaceuticals and biotechnology	22
Textiles	25
Total	195

The categorization of industry sectors in the present study is driven by the pattern of classification of sectors made by Reserve Bank of India (RBI).

The first objective is achieved with the help of firm's descriptives like arithmetic mean ,its minimum value and maximum value and standard deviation.

The second objective uses the trend analysis. The trend analysis in our study is done with the help of simple regression equation

$$Y = \alpha + \beta X$$

Eq (1)

Where Y=dependent variable

X=Independent variable

The least squares estimates are

$$\alpha = \bar{Y} - \beta \bar{X}$$

$$\beta = \text{slope} = \frac{\sum(X_t - \bar{X})(Y_t - \bar{Y})}{\sum(X_t - \bar{X})^2}$$

Third objective is tried to achieve with the help of calculation of Compound annual growth rate. To calculate the compound annual growth rates (CAGRs), first of all, an exponential function has been fitted as shown below:

$$Y_t = \beta_0 \beta_1^t e^{U_t}$$

Eq (2)

Here Y_t is dependent variable, and β_0 and β_1 are the unknown parameters and U_t is the disturbance term. If we present equation (3) in the logarithmic manner it assumes the following form :

$$\log y_t = \log \beta_0 + \log \beta_1 + U_t$$

Eq (3)

Equation (4) makes use of Ordinary Least Square Method of regression. The compound rate of growth (Gr_c) has been computed by taking antilog of estimated regression coefficient, subtracting 1 from it and multiplying by 100, as shown below :

$$Gr_c = (A.L. \hat{\beta}_1 - 1) \times 100$$

Eq (4)

Where $\hat{\beta}_1$ is a regression estimate for β_1 . To check whether the growth rates are significant or not Student's t-test has been applied which is as follows:

$$t = \frac{\hat{\beta}_1 - \beta_1}{s(\hat{\beta}_1)} \sim t_{(n-2)} \text{ d.f.}$$

Eq (5)

Where $\hat{\beta}_1$ is the regression estimate, $s(\hat{\beta}_1)$ the respective standard error (Gupta and Kumar, 2006, p.297; Sidhu and Kumar,2006, p.55).

5. RESULTS AND DISCUSSIONS

FDI and exports are like two sides of a coin of the globalization process which not only complementary to each other but also mutually supportive. In recent years, several papers have appeared linking export performance and FDI (Abdel-Malek, 1974; Sun, 2001; Mai, 2001; Rasiah, 2003; Zheng et. al., 2004). However, empirical findings are 'inconsistent and contradictory', particularly for developing economies for whom exports are the most important.

In case of developing economies, it is argued that foreign owned firms play a main role in exports. They have an edge over domestic owned firms due to their access to key resources, location specific capabilities of countries and regions in which they operate, and their ability to organize and integrate these resources. Thus, given the monopolistic advantages of foreign owned firms and their desire to please the host government, they may demonstrate a higher export performance. On the other hand, it can be argued that given the regulatory restrictions and the presence of several more attractive production bases in other developing economies, it will be plausible to argue that foreign owned firms export performance would be lower. Thus, for a long, the role of FDI in promotion of exports of manufacturing sector has been a topic of interest.

So the present study is an attempt to analyze the export performance of the 195 firms selected from 8 different sectors and various subsectors. The firms selected are of different size and different nature. Data of exports from the year 2000 to 2013 has been taken to analyze the situation. This section of the study will discuss about the descriptives of total 195 firms and based on those descriptive, Frequency table have been made in order to conclude the results.

The results show that there are 6 firms in the steel and iron sector, 2 firms in the food ,food processing and dairy sector,1 firm in textile sector,2 firms in engineering sector and 1 firm in auto sector whose average exports are more than 1000 crores, there are 12 firms whose exports are zero (few firms are either not involved in export activities or due to unavailability of export data).There are 19 firms whose standard deviation in exports is more than 500 crores. Table 2 indicates the average growth of firms from 2001 to 2013. It shows that there are 57 firms whose mean growth of exports are below Rs 5 crores. Large number of firms shows an average growth of exports between Rs 5 crores to Rs 50 crores. There are 31 firms whose mean export growth rate is from Rs 50 to 200 crores and 42 firms who show marvelous growth in terms of exports which is more than 200 crores. The result indicates that distribution of firms in different categories are also even ,along with it shows that there are firms who have very small increase in the exports over a period of time but there are firms who showed incremental growth in terms of mean exports over a period of time. This suggest that FDI has improved the average mean exports of 70 percent of the firms but there are few firms whose export performance has decreased after receiving FDI

TABLE 2:FREQUENCY DISTRIBUTION OF AVERAGE EXPORTS OF THE FIRM FROM 2000 TO 2013

Average exports of the firms	Frequency	Percent
Less than Rs 5 crores	57	29.23%
Rs 5 to 50 crores	65	33.33%
Rs 50 to 200 crores	31	15.90%
More than Rs 200 crores	42	21.54%
Total	195	100.0

It shows that maximum number of firms shows the average export growth between Rs 5 to Rs 50 crores. It also indicates that out of the total sample of 195 firms in our study ,there are 22 percent firms who has shown tremendous growth in terms of exports. There are 29 percent firms who have shown very minimal growth of less than 5 crore rupees in exports.

The long term trend of exports in table 3 shows that there are 17 firms whose trend values are more than 100 crores. There are 72 firms whose R square is not much significant. There are more than 100 firms whose t statistic and its p value and F statistic and its p value are highly significant as shown in annexure. Table 3 indicates the exports trend of all the firms included in the study. The results indicate that a large number of firms has shown the negative trend in terms of exports. There are 30 firms who have shown a trend of increase in exports up to Rs 1 crore annually,35 firms are showing the increase in trend of exports from Rs 1 crore to Rs 4 crore. There are 46 firms who have shown the increase in trend of exports from Rs 4 crore to Rs 30 crore annually.41 firms out of the total sample have shown an increasing trend of exports which is more than 30 crores annually. It clearly indicates that there are firms who have shown an increasing trend and decreasing trend in terms of exports.

TABLE 3: TREND OF EXPORTS IN DIFFERENT FIRMS FROM 2000-01 TO 2013-14

Trend of Exports (in Rs crore annually)	Frequency	Percent
Negative trend	43	22.05%
Upto Rs one Crore annually	30	15.38%
Rs 1 crore to Rs 4 crore annually	35	17.95%
Rs 4 crore to Rs 30 crore annually	46	23.59%
More than Rs 30 crore annually	41	21.03%
Total	195	100.0

The table 4 depicts the annual growth rates of different firms over the entire study period. The result indicates that there are 5 firms who have shown negative growth rate in the steel and iron industry,4 firms in the Food and Dairy processing industry,3 firms in Textile sector, 5 firms in Pharmaceuticals and Drug sector,3 firms in electrical and electrical equipments sector,3 firms in Engineering goods sector, 5 firms in Chemical sector and only 1 firm in Auto and auto ancillary sector who has shown negative growth rate annually.

TABLE 4: FREQUENCY DISTRIBUTION OF CAGR OF EXPORTS OF THE FIRMS FROM 2000-01 TO 2013-14

CAGR of Exports	Frequency	Percent
Less than 0	45	23.1
0 to 10	35	17.9
10 to 15	37	19.0
15 to 25	39	20.0
More than 25	39	20.0
Total	195	100.0

The above table indicates the CAGR of different firms in the study period. It indicates that there are 23 percent firms who have shown negative CAGR ,On the contrary ,there are 20 percent firms whose CAGR in terms of exports is more than 25. There are 18 percent firms whose CAGR is between 0 to 10,19 percent firms whose CAGR is between 10 to 15 and 20 percent firms whose CAGR is between 15 to 25. It shows that there are 45 firms whose Compound annual growth rate has become negative. There are 35 firms whose CAGR firms has been less than 10% in exports. There are 37 firms whose CAGR is between 10 to 15. There are 39 firms whose CAGR is between 15 to 25. 39 firms have performed outstandingly in terms CAGR of exports which is almost more than 25 during the study period.

6. CONCLUSION

The findings from the above analysis shows that inward FDI has significantly contributed to the better export performance of India between 2000-01 and 2013-14. The Indian manufacturing especially in case of Capital intensive industry (Engineering goods and Equipments and Electricals and Electrical appliances and equipments) has not contributed significantly in enhancing export performance during the same period. Actually ,The much needed investments to enrich manufactures in India are currently being diverted to other activities such as services (Papola 2005), the reason being 'quick returns' in the service sector as compared to manufacturing. But, developing other areas at the cost of core areas like manufacturing may not be right for the Indian economy in the long-run.

As argued by Balasubramanyam and Sapsford (2006) FDI is not a panacea for the development problem, rather it is a medium in the growth process. It increases the efficiency of the inputs involved in the growth process through its well recognized role as a supplier of technology and know-how. Further, it must be noted that FDI inflows for export production are based on relative endowments, attracted by factor cost differentials and repelled by trade costs (Demekas et al. 2007). So, if the Government of India aspires to continue on the export-oriented strategy of firms and get advantage from it in the long run, it needs to concentrate more on domestic efforts to expand manufacturing in line with the FDI policy framework. Also, considering that FDI policy of India may not entirely be a choice of the Government of India as it may have to follow IMF and World Bank conditions and much international pressure, a reassessment of the domestic macroeconomic policy framework regarding manufacturing sector is the requirement of the hour. Most importantly, the Government of India must recognize that FDI can only complement domestic efforts to meet development objectives, they alone cannot do wonders. Hence, to develop the export performance of India sustainably and dynamically which would in turn lead to faster growth of the whole economy.

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THE EFFECT OF SAVINGS, INVESTMENT AND FOREIGN DIRECT INVESTMENT ON JORDAN ECONOMY (1980-2013)

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ABSTRACT

This study aimed to analyzing the long-term and short-term relationship between the savings, investment, and foreign direct investment on Jordan Economy for the period (1980-2013). The study employed model: used GDP as dependent variable and FDI, INV and SAV as independent variables. The stationarity of the data is checked through Augmented Dickey Fuller test and Phillips-Perron Test, and then Johansen co integration test and Vector error correction model (VECM) are employed for analysis. The study found that the series are not stationary in its levels and stationary in first difference. The results of Johansen co integration test revealed that the Jordan Economy (GDP) is significantly and positively co integrated with the savings (SAV), investment (INV) and foreign direct investment (FDI), which leads the way to run the VECM. The results from the VECM provide evidence for that not existence of long-run relationship between GDP and (SAV), (INV) and (FDI). The Wald test results revealed that there is no short-run causal relationship running from SAV and INV to GDP, but there is short-run causal relationship running from FDI to GDP.

KEYWORDS

Savings, Investment, Foreign direct investment, GDP, vector error correction model.

1. INTRODUCTION

The main macro-economic objectives are to reach sustainable economic growth, and increase the employment opportunities, and achieving price stability, due to this there is strong relations between economic growth and these variables (saving, and investment, and foreign direct investment (Yilmaz, 2014).

Among the economists (classical, and Keynesian), Whether saving effect investment or gets cause by investment. Investment and Savings play a major role in achieving economic growth, by the adoption economic policies.

In classical school, an increase in savings will lead to a reduce the interest rates prompting investors demand more from the available funds and therefore to an increase in investments.

On other hand, Keynesian school argues that an increase in the investment leads to an increase in the output and income which will increase savings. (Ramakrishna, 2012).

The purpose of this study is to examine the effect of savings, investment and foreign direct investment on Jordan economy (1980-2013). Using cointegration and vector error correction model (VECM), to investigate the long run and short run relationships between these variables. The data obtained from annual reports of the Central Bank of Jordan (CBJ). The empirical tests have been carried out E-views software package was used in this study.

This study attempts to test the relationship between gross domestic product, investment, savings and foreign direct investment in Jordan in the long run.

The rest of the paper is organized as follows: The second section provides literature review, Section three provides the empirical results of the study, and final section contains the conclusion.

2. LITERATURE REVIEW

In economic literature there are many studies examined the effects of the savings, investment and FDI inflows on the economic growth such as: study of Agrawal et al. (2010). The relationship between savings and growth: Cointegration and causality: Evidence from Asia. This study found that there was unidirectional causality from economic growth to savings.

The study of Andrei and Huidumac-Petrescu (2013). Saving and economic growth: An empirical analysis for Euro area countries. using Johansen co-integration test. Study reveals that there is a significant unidirectional causality between the two macroeconomic variables from real GDP to the saving rate.

The study Tang and Ch'ng (2012). Multivariate analysis of the nexus between savings and economic growth in the ASEAN-5 Economies. Found that there was unidirectional causality from savings to economic growth in all ASEAN-5 economies.

The study Tang and Lean (2013). The role of savings on economic growth in Malaysia: A view from generalized variance decomposition analysis. Revealed that the relationship between economic growth and savings in Malaysia are stable and coalescing in the long run. Study Tang and Tan (2014). A revalidation of the savings-growth Nexus in Pakistan. result showed that savings have positively affected economic growth in both the short run and long run. The Granger results also show that savings Granger-cause economic growth.

On the contrary, study Tang and Chua (2012). The savings growth Nexus for the Malaysian economy: A view through rolling sub-samples. Granger causality results indicate that the relationship between savings and economic growth is bilateral.

In the study Gulmez and Yardımcıoğlu (2013). BRICS ülkeleri ile Türkiye'nin ekonomik büyümesinde ulusal ve yabancı tasarrufların etkisi: Panel veri analizi. They found that Domestic and foreign savings had positive impact on economic growth.

There are many studies that examined the nature relationship between foreign direct investment and economic growth present different results. Some studies found that there is a positive impact of foreign direct investment on economic growth, as in (El-Wassal (2012), Soumia and Abderrezzak (2013) and Gursoy et al. (2013).

Study El-Wassal (2012). Foreign direct investment and economic growth in Arab countries (1970-2008): An inquiry into determinants of growth benefits. Found that FDI inflows had positive impact on economic growth.

Study Soumia and Abderrezzak (2013). The determinants of foreign direct investment and their impact on growth: Panel data analysis for AMU countries. Study noted that there was unidirectional causality from economic growth to domestic investment, while there was bidirectional causality between economic growth and FDI inflows.

Study Gursoy et al(2013). FDI and economic growth relationship based on cross-country comparison. Revealed that there was unidirectional causality from FDI inflows to economic growth in Azerbaijan, while there was bidirectional causality between economic growth and FDI inflows in Turkmenistan. While other studies noted that FDI had negative impact on economic growth, such as(Saqib et al. (2013), Ray, S., (2012), Rachdi and Saidi,(2011).

Saqib et al. (2013).Impact of FDI on Economic Growth of Pakistan. Found that FDI had negative impact on economic growth.

Ray, S., (2012). Impact of Foreign Direct Investment on Economic Growth in India: A Co integration Analysis. Which indicated that the there is a negative impact on economic growth in India.

Rachdi and Saidi,(2011). The Impact of Foreign Direct Investment and Portfolio Investment on Economic Growth in Developing and Developed Economies. The study found that the relationship between the investment portfolios and economic growth is negative and statistically significant.

3. EMPIRICAL RESULTS

We applied the unit root test to test whether the data is stationary or have a unit root; to do this we employ the Augmented Dickey-Fuller test and Phillips-Perron Test, in the second step we applied the cointegration test and we use vector error correction model Approach (VECM) to identify the long run equilibrium relationship between the variables also we use Wald test to identify the short run equilibrium relationship between the variables.

3.1 UNIT ROOT TEST (TESTING FOR STATIONARITY)

The meaning of stationarity is that both Mean and Variance are consistent for all time (t), the same holds for the Cov(Yt, Ys), thus the correlation between any two different values depends on different time series for both values of (Y) (for T≠s). If the time series data is non-stationary the method of least squares become is not trusted, also if the data is not stationary the value of R-squared is high this make difficult to determine relationship between the variables. In this case the Unit Root Test and Cointegration Test are used to determine the nature of the relationship between the variables (alfawwaz, 2013).

The Augmented Dickey-Fuller (ADF) (Dickey & Fuller, 1981) test is used to determine the stationarity of time series. Table 1 reports the results of the ADF test. The results show that all the variables are nonstationary in level, therefore, the null hypothesis is accepted, but was rejected in 1st difference. As result of this all the variables are integrated of order I(1).

TABLE 1. UNIT ROOT TEST USING AUGMENTED DICKEY FULLER TEST

Variable	LEVEL		First difference	
	ADF	Critical value. (5%)	ADF	Critical value. (5%)
GDP	1.916596	-3.552973	-3.904315	-3.557759
FDI	1.422124	-3.595026	-4.889575	-3.595026
SAV	-3.177708	-3.557759	-4.628498	-3.568379
INV	-2.290375	-3.552973	-6.070568	-3.557759

TABLE 2: UNIT ROOT TEST USING PHILLIPS-PERRON TEST

Variable	LEVEL		First difference	
	ADF	Critical value. (5%)	ADF	Critical value. (5%)
GDP	1.637740	-3.552973	-3.922939	-3.557759
FDI	-2.277372	-3.552973	-5.204147	-3.557759
SAV	-2.173924	-3.552973	-7.376789	-3.557759
INV	-2.350847	-3.552973	-5.998024	-3.557759

Table 2 shows the results of the Perron test for level and first difference series. The null hypothesis of a unit root was accepted for all the variables but was rejected in 1st difference. The Perron test confirm the result of ADF test

Since the variables are integrated of the same order, the next step is to estimate the long-run equilibrium relationship by relationship using Johansen co-integration procedure.

3.2 CO-INTEGRATION TEST RESULT

In the second step the researchers applied the co integration test to identify the long run equilibrium relationship between the variables, using the Johansen (1988) and Johansen & Juselius (1990). Where: H0, there is no co integration between the two variables. Schwarz criterion is used to determine the specific lag length periods (lagged one period), and for choosing acceptable test of co integration. Since Johansen method is sensitive for autocorrelation in residuals, we use the Pantula principle (see Pantula, 1989) to determine the co-integration rank (see al-fawwaz, and Al-Sawai"e. 2012).

Having established that all variables are integrated of same order, we proceed to test for presence of co-integration among the variables. The co integration of the variable series requires the existence of a long-run relationship acts as a constraint on their movement. We employ Johansen co-integration test. It may be noted here that we are interested to check for the presence of co integrating relationship among the variable.

TABLE 3: LAG SELECTION ON VAR MODELS

Lag	FRE
0	1.88e+56
1	4.36e+53
2	4.19e+53*
3	7.15e+53
4	5.37e+53

The co integration approach requires the determination of the optimal lag structures by estimating a VAR model to carry out the task. The VAR models are estimated for 1, 2, 3, and 4 lags to select the optimal lag interval that minimizes the Final prediction error. The result of FRE reported in table 3 suggests 2 lags for co integration models.

Accordingly, the Johansen-Juselius Co integration test in Table 4, we present only the results of the null hypothesis that there does not exist co-integration against the alternative that there exists co integration. Starting with the null hypothesis that co-integration (r=0) does not exist among the variables, the trace statistic is well above the 95 per cent critical value for all the series. Hence, it rejects the null hypothesis of no co-integration in favor of existence of co integration for all the series. Turning to the maximum eigen value test, the null hypothesis that there does not exist co-integration is rejected at 5 per cent level of significance in favor of the specific alternative that there is at least one co-integrating vector for all series.

TABLE 4: RESULTS OF JOHANSEN COINTEGRATION TEST

Trace Statistic Result			
Hypothesized Number of Cointegrating Equations	Trace Statistic	5% Critical Value	Probability
None*	57.95868	47.85613	0.0043
At Most 1	28.89334	29.79707	0.0633
At Most 2	12.65467	15.49471	0.1293
At Most 3	0.700194	3.841466	0.4027

Maximum Eigen value Statistics Results.			
Hypothesized Number of Cointegrating Equations	Max-Eigenvalue Statistic	5% Critical Value	Probability
None*	29.06534	27.58434	0.0321
At Most 1	16.26867	21.13162	0.2096
At Most 2	11.92447	14.26460	0.1135
At Most 3	0.700194	3.841466	0.4027

The result shows that both Trace test and Max-Eigen test are statistically significant to reject the null hypothesis of r= 0 at 5% significance level. Therefore, only one long run cointegration relationship between GDP and others variables.

3.3 VECTOR ERROR CORRECTION MODEL (VECM) RESULT

Since there is co-integration, we apply VECM model to evaluate the short run. The results VECM models are presented in table (5).

TABLE 5: RESULTS OF VECTOR ERROR CORRECTION MODEL

variables	Coefficient	Std. Error	t-Statistic	Prob.
c(1)	0.046455	0.039733	1.169190	0.2554
c(2)	0.468291	0.201512	2.323883	0.0302
c(3)	-0.240452	0.370584	-0.648846	0.5235
c(4)	-9623165	35018384	-0.274803	0.7862
c(5)	-0.728483	0.384359	-1.895318	0.0719
c(6)	0.126194	0.233715	0.539948	0.5949
c(7)	1.055693	0.361843	2.917542	0.0082
c(8)	1371011.	34661543	0.039554	0.9688
c(9)	0.085157	0.408165	0.208633	0.8367
c(10)	3.88E+08	2.64E+08	1.468589	0.1568

The VECM equation for the dependent variable GDP is as follows:

$$D(GDP) = C(1)*(GDP(-1) + 0.307051507075*FDI(-1) + 159438799.704*INV(-1) + 3.81666765229*SAV(-1) - 14885830181.5)+C(2)*D(GDP(-1))+ C(3)*D(FDI(-1)) + C(4)*D(INV(-1)) + C(5)*D(SAV(-1)) + C(6)*D(GDP(-2)) + C(7)*D(FDI(-2)) + C(8)*D(INV(-2)) + C(9)*D(SAV(-2)) + C(10)$$

GDP = Dependent variable

FDI, INV, SAV = Independent variable

C (1) = Coefficient of co integrating equation (long-term causality)

C (2), C (3), C (4),c(5),c(6).c(7),c(8) and C (9) = Coefficient of co integrating equation (short-term causality).

C (10) = Constant / intercept

From the VECM equation, the C(1) is the coefficient of co integrating equation.

$$C(1)*(GDP(-1) +0.307051507075*FDI(-1) + 159438799.704*INV(-1) + 3.81666765229*SAV(-1) - 14885830181.5)$$

from which the residual is taken for developing the error correction (EC) term and from the EC term the long-run causality is developed. The results of EC model is presented in table (5). C (1) is the residual at two period lag of co integrating vector between GDP and others variables. The EC term is not negative and is not significant at 1%, which implies that all variables haven't long-run causality on GDP. The result thus shows that there not exists a long-run causality between FDI, SAV, and INV to GDP.

On the other hand, from the VECM the short-run causality from FDI, SAV, and INV to GDP is examined using the coefficient C (3) to C (9), the results are presented in table (6) using Wald test.

To identify the short-run causality from FDI, SAV, INV to GDP the study used chi-square value of Wald test. If the coefficients C (3) and C (7), c(4) and c(8),c(5) and c(9) jointly influence the GDP, then there exists a short-run causality from variables to GDP. The results of Wald test is presented in table 6. It is inferred that the H0 i.e C (4) =C (8), C (5) = C (9)=0 of lag two cannot jointly influence the GDP. It is inferred that H0 cannot be rejected, since the χ^2 is >5%. Hence, the H0 1b "there is no short-run causality between GDP and INV, SAV" is accepted, which implies that C(4),c(5),c(8) and c(9) jointly impacts to zero. In other words, all these having two lag cannot cause GDP, and therefore it is concluded that there is no short-run causality running from INV and SAV to GDP, but there is short-run causality running from FDI to GDP.

since EC term is not significant negatively, whereas there is no short-run causality running from SAV, INV to GDP but there is short-run causality running from FDI to GDP.

TABLE 6: RESULTS OF WALD TEST

Variable	Wald Test statistic	Value	Df	Prob.
FDI	F Statistics	4.781219	(2, 21)	0.0194
	Chi-square	9.562438	2	0.0084
Null Hypothesis Summary:C(3)=C(7)=0				
Normalized Restriction (=0)		Value	Std. Err.	
C(3)		-0.240452	0.370584	
C(7)		1.055693	0.361843	
Null Hypothesis Summary:C(4)=C(8)=0				
Variable	Wald Test statistic	Value	Df	Prob.
INV	F-statistic	0.038889	(2, 21)	0.9619
	Chi-square	0.077777	2	0.9619
Normalized Restriction (=0)		Value	Std. Err.	
C(4)		-9623165.	35018384	
C(8)		1371011.	34661543	
Null Hypothesis Summary:C(5)=C(9)=0				
Variable	Wald Test statistic	Value	Df	Prob.
SAV	F-statistic	1.796868	(2, 21)	0.1904
	Chi-square	3.593736	2	0.1658
Normalized Restriction (=0)		Value	Std. Err.	
C(5)		-0.728483	0.384359	
C(9)		0.085157	0.408165	

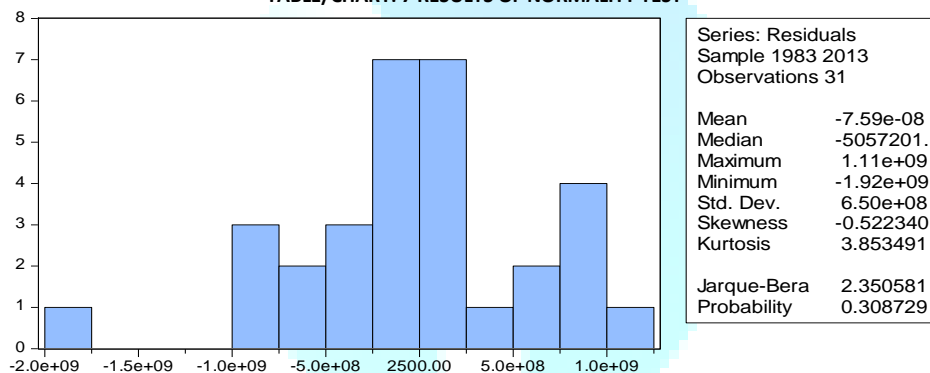
3.4 MODEL SELECTION AND DIAGNOSTIC CHECK

The model used in the study is subject to diagnostic check to assess whether the model was correctly specified. The selection criterion among the two models was based on three methods.

Firstly, the residual of the model should be normally distributed, and secondly, the model should be able to capture the autoregressive conditional heteroscedasticity (ARCH) effect and thirdly, the model should not have any serial correlation.

The results from the table 7 show that the residuals for the model applied are normally distributed, since the probability of Jarque-Bera statistics is more than 5% and therefore, the H0 "residuals are normally distributed" is accepted.

TABLE/CHART: 7 RESULTS OF NORMALITY TEST



Secondly, the H0 "there is no heteroskedasticity effect" is tested and the result from the table 8 shows that the value of test statistics (Obs*R2) is more than 0.05. Hence, the H0 is rejected implying that the model have heteroskedasticity effect.

TABLE 8: RESULTS OF HETEROSKEDASTICITY TEST

Heteroskedasticity Test: ARCH			
F-statistic	0.477077	Prob. F(2,26)	0.6259
Obs*R-squared	1.026576	Prob. Chi-Square(2)	0.5985

Finally, "there is no serial correlation effect" is tested for the model and the probability value of observed Chi-Square >5% and hence the H0 is accepted, indicating that there is no serial correlation effect among the selected variables (table 9).

TABLE 9: RESULTS OF SERIAL CORRELATION

Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	0.292155	Prob. F(2,19)	0.7499
Obs*R-squared	0.924903	Prob. Chi-Square(2)	0.6297

4. CONCLUSION

The results of Error Correction Model show that:

The main findings in this study were: Johansen co-integration test result shows evidence of co-integration implying that there is no long run relationship running from savings, investment and FDI to GDP in Jordan. Savings and domestic investment have not short run significant impact on the Jordanian economy, while FDI has positive and significant impact on the Jordanian economy.

The study investigated the causal relationship which running from savings and investment to the growth in Jordan over the years (1980 -2013). The degree of investment in any economy really affect on the extent of saving. Savings and investments are imperative for development given that they play significant role in bringing about capital required to increase production process, harnessing and transforming the resources of the country. It is obvious that the level of saving required to raise enough capital for investment is yet to be achieved due to myriad of bottlenecks, among which includes improper mobilization of saving by the banking sector, poor banking habits of many Jordanian, insecurity of lives and property which have for sometime retarded smooth economic operation and consequently low income generation, which in turns adversely affect capital accumulation.

The results of the study were consistent with this principle , the study shows not significant impact running from saving and investment to growth in Jordan during the study period , while the study found a significant effect of foreign investment on growth in the short run in the same period.

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DOES ALL DIMENSIONS OF ORGANIZATIONAL COMMITMENT AFFECT JOB SATISFACTION AND JOB PERFORMANCE?

(A CASE STUDY OF HIGHER EDUCATIONAL ORGANISATION)

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ABSTRACT

India is one of the fast developing nations. To sustain the growth story, higher education is one of the crucial infrastructure needs. It is said that institutions having strong organizational commitment among faculty members are in a better position to reap the benefits of more dedicated, motivated and reliable teaching staff. The study attempts to know out of three dimensions of Organization Commitment – Affective Organization Commitment, COC and Normative commitment – what is the effect of each dimension on JS and JP in select organization. The findings show that Affective Organization Commitment dimension affects both the job satisfaction and job performance positively. The findings show that AOC dimension affect JP positively and COC negatively. The findings are in line with earlier studies.

KEYWORDS

Affective Organizational Commitment (AOC), Continuance Organizational Commitment (COC), Normative Organizational Commitment (NOC), Organizational Commitment (OC), Job Satisfaction (JS), Job Performance (JP).

INTRODUCTION

India is one of the fast developing nations. To sustain the growth story, higher education is one of the crucial infrastructure needs. As rightly noted by Evans Alvin and Chun Edna (2012) with significant and widespread institutional shifts resulting from globalization, heightened competition, and rapid innovation, educational leaders must optimize their most significant resource- human capital- and align HR strategies, structures, and processes with organizational goals. It is said that institutions having strong organizational commitment among faculty members are in a better position to reap the benefits of more dedicated, motivated and reliable teaching staff (Chughtai Aamir Ali & Zafar Sohail 2006).

ORGANIZATIONAL COMMITMENT

As per Meyer and Allen (1989) organizational commitment comprises of three dimensions namely (1) attitudinal or affective commitment (AOC), which is drawn from positive work experience, (2) continuance commitment (COC), which is derived from prior investment and possible cost of leaving the organization, and (3) normative commitment (NOC), which is loyalty, or sense of obligation to remain attached to the organization. All three dimensions co-exist simultaneously (Wasti, 2005).

There are many studies taking organizational commitment as predictor for job satisfaction/ job performance (e.g. by Cai-Feng Wang (2010), Chughtai Aamir Ali & Zafar Sohail (2006), Tok (2004)). Other studies made by Aydogdu Sinem & Askigil Baris (2011), Ahmad Habib et al. (2010), Susanty Aries et al., (2013) have studied the relationship of variables like Organizational Commitment, Job Satisfaction, Job Performance etc. in foreign set up. Similar study was done by Oza and Banker (2014) studying the relationship of OC and JS and JP amongst college teachers of public funded colleges.

Synthesizing the studies by Susanty Aries et al., (2013), Ahmad Habib et al. (2010), and Chughtai Aamir Ali & Zafar Sohail (2006), this study attempts to know whether various dimensions of OC have varying or similar effect on JS and JP. The findings may give insight to the policy makers and managers of Educational Institutions of higher Education to devise their plans to strengthen the most valuable human resource further.

RESEARCH PROBLEM

The study attempts to know that, out of the three dimensions of Organization Commitment – AOC, COC and NOC – what is the effect of each dimension on Job Satisfaction (JS) and Job Performance (JP) in select organization. The findings of this pilot study can be used to make a survey of large survey.

RESEARCH OBJECTIVES

The specific objectives of the study are as under :

1. To know the relationship of AOC, COC and NOC with JS of college teachers of the organization.
2. To know the relationship of AOC, COC and NOC with JP of college teachers of the organization.
3. Based on findings, offer suggestions if any.

DEFINITION OF VARIABLES

ORGANIZATIONAL COMMITMENT

As mentioned earlier, organizational commitment comprises of three dimensions namely (1) attitudinal or affective commitment, which is drawn from positive work experience, (2) continuance commitment, which is derived from prior investment and possible cost of leaving the organization, and (3) normative commitment, which is loyalty, or sense of obligation to remain attached to the organization (Allen and Meyer 1990). All three dimensions co-exist simultaneously (Wasti, 2005).

JOB SATISFACTION

Job satisfaction (JS) is a pleasurable or positive emotional state resulting from the appraisal of one's job and job experiences (Locke 1976). The happier the individual, the higher is level of job satisfaction. Linda Evans (1997) defined teacher job satisfaction as "a state of mind determined by the extent to which the individual perceives his/her job related needs being met". According to Nelson (2006) an employee's satisfaction is priceless. The frustrated or discouraged employees negatively influence the willingness to do the job.

JOB PERFORMANCE

Job performance can be defined as a result or consequence of action where performance is the deed itself, it may be defined as the actions or behaviors that are relevant to an organization's goals and that can be measured in terms of an individual's performance. As the performance of the employee's increases, it will affect firm's performance and ultimately profitability of the firm. It should be considered as an outcome of human activities. Kane (1976) defined job performance is the accomplishment or a work record of employees during a specific period. Job performance is one-dimensional concept. Performance can refer to the performance of an organization, a department, or a person. For the purpose of the study, job performance is defined as the process through which an individual operates to achieve organizational goals.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Highly committed faculty members are likely to put more efforts on behalf of their institutions and willing to perform at higher levels than their uncommitted counterparts. In addition, highly committed teachers would be more willing to go above and beyond the call of duty for their respective institutions. All these are likely to increase the effectiveness of the educational institutions. It could be summarized that institutions which seek to remain their faculty members by building strong organizational commitment are in a better position to reap the benefits of more dedicated, motivated and reliable teaching staff (Chughtai Aamir Ali & Zafar Sohail 2006).

Angle and Lawson (1993) noted that individuals with a positive view of being committed to an organization tend to internalize the organization's values as their own and eventually develop affective commitment to the organization. This study focuses on all the three dimensions of organizational commitment. Affective organizational commitment is considered as an affective or personal/emotional attachment to the organization (Meyer & Allen, 1991). This form of commitment is the most influential one because employees with high affective organizational commitment stay in an organization because they want to and not because they have to. Continuance organizational commitment is considered as perceived cost of leaving the organization (Meyer & Allen, 1991). This form of commitment is crucial one because employees with high continuance organizational commitment stay in an organization because they have to and not because they want to. Normative organizational commitment is considered as obligation to remain at the organization (Meyer & Allen, 1991). This form of commitment is also the most influential one because employees with high normative organizational commitment stay in an organization because they want to because of obligation and not because they have to.

Aydogu and Asikgil (2011) made an empirical study of the relationship of JS and three dimensions of OC. The findings show that all the three dimensions of OC - AOC, COC and NOC affect job satisfaction positively.

Based on these the following hypothesis is made :

H1a₀ AOC does not affects job satisfaction positively

H1a₁ AOC affects job satisfaction positively

H1b₀ COC does not affects job satisfaction positively

H1b₁ COC affects job satisfaction positively

H1c₀ NOC does not affects job satisfaction positively

H1c₁ NOC affects job satisfaction positively

Mayer et al (1989) found that emotional commitment and normative commitment (to lesser extent) are positively co-related with job performance while sustained commitment (continuous commitment) and job performance are unrelated or negatively correlated. Based on this ICai-feng Wang (2010) made study in similar line hypothesizing that OC played important role in Teachers' job performance using a survey method for teachers in colleges and universities in Xi'an of China for the study. The finding show that that the sustained commitment had a negative effect on job performance however emotional commitment had a positive effect on job performance. It was also found that emotional commitment was the intermediary variable of the sustained commitment to job performance. The study used two dimension of OC rather than three dimensions of OC. Using three dimension of OC, similar findings were made by Smeenk Sane, et al. (2008) in a study on international comparison of the effects of HRM Practices and Organizational Commitment on quality of Job Performance among European university employees by way of survey. The purpose of the study was to find out the effects of HRM Practices and Organizational Commitment on Quality of Job Performance among European university employees using web survey among university employees (all associated with teaching, research and support) from 36 faculties and 18 universities in 6 European countries like Belgium, Finland, Germany, the Netherlands, Sweden and the United Kingdom. Findings of the study showed that organizational commitment affect quality of job performance. Further the study found that affective commitment was positively related, continuance commitment was negatively related and normative commitment was statistically insignificantly related to quality of job performance. The findings of Nazim ali et al. show that AOC and NOC are having causal relationship with JP and COC does not show significant causal relationship with JP.

Thus the following hypothesis is made :

H2a₀ AOC does not affects job performance positively

H2a₁ AOC affects job performance positively

H2b₀ COC does not affects job performance adversely

H2b₁ COC affects job performance adversely

H4c₀ NOC does not affects job performance positively

H2c₁ NOC affects job performance positively

RESEARCH METHODOLOGY

This is a descriptive study. Survey method is used to get the primary data. A questionnaire was administered developed and used in previous studies by Meyer, Allen & Smith (1993) and Ahmad Habib, et al (2010) Minnesota Satisfaction Questionnaire (1967) and Ahmad Habib, et al (2010) with some modification is used for the study.

METHOD OF DATA COLLECTION

For the purpose of this study, the researcher has used primary data collection technique with close-ended questionnaire with 5-point Likert Scale (5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree). The sample size is 277.

A questionnaire developed and used in previous studies by Meyer, Allen & Smith (1993) and Ahmad Habib, et al (2010) Minnesota Satisfaction Questionnaire (1967) and Ahmad Habib, et al (2010) with some modification is used for the study.

The respondents for the questionnaire are College Teachers of various colleges of the said Higher Education organization. The completion of these questionnaires was entirely voluntary and responses were anonymous and were treated with strictest confidentiality.

DATA ANALYSIS TOOLS AND TECHNIQUES

The Statistical Analysis carried out in the study is being done using SPSS (Statistical Package for Social Science) software. The statistical techniques used include Mean, Standard Deviation, Correlation Analysis, Reliability Analysis, Factor Analysis and Regression Analysis as warranted by objectives of the study.

RELIABILITY AND VALIDITY TESTS

Before testing the hypothesis hypothesis 1 and 2 with multiple linear regression, correlation index was made to check the problem of multi-collinearity. Cronbach's Alpha & Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity is used to measure the reliability of the data. For construct validity factor analysis is used. Using Principal Component Analysis with Varimax Rotation method for extracting three factors of OC and uni-factor of JS and JP were extracted.

FINDINGS OF THE STUDY

TABLE 1: DESCRIPTIVE STATISTICS

	N	Minimum	Maximum	Mean	Std. Deviation
JS	277	2.10	5.00	3.9206	.45348
JP	277	3.00	5.00	4.0589	.61567
OC	277	2.57	5.00	3.7549	.41207
AOC	277	2.20	5.00	4.1401	.55215
COC	277	1.50	5.00	3.2722	.61484
NOC	277	2.70	5.00	3.8520	.44807
Valid N (listwise)	277				

Source: Primary Data

TABLE 2: CORRELATION AMONG THE VARIABLES

VARIABLES	OC	AOC	COC	NOC	JS	JP
OC	1					
AOC	0.788**	1				
COC	0.756**	0.317**	1			
NOC	0.751**	0.509**	0.326**	1		
JS	0.494**	0.622**	0.170**	0.365**	1	
JP	0.237**	0.301**	0.016	0.262**	0.318**	1

Source: Primary Data

Note: OC = Organizational Commitment, AOC = Affective Organizational Commitment, COC = Continuance Organizational Commitment, NOC = Normative Organizational Commitment, JS = Job Satisfaction, JP = Job Performance

*p<0.05; **p<0.01

TABLE 3: FINDINGS OF THE STUDY

Objective	Descriptive Statistics		Null Hypothesis	Hypothesis Results	Findings
	Statistical Test	Value			
1. Any of the OC dimension – AOC, COC or NOC affect JS ?	Multiple regression AOC NOC	r ² = 0.400 F=60.712* β= 0.598 β = 0.089	Non significant	Significant	AOC and NOC dimension of OC affect JS positively
2. Any of the OC dimension – AOC, COC or NOC affect JP ?	Multiple regression AOC COC	r ² = 0.119 F= 12.316* β= 0.25* β = -0.12*	Non significant	Significant	AOC dimension of OC affect JP positively COC dimension of OC affect JP negatively

As shown in the Table 3, the findings show that AOC and NOC affect JS positively COC does not affect JS at all. So H1 is partially accepted (H1a and H1c accepted) The findings also show that the AOC dimension of OC affect JP positively whereas COC dimension affect JP negatively. So H2 partially accepted. (H2a and H2b accepted)

DISCUSSION

This was a pilot study conducted to know the relationship of three dimensions of OC with JS and JP for an organization. The findings show that Affective Organization Commitment dimension affects both the job satisfaction and job performance positively. 40 % of variance is explained by the findings that AOC and NOC positively affect to JS(β= 0.598 for AOC and β = 0.089 for NOC).

The findings also show that 12% of variance are explained by the relationship of of three dimensions of OC and JP (β= 0.25 for AOC and β = - 0.12 for COC).

IMPLICATIONS OF THE STUDY

The findings are vary much relevant to the mangers and policy makers of Educational institutions. Out of three dimensions, AOC is very relevant for the organizations and therefore all the efforts shall be made by the organization to increase AOC dimension and discourage COC dimensions.

The theory on antecedents of AOC suggest that there are number of factors that affect AOC which include factors like demographic factors, job-related factors, organizational structure and management style. The research also suggest that the relations between demographic variables and affective commitment are neither strong nor consistent. However, employee’s perception of their own capacity might play an important role in the development of affective commitment. Therefore, competent people are able to choose higher quality organizations, which in turn inspired affective commitment. Therefore, the selection process of faculties shall include this dimension in the selection of faculties at the entry point itself.

Work experience variables are the strongest and the most consistent correlated with affective commitment. Job scope, a composite of three variables like job challenge, degree of autonomy and variety of skills used has a positive effect on affective commitment. Employees who are involved in decision making and fairly treated at their work place have strong affective commitment to the organization. From Institutions of Higher Education point of view, a teacher’s job demands teacher’s contribution in teaching and evaluation , co-curricular and extra curricular activities and research and extension. The yearly performance appraisal with API score has already made College teachers work more challenging. The management taking this guidelines as a stimulus can play a facilitator’s role to exert positive pressure on teachers to make the job enriching and thus lead them to get affectively attached to organization and deliver better.

Employee with stronger continuance commitment to their current organization thought that their training investments were less easily transferable elsewhere. Continuance commitment can be transformed in AOC by encouraging participation in faculty development program, soft skill program and also putting the right dosage of negative reward. In extreme case, exit route also shall be allowed to make organizations competitive.

Entry point relationship seem more relevant with normative commitment and therefore shall be taken care by the institutions.

Thus, organizations may need to re-examine policies and structure to build organizational commitment. As already discussed such steps include selection of faculty, encouraging participation of teachers in various training and faculty development programs, empowerment for various extra curricular activities, and build the culture of learning to encourage quality research and publication .

CONTRIBUTION OF THE STUDY

The findings support the concept evolved by by Allen and Mayer , 1991 and the also previous studies on the similar line by Nazim ali et al., Smeenk Sane, et al. (2008) and ICai-feng Wang (2010). This is the contribution of this study.

CONCLUSION

Affective Organizational Commitment is very important to bring better job satisfaction and job performance in Higher Education Institutions. And therefore, the managers of such institutions shall strive to devise policy and mechanism to build a dedicated work force of faculties who are affectively affiliated to the organization.

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GROWTH OF CONTAINERIZATION IN INDIA AND DEVELOPMENT OF MAJOR CONTAINER TERMINAL AT SAGAR ISLAND

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ABSTRACT

A sound transport system helps both domestic and international business to grow in a country. The current paper intends to review the growth of container transportation and the specific case of development of a major container terminal on the eastern seaboard of India at Sagar Island. Movement of goods using containers makes transshipment of cargo easier, protects cargo from nature and ensures safety of movement of cargo. Integration among different modes of transportation can ensure further efficiency of transportation. Containerization in the world is proceeding at a rapid pace. However, even though India has 7517 kilometers of coastline and container transportation using water transport mode is very suitable for India, container penetration in both domestic and international traffic has been less than satisfactory here. Containerization is primarily concentrated in northern and north-western India and, therefore, ports on the western coast have reaped the primary benefits of containerization. There is thus the urgent need for capacity expansion of Indian ports on the eastern seacoast. There is a proposal to build a major port at Sagar Island, in the state of West Bengal, on the eastern seaboard of India located at the confluence of the river Hooghly, since long. Currently the draught at Sagar Island is 10 meters and it is expected to increase to 12.5 meters by capital dredging. It is important to establish rail and road connections while building the major port at Sagar Island so as to get efficient and cost-competitive services from such development.

KEYWORDS

container transportation, major port, minor port, rail & road connectivity, Sagar Island.

INTRODUCTION

It is well-known that a sound transport infrastructure is the basic need for both national and international trade and commerce of a country and hence high rate of GDP growth also. It is therefore essential to invest in fixed as well as mobile components of transport infrastructure in a country. Again, integration among different modes of transportation or inter-modalism can ensure further efficiency of transportation. Ports may be considered as the fixed component of transport infrastructure which integrates water transportation and inland transportation through roadways and railways. This integration becomes easier due to the increasing use of containers in intermodal transportation. Containerization results in inter-modalism in its true sense. Investment in ports also helps to reduce cost of transportation. There was an estimated increase of world container throughput by 3.8 percent during the year 2012. In absolute terms the figure for container throughput was 601.8 million TEUs in 2012 (UNCTAD, 2013).

LITERATURE REVIEW

Dhar (2008) gave an idea of cargo management in its totality and related themes in his book. There is a description regarding marine cargo classification and history of Container transportation and effects of containerization. Then there is discussion regarding supply chain and logistics management in general. Gangwar and Raghuram (2010) discussed about problems and prospects of container transport operations in India mainly by railway mode. In January, 2006 the private operators were allowed to run container trains using railway network of the country to allow competition in container movement and attract greater share of container traffic for railways. The initial impact was good and 15 private companies got the license. CONCOR, after enjoying monopoly for 17 years, faced stiff competition from private container train operators. Then it started providing additional value added services and reduced tariff to cope up with the competition in the market. But many problems were faced by the private parties afterwards in terms of haulage increase, commodity restrictions etc.

OBJECTIVE OF THE STUDY

The objective of the present study is to review the following:

- i) The growth of the container transportation in India and
- ii) Analyze the prospects of developing the major container terminal at Sagar Island.

RESEARCH METHODOLOGY

The study has been done mainly on the basis of secondary data and information available from books and published works and reports.

PRESENTATION OF DATA AND INFORMATION ON GROWTH OF CONTAINER TRANSPORTATION

Use of containers improves efficiency by ensuring speed, safety and security of cargo movement as the units of cargo can be shipped and interchanged from trucks to trains easily using the standardized containers.

The following economic factors are there behind the rapid expansion of containerization.

- Improved container logistics leading to drop in marine shipping costs
- Higher monthly shipping capacity of modern container ships by 3 to 6 times of a cargo ship.
- Faster travel time of container ships over cargo ships
- Reduction in port turnaround time of container ships due to improved container handling technologies
- Reduced inventory carrying costs resulting from reduced container shipping costs due to increased productivity.

Container capacity is measured in terms of TEU (Twenty Equivalent Unit). Today 10,000 to 12,000 TEU capacity ships are quite common. Largest container ship in early 2012 had a capacity of 15,500 TEUs. At the beginning of 2011, the company Maersk Line has ordered 20 container ships, reportedly with capacity of more than 18000 TEUs each. Use of larger container ship may result in economy of scale. It is quite understandable that larger ship sizes would require ports capable of offering full loading capacity and minimum dwell time and not many ports would be capable of offering the same.

Even though India has 7517 kilometers of coastline and there are 12 major ports, under management of the Central Government, and almost two hundred notified minor and intermediate ports, our country has not been able to stamp a serious imprint on world container trade. It is true that in India, Container traffic has increased at a rate of 13.95% during the period 2000-2001 to 2010-2011 taking all ports together. The Compound Annual Growth Rate (CAGR) of the major ports, taken separately, was 11.81% during the same period. During the same period containerized cargo increased from 2.47 million TEUs to 9.11 million TEUs (CONCOR).

TABLE-1: CARGO HANDLING AT MAJOR PORTS DURING 2011-2012 AND 2012-2013 (in '000)

PORT	UNIT	2011-2012	2012-2013		
		TOTAL	UNLOAD	LOAD	TOTAL
KOLKATA	TONNAGE	7062	3454	3506	6960
	TEUs	449	232	231	463
HALDIA	TONNAGE	2202	1657	1212	2869
	TEUs	114	68	69	137
PARADIP	TONNAGE	99	15	156	171
	TEUs	9	6	7	13
VISAKHAPATNAM	TONNAGE	4916	2274	2280	4554
	TEUs	263	124	123	247
CHENNAI	TONNAGE	28330	15105	14603	29708
	TEUs	1468	783	757	1540
V.O.CPT	TONNAGE	10129	3484	5888	9372
	TEUs	508	234	242	476
COCHIN	TONNAGE	4785	2920	1687	4607
	TEUs	351	169	166	335
NEW	TONNAGE	747	330	362	692
MANGALORE	TEUs	50	24	24	48
MORMUGAO	TONNAGE	235	124	89	213
	TEUs	22	10	10	20
MUMBAI	TONNAGE	450	653	176	829
	TEUs	41	42	6	48
JNPT	TONNAGE	55234	30261	27650	57911
	TEUs	4,161	2,174	2,085	4,259
KANDLA	TONNAGE	452	454	1481	1935
	TEUs	29	62	56	118
TOTAL	TONNAGE	114641	60731	59090	119821
	TEUs	7,465	(3,928)	(3,776)	(7,704)

Source: Indian Ports Association

OBSERVATIONS ON THE DATA

The above table gives the figures of container handling by major ports in India in 2011-12 and 2012-13. But these figures are woefully inadequate compared to world standards. The top three large ports in the world are located in Asia. It may not be out of place to mention here that whereas in 2013 (calendar year), the top three container handling ports- Shanghai, Singapore and Shenzhen- handled 36.61, 32.60 and 23.27 million TEUs respectively (UNCTAD, 2014), India's biggest container handling port, JNPT handled only a little more than 4 million TEUs in the Financial Year 2013-14.

Many trade facilitation measures were undertaken at the world's large ports in the respective countries as providing financial incentive to the shipping and maritime industry, investing in new port infrastructure, formulating strategic planning for port development etc. to name a few to increase the trade competitiveness of the world's large ports (Research Brief, 2013).

It will be seen from the above table that the two ports handling the largest number of TEUs are Jawaharlal Nehru Port Trust (JNPT) and Chennai Port. The reason for this is not far to seek. The western and north-western hinterland together account for about 68% of the total container traffic handled in the country. The southern region has a share of 25%. The eastern region accounts for just about 7% of all such traffic. The northern hinterland itself commands 35% share of the country's total export-container streams. It is also the fastest growing region in this respect. It may be worth mentioning here that other than JNPT, the ports that are emerging as important players in the container business are also located on the north western coast of India, namely, Mundra and Pipavav.

ANALYSIS OF PROBLEMS AND PROSPECTS

It is necessary to mention here that Container Corporation of India Ltd.(CONCOR), a subsidiary of Indian Railways, is the biggest player in containers in India. It had the monopoly regarding container movement by rail till 2005. In January, 2006 this operation was opened for the private sector also to allow more competition. Immediately after that, CONCOR's market share dropped from 95% in 2007-8 to 76% in 2008-9 (Gangwar et. al., 2010). But the private container terminal operators have been facing problems of irrational structure of haulage payment to Indian Railways for using locomotives, payment for tracks and signaling system of Railways and the problem of getting land for setting up inland container depots (ICD). As a result, the benefits expected to accrue from an adequately developed competitive environment have not really fructified. It is obvious that due attention needs to be given to the various issues raised by the private operators so that Public Private Partnership in infrastructure development for movement of containers by railways proves to be a success.

Although, the Jawaharlal Nehru Port complex is presently the most important rail cargo transfer centre in India, mention must be made about the occasional incidents of congestion and delays in evacuation.

Lack of a proper, adequately equipped container terminal on the eastern seaboard of India is affecting the economic development of the vast hinterland of eastern and north-eastern states of India. The port nearest to this vast hinterland is, of course, Kolkata Port Trust (KoPT), having two dock systems at Kolkata and Haldia, but is severely stymied by inadequate draught, necessary for handling large size container ships. At present the draught at Haldia Port is 6.5 meters only. Therefore, KoPT had been proposing to build a major port, along with an adequately equipped container terminal at Sagar Island in 24 Parganas (South) since long. Sagar Island is located around 47 Km away from Haldia and 100 Km downstream of Kolkata at the confluence of the river Hooghly. This will no doubt correct the current inadequacy of lack of a proper, well equipped container terminal in the vast stretch of eastern seaboard from Chennai to Kolkata.

Considering the immediate necessity of a port that would compensate the inadequacies of Kolkata and Haldia, and in order to adequately serve the eastern and north-eastern states, Government of India have sanctioned a major port at Sagar Island in the budget of 2014-15.

One important information is that, only one portion of containers destined for India are sent directly to the Indian Ports, on the western seaboard of India, whereas international transshipment ports at Colombo, Singapore and Dubai serve as hub ports running feeder services to other Indian ports for the remaining portion of the container traffic. So there is need for capacity expansion of Indian ports. If transshipments at international hub ports are avoided, economy in terms of time and cost will be achieved in Indian international trading.

Development of a major container terminal at Sagar Island will have a few positive prospects. Currently the draught at Sagar Island is 10 meters and it is expected to increase the same to 12.5 meters by capital dredging. Secondly, the distance of the place from Singapore, a major transshipment point for world trade, is much less than that of JNPT. The distance of Kolkata from Singapore is 1555 nautical miles whereas that between JNPT and Singapore is 2493 nautical miles. Moreover, a major portion of container traffic to JNPT, which is meant for northern India, comes from the south-eastern direction ports like Singapore, Hongkong or Sydney (Misra, 2007). Container traffic has been sent from JNPT to the ICDS of CONCOR in North India at Tughlakabad, Ludhiana/Dhandharikalan, Dadri, Moradabad and Kanpur. All this traffic belongs to the natural hinterland of Kolkata Port. Distances of these ICDS from KoPT are either the same or less than that from JNPT, as would be evident from the following table.

TABLE-2: DISTANCE FROM JNPT AND KOPT TO DIFFERENT NORTH INDIAN ICDS (KMs)

ICDs	JNPT	KOPT
Tughlakabad	1443	1446
Dadri	1493	1398
Ludhiana/Dhandhari Kalan	1766	1705
Moradabad	1572	1326
Kanpur	1362	1020

Source: RITES Journal, Volume 9, 2007

Therefore it will be convenient to handle this traffic in a container terminal on the eastern seaboard of India. An Expression of Interest was invited by KoPT in 2009 to develop the facility on Public Private Partnership basis. The South-West bank of Sagar was identified for the development of the port facility.

It is also important to develop rail and road facilities while building the major port at Sagar. A very major initiative in transportation history of India was the launching of a massive road building project by National Highway Authority of India (NHAI) for interconnecting different major Indian cities and ports. After launching of the Golden Quadrilateral project, the largest express highway project in India connecting metro cities of Delhi, Mumbai, Kolkata and Chennai have already fructified and more is on the anvil, the Ministry of Railways has also announced their initiative to construct Dedicated Freight Corridor (DFC) for ensuring decongestion of railway traffic, reducing delays and fatal accidents. The Eastern Dedicated Freight Corridor (1839 Km) will be constructed from Ludhiana in Punjab to Dankuni in West Bengal and the Western Dedicated Freight Corridor (1499 Km) will connect Jawaharlal Nehru Port in Mumbai to Tughlakabad and Dadri near Delhi. Like in USA, Australia and many European countries, the Eastern and Western Dedicated Freight Corridors of India are expected to minimize transit period by connecting different ports with industries and final destinations of national and international cargo in a cost effective manner. As for example, the transit time of freight trains is expected to be almost half of what it is now for covering the distance between Delhi and Mumbai (Western DFC). Therefore the Government of West Bengal also demanded the establishment of a railway link between the proposed mega container terminal at Sagar Island and the Eastern DFC which has been planned to be constructed between Delhi and Kolkata. Accordingly, the plan is there to develop a rail-cum-road bridge across river Muri Ganga to provide connection between the island and the Ludhiana (Punjab)-Dankuni (West Bengal) Dedicated Freight Corridor of Indian Railway (Times of India,2013) . In fact, it is understood that it has already been decided to construct the following new rail links to establish connectivity between Sagar Island and Dankuni (Ministry of Railways, December, 2014):

- 1) Rail link between Kakdwip and Budakhali,
- 2) Kulpi and Diamond Harbour,
- 3) Diamond Harbour/Gurudas Nagar and Bakrahat,
- 4) Pujali and Uluberia/Birshivpur and
- 5) Doubling of Dankuni-Bhattanagar section has been sanctioned.

CONCLUSION

Therefore to achieve more globalization it is essential to ensure safe and easy movement of cargo using containers. Integration of ports with the other modes of transportation is highly needed for that purpose as containerization and inter-modalism are cost effective and safe solutions for global cargo movement. It is also urgent to improve the port facility at the eastern seaboard of India.

In fine, it must be understood that Sagar will be patronized only, and only if, it meets the expectations of shipping companies. For this to happen, it will be necessary to develop the requisite infrastructure at the port, ensure highly efficient and cost-competitive services by establishing efficient road and rail connectivity. If such facilities are available then the port at Sagar will be successful to get enough business in future.

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FEASIBILITY OF ERP SOFTWARE IMPLEMENTATION IN SSIS WITH REFERENCE TO FOUNDRY UNITS

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ABSTRACT

The way the business is being done has undergone a sea change in the last three to four decades globally. Business organizations are facing challenges for growth and survival. The changing trends and preferences of customers, regulations from regulatory agencies, environmental concerns for safer tomorrow etc. have exerted pressure on the business organizations. The businesses organizations should have latest and upto date information for efficient decision making to reduce cost and improve profitability. Enterprise Resource Planning (ERP) is software which monitors information and dataflow across various functions and coordinates between them. It streamlines the flow of information across all functions cutting departmental barriers. ERP enables the managers to take decisions in short period of time under existing constraints. The large scale industries are successfully implementing ERP software. They are able to afford the huge cost involved in implementation of ERP software. Equally important are small and medium industries in Indian economy. In terms of value, this sector along with micro businesses contributes to manufacturing output and total exports of the country. This sector employs about 69 million persons in over 26 million units throughout the country. Micro, medium and small enterprises provide maximum opportunities of jobs. ERP software brings benefits in terms of cost reduction, improved sales and quality. Small Scale Industries (SSIs) find it difficult to spend huge amount on the implementation of ERP software. Here a study of twenty SSI firms in foundry sector in Belgaum is considered for the study. It is also found that the firms are managed as partnership firms. The managers, owners and employees of SSI units find it convenient to use ERP software. There is feasibility of implementation of ERP software.

KEYWORDS

ERP, SSIs, foundry, feasibility, Big bang approach.

INTRODUCTION

Enterprise Resource Planning (ERP) is a system which monitors information, dataflow across various functions and coordinates between them. ERP enables the managers to take decisions in short period of time under existing constraints to achieve objectives of the organisation.

ERP brings together people who work on shared tasks within the same enterprises or in their dealings with suppliers and customers. Enterprises have to ensure smooth flow of information across all levels and between all sections to access the up-to date information. Some of the benefits of ERP system include reduction in cycle time and work-in-process. Other benefits include flexibility, information accuracy, optimum resource utilization, quick decision making capacity. ERP covers the techniques and concepts employed for the integrated management of businesses as a whole, from the viewpoint of the effective use of management resources.

There are many ERP software vendors in the market. Players like SAP and Oracle are major players in the market. There are different modules for different functions like production, finance, sales and distribution, materials management etc. The ERP solutions are user friendly which is a major advantage offered by ERP software. The user friendly approach can be used to manage the business with varying business conditions.

Different firms follow different approaches for ERP implementation. There are two approaches namely Big Bang and Roll out. In Big Bang approach, a firm goes for implementing all ERP modules at a time in all locations. This is a common approach for SSIs for implementing ERP in one or two locations.

In Rollout approach, a firm first goes for ERP implementation in one plant for all the modules. This location is a representative one, having good representation of the company's all business process and this is the place where company builds the global template that covers most of the company process. Later this template is replicated to several locations. Rollout can also be based on different businesses or divisions of a company. The advantage of rollout approach is low risk and it does not put lot of pressure on the company in terms of time. However the only disadvantage is that project may go on for long time. Other approach like Big Bang and Modular is also used by firms to implement ERP software. In Big Bang and Modular approach, a firm wants to go live for all plants but for selected modules.

PURPOSE OF THE STUDY

This study is aimed to look into the feasibility of implementation of ERP software in small scale industry units with reference to foundry sector.

SIGNIFICANCE OF THE STUDY

After the liberalization of economy in India in 1991 the opportunities for industrial growth have increased significantly. Industries are the engine of growth. In India the Small scale industries (SSI) sector contributes significantly to the total exports of the country.

In terms of value, this SSI sector along with micro businesses contributes to manufacturing output and total exports of the country. This sector employs about 69 million persons in over 26 million units throughout the country. Micro, medium and small enterprises provide maximum opportunities of jobs.

As the SSIs are seeking to increase their productivity and skill sets to compete with large scale industries, they are concentrating on the use of information technology for optimal utilisation of resources. ERP software is one of the technologies small scale units can adopt. Here, for the study of feasibility of implementation of ERP software, twenty SSI firms in foundry sector in Belgaum is considered. It is also found that the firms are managed by proprietors or as partnership firms. Belgaum is a major city and district headquarters in North Karnataka and also revenue headquarters of North range. Belgaum is also a foundry hub of the Karnataka state having approximately 200 foundries producing more than 70,000 ton of automotive and industrial castings of ferrous Base. Many of these industries are located in Udyambag which is a very vibrant and developing industrial area. Belgaum also boasts of a large number of supporting ancillaries like CNC and conventional machine shops which finish the castings that are produced in Belgaum.

A foundry is a factory that produces metal castings. Metals are cast into shapes by melting them into a liquid, pouring the metal in a mold, and removing the mold material or casting after the metal has solidified. The most common metals processed are Aluminum and cast iron. Melting is performed in a furnace which

may be powered by electricity or fuel. Furnaces have refractory linings which provide the energy to melt the metal. The temperature melting point alloys, furnaces may reach around 500° C to 1600° depending upon requirement.

In the casting process a pattern is made in the shape of the desired part, which can be made in a single piece or solid pattern. Pouring of molten metal can be done using gravitational power or by using mechanized handling devices. Usually ladles are used to pour the molten metal into the mould. The casting is allowed to cool for few hours to few days. The solidified metal component is then removed from its mold. The casting is subjected to heat treatment. Heat treatment involves the use of heating or chilling, to different temperatures, to achieve a desired result such as hardening or softening of a material. Heat treating is used to alter the physical, and sometimes chemical properties of a material. The final step in the process usually involves grinding or machining the component to achieve the desired dimensions and surface finish.

LITERATURE REVIEW

Schaper (2002) observes that small and medium-sized enterprises make a major contribution to economic growth and employment in most countries around the world. The collective impact of SMEs is influential as they represent about 95% of all private sector firms in most modern nations and so form a major portion of all economic activity. They account for 35% of exports from Asia and approximately 26% of exports from developed countries including the United States.

Klaus et al. (2000) describe ERP systems as “comprehensive, packaged software solutions that seek to integrate the complete range of a business’s processes and functions in order to present a holistic view of the business from a single information and IT architecture.” Genoulaz (2005) identified six categories concerning literature review which include: implementation of ERP, optimization of ERP, management through ERP, ERP software, ERP for supply chain management and case studies.

Stratman and Roth (2002) conducted a survey of North American manufacturing users of ERP systems through a questionnaire. They have identified some factors which are hypothesised to be associated with successful ERP adoption. Some of major factors identified by them are planning, project management skills, ERP training, learning etc.

Earlier ERP was mostly implemented by large scale industries in view of affordability in terms of cost and requirement. It is not only large scale companies, but also SMEs have the need to go in for ERP software. Koh et al. (2006) concludes that SMEs have the same needs as large enterprises but face different challenges in view of their financial constraints and capabilities. Buonanno et al. (2005) confirm that SMEs either do not have sufficient resources or are not willing to devote a significant portion of their resources to a complex ERP implementation process. Rao (2000) also holds that SMEs are more vulnerable than large companies.

A deeper understanding of the ERP implementation at SMEs is needed to ensure coordination between different departments. Huin (2004) holds that unless differences between SMEs and large enterprises are clearly understood, ERP projects in SMEs will not reach the desired outcomes. Those facts reveal that the ERP for SMEs definitely demands specific research and analysis other than previous investigations primarily targeting large enterprises. Lussier et al.(2008) notes that understanding small business is an important area of research. The contribution of SMEs is extremely important to the economy and rapid growth. This growth is essential for providing immediate employment opportunities. Ramirez (2005) concludes that lack of training and development of skills and limited training in development of human resources main challenges faced by SMEs in Latin America.

Rana Basu (2012) found that only eight of twenty five issues are contributing 80% of total contribution. Hence eight issues are regarded as key issues being extracted from review section in context to ERP implementation in SMEs of developing countries like India. The issues for successful implementation of ERP after extracting from Pareto analysis. They identified the most important issues that would actually lead to successful ERP implementation and to prioritize the issues against the benefit criteria by applying TOPSIS (Technique for order preference by similarity to ideal solution) method. Those issues are education & training, support from top management, properly defined goals & objective, project team competence, project management, change management, proper selection of package and effective communication.

Buonanno et al. (2005) contribute with an empirical research analyzing factors affecting ERP adoption and compared SMEs to large scale companies. Their study presents correlation between company size and ERP adoption. A similar comparison between large companies and SMEs is also embraced by Bernroider et al. (2001) but focused specifically in the ERP selection process. They have identified the differences which are related to staffing the group performing the selection process. Basically, large scale organizations engage more manpower in decision making processes than SMEs. SMEs select ERP with less complex models and less expensive methods.

Maleki (2010) has identified 14 critical success factors which have critical role in successful implementation of ERP software in SMEs in Mysore and Bangalore. The most important factor in successful implementation of ERP software is appropriate training. The second most important factor is top management support, the third being project management.

Sun et al. (2005) analysed the critical success factors of ERP implementation in order to propose a structured approach to help SMEs. Grounded on the literature, they consider five critical success factors: management and organization, process, technology, data and people. They emphasize that some CSFs are more important than others.

ERP software for small and medium industries is having huge potential and its effects can be explored. The benefits of ERP software for improvement in quality, customer satisfaction and information flow can be explored.

RESEARCH DESIGN

Here 20 SSI units in foundry sector are selected. The discussions were held with managers, owners and employees working in the factories. The employees were briefed about concept of ERP software and its potential uses. Almost all managers and owners were having basic knowledge of concept of ERP software. The managers were briefed about different ERP software and modules available. They were more eager on cost of ERP software and training required to use ERP softwares. They also understood the concept of Big bang and Roll out approach. It is found that all the firms do not have more than one unit. The units can implement all modules at one go or module by module. The process in foundries is studied and it is found that the process is almost same in all units.

TABLE NO. 1: MANAGER / PARTNERS' EXPECTATIONS ABOUT ERP SOFTWARE

Details	Category	No of units
Likely investment on ERP system	Rs 1 lakhs	10
	Rs 1-10 lakhs	6
	Rs 10-20 lakhs	4
Prefered ERP Modules	Production	16
	Material	12
	Finance and accounts	10
	Sales and Distribution	6
	HR	1
Preferred ERP Software	SAP	1
	Oracle	2
	Local	17

TABLE NO. 2: PROFILE OF SSI UNITS

Number of Units	20
Number of Employees in each unit	5 to 12
Turnover per year (Rs)	0.4 to 4 crores
Investment in Plant and machines	0.6 to 3 crores
Power Used	Electricity
Customers	Automobile and ancillary industries

TABLE NO. 3: KNOWLEDGE OF MANAGERS AND PARTNERS

Educational level	Knowledge of computer/ERP	
ITI	1	Very good
Diploma	5	Good
Degree(B.E, B.Sc etc)	14	Moderate

TABLE NO. 4: EXPERIENCE OF EMPLOYEES

No of employees	No of units	Average work experience	No of units
less than 5	1	Less than 5 year	6
5 to 10	14	5 to 10 years	20
10 to 15	5	Above 10 years	14

DISCUSSIONS AND FINDINGS

As all the units are in foundry business they are having same process. Many of these foundry units are supplying castings to Automobile and Auto ancillary industries located in Belgaum, Pune and Goa. The order for foundry units runs into several hundred of components. These foundry units cannot handle big and one of a type order. It is convenient to implement production module of ERP software as the work flow process is well defined. The units are more interested in Production module followed by Material module. The Material module will be helpful to procure raw material from the suppliers and will be helpful to manage the inventory efficiently. These units can go in for Production module in combination with Material, Finance module. None of the firms except one unit is not interested in HR module as it is evident that the workforce size is lesser. Quality module is also not expected by any of the firms. All the units are cost conscious and cannot afford to spend more than Rs 10 lac for ERP software, it is advisable for them to implement low cost ERP software module by module. It is found that the employees are ready to use computer and understand the process. Employees are having good working knowledge of work flow process. They showed keen interest in adopting ERP software, but expressed doubts about they would face more pressure for productivity. They were convinced that there would not be any unnecessary burden on them and more over it will be easy to do decision making at shop floor. Once production module of ERP software is implemented they can think of going in for other modules and the upgraded versions and get connected to ERP software of key customers who have implemented SAP or Oracle etc. It is feasible to implement ERP software in these units.

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EXAMINING FACTORS OF TRANSFORMATIONAL LEADERSHIP IN LARGE INDIAN BANKS: A STUDY OF DELHI NCR

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ABSTRACT

Traditional management approaches is becoming outdated in this constantly changing competitive world. This change will lead to change in organizational structure and leadership practices. The significance of transformational leadership is growing day by day as the change is becoming inevitable in the life of today's organization. This paper attempts to study the transformational leadership in large Indian banks. The paper will examine different factors of transformational leadership. The paper also explain the different factors idealized influence, inspirational motivation, intellectual stimulation and individualized consideration are positively and significantly correlated with each other.

KEYWORDS

Transformational leadership, Inspirational motivation, Intellectual stimulation.

INTRODUCTION

Today's highly competitive organization with highly unstable environment needs leadership that encourage the employees and facilitate them to bring revolutionary change (Bass, 1985, 1998; Bennis & Nanus, 1985; Conger & Kanungo, 1998). Leaders are considered as the most important asset of the organization in this age of complexity and dynamism (House, Spangler & Woycke, 1991).

Since more than two decades the construct of transformational leadership have captured attention of many researchers and leadership scholars (Bass, 1985). Mainly there exist three important leadership behaviours transformational, transactional and laissez-faire (Burns, 1978; Bass & Avolio, 1997). Bass, 1985 defined transformational leadership as the process of transformation of a subordinate by leader. Leader motivates the followers to work beyond expectation. Most of the researchers since 1980 have always focussed on the positive influence of transformational leadership (Bass, 1985; Avolio, 1999; Lowe et al 2000; Tickle et al, 2005). (Krishnan & Banerji, 2000) suggested that transformational leadership plays a major role in advancement of organization and societies by creating new paradigms and evolving fundamental changes. Krishnan, 2001 also point out that the conduct of both follower and leader enhances with transformational leadership approach.

According to (Bass, 1998) there exist a positive and significant relationship the amount of effort put forth by the follower and transformational style of leadership. It is also positive related with satisfaction level of the subordinate with the leader, the job performance ratings and the overall effectiveness. Many studies proved that transformational leaders contribute more towards the organization. Organizational performance is positively enhanced by transformational leadership and its importance is increasing as the organizations are facing more complexity and competitiveness.

LITERATURE REVIEW

Transformational leaders are successful in promoting their colleagues, subordinates and followers and are also aware of the consequences. They support organizations to bring on change and innovations. Seltzer & Bass, 1990 describe that these types of leaders take the lead for transforming the organizations by recognizing the need of renewal, creating a new vision and initiate changes.

Burns (1978) elucidate that transformational leadership always leads to transformation of both leaders and followers by enhancing their level of motivation and morality this result in the conversion of leader into moral agent and follower into leader.

Bass and Avolio, 1997 discover that transformational leadership comprises of four factors they are individualized consideration, inspirational leadership or motivation, intellectual simulation, and idealized influence.

Individualised Consideration (IC) is shown when the leader teaches and coaches the followers on individual basis. Bass, 1998 discuss in individual consideration each individual is treated separately, given special attention to followers and fulfilling their needs. Leader is empathetic in nature and has the ability to understand the emotional requirements of leader-follower relationship.

Inspirational Motivation (IM) and leadership leader intensify the level of motivation in followers, explain the goals and expected outcome in simple terms and motivate the followers to take up challenging assignments. *Intellectual Stimulation (IS)* refers to the leaders who develop problem solving approach in followers.

In this the followers are motivated to know about the problems and challenged to provide solutions. They are stimulated to generate different thoughts, ideas and insights. And *Idealised Influence (II)* refers when leaders are considering as role model for the followers. Followers have absolute faith in these leaders and have a proud association with them. They trust the leader is fully capable of overcome any type of hindrance.

Charismatic leaders are found all through the complex organization (House, 1997) and it has been found that this relationship of leaders and followers influence the leader and organizational performance positively (Kirkpatrick & Locke, 1996; House et al., 1991).

The current study will focus how the employees of large Indian banks perceived transformational leadership of their branch managers.

RESEARCH QUESTIONS

1. Which factor of transformational leadership is most effective as perceived by bank employees?
2. What is the correlation between different factors of transformational leadership?

RESEARCH DESIGN

The study follows exploratory research design.

SAMPLING

Multistage sampling was used for this study. Stratified random sampling was to select large Indian banks of Delhi-NCR. Employees of these banks were respondents of the study. In total 404 employees were the respondents of the study.

DATA COLLECTION

The primary data was collected through using a standardized leadership questionnaire of five point likert scale. Leadership questionnaire was consisting of 16 items in total. In this questionnaire there are four different factors naming Idealized Influence (II), Inspirational Motivation (IM), Intellectual Stimulation (IS) and Individualized Consideration (IC) containing 4 items in each factors.

And the secondary data was collected through online journals like emerald, proquest, books and magazines.

RELIABILITY OF THE SCALE

The reliability of the scale was measured by cronbach's alpha which measures the internal consistency of the scale. Gliem & Gliem (2003) proposes that the reliability coefficient of Cronbach's alpha ranges between 0 to 1. As the value ranges towards 1 the internal consistency of the scale is high. George and Mallery (2003) offers the rule of thumb for measuring reliability: “_ > .9 – Excellent, _ > .8 – Good, _ > .7 – Acceptable, _ > .6 – Questionable, _ > .5 – Poor, and _ < .5 – Unacceptable”.

Reliability of the scale used for the current study was .818 (shown in Table 1). According to Gliem and Gliem (2003) alpha of .8 is a reasonable high level value indicating good internal consistency of the items in the scale.

TABLE 1: RELIABILITY STATISTICS

Cronbach's Alpha	N of Items
.818	16

Source: Field Survey

FINDINGS

It was found from the result of descriptive statistics that among the four different factors of Transformational leadership the Inspirational motivation (IM) (3.96) was most effective dimension followed by Idealized influence (II) (3.86), Intellectual stimulation (IS) (3.69) and Individualized Consideration (IC) (3.64) (shown in Table 2).

TABLE 2: DESCRIPTIVES

	Mean	Std. Deviation	N
II	3.8682	.61801	404
IM	3.9604	.61740	404
IS	3.6974	.60436	404
IC	3.6423	.64048	404

Source: Field Survey

The correlation analysis between transformational leadership and its four factors idealized influence (r=.835), inspirational motivation (r=.841), intellectual stimulation (r=.777) and individualized consideration (r=.784) revealed that it is strongly and positively related to all the four factors. Moreover, it was also found that all the four factors were positively and significantly correlated to each other. The correlation coefficients amongst the four factors are Idealized influence – inspirational motivation(r=.636), Idealized influence – intellectual stimulation (r=.519), Idealized influence- individualized consideration (r=.550), Inspirational motivation – intellectual stimulation (r=.566), Inspirational motivation – individualized consideration (r=.525), and Intellectual stimulation – individualized consideration (r=.444). The analysis shows all the factors of transformational leadership except Intellectual stimulation – individualized consideration (r=.444) are strongly linked to each other.

TABLE 3: CORRELATION

		TFL	II	IM	IS	IC
TFL	Pearson Correlation	1	.835**	.841**	.777**	.784**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	404	404	404	404	404
II	Pearson Correlation	.835**	1	.636**	.519**	.550**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	404	404	404	404	404
IM	Pearson Correlation	.841**	.636**	1	.566**	.525**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	404	404	404	404	404
IS	Pearson Correlation	.777**	.519**	.566**	1	.444**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	404	404	404	404	404
IC	Pearson Correlation	.784**	.550**	.525**	.444**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	404	404	404	404	404

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

Source: Field Survey

DISCUSSION

The results of the study shows the most effective dimension of transformational leadership as perceived by bank employees is inspirational motivation followed by idealized influence (charisma). This show the employees of the banks are becoming more creative and innovative and ready to take the challenging assignments. Barbuto, 1977 has also identified the inspirational motivation as the significant factor of transformational leadership and the construct is defined in many ways. (Kouzes & Posner,1995) stated that leaders with this characteristics transform purpose into realities and communicate the same to the followers to gain their support. This leads to energizing followers, enhancing the level of commitment and establishing a standard of excellence in them (Kotter, 1995; Nanus, 1992).

Bass, 1985 have stated that idealized influence (charisma) is the most factor of transformational leadership and contributes largely to effectiveness of the follower (Lowe,Kroeck and Sivasubramaniam,1996) .

As the study suggest the factors of transformational leadership idealized influence, inspirational motivation, intellectual stimulation and individualized consideration are strongly linked to each other.

Avolio, Howell, and Sosik, 1999 stated that transformational leaders inspire their followers to develop their full potential, to reset the future goals by clear vision and also encourages them to build confidence in them. According to Bass, & Avolio, 1993 transformational leaders can bring on strategy-culture alloy to the organization.

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A STUDY ON EMPLOYEE ATTRITION WITH REFERENCE TO A MULTISPECIALTY HOSPITAL IN TAMILNADU**SV. KAAVYA****ASST. PROFESSOR****DEPARTMENT OF HEALTH & HOSPITAL ADMINISTRATION
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COIMBATORE****ABSTRACT**

Employee attrition is a voluntary reduction in the manpower of an organization through resignation, retirements and death. Attrition due to the first mentioned two reasons seek much of our attention as it is related to the efficiency of the organization. Attrition has turned out to be a critical issue of the human resource researchers these days. When a well – trained and well – fit employee leaves or resigns, it results in emptiness in the organization. Although Attrition is considered undesirable, it is something which is unavoidable. Major cause of attrition in India has been predicted to be unfair compensations, lack of goal achievement, learning and development opportunities etc., There are also another set of employees who are in a constant hunt for better job opportunities. It is harmful for any organization to have both unhappy and unsteady employees.

KEYWORDS

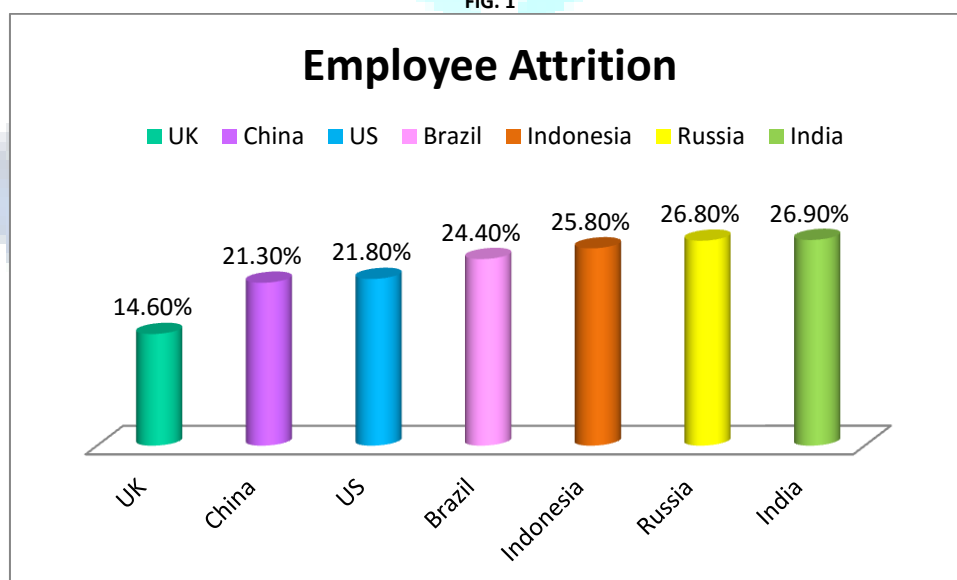
Employee Attrition, unavoidable, harmful.

INTRODUCTION

The rate of shrinkage in size or number of employees' is called as Attrition Rate. Attrition in limited numbers brings in gain to the organizations by pumping in new blood and new ideas. However, on exceeding the limit it results in pain for the organization. Time and money have to be invested to acquire employees in any organization. It becomes manifold when there is constant attrition and constant hunt for new employees.

Attrition basically arises from the unhappiness from job place. Besides this unhappiness, there are a lot of other factors contributing to it like better pay, better job growth etc., It is highly important to study the factors related to Employee attrition in order keep organizations effective and efficient. According to a study conducted by Hay Group in association with the Centre for Economics and Business Research India has the highest attrition rate globally. Employee turnover is predicted to be 26.9% compared with world-wide turnover of 21.2%. Nearly 55% of Indian employees have expressed concerns about the fairness of their compensation and the extent to which benefits meet their needs (48%). One in every three employees expressed concern over a lack confidence in being able to achieve their career objectives with their current employers (37%); as a result, they are concerned about opportunities for learning and development (39%) and supervisory coaching for their development (36%).

FIG. 1



(Source: The Economic Times June, 2013)

The Indian industries are under constant pressure to maintain attrition or turnover rates to a minimum. Currently, Healthcare industry is currently facing attrition problem in par with that of the IT industries. Whatever be the industry, employee attrition is expensive for any organization. Attrition affects the customer service and satisfaction also. Turnover also has many hidden or invisible costs affecting the profitability of any organization.

RESEARCH METHODOLOGY

The project titled "A STUDY ON ATTRITION RATE" with special reference to a multispecialty hospital is an attempt to study about the attrition rate and the factors contributing to the same and also to recommend some suggestions in improving the organisation.

RESEARCH DESIGN

Descriptive research is a fact finding investigation with adequate interpretation. It focus on particular accepts of the problem. It is decided to give the descriptive information for formulating more studies. Descriptive study aims at identifying various characteristics of the community or institution or problem under study. But it does not deal with the testing of hypothesis.

TOOLS OF DATA COLLECTION

In this study the researcher has used the questionnaire method for collecting relevant information. The questionnaire which has been prepared and used by the hospital for conducting 'Exit Interview' of the employees is used by the researcher for the study.

- The first part of the questionnaire deals with the personnel data of the employees such as Name, Sex, Educational Qualification, Salary, Experience, and Designation.
- The second part of questionnaire consists of the questions about the factors relating to attrition of the employees.

SAMPLING PROCEDURE

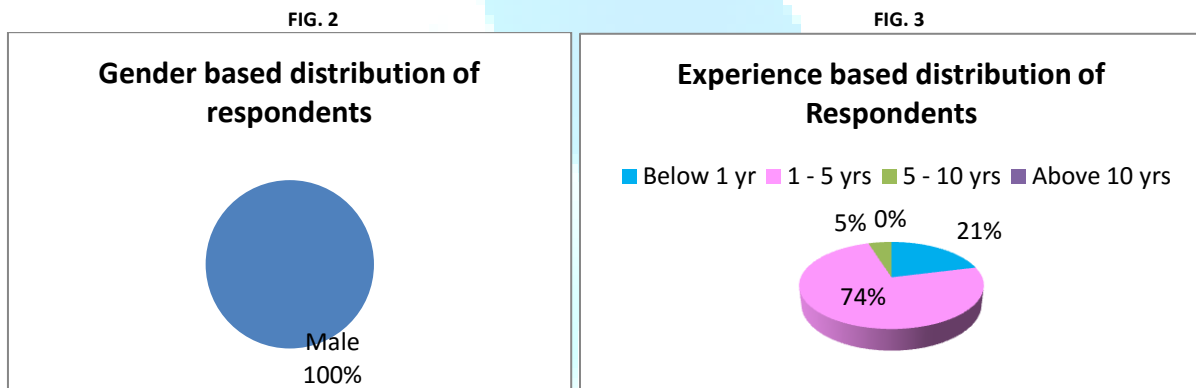
The process of drawing a sample from a larger population is called sampling. Sampling is a part of population, which is studied in order to make inferences about the whole population. Totally there were 185 respondents, the researcher has selected 150 respondents through random sampling method.

OBJECTIVES OF THE STUDY

- To find out the average rate of attrition in the hospital at present
- To assess the causes of employee attrition in the hospital
- To find out problems in the organization that has lead to attrition
- To suggest recommendations for preventing the attrition due to organizational factors

ANALYSIS AND INTERPRETATION

Chart showing the respondents' distribution based on gender and experience in the organization:



REASONS GIVEN BY THE RESPONDENTS FOR LEAVING THE JOB

PERSONAL CAUSES

- Marriage : 45.6%
- Higher studies : 15.6%
- Accepted another job : 8.5%
- Family Circumstances : 5.6%
- Health reasons : 3.7%
- Relocation : 2.6%

WORK RELATED CAUSES*

- Problems with Work Schedule : 0.6%
- Working Conditions : 0.4%
- Not satisfied with Salary : 0.4%
- More than one Reasons : 17%

Table showing the Respondents opinion about their Supervisors on various parameters:

TABLE 1

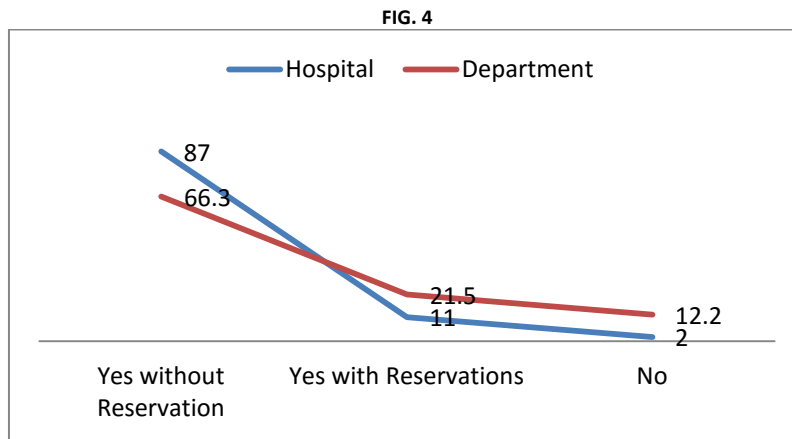
S. NO	Elements	Excellent %	Good %	Fair %	Poor %	No Response %
1	Fair & Equal Treatment	26	60	10	1	2
2	Cooperation & Team work	28	62	8	2	1
3	Recognition on the Job	22	66	10	2	1
4	Suggestions	18	55	19	3	4
5	Effective Resolvings	17	61	15	3	4
6	Ownership	22	59	14	2	4

Table showing the Rating given by respondents about their Job

TABLE 2

S.NO	Elements	Excellent %	Good %	Fair %	Poor %	No Response %
1	Communication	30	54	10	3	3
2	Morale	18	66	9	2	4
3	Job satisfaction	25	60	11	4	0
4	Training	30	59	6	0	5
5	Growth Potential	21	63	12	1	3

Chart showing respondents' opinion about whether they recommend the hospital and department as a work place:



RESULTS AND DISCUSSION

Through the above study, we can understand that about 18.4% of the responses have been mentioning the work related causes for their resignation. Though there are lot of responses saying excellent and good for the rating of the supervisors and the job, we need to take care about the responses that are fair and poor also. On an average, about 10% of the respondents have rated fair and about 2% employees have rated poor about their Supervisors and their Job. When asked to give response about whether they would recommend the hospital and the department as a work place, 2% and 12.2% have said that they would not recommend. Adding to it, 11% and 21.5% have said that they would recommend the hospital and department but with reservations.

CONCLUSION

Attrition is a burning issue for any organization. For the steady productivity of an organization it is essential to maintain its skilled workforce. But most of the times it is very difficult to control the attrition rate within organizations. In healthcare, the rate of attrition is high particularly in nursing services. There are so many factors that lead to attrition. About 18.4 % have mentioned work related causes for attrition. The hospital has to take necessary efforts to improve their relationship among employees, wage and salary structure, reward, job security etc., the hospital shall introduce new and innovative ways to improve the work culture.

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THE LINK BETWEEN PRINCIPLES OF CORPORATE GOVERNANCE AND IMPROVING THE PERFORMANCE AND ENSURING THE QUALITY OF EDUCATION OUTCOMES: EVIDENCE FROM SENIOR COUNCIL GOVERNANCE AT AL AL-BAYT UNIVERSITY

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ABSTRACT

The study aims to describe the effects applying the principles of corporate governance at the University of Al al-Bayt in improving the performance and ensure the quality of educational outputs through a commitment to transparency and openness, participation and dialogue, accountability and commitment to justice and equity. The study population consists of top boards of governance in al-Bayt University in 2014. The study employs questionnaire of (50) and distributes to top members of the governing boards of Al al-Bayt University in Jordan for the year 2014, to answer them, are recovered (40) in favor of a questionnaire. The study finds that there is a positive influence of applying the principles of corporate governance to improve the performance and ensure the quality of education outputs. The study recommends that senior councils Governance at the University should develop an educational system depends on the excellence of its human resources, global standards and values of social, highly competitive and spirit through applying the principles of Corporate Governance (CG universities).

KEYWORDS

Corporate Governance University, Transparency, Openness, Accountability Commitment, Justice, Equity.

1. INTRODUCTION

According to Al-Khatib and Garit (2010) the corporate governance is considered as modern concepts which received considerable attention in recent years, it is used to achieve quality and excellence in business performance. It is also the source or reference on which to base the rule of the organization. Ezzat (2010) defines the term of "Corporate governance", it is the practice of good governance authority's style". This term is used significantly after adding the word of companies to which corporate governance is a "Corporate governance" or "The governance of Companies" is existed, while the Organization for Economic Cooperation and Development "OECD" defines it as "a set of relationships among those in charge of the company's management, The board of directors, and shareholders and other shareholders "(Jan: 2008). Then the focus became on the term interest universities "Universities governance" Governance as shown in (Alamgir: 2007: 20).

Alamgi: (2007: 7) defines governance as "the system by which organizations manage and control their business," Freeland (2007: 8) adds on this definition the following "a set of relationships among those in charge of managing the organization and the Board of Directors and the campaign Equity and other shareholders."

(Khurshid and Joseph (2009) point that gubernatorial universities is "a set of laws, regulations and instructions, which aims to achieve a comprehensive quality and excellence in performance by choosing the appropriate and effective strategies to achieve the goals of the university and strategic objectives", which is so mean systems that relations between the principal parties that affect control in performance, as the elements of strengthening the university in the long term and determine responsibilities.

Researchers finds through a review of the most important previous definitions that the idea of university corporate governance focuses on the relationship university administration Parties including: students and faculty members in which workers, the ultimate goal of the existence of universities is to focus on outcomes that are providing educational services to students to prepare them for the good preparation for the promotion wheel development, and the development of communities and their access to runways advancement and progress. Therefore, the study intends to know the effect of the application of the principles of corporate governance on improving education performance and ensuring quality of education outcomes.

Universities contribute to most of the world to increase the wheel of development of different aspects such as: economic, social, administrative, political, health and others. The universities play important and vital role of the community as a whole part, also have a reciprocal relationship with this community. Therefore, the concept of governance of universities which expresses how they are managed University, and monitors from all relevant parties university is considered as a tool that ensures the efficient management of the university to benefit from the capabilities and resources to ensure the quality of their output.

The issue of governance universities stems from the use of several concepts including: integrity, transparency, participation and clarity, and compliance with laws, regulations and instructions, and accountability, justice and fairness, so as to ensure the development and progress of societies (Khurshid and Joseph, 2009). Thus, the newness of this concept and the importance of its application in Jordanian public universities, the researchers seek to answer the following questions:

1. Does the application of the principles of university governance (transparency and clarity) improve the performance and ensure the quality of educational outcomes?
2. Does the application of the principles of university governance (participation and dialogue) improve the performance and ensure the quality of educational outcomes?
3. Does the application of the principles of university governance (Accountability and commitment) improve the performance and ensure the quality of educational outcomes?
4. Does the application of the principles of university governance (Justice and fairness) improve the performance and ensure the quality of educational outcomes?

Corporate governance is not just one formation though, but instead it consists of the different duties, obligations, and rights that manage and direct a corporation. It is important to recognize and pursue its most important principles. These principles assist establish the roles and responsibilities of the key members of the corporation. Therefore, the study of corporate governance is important as it attempts to:

1. Encouraging Al-alBayt University leaders to apply University Governance (UG).
2. Demonstrating the impact of the application of governance in improving higher education outcomes.

3. Indicating the role of senior member of the boards of governance in the achievement of UG requirements.
4. Improving the quality of University education outputs.

Wang (2010) indicates that university governance is one of the modern concepts that have received large concerns in recent years over the use in achieving the overall quality and performance excellence in the university, where the reference is that it is based on the rule of the university. Therefore, the objectives of the study are as follows:

1. Recognizing the reality of the application of corporate governance at the Al-alBays University.
2. Demonstrating the impact of the application of corporate governance at the University on improving the performance of its employees.
3. Demonstrating the impact of the application of corporate governance at the Al-alBays University on improving the quality of learning outcomes by adhering to the principles of transparency, participation and dialogue, accountability, and commitment to justice and fairness.

2. THE THEORETICAL LITERATURE AND PREVIOUS STUDIES

Many researchers, analysts and experts study the importance and the impact of the concept of corporate governance on many economic, legal, social and cultural aspects aimed at the benefit of individuals, organizations and societies as a whole by providing a number of guidelines to strengthen the management of nonprofit and profit organizations especially universities, as the outputs lead to increase performance and productivity educational institutions.

2.1 THE PRINCIPLES OF UNIVERSITY GOVERNANCE

The university governance is generally based on several principles including:

- Transparency and clarity, which means the systems and mechanisms, policies and legislation and its application design. They consider as one of the important global standards in the classification of countries and universities (Beziweh and Salmi: 2011). Al-Tai and Hamad (2010) define transparency and clarity as a mechanism to measure the degree of implementation of governance in society, which allow individuals access to knowledge and information related to Governance to enable them to take decisions of mutual influence.

Therefore, transparency means clarity of what is happening and is going on within the university, with easy flow of accurate and objective information and their ease of use and actually applied by employees at the university. This definition means that university students can easily disclosure to the university leaders their problems and their needs, which generates productive dialogue between the leaders of the university and students.

Nasser al-Din (2012) highlights that the open meetings pose a challenge to the thinking of students and motivate them to participate and contribute to the coverage of the values of dialogue and constructive interaction between the leaders of the university and students.

- Participation and dialogue: Lee & Land (2010) confirm that it should allow councils governance academic and administrative bodies, students, and the community to participation in policy-making, and the development of business rules in various areas of university life and provide opportunities for university students to have a role in the decision-making process (see: Khurshid and Joseph, 2009),

Thus, good governance should have all the contents of participation in support of the leadership of the university and the boards of governance as a model in the application of university policies.

- Commitment and accountability means that controlling work and applying regulations and instructions carefully to all workers at the university and the students (Corcoran: 2004). Nasser al-Din (2012) highlights that accountability is the other face of the leadership. According to Al Abbas a commitment is required of other accounting or answers the responsibility assigned to them (2010).
- Fairness and justice: which is to achieve justice for all and raise them and meet their needs and to ensure the rule of law. It should be a fair legal frameworks implemented fairly and special laws on human rights (Graham & Plumtre: 2003).
- Commitment and accountability, mean that control work and the application of the regulations and instructions carefully to all workers at the university and the students, also confirms (Corcoran: 2004). Where he (Nasser al-Din: 2012) that accountability is the other face of the leadership, and leadership is without a dictatorship, a commitment is required of other accounting or answer the responsibility assigned to them and deems this (Abbas Al O.2010).
- Fairness and justice: which is to achieve justice for all and raise them and meet their needs, and to ensure the rule of law. It should be a fair legal frameworks implemented fairly and special laws on human rights (Graham & Plumtre: 2003).
- Haleiwa and Taha (2011) point out that the application of governance generates a good atmosphere for collective action, which seeks to achieve specific goals and is directed to the optimal use of the resources of the university and strengthen accountability, and good distribution of tasks and services, management, and application, dilute the differences in the university, and increases cases of integration and interaction between stakeholders, and by increasing the effectiveness of disclosure and accountability, oversight and stimulation.
- Wang (2010) highlight that the importance of governance as involving a comprehensive system if invested in universities according to the regulator scientific approach, it helps to adapt to internal and external environments variables, and reduce the different points of view, and greater integration with the local community and students to help achieve competitive advantage in the quality of the material and moral outcomes, and in the academic reputation of the local, regional and international, scientific, and the extent of their access to the global dependence (S, Keowan. A & Martin, 2011).
- Researcher believes that the principles of corporate governance are considered as a constitution depends upon by all parties, namely the existence of systems of relations between the principal parties that affect the performance control, as the elements of the strengthening of the institution include the long term and determine who was responsible and responsibility through the issue and a commitment to full transparency and clarity through engagement and dialogue atmosphere prevails Justice and fairness, and this is the essence of governance and the contents of their application.

2.2 THE CONCEPT OF QUALITY OF HIGHER EDUCATION

The quality of higher education is consider one of the tools to improve and develop the quality of education and the advancement of its level in the era of globalization, which can be described as quality era. It has become an urgent necessity dictated by the rapid changes taking place in the higher education sector in all parts of the world and the requirements of contemporary life, which is that our expression may represent the spirit of the educational institution.

Mater and Noor (2013) point out that the concept of quality in higher education is not much different than it is the case for other economic and service sectors, but after taking into account that the product is targeted to improve the quality and quality, a university graduate far more important for all products and other economic and service sectors because it is a product.

According to the standard (ISO: 2000: 2005) for the year 2005, the quality in general as a "special product attributes set (or activity or process or institution or person) that make it responsive declared and the expected or able to meet the needs" ,To the extent that the product can be responsive to the needs and expectations , half of it is good or bad or high-quality product, and expresses the needs stated in the purchase contract of sale or specific specifications of the product to be purchased or sold.

There are multiple definitions of the quality of higher education, according to the chairman of the Higher Education Accreditation in Jordan the process in which the recognition of the quality of the performance of educational institutions and the safety procedures and the completeness and quality of their output, are making the academic and educational community and public trusts (Altawneh: 2010).

Through what is seen by the researcher of several definitions of the concept of quality of higher education can be argued as: Continuous improvement of operations of educational administration, and that reviewed and analyzed and the search for ways and means to raise the performance and productivity level of the institution, and reduce the time required to perform this operation, excluding useless and unnecessary tasks, thereby reducing the cost and raise the quality level.

Abdullah et al., (2008) suggest that it has to be a clear system to deal with specific standards in higher education is committed to its educational institution management as it requires the adoption of a designated to adjust the quality. This designated should be keen to provide for the participation of all the conditions to ensure continuous development in organization units in general and academic units in particular.

To set the quality, Hajj Hassan et al (2011) confirms the use a set of procedures that measure the extent of the product matching a graduate to set the standards set in advance according to the required specifications. It also requires the existence of a system of approved or agreed standards under which can be measured

by how well the organization's performance and outputs compared with their counterparts and can monitor the stages in which the process of achieving quality in higher education pass in three stages are as follows (Henze, Raphaela, 2010):

1. Self-evaluation stage
2. External evaluation stage, accreditation, include both public and private accreditation and certification.
3. Stage of achieving quality in different axes.

Perhaps one of the most important requirements for achieving quality within the previous stages is that a total quality management (TQM) to ensure the participation of every individual in the organization in the system of continuous quality improvement (Abdullah et al, 2008).

2.3 LITERATURE REVIEW

Mater and Noor (2013) study the role of governance in improving the quality of university education outputs in Jordan - Middle East University model, where aimed at recognizing the concept of governance and fundamental pillars of the applications in organizations and institutions in general, and in universities in particular, and that by highlighting the themes of governance which should university administration in achieving its vision and mission. The study reveals the following results: the first axis build and develop the image and reputation of premium University it was from the point of the study sample consider whether all of them as a single unit or individual, is a more important impact among other axes of governance. Also, it was the most important results that the promotion of the Jordanian public and private universities to develop systems where governance and concern for the activation of the application of those systems and educating all relevant university education concepts and principles underlying the governance categories.

Nasser al-Din (2012) studies the application of governance at the University of the Middle East from the perspective of the members of the two bodies teaching and administrative staff survey. The results indicate that the reality of the application of governance at the University of the Middle East, from the standpoint of the study sample as whole individuals was high in general. The study recommends the need to motivate employees of the members of the two bodies teaching and administrative staff at the university to maintain this high level of application of governance, to provide appropriate support for them.

Mungiu-pippidi and Dusu (2011) evaluate the governance of the Romanian state universities. The researchers assesse (43) State University on the original basis of the methodology in terms of administrative integrity or academic integrity, democratic governance, academic governance, and financing proper one academic year. The results of the evaluation reveal existence of systemic problems in the organization of university life, and perform the work in which, due to the failure to build accountability systems and accounting at the university level after decentralization of university education to compete in order to improve the public image of the university and thus to reform their practices.

Ghrabh's (2010) study aims to identify the extent of the application of the principle of disclosure and transparency in the company. The researcher concludes that no application to the requirements of disclosure and transparency in the accounting performance, and the weakness in the application of disclosure and transparency in the financial performance requirements, and administrative. The study recommends increasing awareness of the importance of the principle of disclosure and transparency in the company, and the need to study the causes of the weakness of the application of disclosure and transparency in the company's requirements.

The Mok's (2010) study about the universities in Singapore, Malaysia and the extent of its application for the governorship has explained how the academic assessment of the application of governance and its impact on the changes that have taken place on university life. The results show that the senior management of these universities was given some freedom to manage their universities; most academics who were interviewed did not feel great differences in reforms after the application of governance in their universities. Most academics are still under pressure more than the university departments instead of a sense of "rebellion" or "power." In spite of this fact, however, the Government of Singapore and Malaysia have tried to embrace liberal ideas and practices to finance gubernatorial universities, academics, because they find that the state is still not capable to control the universities and higher education.

Haleiwa and Taha (2010) study aims to verify the use of university governance at the University of Jerusalem methods. The study finds that the Palestinian society is a tribal society since creation, small in size and is considered when compared to the countries of the world, and that (corporate governance) at the University of Jerusalem exist, but not at the required level, in accordance with the standards of governance (worldwide). They tend to deal in solving the problems to the values and attitudes, more than using application of governance requirements and standards in addition to that most of the decisions are improvisational, despite the existence of a book issued by the personnel specializing in systems and laws of the university (namely governance). The results show that the weakness of financial resources had a significant impact in the inability to apply the laws and regulations. based on the results, the study recommends that the need to raise the necessary application of the standards and requirements of governance systems level (good governance), such as sound and fair judgment in solving problems among students, and resolution of disputes students if they are with each other, or with the staff in general or employees with each other, or with senior management, without prejudice or discrimination. The study also recommends the need to find sources of support material.

Geoana and Mesco (2009) find that the universities apply governance involve in knowledge transfer activities, has led to significant changes in the governance of relations between universities and others, and became transfer knowledge strategic issue as a source of funding university research, and as a policy tool for economic development. Thus, universities vary greatly in the extent of its ability to advancement and success in marketing academic research.

The results show the roles that must be carried out by universities for the transfer of academic knowledge and commercialization of research results, and points out that the impact of the gubernatorial actor in the transfer of knowledge and openness to other universities process.

The study differs from the aforementioned studies. this study attempts to determine the impact of applying the elements of the principles of governance each separately (integrity, transparency, and participation, clarity and compliance with laws, regulations and instructions, and accountability, justice and fairness), to improve the performance and ensure the quality of university education outputs from the viewpoint of senior boards of governance (Board of Trustees and the Council of Deans and the Council of recruitment, promotion and the College Board). This means that the study sample is the leaders who control the helm of the university administration, that is, they represent the top of the pyramid administrative. They are taking crucial decisions for the University. this have not considered by the following researchers Haleiwa and Taha (2010), Nasser al-Din in (2012) and Mater and Noor (2013), where they focused on the importance of the application either the rest of the previous studies either studied university governance in general and through interviews with administrators and faculty members as a study Geoana and Mescuaam (2009), Mok (2010) and Moonjua Bbdi and Dsusam (2011). They studied corporate governance as a sector and industrial sector is not a university as a study Ghrabh 2010. Therefore, the study tends to find the effect of the application of the principles of university governance to improve performance and ensure the quality of education outcomes. Therefore, the study is based on the following hypothesis:

1. There is no statistically significant relationship between the application of the principles of university governance including respect (transparency) to improve the performance and ensure the quality of education outcomes?
2. There is no statistically significant relationship between the application of the principles of university governance including respect (participation and dialogue) to improve the performance and ensure the quality of education outcomes?
3. There is no statistically significant relationship between the application of the principles of university governance including respect (accountability and commitment) to improve the performance and ensure the quality of education outcomes?
4. There is no statistically significant relationship between the application of the principles of university governance regarding the (justice and equity) to improve the performance and ensure the quality of education outcomes?

3. THE STUDY METHODOLOGY

The study is divided into two sections. Theoretical study: descriptive study of secondary data collected from secondary sources on the subject of the study. Field study is based on data collection (primary) needed through questionnaires are distributed (50) questionnaire to senior members of the boards of governance at Al-alBayt University, 2014. It is recovery (40) in favor of a questionnaire for the purposes of analysis and study. The first section included demographic information to members of the study population, while the other section included questions of the study on the elements of the principles of corporate governance. The study population is consisted of senior councils Governance at the Al-alBayt University in the following table:

TABLE 1: THE DISTRIBUTION OF THE STUDY SAMPLE BY COUNCILS AT AL-ALBAYT UNIVERSITY

Council Name	Number	Percentage
Board of Trustees	13	26%
Al-alBays University Deans	37	74%
Total	50	100%

Source: prepared by the researchers, 2014.

It should be noted that the total number in the previous table (1) of the members of the Board of Trustees, the Council of Deans and the University Council is 67 members, but some members are involved in more than one Council were excluded to avoid duplication.

It has been verified sincerity study tool viewing on a total of arbitrators from specialists in the accounting of some Jordanian universities and those interested in the topic of corporate governance as well as gender specialists Quality Assurance at Al-alBays University, and make the appropriate adjustments to certain paragraphs of the questionnaire, as well as the use of framework theoretical previous studies to some researchers as (Nasser al-Din) and (Haleiwa and Taha), taking into account some necessary adjustments to suit the nature of the study.

3.1 PROCEDURAL TERMINOLOGY FOR STUDY

University Governance: a set of rules and integrated relations under which the university administration and oversight in accordance with the particular structure that includes the distribution of rights and duties among the university administration, teachers, students and workers that ensure the quality of university education outputs.

Improving Performance: the employee is on achieving the goals of the functionality that operated in the organization's capacity, which are the final output of the efforts and the behavior of that employee.

Quality Education Outputs: a set of criteria and characteristics that should be available in all the elements of the educational process, both with regard to inputs, processes or outputs that meet the needs of the community and its requirements and desires of the learners and their needs.

Senior Members of the Boards of Governance: The Board of Trustees of the University, the Council of Deans and the University Council, and the Council of recruitment, promotion and the College Board at the university.

Cronbach's alpha equation has been used to check the stability and to measure the internal consistency of the paragraphs and linked subjects where the reliability coefficients, as in the following table:

TABLE 2: INTERNAL CONSISTENCY COEFFICIENT FOR AXES PARAGRAPHS QUESTIONNAIRE

Axis	Number of Paragraphs	Reliability Coefficient (Cronbach's Alpha)
Transparency and Clarity	9	79%
Participation and Dialogue	6	91%
Accountability and Commitment	8	91%
Justice and Fairness	7	86%

Table (2) shows that the reliability coefficients (Cronbach's alpha), which range between 79% and 91%. This ratio (60%) demonstrates a link between paragraphs and main subjects. This enhances the credibility of study questions. It is handed the answers to the questionnaire paragraphs of five degrees according to the Likert scale Pentagram as follows:

TABLE 3: NUMBER OF ANSWERS ACCORDING TO THE LIKERT SCALE QUINTET

Agree Very Strongly	Agree Strongly	Agree Mostly	Agree Slightly	Agree Very Slightly
5	4	3	2	1

The following table shows description of the study sample:

TABLE 4: DESCRIPTION OF DEMOGRAPHIC VARIABLES SAMPLE

Demographic variables	Frequency	Percentage
Age:		
Less than 40 years	12	%30
From 41-50 years	15	%37.50
From 51 years and above	23	%57.50
Academic Rank:		
Assistant Professor	7	%17.50
Associate Professor	12	%30
Professor	18	%45
Other	3	0.075%
Number of Years of Service		
6 Years or Less	9	%22.50
From 7 to 11 Years	11	%27.50
12 Years and Over	20	%50
Total	40	%100

table (4) shows that a rate (45%) of the study sample who hold senior academic ranks (professorship) and who have a long experience of more than a year and age exceed fifty years. This shows a high level of understanding and awareness of the questions questionnaire. This is also enhances confidence in the ability to answer the study variables.

4. RESULTS AND DISCUSSION

For the purposes of data analysis and test hypotheses of the study, the researchers extract the arithmetic means and standard deviations for respondents' answers to the questionnaire, and for each paragraph of the questionnaire.

It has also been tested (t) and compared it to the degree of calculated with the default arithmetic middle-to-use of acceptable degree of (3) when the level of statistical significance (a > 0.05), where the use of this medium as the minimum level of approval; in accordance with the measure that has used by the study to judge averages. The following is an explanation of the results of each test the hypothesis of the study hypotheses:

The First Hypothesis: the application of the principles of corporate governance in terms of transparency and clarity in improving the performance and ensure the quality of education does not affect the output. The following table shows the arithmetic means and standard deviations of the paragraphs of the first hypothesis.

TABLE 5: THE ARITHMETIC MEANS AND STANDARD DEVIATIONS OF THE PARAGRAPHS OF THE FIRST HYPOTHESIS

No.	Paragraphs	Mean	S.D
1	The involvement of the university teaching staff and management in the development of regulations and instructions university to improve performance and ensure education outputs	3.70	0.82
2	The university operates transparently to attract (teaching staff, the owners of the administrative competencies to improve performance and ensure education outputs	3.70	0.86
3	Decisions issued by boards of governance (of trustees, deans, faculties, departments) are clear for all to improve performance and ensure education outputs	3.55	0.55
4	The university describes systems and instructions tasks and duties of each employee in the university to improve performance and ensure education outputs	3.27	0.91
5	The university allows by making an opinion on any subject with transparency and without arbitrariness to improve performance and ensure education outputs	3.55	0.85
6	The university employs regulations and instructions in order to achieve better performance and ensure education outputs	3.45	0.93
7	The university operates with full transparency to employ its budget in order to achieve better performance and ensure education outputs	3.61	1.2
8	The university negligence on the application of the laws without yielding to outside pressure to improve performance and ensure education outputs	3.41	0.76
9	The university applies laws on defaulters without yielding to outside pressure to improve performance and ensure the education output	3.00	0.84

Table (5) shows that the paragraph number (1,2) relating to the fact that the involvement of the university teaching staff and management in the development of regulations and instructions, as well as attract university teaching staff, and administrative competencies of the owners of reaching the arithmetic mean of these two paragraphs in a row (3.70 and 0.55). This shows the high level of interest of governance councils in supplying university qualifications and a high level of transparency and clarity to improving its performance and increase education output to ultimately reflected on the learning outcomes and keep pace with the developments of the labor market. The standard deviation indicates the presence of harmony and agreement between the views of individuals on these two paragraphs.

While the arithmetic mean of the last received paragraphs (8 and 9) on the lower center of my account from between the paragraphs. This area relates to the establishment of the university application of laws on defaulters without yielding to external pressures. The low agreement on this paragraph is due to the lack of seriousness of the existence of the negligent accounting commissions often formulating within the university. Therefore, Overlooked somewhat from their colleagues as well as nepotism and tribalism plays an important role in condoning the rhythm of appropriate penalties and eased to the lowest degree.

The low mean of the paragraph to provide a system to receive complaints and deal with them to solve it may be due to her that complaints at the University follow the sequence of administrative supreme to High without referring directly to the senior boards of governance at the university. Thus, problems often resolved within the sequence of administrative for fear of consultation university leaders and of the President of the university and the blame for the head of the administrative hierarchy her. The following table shows the result of the (t) test for the first hypothesis:

TABLE 6: THE RESULT OF THE (T) TEST FOR THE FIRST HYPOTHESIS

The First Hypothesis	Mean	S.D	Calculated (t)	Tabulated (t)	Sing
The application of the principles of corporate governance in terms of transparency and clarity in improving the performance and ensure the quality of education output.	3.37	0.86	3.314	2.054	0.003

Table (6) shows the tabulated value of (t) test and the calculated value of (t). The results indicate that the calculated value of (t) (3.314) is greater than the tabulated value of (t) (2.054). Thus, the null hypothesis is rejected and the alternative hypothesis is accepted. This means that there is the impact of a statistically significant for the application of the principles of corporate governance in terms of transparency and clarity in improving the performance and ensure the quality of educational outcomes at the Al-alBayt University of Jordan.

The Second Hypothesis: the application of the principles of governance in terms of commitment and accountability does not improve the performance and ensure the quality of education outcomes. The following table shows the arithmetic means and standard deviations of the paragraphs of the second hypothesis.

TABLE 7: THE ARITHMETIC MEANS AND STANDARD DEVIATIONS OF THE PARAGRAPHS OF THE SECOND HYPOTHESIS

No.	Paragraphs	Mean	S.D
1	The university informs its' staff (academic and administrative) about instructions and laws that affect them and deterrent penalties for not abiding by the instructions and laws that affect them to improve performance and ensure the education output	3.77	0.76
2	The university is committed to giving full rights of the employee and demanding full and duties towards it to improve performance and ensure the education output	3.40	0.88
3	The university applies system of accountability to individual and collective level to improve performance and ensure the education output	3.30	0.70
4	The university is committed to the full application of the regulations and instructions to improve performance and ensure the education output	3.52	0.86
5	The clarity of administrative powers and responsibilities enhance commitment and accountability to improve performance and ensure the education output	3.10	0.90
6	The university is committed to Proverb law above all to improve performance and ensure the education output	3.02	0.69

The paragraph (1) has the highest arithmetic mean (3.77) between the paragraphs relating to the university inform staff instructions and laws that affect them and deterrent penalties reaching the arithmetic mean of this paragraph. This shows the high level of senior management attention by the University to know each employee his duties. Also, the university publishes on its website a booklet prepares for this purpose and reports by the official letter and all this is in improving the performance of the administrative and teaching staff to ensure the education output. The standard deviation (0.76) indicates the existence of harmony and agreement between the views of individuals on this paragraph.

This is followed by paragraph number (2) related to giving full rights of the employee and demanding full duties at (3.40). This is due to the institutional approach of university and concentrating on its final output to ensure the quality of education outcomes.

The paragraph number (6) has the lowest arithmetic means between the paragraphs, which represents the university is committed to Proverb law above all to improve performance and ensure the education output. This is due to the presence of the university in a remote area and the predominantly tribal and pressures of the powerful, as well as the existence of Arab Spring. The following table shows the test result (t) the second hypothesis:

TABLE 8: THE RESULT OF THE (t) TEST FOR THE SECOND HYPOTHESIS

The Second Hypothesis	Mean	S.D	Calculated (t)	Tabulated (t)	Sing
The application of the principles of governance does not affect in terms of commitment and accountability to improving the performance and ensure the quality of education outcomes	3.351	0.796	2.054	3.309	0.002

Table (8) shows that the tabulated and calculated values of (t) test value. The results indicate that the calculated value of (3.309) is greater than the tabulated value of (t) (2.054). Thus, the null hypothesis is rejected and the alternative hypothesis is accepted, which means that there is significant effect of the application of the principles of governance in terms of participation and dialogue to improve the performance and ensure the quality of education outcomes.

The Third Hypothesis: the application of the principles of corporate governance in terms of participation and dialogue does not have effect on improving performance and ensuring the quality of education outcomes, the following table shows the arithmetic means and standard deviations of the paragraphs of the third hypothesis

TABLE 9: THE ARITHMETIC MEANS AND STANDARD DEVIATIONS OF THE PARAGRAPHS OF THE THIRD HYPOTHESIS

No.	Paragraphs	Mean	S.D
1	The university encourages the participation of faculty members in the development of curricula plans to improve performance and ensure the education output	3.80	0.86
2	The university Participates other universities successful experiences to improve performance and ensure the education output	3.71	0.55
3	Representatives from the university and baptisms, and administration staff involved in the development of rules for the disbursement of the budget to improve the performance and ensure the education output	3.37	0.76
4	The University provides a democratic climate in the deal between the presidency of the university on the one hand, academics and administrators on the other hand to improve performance and ensure the education output	3.52	0.81
5	Vice-Presidents and Deans express their opinion in their councils held about faculties without the control of the university president or members of the Board of Trustees to improve performance and ensure the education output	3.12	0.74
6	The university involve representatives from the local community in the development plans to improve performance and ensure that the outputs of education plans	3.10	0.97
7	Governance councils work at the university as a single unit without control from one to improve performance and ensure the education output	3.10	0.90
8	The university follows the style of the debate and the extensive dialogue when making administrative and financial decisions to improve performance and ensure the education output	3.05	0.70

The paragraph (1) has the highest arithmetic mean (3.80) between the paragraphs relating to the participation of faculty members in the development of curricula plans. This shows high level of interest in the quality of the university administration of the educational process outputs as the fact that the study plans is the Constitution, which was the academics a primary inputs to the quality of education. The standard deviation (0.86) indicates that the existence of harmony and agreement between the views of individuals on this paragraph. It comes in second the paragraph that represents the university advantage of the successful universities experiments as circle of public relations at the university follows the president visits and senior boards of governance of the University for some Universities and there is a liaison office of the university campus Jordanian. This makes the university in direct and indirect contact with other universities to benefit from their experiences.

The paragraph number (8) "University follows the style of the debate and the extensive dialogue when making administrative and financial decisions" has the lower arithmetic means (3.05). this is due to the low agreement on this paragraph to the conviction in power and President of the University of the principle of participation of decision-making related to the university and openness to all views are known in such countries that most of the heads of power chairpersons make decisions alone without the other, and this human instinct inherited. The following table shows the test result (t) for the third hypothesis.

TABLE 10: THE RESULT OF THE (t) TEST FOR THE THIRD HYPOTHESIS

The Third Hypothesis	Mean	S.D	Calculated (t)	Tabulated (t)	Sing
The application of the principles of corporate governance does not affect commitment and accountability to improve performance and ensure the quality of education outcomes	3.34	0.786	2.054	2.92	0.000

Table (10) shows that the tabulated and calculated values of (t) test. The results indicate that the calculated value of (2.92) is greater than the tabulated value of (t) (2.054). Thus, the null hypothesis is rejected and the alternative hypothesis is accepted, which means that there is significant effect of applying the principles of corporate governance in terms of commitment and accountability to improve performance and ensure the quality of education outcomes.

Fourth hypothesis: does not affect the application of the principles of corporate governance in terms of fairness and equity to improve performance and ensure the quality of education outcomes, the following table shows the averages and standard deviations for the hypothesis fourth paragraphs.

TABLE 11: THE ARITHMETIC MEANS AND STANDARD DEVIATIONS OF THE PARAGRAPHS OF THE FOURTH HYPOTHESIS

No.	Paragraphs	Mean	S.D
1	Sponsored by the University of distinguished academics, administrators and students to improve the performance and ensure the education output	3.71	0.86
2	University does not arbitrarily separated in any employee because they apply the regulations and instructions fairly	3.37	0.55
3	Justice and objectivity University take into account in applying the regulations and instructions to all its employees to improve performance and ensure the education output	3.18	0.76
4	boards exercise governance at the University of special powers fairly to improve performance and ensure the education output	3.10	0.81
5	The application of laws and regulations at the university to preserve the rights of everyone without distinction leads to improve performance and ensure the education output	3.08	0.74
6	University allows the employee grievance to the competent authority and re rights without discrimination to improve performance and ensure the education output	3.05	0.97
7	University chooses the right staff to be in the right position to improve the administrative performance and ensure the education output	2.85	0.90

The paragraph number (1) has an arithmetic mean (3.71), this paragraph is related to the observance of the University of distinguished academics and administrative and students. This shows the high level of university administration attention to reward excellence and stimulate the non-privileged and take these bonuses several forms such as publishing name on university site, providing cash prizes at the graduation ceremony, promoting to the top job title. While outstanding university students, university encourages them through providing free scholarships for two semesters or through the completion of a master's in the same university. The standard deviation (0.86) indicates the existence of harmony and agreement between the views of individuals on this paragraph.

The last paragraph number (7) has the lower arithmetic means; it represents the University chooses the right staff to be in the right position to improve the administrative performance and ensure the education output. The lower agreement on this paragraph is due to several reasons, including external pressures and appeases the views of certain and sometimes does not have an alternative to those the employee to be promoted to a higher rank. The following table shows the result (t) test for the fourth hypothesis.

TABLE 12: THE RESULT OF THE (t) TEST FOR THE FOURTH HYPOTHESIS

The Fourth Hypothesis	Mean	S.D	Calculated (t)	Tabulated (t)	Sig
The application of the principles of corporate governance in terms of fairness and equity to improve performance and ensure the quality of education does not affect output	3.19	0.80	2.054	2.78	0.00

Table (12) shows that the tabulated and calculated values of (t) test. The results indicate that the calculated value of (2.78) is greater than the tabulated value of (t) (2.054). Thus, the null hypothesis is rejected and the alternative hypothesis is accepted, which means that there is significant effect of applying the principles of corporate governance in terms of fairness and equity to improve performance and ensure the quality of education outcomes.

5. CONCLUSION

This paper investigates the link of applying the principles of corporate governance at the University of Al al-Bayt in improving the performance and ensuring the quality of educational outputs through a commitment to transparency and openness, participation and dialogue, accountability and commitment to justice and equity. The empirical results indicate that there is a significant positive impact of applying corporate governance on improving the performance and ensuring the quality of educational outputs.

The following recommendations are drawn from the findings of the study: the senior boards of governance at the university should allow academics, administrators and members of the student council to participate in making decisions and discussing any issues concerning university. They should also apply the laws and regulations on the all staff of the university without bow to pressures, nepotism and tribalism. The university should review the concepts of governance and the extent of their application systems, and adjust items annually that do not serve the educational outcomes, and develop systems in line with the requirements of development and the university students, academics and staff clearly.

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TRENDS AND PATTERNS OF INDUSTRIAL DEVELOPMENT IN INDIA: A STUDY OF POST INDEPENDENCE PERIOD

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ABSTRACT

Industrialization plays an important role in the economic growth of underdeveloped countries like India. The rate of growth of India economy can be accelerated by increasing income, output and employment through industrial development. In India, industries witnessed very little growth before 1951. But in post independence era, government gives a lot of importance to the industrial development. Since 1951, industrial development in India has taken place mainly in wide diversification of industrial base, development of public sector, restricted import and less dependence on them, globalization of industries and their progressive privatization. Through this paper, we studied the growth rate of industrial production in post independence era. We also measured the growth of eight core industries. Further, this study analyzed the industrial development during five year plans in India.

KEYWORDS

industrial development, economic growth.

INTRODUCTION

Ever since the beginning of the planning period, industrial development has been heavily under the control of government of India. Government had its control on investment in private sector also by means of excessive use of licensing system. New industrial policy has given more importance to private sector, has liberalized industrial licensing and has given important role to foreign sector in industrial development. In 1991, economic reform has accelerated the process of liberalization, privatization and globalization. In 2011, Govt. has framed national manufacturing policy to boost manufacturing sector of the economy.

During the period of plans, many and varied significant changes have been taken place in the industrial sector of the country. As a result of it, base of industrial development has been strengthened. Good deal of diversification of industrial base took place, as a result of which production of several new industrial new products has become possible. India is ranked as the 10th most industrially advanced country of the world. As regarded to the performance of core industries, growth in eight core industries slowed down to 1.8% in January 2015, the lowest in at least 13 months, due to negative expansion in crude oil and natural gas. The 8 core industries – coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity – has expanded by 3.7% in January 2014. The growth was 2.4% in December 2014. The core sector contributes 38% to the overall industrial production, a parameter that RBI takes into account while framing its monetary policy. During April-January period of fiscal year 2014-15, the eight sectors grew by 4.1% as against 4% in the same period of the previous fiscal year.

OBJECTIVES OF THE STUDY

- To measure the growth rate of industrial production.
- To study the performance of core industries.
- To examine the development of industries during five year plans.

RESEARCH METHODOLOGY

The present study is explanatory and descriptive in nature. It is based on secondary data collected from authenticated sources. The data has been compiled from economic survey of India and monthly economic report of India. The time period of study has been taken from 1951 to 2015.

ACHIEVEMENT OF INDUSTRIAL DEVELOPMENT IN INDIA

In 11th plan, the industrial production growth rate was 7.2%. In the first year of 12th plan, i.e. 2012-13, due to global slowdown, industrial production growth rate came down to 2.3%. In the year of 2014-15, industrial production growth rate increased to only 5.9%. (Table 1)

TABLE 1: GROWTH RATE OF INDUSTRIAL PRODUCTION

Plan	Growth rate of Industrial Production (%) (p.a.)
1 st	7.5
2 nd	6.6
3 rd	9.0
4 th	4.5
5 th	5.9
6 th	6.4
7 th	8.5
8 th	6.8
9 th	5.0
10 th	8.6
11 th	7.2
12 th (2012-13)	2.3
2013-14	4.5
2014-15	5.9

Source: Economic Survey, 2014-15, Monthly Economic Report, March 2015.

Prior to 1951, Production of many goods was very less. But now all these goods are being produced in the country in large quantity. As a result of industrial development during the period of plans, India now ranks as 10th industrial country of the world (Table 2).

TABLE 2: PRODUCTION OF IMPORTANT INDUSTRIES

INDUSTRIES	UNITS	1950-51	2010-11	2011-12	2013-14
Finished Steel	Lakh Tones	10.0	660	734	851
Electricity	Billion Khz	5.1	811	877	1015
Crude Oil	Lakh Tones	3.0	377	381	377
Fertilizers	Thousand Tones	18.0	16378	16363	16092
Cement	Lakh Tones	27.0	2097	2305	2560
Passenger Cars	In Thousands	7.9	2453	3214	3088
Cloth	Billion Sq. Meters	4.5	62.5	61.4	63.5

Source: Economic Survey of India 2014-15, India 2015

In 1951, total investment in the public sector amounted to Rs. 29 crores. In 2012-13, it rises to Rs. 1510373 crores. In 1950-51, the total no. of public sector industries was 5 and the same has now risen to 260, out of which number of running enterprises is 229. In the first plan, industries contributed 16% to national income. But now, share of industries sector in national income has gone up to 27.3%. Industries contributed about 65.5% to the total exports of the country. In 1957, the numbers of industries established with foreign collaboration was 81 only. It was 1216 in the year 2005-06. Industrialization has made possible the establishment of many industries like iron and steel, chemical, aircraft, ship-building, arms & ammunition factories etc. Large scale industries contribute to Government exchequer in several ways like corporate tax, excise duty, value added tax, etc. The development of industries in the country raises the demand for labourers and hence increases in their wages. Their economic welfare is also promoted.

TABLE 3: PERFORMANCE OF CORE INDUSTRIES (% GROWTH RATE)

Industries	Jan 2014	Jan 2015	2013-14 April-Jan	2014-15 April-Jan
Coal	1.2	1.7	1.5	8.1
Crude Oil	3.0	-2.3	-0.2	-1.0
Natural Gas	-5.2	-6.6	-14.0	-5.2
Refinery Products	-4.2	4.7	2.5	-0.5
Fertilizers	1.2	-7.1	2.5	-0.5
Steel	10.8	1.6	11.4	1.6
Cement	2.0	0.5	3.5	7.1
Electricity	6.5	2.7	5.6	8.9

Source: Economic Survey 2014-15, India (Base year 2004-05=100)

The index of 8 core industries rose by 1.8% in January 2015 compared to a growth of 3.7% in January 2014. During April-January 2014-15, the index registered a growth of 4.1% as against a 4.0% growth during the corresponding period of previous year (Table 3).

TABLE 4: DEVELOPMENT OF INDUSTRIES DURING THE FIVE YEAR PLANS

Plan	Objectives	Achievements	Growth Rate of Industrial Production (% P.A.)
1st Plan (1951-56)	To promote agriculture sector	<ul style="list-style-type: none"> Many industries were set up eg. Sindri fertilizer factory, telephone industries, cable factory, DDT factories, HMT, cement factory, news print factory etc. Total expenditure was Rs.55 crores. Rs.42 crores was spent on public sector for SSI. 	7.5
Second Plan (1956-61)	Aimed at developing basic industries	<ul style="list-style-type: none"> Capital goods industries were set up. For e.g. steel plants in Bhilai, Durgapur and Rourkela. Rs.187crores was spent on SSI. Rs.938 crores was spent on large scale industries. 	6.6
Third Plan (1961-66)	To expand heavy industries. To meet growing need of industrial products in the economy.	<ul style="list-style-type: none"> Rs.1726 crores was spent on large scale industries and Rs. 24 crores on SSI. 	9.0
Fourth Plan (1969-74)	To increase industrial production.	<ul style="list-style-type: none"> Rs. 2864 crores were spent on large industries and Rs. 243 crores on SSI. The number of industrial estates increased to 465. 	4.5
Fifth Plan (1974-78)	To attain self- sufficiency and growth with social justice. To accelerate basic industries. To develop export industries. To encourage village and SSI. To develop industrially backward region.	<ul style="list-style-type: none"> Rs. 8989 crores were spent on large industries and minerals. Total outlay on SSI and cottage industries was Rs. 592 crores. 	5.9
Sixth Plan (1980-85)	To make optimum utilization of existing capacity of industries production. To increase productivity. To pay special attention on electronic goods industries. To meet energy needs of industries.	<ul style="list-style-type: none"> Rs. 14790 crores was spent on development of large scale industries and Rs. 1945 crores on SSI. 	6.4
Seventh Plan(1985-90)	To increase production of consumer goods by increasing productivity of industrial sector and modernization of industries.	<ul style="list-style-type: none"> Total outlay on the development of LSI was Rs.25971 crores and on SSI, it was Rs.3249 crores. 	8.5
Eight Plan (1992-2002)	To promote export of industrial goods	<ul style="list-style-type: none"> Rs. 45173 crores was proposed for industries in the public sector. Private sector was accorded more important than the public sector. 	6.8
Ninth Plan (1997-2002)	To give more important to private sector than public sector. To set up more industries in backward areas. To attract FI. To modernize e. industrial sector and import of cap. Goods and modern technology.	<ul style="list-style-type: none"> Rs. 41971 crores were spent on the development of industries and minerals. Out of this, Rs. 33587 crores were spent for LSI and Rs. 8384 crores on SSI. Industries licensing system were made more liberal. Companies under MRTP Act were given various concessions. 	5.0
Tenth Plan (2002-07)	To promote Industrialization. To make industry more competitive and R&D, modernization and technological up gradation activities were emphasized.	<ul style="list-style-type: none"> Rs. 58939 crores was spent on the development of industries. Special concession was extended to readymade garment industry. Loss making public sector units was disinvested. Special concessions were given to export – oriented units. Import duty on gold, silver, diamond removed. SEZ were set up. Agri-export zone also set up. More privatization was encouraged. Foreign Investment was encouraged even in service sector. 	8.6
Eleventh Plan (2007-12)	To strength manufacturing sector. To make Indian industries more competitive.	<ul style="list-style-type: none"> An outlay of Rs. 153600 crores was allocated for the development of industries and minerals. MSMEs were given special concession. Focused on success in Pharmacy, textile and auto- components. More autonomy was given to PSUs. SEZs were promoted. Commercial bank and financial institutions provided liberal loans. 	7.2
Twelfth Plan (2012-17)	To strength manufacturing sector. To develop DMIC. To ensure liberal credit flow to industries. To encourage entrepreneurship.	<ul style="list-style-type: none"> An outlay of Rs. 377302 crores is allocated for the development of industries and minerals. MSMEs were promoted. SEZs were encouraged. 	7.6 (Target) 2.3 (2012-13) 4.5 (2013-14) 5.9 (2014-15)

Source: Prepared by Authors.

As the table 4 indicated that growth rate of industrial production during the period of planning has been irregular. Although during the plan period, industrial sector has generated sufficient production capacity but installed capacity has not been fully utilized. Public sector industries have been running into losses since long.

Table 5 shows the Growth Rates of National income and Per Capita Income at Constant Prices for the period of 2007-08. The calculated compound growth rate of NI and PCI are as follows:

1. Average Compound Growth Rate (ACGR)

$$Y_t = Y_0 (1+G)^t = AB^t$$

Where $Y_{0t} = A, (1+G) = B$

$\therefore Y_t = AB^t$

$ACGR = (A.L B^A - 1) * 100$

Average Compound growth rate of NI = $(A.L B^A - 1) * 100 = 14.127\%$

Average Compound growth rate of PCI = $(A.L B^A - 1) * 100 = 14.369\%$

TABLE: 5 GROWTH RATES OF NATIONAL INCOME AND PER CAPITA INCOME AT CONSTANT PRICES

Years	NI (%) p.a.	PCI (%) p.a.
2007-08	9.1	7.6
2008-09	6.7	5.2
2009-10	8.0	6.6
2010-11	8.4	7.1
2011-12	6.2	4.9
2012-13	4.8	3.5
2013-14	6.9	5.6
2014-15	7.4	6.1

Source: Economic Survey, 2014-15

FINDINGS OF THE STUDY

Industrial development in the country has been mainly restricted to five states of Maharashtra, Gujarat, Tamil Nadu, West Bengal and Andhra Pradesh. In these states, more than 50% of the total factories are concentrated. As a result of industrialization in India, large scale industries have developed much more rapidly than the SSIs. In India, industrial sickness has been on the increase. Due to poor technology, method of production of many industries is outdated. Besides, industrial disputes all also still very common in India industries. Through spending on R&D has been increased in India, yet the difference in spending on R & D between India and developed countries remains considerably high. There is vast potential in industrial development in India. For boosting manufacturing sector of the economy, National manufacturing policy, 2011 has been announced. It is hoped that in the years to come, this policy will pay significant role in promoting production of manufacturing sector.

SUGGESTIONS

In order to achieve the target growth rate of industrial production and for the purchase of huge industrial development, efficiency of the public sector should be improved upon. Basic capital goods industries like iron and steel, heavy machinery etc. should be developed more efficiently. Government should provide more facilities to the private sector. To increase the rate of industrial growth, economic infrastructure like means of communication and transport need to be developed. Import of modern machines, tools and equipments and necessary raw materials be liberalized. Necessary foreign exchange is sanctioned for this purpose. Special efforts should be made for the promotion of export industries and agro-industries. Besides, an industrial peace is the most essential pre-requisites of industrial development. Industrial development calls forth imparting of managerial and technical education on a large scale.

CONCLUSION

India has vast potential for industrial development. But due to some drawback, it is not able to achieve its target of production and growth rate. So Government should implement above said measures for rapid industrialization. Special emphasis should be given on SEZs, EPZs, MSMEs, R&D activities and technological up-gradation. Government should promote FDI in manufacturing sector and ensure liberal credit flow to the industries. Thus, rapid industrialization of the country can be possible with the natural cooperation of both public and private sector.

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A STUDY OF FINANCIAL LITERACY IN KUTCH REGION

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ABSTRACT

Financial literacy is gaining importance due to liberalization and innovation in financial instruments. It is considered to be responsible factor for financial well being. The growing complexity of financial products over the past decade, coupled with financial innovations, and the increasing transfer of financial risks to households, have put enormous pressure and responsibilities on shoulders of individuals. India is at the bottom among 16 countries in the Asia-pacific region with 59 index points, according to the annual MasterCard's index for financial literacy. In this research an attempt was made to measure the financial literacy of kutch district which has village like madhapur which is souther asias wealthiest village. It was found that females, low income group (<5 lac pa), late teens (18-22), married and less education qualification leads to low financial literacy. Although it has not been statistically significant relations after testing chi square. Still an attempt to increase the financial literacy to 100% can achieve by focusing on the above less financial literate group.

KEYWORDS

Kutch, Financial literacy.

INTRODUCTION

Enhancing knowledge about the new products and services in the financial markets is an imperative for the middle and lower-middle income groups of people who are participating in these markets either as savers or borrowers or both. For instance, there are a large number of people who have a bank account but refrain from participating in other financial market segments such as equity, currency, and commodity because of lack of knowledge. Financial literacy is all about creating awareness on the functioning of such markets and also about the fact that these market segments provide relatively higher returns as compared to other investments over a long period of time. According to OECD, "Financial literacy is a combination of financial awareness, knowledge, skills, attitude, and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing."

Financial literacy in recent years has gained the interest of different groups including governments, bankers, employers, community interest groups, financial markets and other organizations especially in developed countries. The importance of improving financial literacy has increased due to different factors including the development of new financial products, the complexity of financial markets and the changes of political, demographic and economic factors.

IMPORTANCE OF FINANCIAL LITERACY

In India over the last two decades financial markets have been liberalized and deregulated. As a result, credit has become easier to obtain and financial institutions compete strongly with each other for market share. The growing complexity of financial products over the past decade, coupled with financial innovations, and the increasing transfer of financial risks to households, have put enormous pressure and responsibilities on shoulders of individuals. Financial illiteracy or low of financial literacy is resulted into the lack of healthy financial ways of thinking, lack of necessary financial knowledge and difficulties in applying financial knowledge.

NEED OF FINANCIAL LITERACY

Across the world, people are being asked to assume more responsibility for their financial well-being. This responsibility is paired with financial instruments that are increasingly complex. Rules and terms for credit cards, mortgages, lines of credit and other vehicles for borrowing have changed substantially, often providing more exposure to risk. Similarly new financial instruments like, REITs (Real Estate Investment Trust), FMP (Fixed Maturity Plans), SIP(Systematic Investment Plans), ULIP (Unit Linked Insurance Plan), IIB (Inflation Index Bonds), Diversified & Thematic Mutual funds etc have created more confusion for layman when it comes to selecting instrument for investment purpose.

The assumption of financial literacy affecting economic wellbeing is tested by researchers and found to be valid.

SCENARIO IN INDIA

India is at the bottom among 16 countries in the Asia-pacific region with 59 index points, according to the annual MasterCard's index for financial literacy. Only Japan fared worse with 57 points. The index is based on a survey conducted between April 2013 and May 2013 with 7,756 respondents aged 18-64 years. The survey polled consumers on three aspects—basic money management (50% weight), financial planning (30% weight) and investment (20% weight)—to arrive at the overall financial literacy index. On individual parameters, India scored 50 index points in basic money management, which was lowest among 16 countries. With respect to financial planning, which involves savings and planning for the unexpected and retirement, India showed improvement from the last round of survey and scored 76 index points and for investments it scored 58, one index point lower compared with last year.

KUTCH

Kutch is second largest district in India and largest district in the state of Gujarat. Bhuj, Anjar, Mandvi, Mundra, Abdasa-Nalia, Lakhpat, Rapar, Bhachau and Nakhatrana are Talukas of Kutch. Kutchi is the main language of kutch people. Kachchh a district of Gujarat, Kutch has a population of more than 20 lac. Average literacy rate of Kachchh in 2011 was 70.59 compared to 59.79 of 2001. If things are looked out at gender wise, male and female literacy were 79.40 and 60.87 respectively. Though the literacy rate increased 10% approx in a decade, it is equally important to measure the financial literacy rate.

The town of Madhapar, with a population of fewer than fifteen thousand people, some 3 km from the main town of Bhuj in the province of Kutch (Gujarat), is one of the wealthiest towns in the area with an average GDP of \$12,000 per person. Madhapar is also statistically wealthiest village in the whole of Southern Asia.

LITERATURE REVIEW

Jhariwala & Sharma (2011), in their conceptual paper on "Financial Literacy: a call on action", emphasized that financial services are becoming freely accessible, but, increasingly complex financial services market offers the consumers myriad of products with intricate features and services, which leave many people ill

equipped to cope up with the sophisticated financial needs. The economies around the world have increasingly considered financial literacy as a key pillar for the development of financial system of a country. As financial markets become more sophisticated and households assume a growing share of the responsibility and risk for financial decisions, financial education is necessary to ensure sufficient levels of investors and consumer protection as well as the smooth functioning of the financial markets.

Cutler et. al (1996), mentions in “Financial Literacy 2000”, that when it comes to personal financial planning, the country needs more financial literacy. Lusardi (2013), in an article “Financial Literacy around the world”, mentioned the world statistics of financial literacy across 8 countries. The survey consisted of questionnaire focusing on understanding of numeracy, inflation and risk diversification. Poor financial literacy across all countries was observed giving a clue that financial knowledge should not be taken for granted, not even in countries with well-developed markets. Moreover, particular groups notably the young, the old, women, those not working and those with low education levels must manage with very weak levels of financial literacy, a pattern that is consistent across borders. The financial security of these groups may be at risk, since a strong link has been found between financial literacy and retirement planning. Across countries, knowledge of risk diversification was very low but is a key element for retirement planning.

Tamimi & Kalli (2009), in their paper “Financial literacy and investment decisions of UAE investors”, found that the financial literacy of UAE investors is far from the needed level. The financial literacy level was found to be affected by income level, education level, and work place activity. High-income respondents hold high educational degrees, and those who work in the field of finance/banking or investment had as expected a higher financial literacy level than others. The level of financial literacy was found as well between the respondents according to their gender. Specifically, women have a lower level of financial literacy than men.

Ibrahim & Alqaydi (2013), in their paper “Financial Literacy, Personal Financial Attitude, and Forms of Personal Debt among Residents of the UAE”, examined financial literacy among a sample of individuals residing in the United Arab Emirates (UAE) and its relation to different forms of personal debt. These forms of personal debt include bank loans, borrowing from friends and/or family members, and borrowing through credit cards. Usable responses were about 45% of the sample (412) and were subjected to descriptive statistics, reliability analysis, and t-tests. The results indicate that the average level of financial literacy in UAE (0.433) is statistically significantly below the average level reported in the literature (about 0.50). However, there were no significant differences between the mean score of males and females. The results also indicate that individuals with strong financial attitude tend to borrow less from credit cards. UAE nationals are more likely to borrow from banks than using credit cards or borrowing from friends/or family members.

DATA & METHODOLOGY

An Exploratory research study was undertaken with Population as resident of Kutch and Sampling method was convenience sampling. Sample size of 100 respondents was taken from Kutch.

Questionnaire captured 17 questions on important dimension of financial literacy like numeracy, conceptual clarity of instruments and attitude. Demographic information like age, gender, marital status, income, experience, and education qualification were also captured. The answers of financial literacy were marked and total out 50 was categorized in low literacy (<=20 marks), medium literacy (>20 and <=35 marks) and high literacy (>35 marks).

TABLE 1: DESCRIPTIVE STATISTICS

	N	Skewness	
		Statistic	Std. Error
Financial literate or not literate	100	-.142	.337
Gender	100	1.256	.337
Marital status	100	.415	.337
Years of Work Experience	100	-.041	.337
Years of Age	100	.206	.337
Annual income	100	.318	.337
Occupation	100	-.060	.337
Educational Qualification	100	-1.163	.337
Valid N (listwise)	100		

For examining the normality of distribution, skewness was considered. From table 1 it can be inferred that except gender and educational qualification, skewness is approximately symmetric as it lies between -0.5 and 0.5.

TABLE 2: STATISTICS (Financial literate or not literate)

N	Valid	100
	Missing	0
Mean	2.08	
Std. Deviation	.774	

TABLE 3: FINANCIAL LITERATE OR NOT LITERATE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low Financially Illiterate	26	26.0	26.0	26.0
	Medium Financially Literate	40	40.0	40.0	66.0
	High Financially Literate	34	34.0	34.0	100.0
	Total	100	100.0	100.0	

Refereeing to Table 4 of Descriptive statistical analysis, it says that 76% of respondents were male and 24% female. Approx 19% of male respondent were categorized in low financial literacy and 81% in moderate and high financial literacy. Approx 26% of female belonged to low financial literacy category and 74% in moderate and high financial literacy category. So it can be said that females in Kutch are slightly less financial literate than males.

TABLE 4: FINANCIAL LITERACY * GENDER CROSSTAB

			Gender		Total
			Male	Female	Male
Financial literate or not literate	Low Financially Literate	Count	14	12	26
		% within Financial literate or not literate	53.8%	46.2%	100.0%
		% within Gender	18.4%	50.0%	26.0%
		% of Total	14.0%	12.0%	26.0%
	Medium Financially Literate	Count	34	6	40
		% within Financial literate or not literate	85.0%	15.0%	100.0%
		% within Gender	44.7%	25.0%	40.0%
		% of Total	34.0%	6.0%	40.0%
	High Financial Literate	Count	28	6	34
		% within Financial literate or not literate	82.4%	17.6%	100.0%
		% within Gender	36.8%	25.0%	34.0%
		% of Total	28.0%	6.0%	34.0%
Total		Count	76	24	100
		% within Financial literate or not literate	76.0%	24.0%	100.0%
		% within Gender	100.0%	100.0%	100.0%
		% of Total	76.0%	24.0%	100.0%

31% of married, 25% of Engaged & 19% of single respondents were categorized in low financial literacy and rest in moderate and high financial literacy. Means singles are more financial literate than married. This is alarming situation because with marriage you shoulder more responsibility and you cannot afford to take wrong decision with respect to your financial instrument selection. For work experience category percentages of low financial literacy for <2 years, >=2 and <5 and >5 years of experience are 26%, 33% and 25% respectively which may not be of any conclusive purpose.

With respect to age category percentage of low financial literacy for 18-22, 23-29, 30-39 and >=40 are 33%, 20%, 25% and 31%. So it means that the age group between 23-29 is more financial literate than other age group followed by 30-39. The age group of 18-22 has been low financial literate. This highlights the contribution of schools/colleges is not enough in making financial literate students/people.

Interestingly annual income group of > 5 lac per annum are 80-86% financially literate and annual income group < 5 lac per annum are 67-72% financially literate. It gives a hint of more wealth brings more financial literacy to some extent.

Educational qualification in category of less than 7 standard, 33% of them were low financial literate, while undergraduates 31% and postgraduates 21%. Surprisingly undergraduation does not add to financial literacy, contrary deteriorate the early learning too.

ASSOCIATION BETWEEN FINANCIAL LITERACY AND DEMOGRAPHIC VARIABLES

In order to check the association of financial literacy with demographic variables chi square test was performed since the sample size was small.

Following hypothesis were established for chi square test

H1 = There is no association between financial literacy and gender

H2 = There is no association between financial literacy and marital status

H3 = There is no association between financial literacy and work experience

H4 = There is no association between financial literacy and age

H5 = There is no association between financial literacy and annual income

H6 = There is no association between financial literacy and education qualification

And alternate hypothesis being : There is an association between financial literacy and demographic variable.

TABLE 5: FINANCIAL LITERACY * GENDER (Chi-Square Tests)

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.762(a)	2	.092
Likelihood Ratio	4.411	2	.110
Linear-by-Linear Association	2.839	1	.092
N of Valid Cases	100		

a 3 cells (50.0%) have expected count less than 5. The minimum expected count is 3.12.

From the above table 5 you can see that Asymp sig value is 0.092 which is greater that 0.05 so you accept the null hypothesis. This means there is no association between financial literacy and gender.

Similarly Crosstabulation and Chi-Square tests of other demographic variables such as marital status, work experience, age, annual income, occupation and education qualification with financially literacy has been performed and results are tabulated and are visible in annexure (Table 6 to 17).

TABLE 6: FINANCIAL LITERATE OR NOT LITERATE * MARITAL STATUS CROSSTABULATION

			Marital status			Total
			Married	Engaged	Single	
Financial literate or not literate	Low Financially Illiterate	Count	16	4	6	26
		% within Financial literate or not literate	61.50%	15.40%	23.10%	100.00%
		% within Marital status	30.80%	25.00%	18.80%	26.00%
		% of Total	16.00%	4.00%	6.00%	26.00%
	Medium Financially Literate	Count	18	8	14	40
		% within Financial literate or not literate	45.00%	20.00%	35.00%	100.00%
		% within Marital status	34.60%	50.00%	43.80%	40.00%
		% of Total	18.00%	8.00%	14.00%	40.00%
	High Financially Literate	Count	18	4	12	34
		% within Financial literate or not literate	52.90%	11.80%	35.30%	100.00%
		% within Marital status	34.60%	25.00%	37.50%	34.00%
		% of Total	18.00%	4.00%	12.00%	34.00%
Total		Count	52	16	32	100
		% within Financial literate or not literate	52.00%	16.00%	32.00%	100.00%
		% within Marital status	100.00%	100.00%	100.00%	100.00%
		% of Total	52.00%	16.00%	32.00%	100.00%

TABLE 7: CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.250 ^a	4	0.87
Likelihood Ratio	1.282	4	0.864
Linear-by-Linear Association	0.324	1	0.569
N of Valid Cases	100		

a. 4 cells (44.4%) have expected count less than 5. The minimum expected count is 2.08.

TABLE 8: FINANCIAL LITERATE OR NOT LITERATE * YEARS OF WORK EXPERIENCE CROSSTABULATION

			Years of Work Experience			Total
			Less than two years	Less than five years	Five years or more	
Financial literate or not literate	Low Financially Illiterate	Count	12	2	12	26
		% within Financial literate or not literate	46.20%	7.70%	46.20%	100.00%
		% within Years of Work Experience	26.10%	33.30%	25.00%	26.00%
		% of Total	12.00%	2.00%	12.00%	26.00%
	Medium Financially Literate	Count	18	2	20	40
		% within Financial literate or not literate	45.00%	5.00%	50.00%	100.00%
		% within Years of Work Experience	39.10%	33.30%	41.70%	40.00%
		% of Total	18.00%	2.00%	20.00%	40.00%
	High Financially Literate	Count	16	2	16	34
		% within Financial literate or not literate	47.10%	5.90%	47.10%	100.00%
		% within Years of Work Experience	34.80%	33.30%	33.30%	34.00%
		% of Total	16.00%	2.00%	16.00%	34.00%
Total	Count	46	6	48	100	
	% within Financial literate or not literate	46.00%	6.00%	48.00%	100.00%	
	% within Years of Work Experience	100.00%	100.00%	100.00%	100.00%	
	% of Total	46.00%	6.00%	48.00%	100.00%	

TABLE 9: CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.133 ^a	4	0.998
Likelihood Ratio	0.13	4	0.998
Linear-by-Linear Association	0	1	0.988
N of Valid Cases	100		

a. 3 cells (33.3%) have expected count less than 5. The minimum expected count is .78.

TABLE 10: FINANCIAL LITERATE OR NOT LITERATE * YEARS OF AGE CROSSTABULATION

			Years of Age				Total
			18 to 22	23 to 29	30 to 39	40 and over	
Financial literate or not literate	Low Financially Illiterate	Count	6	8	4	8	26
		% within Financial literate or not literate	23.10%	30.80%	15.40%	30.80%	100.00%
		% within Years of Age	33.30%	20.00%	25.00%	30.80%	26.00%
		% of Total	6.00%	8.00%	4.00%	8.00%	26.00%
	Medium Financially Literate	Count	6	20	6	8	40
		% within Financial literate or not literate	15.00%	50.00%	15.00%	20.00%	100.00%
		% within Years of Age	33.30%	50.00%	37.50%	30.80%	40.00%
		% of Total	6.00%	20.00%	6.00%	8.00%	40.00%
	High Financially Literate	Count	6	12	6	10	34
		% within Financial literate or not literate	17.60%	35.30%	17.60%	29.40%	100.00%
		% within Years of Age	33.30%	30.00%	37.50%	38.50%	34.00%
		% of Total	6.00%	12.00%	6.00%	10.00%	34.00%
Total	Count	18	40	16	26	100	
	% within Financial literate or not literate	18.00%	40.00%	16.00%	26.00%	100.00%	
	% within Years of Age	100.00%	100.00%	100.00%	100.00%	100.00%	
	% of Total	18.00%	40.00%	16.00%	26.00%	100.00%	

TABLE 11: CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.670 ^a	6	0.947
Likelihood Ratio	1.665	6	0.948
Linear-by-Linear Association	0.029	1	0.864
N of Valid Cases	100		

a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is 2.08.

TABLE 12: FINANCIAL LITERATE OR NOT LITERATE * ANNUAL INCOME CROSSTABLULATION

			Annual income				Total
			Under Rs. 1,20,000	Rs. 1,20,000 to Rs. 5,00,000	Rs. 5,00,000 to Rs. 10,00,000	Rs. 10,00,000 or more	
Financial literate or not literate	Low Financially Illiterate	Count	4	16	4	2	26
		% within Financial literate or not literate	15.40%	61.50%	15.40%	7.70%	100.00%
		% within Annual income	28.60%	33.30%	14.30%	20.00%	26.00%
		% of Total	4.00%	16.00%	4.00%	2.00%	26.00%
	Medium Financially Literate	Count	8	18	10	4	40
		% within Financial literate or not literate	20.00%	45.00%	25.00%	10.00%	100.00%
		% within Annual income	57.10%	37.50%	35.70%	40.00%	40.00%
		% of Total	8.00%	18.00%	10.00%	4.00%	40.00%
	High Financially Literate	Count	2	14	14	4	34
		% within Financial literate or not literate	5.90%	41.20%	41.20%	11.80%	100.00%
		% within Annual income	14.30%	29.20%	50.00%	40.00%	34.00%
		% of Total	2.00%	14.00%	14.00%	4.00%	34.00%
Total	Count	14	48	28	10	100	
	% within Financial literate or not literate	14.00%	48.00%	28.00%	10.00%	100.00%	
	% within Annual income	100.00%	100.00%	100.00%	100.00%	100.00%	
	% of Total	14.00%	48.00%	28.00%	10.00%	100.00%	

TABLE 13: CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.011 ^a	6	0.675
Likelihood Ratio	4.159	6	0.655
Linear-by-Linear Association	2.067	1	0.151
N of Valid Cases	100		

a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is 1.30.

TABLE 14: FINANCIAL LITERATE OR NOT LITERATE * OCCUPATION CROSSTABLULATION

			Occupation					Total
			Agriculture and its allied activities	Government employee	Private sector employee	Self-employment	Professional	
Financial literate or not literate	Low Financially Illiterate	Count	4	6	4	10	2	26
		% within Financial literate or not literate	15.40%	23.10%	15.40%	38.50%	7.70%	100.00%
		% within Occupation	100.00%	30.00%	10.00%	35.70%	25.00%	26.00%
		% of Total	4.00%	6.00%	4.00%	10.00%	2.00%	26.00%
	Medium Financially Literate	Count	0	12	18	6	4	40
		% within Financial literate or not literate	0.00%	30.00%	45.00%	15.00%	10.00%	100.00%
		% within Occupation	0.00%	60.00%	45.00%	21.40%	50.00%	40.00%
		% of Total	0.00%	12.00%	18.00%	6.00%	4.00%	40.00%
	High Financially Literate	Count	0	2	18	12	2	34
		% within Financial literate or not literate	0.00%	5.90%	52.90%	35.30%	5.90%	100.00%
		% within Occupation	0.00%	10.00%	45.00%	42.90%	25.00%	34.00%
		% of Total	0.00%	2.00%	18.00%	12.00%	2.00%	34.00%
Total	Count	4	20	40	28	8	100	
	% within Financial literate or not literate	4.00%	20.00%	40.00%	28.00%	8.00%	100.00%	
	% within Occupation	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
	% of Total	4.00%	20.00%	40.00%	28.00%	8.00%	100.00%	

TABLE 15: CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.489 ^a	8	0.096
Likelihood Ratio	14.415	8	0.072
Linear-by-Linear Association	1.429	1	0.232
N of Valid Cases	100		

a. 11 cells (73.3%) have expected count less than 5. The minimum expected count is .52.

TABLE 16: FINANCIAL LITERATE OR NOT LITERATE * EDUCATIONAL QUALIFICATION CROSSTABLULATION

			Educational Qualification						Total
			Up to standard 7	SSC	HSC	Under Graduate	Post Graduate	Other	
Financial literate or not literate	Low Financially Illiterate	Count	4	2	2	8	10	0	26
		% within Financial literate or not literate	15.40%	7.70%	7.70%	30.80%	38.50%	0.00%	100.00%
		% within Educational Qualification	66.70%	25.00%	25.00%	30.80%	20.80%	0.00%	26.00%
		% of Total	4.00%	2.00%	2.00%	8.00%	10.00%	0.00%	26.00%
	Medium Financially Literate	Count	0	6	4	12	18	0	40
		% within Financial literate or not literate	0.00%	15.00%	10.00%	30.00%	45.00%	0.00%	100.00%
		% within Educational Qualification	0.00%	75.00%	50.00%	46.20%	37.50%	0.00%	40.00%
		% of Total	0.00%	6.00%	4.00%	12.00%	18.00%	0.00%	40.00%
	High Financially Literate	Count	2	0	2	6	20	4	34
		% within Financial literate or not literate	5.90%	0.00%	5.90%	17.60%	58.80%	11.80%	100.00%
		% within Educational Qualification	33.30%	0.00%	25.00%	23.10%	41.70%	100.00%	34.00%
		% of Total	2.00%	0.00%	2.00%	6.00%	20.00%	4.00%	34.00%
Total		Count	6	8	8	26	48	4	100
		% within Financial literate or not literate	6.00%	8.00%	8.00%	26.00%	48.00%	4.00%	100.00%
		% within Educational Qualification	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
		% of Total	6.00%	8.00%	8.00%	26.00%	48.00%	4.00%	100.00%

TABLE 17: CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.166 ^a	10	0.345
Likelihood Ratio	13.364	10	0.204
Linear-by-Linear Association	3.822	1	0.051
N of Valid Cases	100		

a. 14 cells (77.8%) have expected count less than 5. The minimum expected count is .52.

Summarised tabular representation of other demographic variables chi square test is visible in Table 18

TABLE 18: CHI SQUARE TEST SUMMARY

Hypothesis	Asymp. Sig. (2-sided) Chi sqr value	Accept / Reject Hyp
No association between financial literacy and marital status	0.87	Accept
No association between financial literacy and work experience	0.998	Accept
No association between financial literacy and age	0.947	Accept
No association between financial literacy and annual income	0.675	Accept
No association between financial literacy and education qualification	0.345	Accept

So Chi Square finds no proofs of association between financial literacy and demographic variables of kutch sample

CONCLUSION

The study indicated that the financial literacy of Kutch is on an average 74%. Females are found to be slightly less financial literate than men. Moreover single status group are more financial literate than married which is alarming situation and there is a serious need to train married on financial literacy in order to improve financial wellbeing of their families. It is found that age group between 23-29 is more financial literate than any other age group, while reverse is that case with age group 18-22. This again need an attention and an action plan to help college impart better financial program learning in order to improve the financial literacy of age group which belong to college going students.

High income group (>5 lac pa) people were found to be more financial literate than people with less income group. The focus of imparting financial program training should be accordingly for low income group. In educational qualification, as expected less qualified respondent are less financial literate. Surprisingly undergraduation does not add to financial literacy, contrary deteriorate the early learning too.

Analysis of chi square does not signify any association between financial literacy and other demographic variables.

FUTURE SCOPE AND LIMITATION

1. This study was done only from responded of Gandhidham, Bhuj, Mandvi and Mundra.
2. The sample size was very limited it can be done for more respondents.
3. More questions can be incorporated to capture true picture of financial literacy.

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HUMAN RESOURCE VALUE ADDED AND REPORTING (A CASE STUDY OF STEEL AUTHORITY OF INDIA LTD.)

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ABSTRACT

Human resource is backbone of any organization. It's evident from the fact that it's very complex to find highly skilled, creative and knowledgeable people in today's world. Even in this era of computerization and automation, it's impossible to replace their creativity and ability by machines. Most of top managements have sidelines importance of human resource since long and are not very serious about it. So at this point of time, it is essential to highlight importance of such a critical resource and to find ways for continuous development of it. This paper aims to provide a framework for calculating Human Resource Value Added to a company and to analyze Human Resource Value Added of a public sector undertaking in India. The sample company selected for the study is Steel Authority of India Limited. This paper is an attempt to make an empirical study of Steel Authority of India Limited for measuring the performance from 2004-05 to 2013-14 through generation of human resource value added, application of human resources value added, various ratios relating to human resource value added and with the help of some statistical techniques. The analysis of this study clearly signifies that how management of the company can leverage Human Resource Value Added to improve employee satisfaction and in turn their contribution in organizational growth but it also ensures that an organization fulfills its responsibility towards the society at large.

KEYWORDS

application, generation, human resource value added, human resource value added ratios.

INTRODUCTION

Human resource is the set of individuals who make up the workforce of an organization, business sector, or economy. "Human capital" is sometimes used synonymously with human resources, although human capital typically refers to a more narrow view (i.e., the knowledge the individuals embody and can contribute to an organization). Likewise, other terms sometimes used include "manpower", "talent", "labour", or simply "people". During the past decade, there has been a growing interest in the idea of accounting for people as organizational resources universally. The main thrust of Human Resource Value Added (HRVA) is to identify, quantify and report investments made on human resources of an organization that are not presently accounted for under conventional accounting practice. This study assesses the concept of HRVA. Human Resource Value Added (HRVA) is the value added by employees in total value added. The Value added is "Sales value less the cost of bought-in goods and services used for producing those sales". Value added in the product is the utility added in the raw material by various factors of production. A utility in the product is added by the providers of capital by providing adequate amount of capital, by government by providing infrastructure facilities and employees by doing the manual work. Human resource value added (HRVA) will be of immense use to an organization to understand this importance of human resource in any organization's growth.

SIGNIFICANCE OF THE STUDY

This paper is significant in the sense that it defines the employee's contribution to total value addition of the firm. This study is significant, as an effort has been made to suggest a suitable method to prepare human resource value added statement.

This research will break fresh ground in the field of Human Resource Value Added (HRVA). It will go a long way towards helping the management assess the contribution of human resources in value addition.

OBJECTIVES

- a. To identify and measure the contribution of employees in value addition
- b. To understand the usefulness of HRVA ratios.
- c. To compute human resource value added ratios and analyze them.

RESEARCH METHODOLOGY

The present study is an empirical based on secondary data. The study covers a period of ten years from 2004-05 to 2013-14 of Steel Authority Of India Limited. The relevant data has been collected through the published Annual Reports and Accounts of the company under study. To supplement the data so collected from annual reports and accounts, other publications newspapers, journals and magazines etc. have also been consulted in the present study. Editing, classification and tabulation of the financial data collected from the above mentioned sources have been done as per requirement of the study. For the analysis of human resource value added data are analyzed with the help of human resource value added statement and some ratios based on such statement. In order to assess the behavior of the data simple statistical techniques i.e. Mean, and Regression Analysis has been used and to examine whether the differences between actual values and calculated values are significant or not, the chi-square test has been made use of.

RESULTS & DISCUSSION

There are two types of assets employed in any organizational system mainly live and non-live. Non-live assets include land and building, furniture, machinery, equipments and raw materials while live assets include human resources and animal resources. Human resources are used in the form of workers, executives, non-executives and so on. These may be male as well as female.

Energy, power and various others mechanical forms of operations are performed to make non-live assets productive and useful. The live assets in the form of human resources apply their intelligence and muscle power to use non-live assets. Non-live assets will remain idle or unproductive until and unless these are combined with the efforts of live assets. Therefore, live assets in the form of human resources are more important as compared to non-live asset.

So far economists and accountants recognize non-live assets like land and building, machinery etc. but while representing assets in the Balance Sheet the human assets are left out.

The value addition in any form of material is essentially done through the use of human resources. Although it is difficult to measure the contribution of human resource in the form of value added but into the economic condition, prevailing social circumstances and accounting practices the payment made to employees in various forms may be taken as the value added by the employees. In the present study the payment made to employees in the form of salary and wages, perquisites, facilities and provisions have been taken as the value added by the employees as human resource value added.

The Human Resource Value Added Statement has been prepared in two parts viz., (A) and (B). Part (A) reveals the generation of Value Added while part (B) deals with the application of Value Added. The figure of Human Resource Value Added has been arrived at by adding salaries and wages, provident fund, welfare expenses and provision for gratuity.

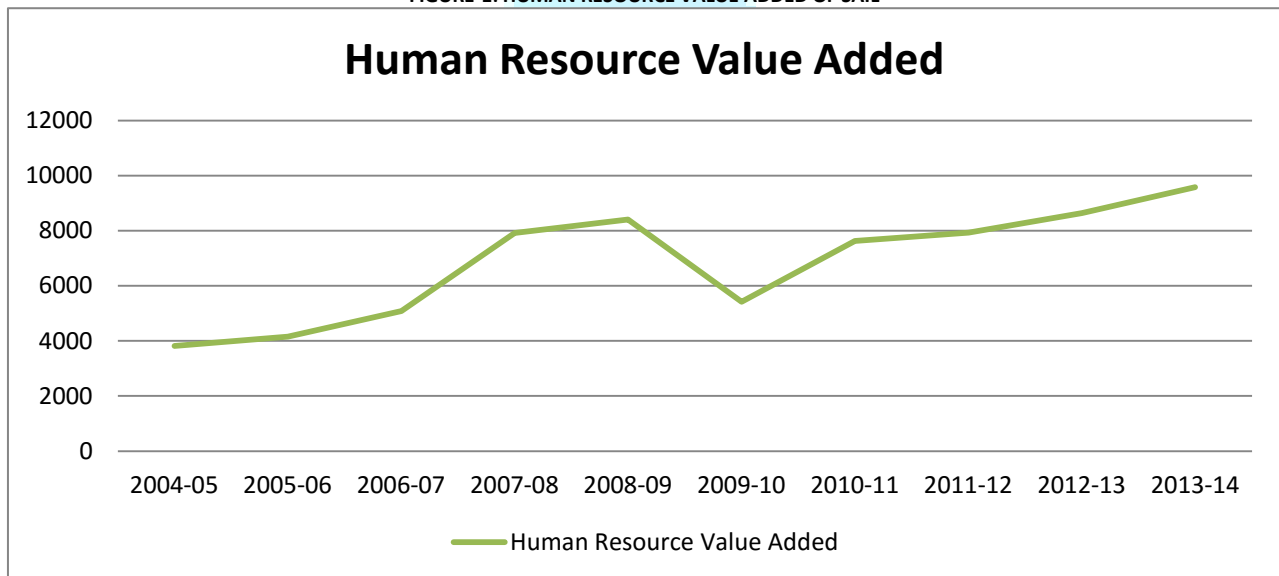
Table 1.0 shows the Human Resource Value Added Statement of Steel Authority of India Limited (SAIL) for the years 2004-05 to 2013-14. The absolute figures of Human Resource Value Added (HRVA) showed an increasing trend throughout the study period (2004-05 to 2013-14) and so was the index number of Human Resource Value Added except 2009-10. The lowest figure of Human Resource Value Added was in the year 2004-05 at ₹ 3811.45 crores and that of highest in 2013-14 at ₹ 9578.51crores showing a range of ₹ 5767.06 crores which is very high value. The index number of HRVA was 100.00 in 2004-05 which increased to 109.06 in 2005-06,133.48 in 2006-07,207.77 in 2007-08 while it declined to 142.12 in 2009-10 due to less payment made to employees in the form of salary and wages. "The impact of estimated provision for salaries and wages was due to wage revision implemented w.e.f. 1.1.2007." In 2010-11 it bounced back to 200.01. In 2011-12 it again increased to 208.11, 226.61 in 2012-13 and further went up to 251.31 in 2013-14. This shows that company is spending handsome amount on the welfare of employees. "SAIL recognizes contribution of its Human Resources (HR) in providing the competitive advantage. SAIL has achieved its present level of excellence investing in its human resource." It is suggested to keep up the trend so that the company continues to receive employees' co-operation.

TABLE 1.0: STEEL AUTHORITY OF INDIA LIMITED.: HUMAN RESOURCE VALUE ADDED STATEMENT 2004-05 TO 2013-14 [₹ in Crores]

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
(A) Generation of Value Added										
Employee contribution	3811.45	4156.69	5087.42	7919.02	8401.51	5416.81	7623.33	7932.05	8637.2	9578.51
Human Resource Value Added	3811.45	4156.69	5087.42	7919.02	8401.51	5416.81	7623.33	7932.05	8637.2	9578.51
Indices of HRVA [2004-05=100]	100	109.06	133.48	207.77	220.43	142.12	200.01	208.11	226.61	251.31
(B) Application of Value Added										
Salaries and Wages	2836.85	3348.53	4108.79	6749.18	6827.03	3476.61	6225.68	6728.85	6950.62	7767.04
Provident Fund	245.95	304.31	325.61	335.59	374.68	512.27	505.71	531.5	554.61	861.56
Welfare Exp	281.47	184.91	261.56	336.93	473.95	563.94	670.68	440.63	486.67	51.57
Gratuity	447.18	318.94	391.46	497.32	725.85	863.99	221.26	231.07	645.3	898.34
Human Resource Value Added	3811.45	4156.69	5087.42	7919.02	8401.51	5416.81	7623.33	7932.05	8637.2	9578.51
Indices of HRVA	100	109.06	133.48	207.77	220.43	142.12	200.01	208.11	226.61	251.31

Source: Computed and Compiled on the basis of information available in Annual Reports of SAIL from 2004-05 to 2013-14

FIGURE-1: HUMAN RESOURCE VALUE ADDED OF SAIL



Source: Table-1.0

RATIO OF HUMAN RESOURCE VALUE ADDED TO SALES

This ratio of Human Resource Value Added to Sales has been calculated by dividing the amount of Human Resource Value Added by the amount of Sales.

$$\text{Human Resource Value Added to Sales Ratio} = \frac{\text{Human Resource Value Added}}{\text{Sales}} * 100$$

This ratio indicates the margin of earnings contributed by the human resources. The higher ratio will indicate prosperity and employees' satisfaction. It will also cause less union conflicts in the company. Lower ratio will indicate lower contribution of employees.

HUMAN RESOURCE VALUE ADDED TO SALES RATIO OF SAIL

TABLE 2.0

Year	Sales	HRVA	Ratio (%)
	(₹ in crores)	(₹ in crores)	
2004-05	31800.02	3811.45	11.99%(L)
2005-06	32279.75	4156.69	12.88%
2006-07	39188.66	5087.42	12.98%
2007-08	45555.34	7919.02	17.38%
2008-09	48681.39	8401.51	17.26%
2009-10	43934.7	5416.81	12.33%
2010-11	47040.5	7623.33	16.21%
2011-12	50375.02	7932.05	15.75%
2012-13	49384.57	18637.2	17.49%
2013-14	51891.9	9578.51	18.46%(H)

Source: Computed and Compiled from Annual Report of SAIL from 2004-05 to 2013-14 and Table1.0

In SAIL, the ratio of Human Resource Value Added to Sales marked a fluctuating trend throughout the study period. The lowest figure of HRVA to Sales ratio was 11.99 per cent in the year 2004-05 and that of highest in 2013-14 at 18.46 percent showing a range of 6.47 percent. There was an increasing trend in four subsequent years as it was 11.99 percent in 2004-05, 12.88 percent in the year 2005-06, 12.98 percent in 2006-07 and 17.38 percent in 2007-08 but it decreased to 17.26 percent in 2008-09. It again decreased to 12.33 in 2009-10. It was 16.21 per cent in 2010-11 but it decreased to 15.75 per cent in the next year (2011-12)

while in the year 2012-13 it increased to 17.49 percent and 18.46 percent in 2013-14. Thus there was a fluctuating trend in the ratio during the study period. On the whole the ratio of Human Resource Value Added to Sales is satisfactory. The company should try to increase this ratio by providing better amenities and prerequisites to the employees.

To examine the effect of the Sales on Human Resource Value Added regression analysis has been used. The regression equation for Y on X being:

$$Y = a + bX$$

Where Y represents computed or estimated value of dependent variable i.e., Human Resource Value Added, whereas X represents Sales which is taken as independent variable. In the present study, short cut method has been used to calculate the value of regression coefficient. The calculation of regression equation of Y on X as stated above will be as under:

$$y = a + bX$$

Or

$$(Y - \bar{Y}) = byx(X - \bar{X})$$

$$byx = \frac{N \sum dxdy - \sum dx \sum dy}{N \sum dx^2 - (\sum dx)^2}$$

Where,

The value of byx shows how much a unit change in sales (i.e. X) is expected to affect human resource value added (i.e. Y). The values of constants for SAIL are as follows:

$$byx = 0.27, \bar{X} = 4401.3, \bar{Y} = 685.7$$

So the regression equation comes to

$$Y = 0.27X - 502.65$$

TABLE 3.0: STEEL AUTHORITY OF INDIA LIMITED.: REGRESSION ANALYSIS OF HUMAN RESOURCE VALUE ADDED (2004-05 TO 2013-14) [₹ in Ten crores]

Year	Sales (X)	Human Resource Value Added (Y)	Expected Human Resource Value Added [E (Y)]
2004-05	3180	381	355.95
2005-06	3228	416	368.91
2006-07	3919	509	555.48
2007-08	4556	792	727.47
2008-09	4868	840	811.71
2009-10	4393	542	683.46
2010-11	4704	762	767.43
2011-12	5038	793	857.61
2012-13	4938	864	830.60
2013-14	5189	958	898.38
	ΣX=44013	ΣY = 6857	Σ[E(Y)] = 6857

Source: Table-2.0

It is clear from Table 3.0 that a unit change in sales is likely to affect Human Resource Value Added to the extent of 0.27 in the same direction. A comparison of actual HRVA with expected HRVA, calculated with the help of regression equation, reveals that the company was able to generate more value than what was expected from it in the years 2004-05, 2005-06, 2007 -08, 2008- 09, 2012-13 and 2013-14. During the rest of the years of the study period, the company generated less value than what was expected from it. The differences between the original HRVA and expected HRVA were very high during the years 2007-08 being ₹ 645.3 crores (positive) and 2009-10 being ₹ 1414.6 crores (negative).

To test the significance of differences between actual and expected figures, chi-square test has been applied. Calculation of chi-square of actual amount of Human Resource Value Added and expected Human Resource Value Added has been given in Table 4.0

TABLE - 4.0: STEEL AUTHORITY OF INDIA LTD.: χ² ANALYSIS OF HUMAN RESOURCE VALUE ADDED (2004-05 TO 2013-14) [₹ in Ten crores]

Year	Human Resource Value Added (O)	Expected Human Resource Value Added (E)*	(O - E)	(O - E) ²	(O - E) ² / E
2004-05	381	355.95	25.05	627.5	1.76
2005-06	416	368.91	47.09	2217.47	6.01
2006-07	509	555.48	-46.48	2160.39	3.89
2007-08	792	727.47	64.53	4164.12	5.72
2008-09	840	811.71	28.29	800.32	0.99
2009-10	542	683.46	-141.46	20010.93	29.28
2010-11	762	767.43	-5.43	29.49	0.04
2011-12	793	857.61	-64.61	4174.45	4.87
2012-13	864	830.60	33.39	1114.89	1.34
2013-14	958	898.38	59.62	3554.54	3.96
	ΣO = 6857	ΣE = 6857.0			Σ $\frac{(O-E)^2}{E}$ = 57.86

Source: Table-2.0

E=E(Y) calculated with the help of regression equation.

$$\chi^2 = \sum \frac{(O - E)^2}{E} = 57.86$$

$$v = (n - 1) = 9; \chi^2_{0.05} = 16.9$$

The calculated value of chi-square comes to 57.86 whereas the table value of chi-square for 9 degree of freedom i.e., (v) at 5 per cent significance level is 16.9. The calculated value being higher than the table value, hence the differences between actual HRVA and expected HRVA were significant. It means HRVA during the study period were not satisfactory. The main reason of significant difference was disproportionate increase in the amount of human resource value added. The company failed to generate adequate amount of HRVA during 2006-07, 2009-10, 2010-11 and 2011-12 which resulted into a deficiency of actual HRVA as compared to estimated HRVA during these years. It is therefore suggested that the company should try to generate adequate human resource value added as was during the years 2005-06, 2012-13 and 2013-14. The efforts to increase the HRVA will have two-fold impact firstly it will improve company's social goodwill and secondly it will satisfy better the employees' expectation.

OTHER RATIOS

HUMAN RESOURCE VALUE ADDED TO TOTAL VALUE ADDED

This ratio has been calculated by dividing the amount of Human Resource Value Added by the amount of Total Value Added.

$$\text{Human Resource Value Added to Total Value Added} = \frac{HRVA}{\text{Total Value Added}}$$

TABLE 5.0

Year	HRVA	Total Value Added	Ratio
	[₹ in crores]	(₹ In crores)	
2004-05	3812	16257	23.45%
2005-06	4157	13385	31.06%
2006-07	5087	16051	31.70%
2007-08	7919	20874	37.94%
2008-09	8402	19345	43.43%
2009-10	5417	17289	31.33%
2010-11	7623	16742	45.53%
2011-12	7932	15328	51.75%
2012-13	8637	14028	61.57%
2013-14	9579	15489	61.84%

Source: Computed and Compiled from Annual Report of SAIL from 2004-05 to 2013-14 and Table1.0

The total value added is made of four contributors: Employees, Government, Providers of Capital, Shareholders or Owners and the remainder of the value added is reinvested in the business. The 'Human Resource Value Added' to 'Total Value Added' indicates the contribution of value added by human resources. During the study period i.e. 2004-05 to 2013-14, the Human Resource Value Added to Total Value Added Ratio is satisfactory. This ratio registered an upward trend. Human resource is a very important part of a company and company is paying a satisfactory amount of total value added to employees. It is therefore suggested that the company should try to keep up the trend.

HUMAN RESOURCE VALUE ADDED TO TOTAL CAPITAL EMPLOYED

This ratio has been calculated by dividing the amount of Human Resource Value Added by the amount of Total Capital Employed.

Human Resource Value Added to Total Capital Employed

$$= \frac{\text{Human Resource Value Added}}{\text{Total Value Employed}} * 100$$

TABLE 6.0

Year	HRVA	Total Capital Employed	Ratio
	[₹ in crores]	(₹ In crores)	
2004-05	3811.45	15781.51	24.15%
2005-06	4156.69	16684.00	24.91%
2006-07	5087.42	21364.52	23.81%
2007-08	7919.02	26049.33	30.40%
2008-09	8401.51	35711.00	23.53%
2009-10	5416.81	49827.95	10.87%
2010-11	7623.33	56444.00	13.51%
2011-12	7932.05	56131.00	14.13%
2012-13	8637.20	62622.00	13.79%
2013-14	9578.51	67947.00	14.10%

Source: Computed and Compiled from Annual Report of SAIL from 2004-05 to 2013-14 and Table1.0

It reveals the efficiency of capital utilization in generating the quantum of HRVA. The main purpose of computing this ratio is to find out how much is added per unit of capital investment. It shows earning power of employees on the investment of a concern. Higher ratio will indicate that the company is spending a good amount on the employees as a percentage of capital invested in the business. Lower ratio will reflect that the company is not doing a good job from the view point of employees. Table 6.0 shows fluctuating trend in the ratio of HRVA to Total Capital Employed. These ratios were minimum of 10.87 and maximum of 30.40.

HUMAN RESOURCE VALUE ADDED PER EMPLOYEE

This ratio has been calculated by dividing the amount of Human Resource Value Added by no. of employees. This ratio indicates the value added generated by an employee.

Human Resource Value Added per Employee

$$= \frac{\text{Human Resource Value Added}}{\text{No of Employees}}$$

TABLE 7.0

Year	HRVA	No. of Employees	HRVA per employee
	[₹ in lakh]		(₹ In Lakhs)
2004-05	381145	143075	2.66
2005-06	415669	138211	3.01
2006-07	508742	132973	3.83
2007-08	791902	128804	6.15
2008-09	840151	121295	6.93
2009-10	541681	116950	4.63
2010-11	762333	110794	6.88
2011-12	793205	106004	7.48
2012-13	863720	101878	8.48
2013-14	957851	97897	9.78

Source: Computed and Compiled from Annual Report of SAIL from 2004-05 to 2013-14 and Table1.0

Table 7.0 shows that the employees are adding value in an increasing trend except the year 2009-10. It was due to wage revision implemented w.e.f. 1.1.2007." Throughout the study period (2004-05 to 2013-14) there was a decreasing trend in the no. of employees. "The thrust on rationalization of manpower continued during the year. Manpower strength of SAIL as on 31st March, 2007 was 1,32,973 comprising 16,031 executives and 1,16,942 non-executives – with reduction of 5238 during the year, which included separation of 539."

CONCLUSION

Human Resource Value Added is a gesture to demonstrate organization's commitment towards its responsibility and sustainability. It is a tool through which organization extends dialogue with its human resources. It involves measurement and reporting of human resource related information. Based on the above analysis it is evident that HRVA in SAIL has shown an increasing trend throughout the study period except in one year (i.e. 2009-10 due to implementation of wage revision). A comparison of actual HRVA with expected HRVA, calculated with the help of regression equation, also reveals that the company was able to

generate more value than what was expected from it in the years 2004-05, 2005-06, 2007-08, 2008-09, 2012-13 and 2013-14. So it can be concluded that human resources are adding more and more value to an organization year on year and this study work can be of immense benefit for an organization to make calculative decisions on human resources.

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TREND ANALYSIS OF NPAs AND PROFITABILITY OF TOP TEN BANKS FROM 2011-2014

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ABSTRACT

NPAs (Non-Performing Assets) are an important parameter while analyzing not only the profitability of the banks but also the efficiency of banking operations. It not only causes the margins to decrease, but also affects liquidity and results in higher provisioning for doubtful debts. This study aims to assess the Non-Performing Assets of the top ten banks in India and its impact on the profitability of banking sector for a period of five years, from 2011-2014

KEYWORDS

NPA, banking operations.

INTRODUCTION**ECONOMIC REFORMS: A BRIEF BACKDROP**

A walk down history lane suggests that the chronic malaise of Bank Assets turning bad is deep rooted in the ultra-conservative economic policies adopted by the Indian Government during the 60s and the 70s. Fallouts from factors like protectionist policies, license raj and monopolized markets, to mention just a few, compounded to manifest themselves as widespread industrial sickness by the time the 80s came along. By 1985, the economy was facing serious balance of payment problems. These problems snowballed and by the end of 1990, the country was in the midst of a serious economic crisis. The government was on the brink of default, its central bank had refused new credit and the foreign exchange reserves could barely finance three weeks worth of imports. Ultimately, the government had to airlift national gold reserves as a pledge to the International Monetary Fund (IMF) in exchange for a loan to cover the balance of payments debt. This prompted the government to bring about urgent and large scale reforms across various sectors of the economy, especially in the Banking Sector. As a result, the Narasimham Committee-I was set up in 1991 to examine all aspects relating to the structure, functions and procedures of the financial system in India. The findings of the committee were subsequently tabled in the parliament, and a number of key reforms were introduced in the banking sector. The Narsimham Committee-II was tasked with the progress review of the implementation of the banking reforms initiated in 1992. The objective of the review was to further strengthen financial institutions in India. The Committee submitted its report on Banking Sector Reforms to the then Finance Minister Yashwant Sinha, in April 1998.

Both committees made several key observations and recommended significant changes in the Banking Sector in India. They identified NPAs as the single largest cause for concern for the sector. The Narsimham Committee-I concluded that 'priority sector lending' was leading to the buildup of Non-performing assets of the banks and was the main reason for reduced profitability of commercial banks in India. It recommended that 'priority sector lending' be gradually phased out. Subsequently, the Narsimham Committee-II also stressed the need for 'zero' non-performing assets for all Indian banks with international presence. It identified poor credit decisions, cyclical economic factors and behest-lending to be the major reasons for the huge buildup of Non-Performing Assets in Banks. The Committee suggested the creation of Asset Reconstruction Companies to take over the bad debts of banks, allowing them to start on a new slate. The Committee also suggested a proper system to identify and classify NPAs, NPAs to be brought down to 3% by 2002 and for an independent loan review mechanism for improved management of loan portfolios. The recommendations led to the introduction of a new legislation, subsequently implemented as the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002.

ECONOMIC REFORMS: THE GENERAL EFFECTS

As mentioned earlier, the year 1991 marks an important milestone in the history of the Indian Economy. The reforms undertaken as per the Liberalization policy implemented that year opened up Indian markets to foreign investors, thereby injecting the economy with much needed foreign investment, and brought about a revival in an economy that had been stagnating for years. The Pokhran tests of 1998 and the resulting economic sanctions on India did throw a spanner in the works towards the end of the 90s. However, beginning in the earlier part of the past decade, most of the sanctions were relaxed and foreign investment surged primarily on account of the nascent, yet growing, BPO & IT industry. This increased inflow of cash and resources into India was a major factor behind the growth in size and scale of banking operations in India, the origins of which can be traced back to the liberalization measures being adopted in 1991.

On the flip side, with the increase in size and scale of operations, banks have become even more exposed to default risk, i.e. losses owing to non-repayment of loans. On a year-on-year basis, banks have witnessed a disturbingly consistent increase in the amount of assets being categorized as non-performing. This is despite the fact that various reforms have been brought about to strengthen the functioning of the banking sector and to bring down the level of NPAs to a bare minimum. Yet, NPAs remain a major point of concern for Banks and Investors alike. Concerns have been expressed by the Governor of RBI Raghuram Rajan regarding the high level of NPAs in Public Sector Banks. The MD & CEO of ICICI bank, Chanda Kochar, has attributed the rise in NPAs to external factors. The Banking Sector is still edgy as Haldia Petrochemicals and Dabhol Power, to which banks have an exposure of over 50000 million Rupees and 85000 million Rupees respectively, are on the verge of going bad. Thus, the concerns are not misplaced; the malaise is not new.

NPA: DEFINITION AND CLASSIFICATION

In simple terms, an asset can be classified as Non-Performing when it ceases to generate any income for the bank.

The latest circular DBOD.No.BP.BC.9/21.04.048/2014-15 released by the Reserve Bank of India on July 1st, 2014 addressed to all Commercial Banks (excluding RRBs), serves to further refine the definition of and to elaborate on the conditions under which an asset is declared as non-performing. Basically, a non performing asset (NPA) is a loan or an advance where interest and/or instalment of principal remain overdue* for a period of more than 90 days in respect of a term loan.

ASSET CLASSIFICATION**CATEGORIES OF NPAs**

According to the latest circular pertaining to NPAs released by the RBI, banks are required to classify nonperforming assets further into the following three categories based on the period for which the asset has remained nonperforming and the realisability of the dues:

- i. **Substandard Assets**
- ii. **Doubtful Assets**
- iii. **Loss Assets**

SUBSTANDARD ASSETS

With effect from March 31, 2005, a substandard asset would be one, which has remained NPA for a period less than or equal to 12 months.

DOUBTFUL ASSETS

With effect from March 31, 2005, an asset would be classified as doubtful if it has remained in the substandard category for a period of 12 months.

LOSS ASSETS

A loss asset is one where loss has been **identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly**. In other words, such an asset is **considered uncollectible** and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value."

Provisions as prescribed by the RBI regarding nonperforming assets are as follows:

I SUB-STANDARD ASSET

A provision of 10 % is to be made from the profits in order to meet the profits generated from NPAs.

II DOUBTFUL ASSETS

There are three categories of doubtful assets and the provision for each one of them is as follows:

- D1 i.e. up to 1 year: 20 % provision is to be made by banks
- D2 i.e. up to 2 years: 30 % provision is to be made by banks.
- D3 i.e. up to 3 years: 100 % provision is to be made by banks.

III LOSS ASSETS

100 % provision is to be made for assets falling under this category.

REMEDIAL MEASURES BEING TAKEN AT PRESENT

In order to tackle the issues of growing amount of NPAs in the banking sector, the government, acting upon the recommendations of the Narasimhan Committee-II, introduced the SARFAESI Act (Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act), 2002. The act gave banks and other financial institutions the powers to take possession of the secured assets of the borrower, including transfer by way of lease, assignment or sale, so as to realize income due to them without the intervention of a court or tribunal. It prescribed the circumstances under which the banks could execute these powers. An amendment has been proposed in the SARFAESI Act during the winter session of the parliament. This amendment will allow banks to take over the management of companies that have willfully defaulted on loan repayment.

LITERATURE REVIEW

Various studies have been conducted in the past with the objective of understanding the impact that Non-Performing Assets have on the functioning and profitability of the Banking Sector in India.

Namita Rajput, Monika Gupta & Ajay Kumar Chauhan (*Profitability and Credit Culture of NPAs: An Empirical Analysis of PSBs*, 2012) found a negative relationship between the profitability measure and NPAs.

Dr. Sonia Narula & Monika Singla (*An Empirical Study on Non Performing Assets of Bank*, 2014) observed the performance of Punjab National Bank for a period of 6 years, from 2006-2012 and concluded that the relationship between NPAs and Profitability to be a positive one.

Meenakshi Rajeev & H P Mahesh (2010), in their working paper titled *Banking Sector Reforms and NPA: a study of Indian Commercial Banks* (2010), examine the trends of NPAs in India from various dimensions and explain how self-monitoring has been able to greatly reduce the problem. They are also able to illustrate that public sector banks which, to some extent, function with welfare motives, have been as successful in reducing NPAs as their counterparts in the private sector have been.

Prashant K Reddy (*A comparative study of Non-Performing Assets in India in the global context- similarities and dissimilarities, remedial measures*, 2003) studies the mechanisms adopted by other Asian countries in handling NPAs and further looks into the effects of the reforms on the level of NPAs in India. He further suggests mechanisms to handle the problem in India by drawing lessons from the means adopted to do the same in other countries.

Venkata V Vemula & Murali Mahalingam (*Non-Performing Assets: an Indian Perspective*, 2012) examine the various causes of rising NPAs in India and measures being taken to curb this menace.

Deepak K. & Margesh Wavhal (*Impending NPA crisis in Indian Banks & remedies*, 2014) examine whether the problem of loans going bad is a systemic problem or a monster created by banks themselves. The focus of their work of study is large corporations like Kingfisher Airlines and Bhushan Steele. They discuss the current magnitude of the problem and suggest measures to remedy the situation.

Pacha Malyadari & S. Sirisha (*A comparative Study of Non-Performing Assets in Indian Banking Industry*, 2011) examine trends of NPAs in weaker sections of the society in both public sector and private sector banks. They study data for a period of seven years i.e. from 2004-2010. Their paper concludes that asset quality of both public and private banks has improved consistently in the past few years as reflected by the decline in ratio of NPAs as a percentage of advances to weaker sections of the society.

Isaac K. Otchere (*Competitive and Value Effects of Bank Privatisation in developed countries*, 2005) conducted a study on the performance of privatized banks in middle and low-income countries, showing mixed results. The paper observes that private banks in developed countries have experienced significant improvements in operating performance during the period under study. Furthermore, a comparative analysis of the performances of privatized banks in developed and developing countries has revealed that privatization in developing countries has encouraged excessive risk taking among privatized banks in developing countries, with the consequence that those banks carry larger NPAs in comparison to their counterparts in developed countries.

Asha Singh (*Performance of Non-Performing Assets in Indian Commercial Banks*, 2013) examines the performance of both public sector and private sector banks in terms of gross and net NPAs for a period of eleven years, i.e. from 2001 to 2011, and have found that the level of gross and net NPAs have shown a declining trend during this period.

PURPOSE OF STUDY AND THE RESEARCH METHODOLOGY USED

The paper aims to observe trends in the performance of major banks in India. The study uses the ROA (return on assets) and the net NPA ratio as performance indicators, and aims to observe the relationship between the ROA and net NPA ratio on the basis of data collected for the past four years. Secondary data has been gleaned from RBI reports, annual reports of banks and investment portals like moneycontrol.com and yahoo finance. Another objective that this paper aims to achieve is to study how the top banks in India are doing as far as NPAs are concerned. Thus, out of the 37 Scheduled Commercial Banks present in India, 10 banks have been identified and classified as major banks for the purpose of study. Six major factors were taken into consideration while deciding upon the sample to be drawn. Namely, business per employee and the market capitalization of each bank (in Rupees Crores), the total number of branches, the total number of ATMs and the total number of employees. The sample thus drawn represents a major chunk of business in the sector. Even though trends observed among the sample can be said to have a major impact on the overall trends in the Banking sector, however, the purpose of this paper is not to get a general overview of the performance of the Banking Sector as a whole but to simply study the trends in the performance of major banks in India during the past four years, i.e., from 2011-2015.

Given below is a table consisting of the banks selected and how they performed against the various parameters drawn.

TABLE 1

(*AMOUNT IN RUPEES CRORE)

Parameters	HDFC Bank	ICICI Bank	Axis Bank	SBI	IDBI	Bank of Baroda	Union Bank of India	Bank of India	Canara Bank	PNB
Branches ¹	3032	3095	1932	14669	1068	4263	3551	4233	3743	5515
ATMs ¹	10743	10481	11245	27175	1072	2630	4603	2133	3526	6312
Market Capitalisation*	208199	165536	88333	176922.9	9631.8	37307.5	11947	14602.5	16095.6	31699
Number of employees ¹	69401	62065	37901	228296	15465	43108	31798	42348	42693	63292
Business per employee*	7.5	7.35	12.15	9.439	25.644	16.89	12.15	15.82	14.202	11.651

¹ Data taken from "A Profile of Banks 2012-2013" an RBI report

The data pertaining to the study is presented in the table below:

TABLE 2

YEAR	GROSS NPA	PROVISIONS FOR NPAs	GROSS ADVANCES	NET PROFITS	TOTAL ASSETS
2011	59055.03	23354.16	2493228.99	39652.83	4063370.85
2012	86068.80	27854.78	2922159.24	47251.97	4665385.14
2013	114762.79	32798.19	3352896.32	53226.01	5369535.41
2014	147965.53	46295.00	3937186.868	51266.48	6219534.62

The Net NPA Ratio for each of the year under study has been calculated as per the following formula:

$$\text{Net NPA Ratio} = \frac{\text{Gross NPA-Provisions for NPA}}{\text{Gross Advances-Provisions for NPA}} \times 100$$

The ROA (Return on Assets) has been calculated as under:

$$\text{Return on Assets} = \frac{\text{Net Profits}}{\text{Total Assets}} \times 100$$

The table consisting of our findings is shown below:

TABLE 3

YEAR	NET NPA RATIO	ROA
2011	1.44	.97
2012	2.01	1.01
2013	2.46	.99
2014	2.61	.82

The coefficient of correlation is calculated as per the following formula:

$$\frac{N\sum dx dy - \sum dx \sum dy}{\sqrt{(\sum dx^2 - (\sum dx)^2) * \sqrt{(\sum dy^2 - (\sum dy)^2)}}$$

Inference: The coefficient of correlation comes to be -.514 for the past four years. This means that whenever the NPA Ratio increases by 1, the ROA decreases by .514.

FINDINGS & CONCLUSION

The coefficient of correlation between Net NPA ratio and the ROA during the past 4 years is -.514. This means that as per the trends of the last four year, an increase of 100 % in the Net NPA ratio will be followed by a decrease of approximately 50 % in the Return on Assets generated by the banks being studied. A cursory glance over the data for the past four years leads to the conclusion that the net NPA ratio has risen at an alarmingly consistent rate, whereas the ROA has been consistently decreasing over the period under study, more so in the past one year. The major point of concern is that for all the ten banks under study, the Net NPA ratio has exhibited a steady increase over the period of the last four years. Even though the private banks under study do also show a steady increase in the ROA over the same period, however, with the major bulk of banking business concentrated in the hands of public banks, the simultaneity of the fall in ROA and increase in the net NPA ratio is indicative of larger disturbing trends in the economy.

SUGGESTIONS

Despite the government taking various measures to curb assets turning bad, we find the NPAs consistently increasing. This implies that perhaps proper evaluations are not being carried out in the pre-sanctioning stage and not enough control is being exerted in the post-disbursement phase. Even though norms have been introduced in respect of KYC (know your customer), some where banks are failing in their objective of selecting the right borrowers. There is perhaps a need to relook at the norms that customers need to meet in the pre-sanctioning stage so as to ensure that less proportion of advances go bad.

NOTE

*an amount is considered overdue if it remains outstanding 30 days beyond the due date

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AN INTROSPECTIVE APPROACH ON THE SHARE PRICE ANALYSIS OF SELECTED IT COMPANIES

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ABSTRACT

A company's worth - its total value - is its market capitalization, and it is signifying by the company's stock price. Any percentage changes in a stock price will upshot in an equal percentage change in a company's worth. Price of a share is dependent upon the characteristics of both these fundamental components of a market. But, with a plethora of schemes to choose from, the retail investor faces problems in selecting shares. Bearing in mind on the growing importance and relative position in the economic map of India, it is imperative to study the selected IT companies to evaluate the performance of shares with reference to overall performance of the market.

KEYWORDS

share price analysis, IT companies.

INTRODUCTION

A company's worth - its total value - is its market capitalization, and it is signifying by the company's stock price. Market cap (as it is generally referred to) is equal to the stock price multiplied by the number of shares outstanding. Stock price is a relative and proportional value of a company's worth and only represents *percentage changes* in market cap at any given point in time. Any percentage changes in a stock price will upshot in an equal percentage change in a company's worth. This is the rationale why investors are so alarmed with stock prices and any changes that may occur in share price will definitely affect the traders' mindset.

IMPORTANCE OF THE STUDY

Stock prices change every day as an outcome of market forces of supply and demand. Price is arrived at by the interaction between demand and supply. Price is dependent upon the characteristics of both these fundamental components of a market. Demand and supply represent the willingness of consumers and producers to engage in buying and selling. If more people want to buy a stock (demand) than sell it (supply), then the price moves up. Conversely, if more people wanted to sell a stock than buy it, there would be greater supply than demand, and the price would fall.

Understanding supply and demand is easy. But the difficult part is how people like a particular stock and dislikes another stock. To a great extent it depends upon the ups and down of a company. This comes down to figuring out what news is optimistic for a company and what news is pessimistic. The principal theory is that the price movement of a stock signifies investors' level of sense to a company about its worth. The most imperative factor that influences the value of a company is its earnings. Earnings are the profit a company makes, and in the long run no company can survive without them. By considering the mounting significance of share market in the economic map of India, it is felt to undertake a study to evaluate the share price of selected IT Companies with reference to overall performance of the market.

OBJECTIVES OF THE STUDY

1. To examine the relationship of shares of selected IT companies with reference to BSE Sensex.
2. To analyze the growth rate of IT companies with reference to BSE Sensex.
3. To evaluate the shares of IT companies based on the growth rate.

HYPOTHESES

There is no significant relationship of the shares of selected IT companies with reference to BSE Sensex.

The growth rate of IT companies with reference to BSE Sensex is the same.

There is no significant difference among the shares of IT companies based on the growth rate with reference to BSE Sensex.

RESEARCH METHODOLOGY

To carry out the research effectively, the researcher identified the various information needed and the sources from which they could be obtained. Hence the samples of the present study are five IT Sector Companies namely *Wipro, Infosys, HCL Technologies, TCS* and *Tech Mahindra* and *BSE Sensex*.

a. Research design

The research was Empirical in nature

b. Method Adopted

Secondary data about share price was collected from Economic Times and relevant website .

c. Sampling Technique

Simple random sampling technique is adopted for the study.

d. Period of the study

The research was based on the secondary data related to the share for the period from 28-07-2014 to 22-07-2015.

e. Techniques Adopted

To gain the practical knowledge insight into applying the *Karl Pearson's Coefficient of Correlation* and *Anova Test with Tukey simultaneous comparison-Post Hoc Test* for performance evaluation of growth in share prices.

LIMITATIONS

1. The present study covers only 6 major IT companies.
2. The data cannot be representative for a long period of time as the researcher took the data of 12 months on 7 days basis.
3. Findings of the study will be applicable for the conditions which prevailed during the period for which data have been taken.

ANALYSIS OF THE STUDY

TABLE: 1.1

TCS		Tech mahindra		Wipro		Infosys		HCL Technogies		BSE Sensex	
Share	Growth	Share	Growth	Share	Growth	Share	Growth	Share	Growth	Index	Growth
2528	1	511	1	585	1	1103	1	982	1	28505	1
2546	1.007	480	0.940	578	0.987	983	0.891	949	0.966	28198	0.989
2594	1.026	470	0.919	553	0.945	957	0.865	915	0.931	27688	0.971
2592	1.025	487	0.954	552	0.943	998	0.908	943	0.961	28021	0.983
2568	1.016	546	1.076	565	0.966	995	0.905	936	0.954	27730	0.973
2515	0.995	550	1.084	546	0.932	996	0.906	906	0.922	26833	0.940
2602	1.030	556	1.095	563	0.964	1013	0.923	943	0.963	26841	0.941
2611	1.033	547	1.079	546	0.932	1012	0.922	952	0.972	26837	0.941
2617	1.035	549	1.083	553	0.946	985	0.895	989	1.011	27565	0.968
2558	1.013	641	1.249	564	0.966	1022	0.933	960	0.982	27837	0.978
2520	0.998	617	1.212	542	0.927	978	0.890	937	0.958	27251	0.957
2463	0.976	609	1.199	533	0.910	961	0.873	891	0.909	26717	0.937
2486	0.985	617	1.212	541	0.926	981	0.893	888	0.905	27226	0.956
2448	0.970	630	1.233	544	0.931	1069	0.983	876	0.892	27890	0.980
2625	1.042	659	1.279	607	1.046	1107	1.018	946	0.972	28800	1.013
2644	1.049	673	1.300	617	1.063	1100	1.013	956	0.983	28708	1.010
2543	1.011	633	1.241	631	1.086	1086	1.000	940	0.965	28260	0.994
2573	1.023	656	1.278	660	1.133	1109	1.021	1005	1.035	28112	0.989
2561	1.018	700	1.345	631	1.087	1115	1.026	1004	1.034	28622	1.007
2609	1.037	730	1.387	654	1.125	1092	1.005	1029	1.059	28659	1.008
2743	1.088	720	1.374	658	1.131	1136	1.046	1018	1.048	29381	1.034
2671	1.062	691	1.334	664	1.139	1159	1.066	992	1.023	29008	1.021
2634	1.048	723	1.380	669	1.147	1148	1.056	1017	1.047	29320	1.032
2460	0.982	711	1.363	640	1.104	1144	1.053	978	1.009	28534	1.005
2514	1.004	714	1.367	618	1.069	1071	0.989	950	0.981	28883	1.017
2535	1.012	718	1.373	607	1.051	1073	0.991	830	0.854	29559	1.040
2511	1.003	699	1.347	588	1.020	1083	1.000	843	0.871	28889	1.018
2518	1.006	698	1.345	552	0.960	1064	0.983	789	0.807	27347	0.964
2417	0.965	631	1.249	542	0.941	982	0.906	751	0.758	26909	0.948
2555	1.023	648	1.276	554	0.963	986	0.909	798	0.821	27499	0.970
2481	0.994	631	1.249	548	0.952	967	0.891	772	0.788	27209	0.960
2444	0.979	624	1.239	536	0.930	970	0.894	769	0.784	26710	0.941
2510	1.006	643	1.268	552	0.960	982	0.906	787	0.807	27831	0.983
2635	1.056	671	1.313	592	1.033	1061	0.987	826	0.857	28443	1.005
2629	1.053	662	1.298	580	1.012	1074	0.999	816	0.845	28386	1.003
2578	1.034	657	1.291	565	0.987	1045	0.972	815	0.844	28033	0.991
2592	1.039	655	1.289	555	0.969	1027	0.955	803	0.828	28009	0.990
2601	1.043	653	1.286	559	0.976	1032	0.959	801	0.827	27916	0.987
2478	0.996	592	1.193	554	0.967	949	0.879	751	0.764	26881	0.950
2433	0.978	582	1.175	573	1.002	944	0.873	753	0.766	26576	0.938
2700	1.087	592	1.192	580	1.014	980	0.912	862	0.911	26349	0.930
2733	1.099	628	1.253	618	1.079	958	0.889	866	0.916	26272	0.927
2738	1.101	622	1.244	596	1.044	937	0.867	858	0.907	26631	0.941
2689	1.083	617	1.236	582	1.021	903	0.831	862	0.912	26776	0.946
2555	1.033	605	1.217	559	0.981	914	0.844	804	0.844	26493	0.935
2630	1.063	610	1.224	587	1.031	934	0.865	820	0.865	27265	0.965
2539	1.028	601	1.210	561	0.986	903	0.832	822	0.867	27019	0.956
2521	1.021	578	1.171	555	0.977	905	0.835	798	0.838	26437	0.934
2486	1.007	550	1.123	548	0.963	890	0.817	764	0.795	26391	0.932
2469	1.000	540	1.105	544	0.955	893	0.821	758	0.787	25519	0.899
2527	1.024	542	1.109	549	0.965	866	0.791	777	0.812	25723	0.907
2589	1.048	548	1.119	555	0.976	842	0.763	806	0.850	25991	0.918

Source: Compiled from secondary data

Table1.1 depicted the share price movements and the corresponding growth rate of selected companies along with the BSE Sensex from 28-07-2014 to 22-07-2015.

TABLE 1.2: CORRELATION MATRIX

	TCS	TECH MAHINDRA	WIPRO	INFOSYS	HCL TECHNOLOGIES	BSE SENSEX
TCS	1.000					
TECH MAHINDRA	.137	1.000				
WIPRO	.483*	.597*	1.000			
INFOSYS	.182	.637*	.696*	1.000		
HCL TECHNOLOGIES	.387*	.144	.625*	.638*	1.000	
BSE SENSEX	.204	.583*	.652*	.881*	.584*	1.000

52 sample size
 ± .273 critical value .05 (two-tail)

Table 1.2 showed the Correlation matrix of share price movements of selected companies with BSE Sensex. It is clear that the share price movement of TCS has a moderate correlation with the share price movement of Wipro and HCL Technologies. This implies that when there is one degree change in standard deviation of TCS share price, the corresponding change to the Wipro is 48.30% and that of HCL Technologies is 38.70%. Similarly, share price movement of Tech Mahindra has a moderate correlation with the share price movement of Wipro, Infosys and BSE Index and the corresponding change is 59.70%, 63.70% and 58.30%. Likewise, share price movement of Wipro has a moderate correlation with the share price movement of Infosys, HCL Technologies and BSE Index and the corresponding change is 69.60%, 62.50% and 65.20%. Equally, share price movement of Infosys has a moderate and high correlation with the share price movement of HCL Technologies and BSE Index and the corresponding change is 63.80% and 88.10%. In the same way, share price movement of HCL Technologies has a moderate correlation with BSE Index and the corresponding change is 58.40%.

TABLE 1.3: ONE FACTOR ANOVA

Mean Growth	n	Std. Dev	Category
1.01441	52	0.031729	TCS
1.21746	52	0.127427	TECH MAHINDRA
0.98886	52	0.065561	WIPRO
0.91367	52	0.071601	INFOSYS
0.89144	52	0.087240	HCL TECHNOLOGIES
0.96714	52	0.035038	BSE SENSEX

ANOVA TABLE					
Source	SS	df	MS	F	p-value
Treatment	3.418114	5	0.6836227	112.59	0.000
Error	1.821602	300	0.0060720		
Total	5.239715	305			
Result					Significant

Source: Compiled from secondary data

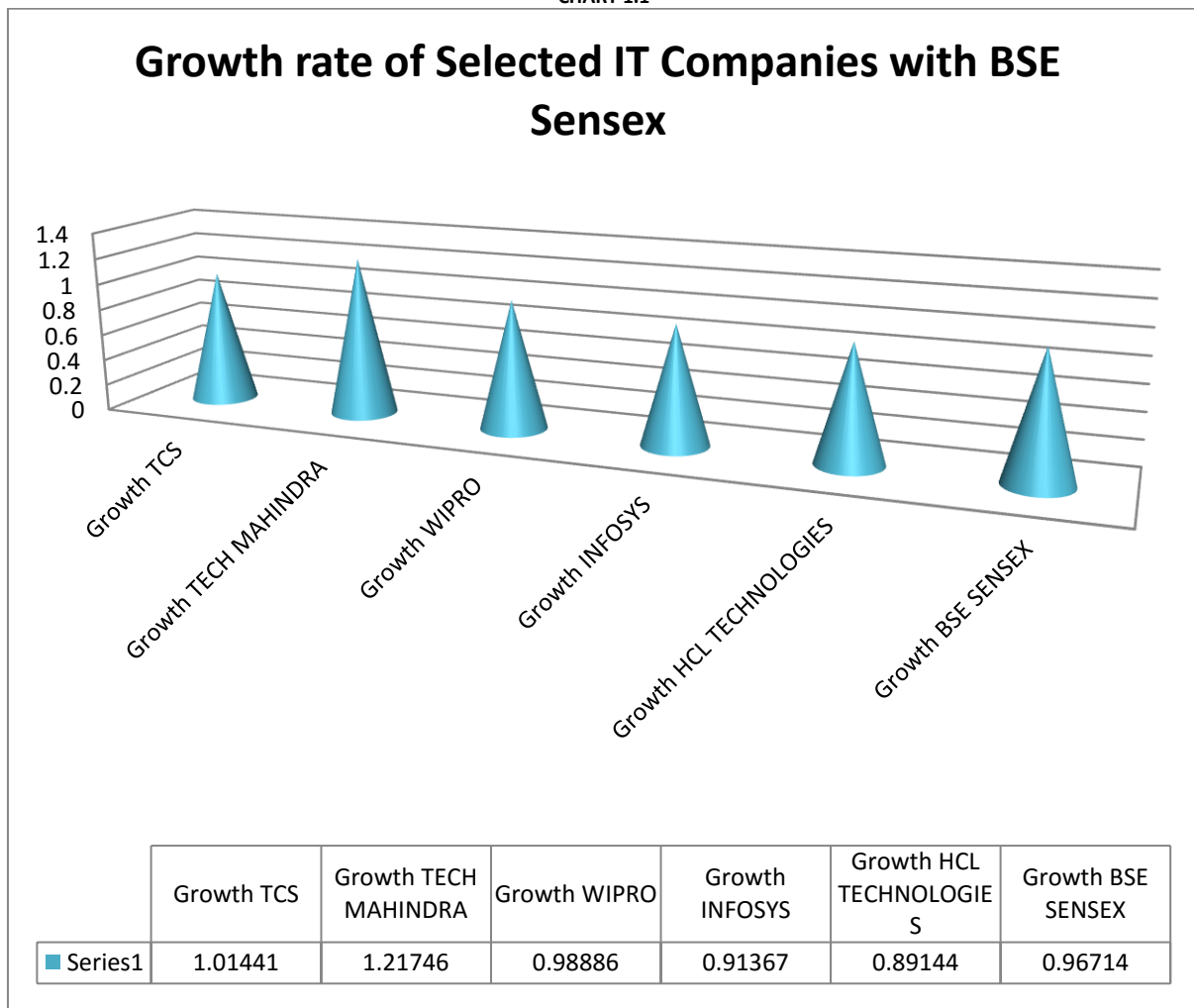
Table 1.3 showed mean growth rate and the standard deviation of share price of selected companies and BSE Sensex. The mean growth rate of TCS for the study period is 1.01441±0.031729, Tech Mahindra is 1.21746 ±0.127427, Wipro is 0.98886 ±0.065561 and so on. Now, an attempt was done to examine whether the mean growth rate of all companies along with the BSE Sensex is statistically same or not, One Factor Anova was done. Since the p Value<0.05, it is clear that there is significant difference in the growth rate of shares in selected companies and BSE Sensex.

TABLE 1.4: TUKEY SIMULTANEOUS COMPARISON

		HCL TECHNOLOGIES	INFOSYS	BSE SENSEX	WIPRO
		0.89144	0.91367	0.96714	0.98886
HCL TECHNOLOGIES	0.89144				
INFOSYS	0.91367	1.44			
BSE SENSEX	0.96714	4.91*	3.47*		
WIPRO	0.98886	6.31*	4.87*	1.41	
TCS	1.01441	7.97*	6.53*	3.06*	1.66
TECH MAHINDRA	1.21746	21.13*	19.69*	16.22 *	14.81*
critical values for experiment wise error rate:					
		0.05--	2.90		

From the above table, based on Tukey Simultaneous comparison Post Hoc Test, it is clear that there is significant difference in the growth rate of share prices between Tech Mahindra with HCL Technologies, Infosys, BSE Sensex and Wipro. Thus it is clear that growth rate of share prices of Tech Mahindra is superior to other IT based companies and BSE Sensex. Similarly, statistically there is significant difference between TCS with HCL Technologies, Infosys and BSE Sensex, which is favour to TCS. Likewise, statistically there is significant difference between Wipro with HCL Technologies and Infosys, which is favour to Wipro. Equally, statistically there is significant difference between BSE Sensex with HCL Technologies and Infosys, which is favour to BSE Sensex. Statistically, remaining companies growth rate in share prices have no significant difference. Growth rate of selected IT companies is shown in Chart 1.1.

CHART 1.1



FINDINGS

1. The share price changes of TCS, Wipro and HCL Technologies are moderately correlated.
2. The share price changes of Tech Mahindra, Wipro, Infosys and BSE Index are moderately correlated.
3. The share price changes of Wipro, Infosys, HCL Technologies and BSE Index are moderately correlated.
4. Infosys has a high correlation with BSE Index. Hence to conclude that among the various IT companies selected, the highest correlation with BSE Sensex is Infosys. This implies, the change in Infosys Company's share price has a considerable influence on BSE Sensex.
5. There is significant difference in the growth rate of selected companies share prices and BSE Sensex.
6. The rate of growth of **Tech Mahindra's share price** is high when compared with HCL Technologies, Infosys, BSE Sensex and Wipro. Thus investment in **Tech Mahindra's share** will yield higher rate of return than the remaining IT companies.
7. The rate of growth in share price of Infosys is same as that of HCL Technologies.
8. The second and the third growth companies are TCS and Wipro.

CONCLUSION

Share market today, is one of the most preferred investment avenues in India. However, with a plethora of stocks to choose from, the retail investor faces problems in selecting a right choice of shares. Factors such as investment strategy and management style are qualitative, but the historical market price record is an important indicator too. Though past performance alone cannot be indicative of future performance, it is, frankly, the only quantitative way to judge how good a fund is at present. Therefore, there is a need to correctly assess the past performance of different IT companies. Return alone should not be considered as the basis of measurement of the performance.

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STUDY OF MANAGING WORK-LIFE BALANCE AND ITS RELATIONAL EFFECT ON ORGANIZATIONAL PERFORMANCE OF WOMEN EMPLOYEES IN NEW PRIVATE SECTOR BANKS

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ABSTRACT

Work-life balance is the proper prioritizing between "work" (career and ambition) on one hand and "life" (pleasure, leisure, family and spiritual development) on the other. Work life balance has important consequences for employee attitudes towards their organizations as well as for the lives of employees. A balance between work and life is supposed to exist when there is proper functioning at work and also at home. Indian working women are well known for the judicious blend of work life and home life. The feminine character enables them to cope with the challenges in work place. The soaring cost of living forces the women folk to pursue some economic activities to meet both the ends. Even when women are working in New Private Sector Banks then also due to long working hours, performance based appraisals, role ambiguity and work overload etc, are the reasons which have strong effect on organizational performance. In this paper we will find out what are the suggestions for both working women as well as for organizations in order to achieve individual goals and organizational

KEYWORDS

Indian working women, New Private Sector Banks, Work-life balance.

INTRODUCTION TO THE TOPIC

Indian working women are well known for the judicious blend of work life and home life. The feminine character enables them to cope with the challenges in work place. The soaring cost of living forces the women folk to pursue some economic activities to meet both the ends. As we can see that the workforce of today comprises of sizeable number of women population. However, the present situation of a large number of well-qualified women who due to various circumstances have been left out of their jobs needs to be addressed. The problems faced are several but; significantly, most often the "break in their careers" arises out of motherhood and family responsibilities."

Even when women are working in New Private Sector Banks then also due to long working hours, performance based appraisals, role ambiguity and work overload etc, are the reasons which have strong effect on organizational performance.

INTRODUCTION TO NEW PRIVATE-SECTOR BANKS IN INDIA

All those banks where greater parts of stake or equity are held by the private shareholders and not by government are called "private-sector banks". And the New private-sector banks are those banks, which came in operation after 1991, with the introduction of economic reforms and financial sector reforms are called "new private-sector banks". Banking regulation act was then amended in 1993, which permitted the entry of new private-sector banks in the Indian banking sector.

However, there were certain criteria set for the establishment of the new private-sector banks, some of those criteria are listed as following:

1. The bank should have a minimum net worth of Rs. 200 crores.
2. The promoters holding should be a minimum of 25% of the paid-up capital.
3. Within 3 years of the starting in the operations, the bank should offer shares to public and their net worth must increased to 300 crores.

So below is the list of new private-sector banks in India which will be covered as a part of research.

LIST OF THE NEW PRIVATE-SECTOR BANKS IN INDIA

TABLE 1

Name of the bank	Year of establishment
1. Axis Bank (earlier UTI Bank)	1994
2. Development Credit Bank (Converted from Co-operative Bank, now DCB Bank Ltd.)	1995
3. HDFC Bank	1994
4. ICICI Bank	1996
5. IndusInd Bank	1994
6. Kotak Mahindra Bank	2003
7. Yes Bank	2005

NEED FOR THE STUDY

The reason behind choosing New Indian Private banking sector for this study is that it plays an important role in our economy. These are the major players in the banking sector as well as in expansion of the business activities India. The present private-sector banks equipped with all kinds of contemporary innovations, monetary tools and techniques to handle the complexities are a result of the evolutionary process over two centuries. They have a highly developed organisational structure and are professionally managed. Thus they have grown faster and stronger since past few years.

But still the problems exists in this sector like performance-based promotions, long working hours, fast-paced technological advancements, intense competition to name a few. Thus, doing job in private banking sector is turning more stressful day by day on account. Therefore, the plight of womenfolk in new generation banks is that they do not have job security and their pay is performance linked as also long working hours are there which further trigger imbalance in work-life balance.

As these banks are also quite new into the industry (established after 1991) so they are not having much experience and also the much needed strong policy structure in regards to employees, especially women employees.

The demand for work-life-balance solutions by employees and managers is expanding at an unprecedented rate. As a result, work-life balance is an increasingly hot topic. The New Private Banking Sector is the least researched area in the context of the study of WBL of female employees.

Therefore, it is the most preferred research topic and my study will include all the above factors in accordance with the Work-Life Balance of women employees and its effects on Organizational Performance of New Private Sector Banks of Delhi.

LITERATURE REVIEW

Rice (1985) emphasized the relationship between work satisfaction and Quality of people's lives. He contended that work experiences and outcomes can affect a person's general quality of life, both directly and indirectly through their effects on family interactions, leisure activities and levels of health and energy. More specifically, Shamir (1983) reported that working more than 9 hours a day can lead to much greater conflict between work and non-work aspects of life. Consistent with this notion, the number of hours spent at work has been shown to envisage work-family conflict (Frone, et.al., 1997). Along with these researchers several prior researches have demonstrated the impact of work time and work involvement on work-family conflict (Eagle, et. al., 1998, Judge, et. al., 1994).

There is growing evidence that current trends in employment conditions may be eroding levels of job satisfaction and directly damaging the physical and mental health of employees (Kenny et al., 2000).

Wentling, R.M. (2003) has shown that the twin roles of women cause tension and conflict due to her social structure which is still more dominant. In her study on working women in Delhi, she has shown that traditional authoritarian set up of Hindu social structure continues to be the same basically and hence. Women face problem of role conflict change in attitudes of men and women according to the situation can help to overcome their problem.

The banking in India has moved beyond accepting deposits and making loans, and has become a business, or a "financial supermarket," driven by market-based, profit oriented objectives (Mohanty, 2008: 116; Uppal and Kaur, 2006; Vyas and Math, 2006). The wider impact of Indian private banks has been through increasing competitiveness and customer orientation in the banking sector. Bank executives consistently rated work environment pressures more. In contrast, individuals experienced the highest level of work-to-family conflict and stress, who were more engaged in work than family. Thus reducing work time can facilitate work-family balance (Grandey, et. al., 2007, Hill, Hawkins, Ferris and Weitzman 2001). As the banking employees need to stay at the office for a long time, the current study aims to explore the relationship between long work hour and work-family balance. The executives are facing more work-life balance issues at work (Granleese, 2004) like conflicting responsibilities of home and career, excluded from social and business events. This work-life balance results in poor performance in both personal and corporate life. In this juncture, the present study focuses on the objective namely identification of the important antecedents of work-life imbalances among the executives in banking industry. Ronald J. Burke, Mustafa Koyuncu and Lisa Fiksenbaum (2010) examined the relationship of the perceived presence of organisational practices designed to support women's career advancement and their work attitudes and satisfaction and their psychological well-being.

D. Jamali, et al. (2006), made a study to explore the salience of glass ceiling type barriers in the Lebanese banking sector, based on the perceptions of a sample of Lebanese top and middle level women managers. These findings were explained by the progressive evolution of the Lebanese banking sector over the past few decades. Ahmad, Aminah (2007) examined the work-family conflict experienced by 239 married female production operators in dual-career families, the social support they received and the coping strategies used to manage the conflict. The women experienced more work interference with family than family interference with work

Skinner and Pocock (2008) investigated the relationship between work overload, work schedule control, work hours and their fit with preferences and work-life conflict among full-time employees (N=887). It was found that the strongest association with work-life conflict was demonstrated by work overload, followed by work schedule control, work hours and work hours fit. Time-based work life policies, procedures and interventions were found necessary, but not sufficient, for addressing work-life conflict. They called for effective management of work overload to support a healthy work-life relationship.

Jayarathinam .M, (2008) explored the factors influencing performance effectiveness among the women executives in public sector banks and cooperative banks in Kottaiyam, Kerala and found that women executives in cooperative sector scored high on factors like work commitment, leadership, communication skills, decision making, in terms of significant t –values calculated for the ANOVA results. In this context present study has been undertaken to contribute to the literature comparing the women performance in two different types of organizations.

Within banking, after liberalization, female employment increased by 9.7 percent. Much of this employment growth was in the private sector - while the share of the public sector to total employment in the organized financial services sector has remained almost unchanged between 1991 and 2011 (from 3.9 percent to 3.8 percent), the share of the private sector has increased four-fold from 0.7 percent to four percent in the same period (Government of India, forthcoming: 47). Number of research studies conducted on the factors preventing women executives from even aspiring for top slots in the organization hierarchy have unearthed a number of inhibitive factors. Some of the factors often reported to be barriers have been sieved from the literature survey. The factors such as taking care of the family (Siew Kim, J.L., and Seow Kim, C. 2001), combining domestic work and office work leaves no time for making us fit for higher posts Parveen, S., (1984), physical strain necessitating longer hours of stay in the office (Adams, G.A., King, L.A., and King, D.W. 1996), difficulty of better judgment and quick decision-making required in higher posts (Burke, R.J. and Mattis, M. 2005), strain of frequent tours and/ field visits (Sivakumar 2010) and fear of transfer which disturbs family life and domestic peace are taken into consideration to find out the major factors curbing the desire to aspire for higher end positions in the banking hierarchy

Below the data of employment of women in Indian Private Banks gathered from the website of RBI make it clear the increase of women workforce in Indian Private Banks.

PERCENTAGE OF WOMEN AS A SHARE OF TOTAL EMPLOYEES IN INDIAN BANKS ALL-INDIA, 1999

TABLE 2

	All employees	Managers and Officers	Clerical and subordinate staff
Total employees	62,844	21,471	41,373
Female employees	10,537	2,367	8,170
% of females	16.8	11.0	19.7

Source: RBI.

TABLE 3

	All employees	Managers and Officers	Clerical and subordinate staff
Total employees	171,071	107,107	63964
Female employees	38,297	21,655	16642
% of females	22.38	20.21	26.01

Source: RBI

Scholars argue that women have benefited from the accompanying expansion of employment opportunities in the services sector, mainly financial services such as banking, that emphasize supposedly feminine attributes such as teamwork, caring and serving (Bradley *et al.*, 2000; McDowell, 1997; Reich, 2001).

But then why is there less participation of women employees in comparison to male employees as indicated by above statistics. The reason can be as mentioned by:

Bell, and Bryson (2005) they argued, are employers really making flexible work opportunities available equally to both sexes? Do both sexes want such opportunities? The evidence suggests, it is mainly women – particularly mothers – who want flexible working arrangements as they struggle to cope with the 'triple burden' of work, home and childcare.

Work family argument is not limited to only married women with or without children, single mother and other unmarried girls may have difficulty in balancing work with children, friends relatives and other commitments outside the organizations (as cited in Karatepe & Tekinkus, 2006, p.175). We also see that the main burden of household especially in India is on the shoulders of women or female members, whether married or not still they do the major household work.

The study of Baral and Bhargava (2011) indicates that from an organizational perspective, involvement in family roles should not be viewed as an obstruction, since it provides opportunities to acquire skills, knowledge and increase efficiency to perform better at work and vice versa. As a result, organizations should make efforts to stimulate the experience of enrichment.

New Private Banks are presently one of the stressed workplaces in India, as rightly said An individual in his or her job in private bank face stress as Jamshed *et al.*,(2011)suggested "The workplace is potentially an important source of stress for bankers because of the amount of time they spent in their respective banks." And those stresses often decrease their organizational performance. "Therefore occupation of individuals could be a major source of stress in the given circumstances. When individuals face stress due to various conditions of their occupation and fail to cope with stress, it results into work –life imbalances causing low organizational performance."

Basically in banking sector lack of administrative support from boss(manager), work overload & time pressure, riskiness of job, poor relationship with customers & coworkers, and work family balance cause stress which in turns decrease employee performance.

Work overload & long working hours are big source of stress which decreases the overall organizational performance of women employees in private banks.

SUGGESTIONS FOR IMPROVEMENT OF WORK LIFE BALANCE FOR WOMEN EMPLOYEES WORKING IN NEW INDIAN PRIVATE SECTOR BANKS

- **Recognize the role of work.** Work plays a significant part in life. It keeps the lights on, pays the mortgage, makes the car payment, funds retirement and permits yearly vacations. Adopting the right mindset allows you to celebrate and enjoy the fruits of your labor.
- **Learn to breathe.** Work can get so demanding that you experience anxiety or become overwhelmed, causing you too literally or figuratively hold your breath. Neither state can be maintained for long for you to be healthy. Relax. Release. Breathe. As you slow down and learn to breathe, it gives you the opportunity to regroup and assess where you are.
- **Be present, consistent and accountable.** Being present requires you to be attentive at home, at work and during free time. The quality of being present makes a significant and positive impact on your surroundings. Being consistent requires you to realize that what you do each and every day matters. Where you spend your time and energy has a direct connection to how successful you are in achieving work life balance. Finally, being accountable allows amazing and wonderful things to happen
- **Develop one calendar for work and family.** A calendar keeps you accountable to both work and family. When a calendar is implemented, you will be able to schedule work activities during the work day and establish a cut off time to be with family. Creating a calendar that works for you will allow you to stick with it to create a true work-life balance.
- **Leave the office early**
Easier said than done, right? Not if you set a departure time as a clear goal very early on. If you set an absolute time to leave earlier in the day that time serves as a deadline to get your tasks done for the day making you stay more focused throughout the day. Your reward? You actually get out of the workplace at a reasonable time.
- **Write a "to-do" list for the next day before you leave**
One of the biggest challenges at the start of a workday is simply figuring out what to do: what needs to be picked up and continued and what tasks need to be started? It's easy to waste a bunch of time in the morning getting back in the flow, and that wasted time is often tacked on at the end of the day, preventing you from getting out of there. Instead, before you leave in the evening, make a list of the key things you need to do the next day and leave it right where you'll find it in the morning, so you can just grab it and dig right in tomorrow without burning that start-up time.
- **Keep careful documentation of the tasks you accomplish...**
Whenever you accomplish a notable task or project, document it. Write down the date you completed it, as well as a detailed summary of what you did, and keep it someplace where you can easily retrieve it. Over time, these documents provide strong documentation of all of the work that you actually do. Not only does this help greatly with performance reviews, it also makes it clear how much work you actually accomplish.
- **Discuss a reasonable and more flexible work arrangement with your supervisor.**
If you've been working hard, accomplishing useful stuff, and maintaining a log of it, your next performance review should be a good one, and hopefully it will end with some discussion about performance-based rewards. Instead of just diving for the money, talk about some workplace flexibility, like some degree of flex time, the ability to telecommute on occasion, or other perks that will help you find more breathing room for the life you want to live.
- **Get organized**
Save time at work, get more done quickly, and have more of a life. It's that simple. But Douglas C. Merrill, author of *Getting Organized in the Google Era*, says both workers and CEOs regularly get sucked into the chaos of work clutter and waste precious time. For CEOs and entrepreneurs, he suggests organizing days to minimize context shifts – for example, cluster similar meetings and tasks to focus on one thing at a time. While pushing employees toward organizing can be difficult, he says, some general principles of organization can help everyone who's computer-based, such as using search instead of filing and grouping relevant tasks together.

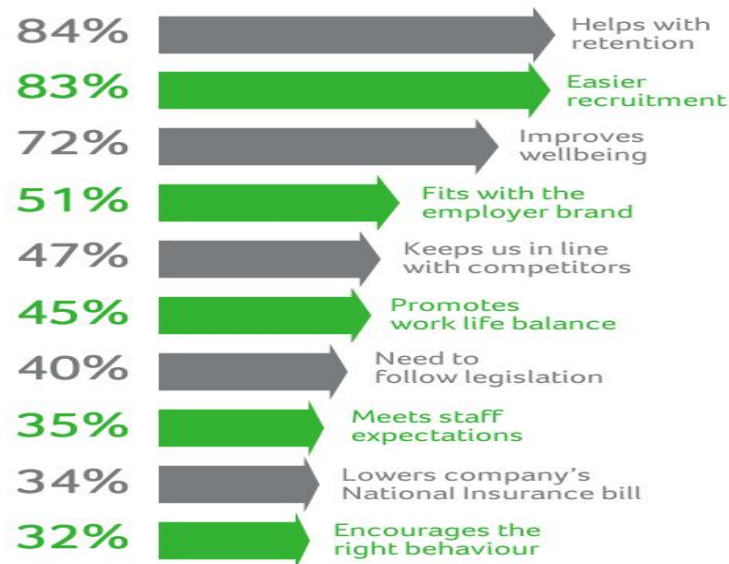
SUGGESTIONS FOR IMPROVEMENT OF WORK LIFE BALANCE IN ORDER TO IMPROVE ORGANIZATIONAL PERFORMANCE FOR NEW INDIAN PRIVATE SECTOR BANKS

In an increasingly competitive job market, it's vital that businesses recruit and retain the right employees. Given all the benefits of having **Work Life Balance Strategies**, it's surprising that some banks don't offer one. However, banks that do offer them say that their **Work Life Balance Strategies** help them in a number of ways:

- Easier recruitment

- Improved employee retention
- Faster progress towards your business goals
- Positive word of mouth

FIG. 1



Source: Employee Benefits' The Benefits Research 2014

The most popular employee benefits that lead to work life balance of employees

- **Pensions:** the legislation for workplace pensions means all businesses need to automatically enroll eligible employees into a scheme.
- **Company car:** still a popular benefit, with 60% of company car drivers saying they would only move to a job that offered a car of similar value.
- **Flexible working:** this covers many different options from job sharing to working from home. It's particularly popular with employees who have families.
- **Healthcare:** this benefit offers a range of services such as private medical insurance, dental cover, physiotherapy and health screening.
- **Enhanced leave:** this allows employees to take additional time off. This may include extra paternity or maternity leave or the option to take a sabbatical.
- **Childcare vouchers:** these vouchers help with the costs of childcare. But employees should be aware that they can affect tax credits.
- **Shares:** these can be a good way for employees to benefit from the success of a company. There are several HMRC-approved schemes which have tax benefits.
- **Gym membership:** a great way to encourage employees to be healthy. It's popular too, as subsidized gym membership can be significantly cheaper.
- **Season ticket loan:** these allow staff to borrow money to buy annual travel tickets, which are normally much cheaper than monthly or weekly passes.
- **Income protection:** this pays a replacement income if you're unable to work because of long-term illness or injury.

With so many positive outcomes, benefits schemes are worth the investment and they may cost less than employers think.

According to research by Mercer, 36% of businesses say they actually saved money by having a flexible benefits scheme, and 46% said there was no additional cost to the business. These cost savings can come about by offering benefits instead of pay rises. Research by Arise shows that 58% of female workers would take a pay cut to be able to work from home and 25% would be happy with a lower salary if they could avoid their commute.

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CONTRIBUTION OF LIFE INSURANCE CORPORATION IN MICRO INSURANCE SECTOR

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ABSTRACT

Micro insurance is generally, but inaccurately referred to as a new concept. It first appeared as a new financial service within micro finance and developed in to a sector of its own. The term micro insurance was first published around 1999 and in the development environment, defining it has been subject of much debate and discussion. Micro insurance has been defined as a mechanism to protect poor people against risk (accident, illness, death in the family, natural disasters) in exchange for insurance premium payments tailored to their needs, income and level of risk. The major players in micro insurance include Life Insurance Corporation, Industrial Credit and Investment Corporation of India (ICICI) prudential life insurance company Limited, Birla sun life insurance company Limited, State Bank of India (SBI) life insurance company Limited, Allianz Bajaj Life Insurance Company Limited, Metlife India insurance company private Limited, Aviva life insurance company India Limited, Sahara India Life Insurance, Shriram life insurance company. The study gave importance to various micro insurance products offered by Life Insurance Corporation in Kerala to protect the lives of low income people. Secondary sources are used to collect required data for the study. The study revealed that Life Insurance Corporation has a major role in micro insurance sector to protect the lives of poor people.

KEYWORDS

jeevan deep, jeevan madhur, jeevan mangal, Life Insurance Corporation.

INTRODUCTION

The concept of insurance dates back to around 3000 BC in China where merchants and their investors shared the risks of goods lost when shipping overseas. A similar concept evolved in Babylon; the Greeks and Romans introduced the origins of health and life insurance around 600 BC when they created benevolent societies which cared for the families of deceased members. England's first fire insurance company was launched following the Great fire of London in 1666. At the same time, Mr .Edward Lloyd opened a coffee house that was a popular haunt for those in the maritime industry and became a meeting place for those wishing to insure ships and cargoes .Thus Lloyd's of London was established .At the end of the 17 th century, the first mortality table was created, which marked the first step in the development of modern life insurance.

MICRO INSURANCE

The term micro insurance first appeared as a new financial service within micro finance. Micro insurance typically refers to insurance services offered to low income people in order to protect them against specific risk. It is a means of protection against specific risks in exchange for a regular payment of premium. The amount of premium payable is proportional to the likelihood and cost of the relevant risks. The term micro insurance was first published around 1999. It can be defined as a risk transfer device characterised by low premiums and low coverage limits ,and designed for low income people not served by typical social insurance schemes. (Micro Insurance Academy, India, 2007)

OBJECTIVES OF THE STUDY

1. To study about the contribution of Life Insurance Corporation(LIC) in micro insurance sector
2. To understand the major players in micro insurance sector
3. To identify various micro insurance products
4. To understand micro insurance delivery models
5. To make an analysis about micro insurance products offered by LIC as a micro insurance player

MAJOR PLAYERS IN MICRO INSURANCE

- 1) Life Insurance Corporation (LIC)
- 2) Industrial Credit and Investment Corporation of India (ICICI) prudential life insurance company Limited
- 3) Birla sun life insurance company Limited
- 4) Tata AIG Life insurance company limited
- 5) SBI life insurance company Limited
- 6) ING vitya life insurance company private limited
- 7) Metlife India insurance company private Limited
- 8) Allianz Bajaj life insurance Company limited
- 9) Aviva life insurance company India Limited
- 10) Sahara India life insurance
- 11) Shriram life insurance company
- 12) Industrial Development Bank of India (IDBI) fortis LIC Ltd
- 13) DLF pramerica LIC ltd
- 14) Star union Dai-ichi LIC Limited.

MICRO INSURANCE PRODUCTS

Micro insurance products help low income people to cover their various risks such as death, illness, accident, property damage, unemployment, crop failure or loss of livestock. A wide variety of micro insurance products exists to address these risks such as;

- Health insurance
- Term life insurance
- Death insurance
- Crop insurance
- Livestock/Cattle insurance
- Insurance for theft /fire
- Disability insurance
- Insurance for natural disasters

LIFE MICRO INSURANCE PRODUCTS

Life micro insurance products include

- Social development plan
- Super Suraksha
- Janata personal accident policy
- Janata personal accident insurance
- Sankat Haran group insurance policy
- Janashree Bima Yojana
- Group personal accident policy
- Jeevan Madhur
- Jeevan Mangal
- Shakthi security shield
- Amartya siksha yojana policy
- Krishi Shramik Samajik Suraksha Yojana
- Accident insurance policy

MICRO INSURANCE DELIVERY MODELS

Delivery of micro insurance products to clients is one of the great challenge for micro insurance. For offering micro insurance, four main methods include

- 1) Partner agent model
- 2) Provider driven model
- 3) Full service model
- 4) Community based model

PARTNER AGENT MODEL

Asper this model, a partnership is formed between micro insurance scheme and an agent .Delivery and marketing of products to the client is the responsibility of micro insurance scheme. Agent has the responsibility for design and development. Asper this model, micro insurance scheme have limited risk and also limited control.

FULL SERVICE MODEL

In full service model, micro insurance schemes have full control and also high risks so that micro insurance scheme is in charge of everything. Micro insurance scheme has the responsibility to design and delivery of products to the clients .Micro insurance scheme works with external health care providers to provide the services.

COMMUNITY BASED OR MUTUAL MODEL

Policy holders works with external health care providers to offer services. They have the responsibility to managing and owning the operations.

PROVIDER DRIVEN MODEL

Asper provider driven model, the health care provider is the micro insurance scheme.

LIFE INSURANCE CORPORATION OF INDIA

Life Insurance Corporation of India (LIC) is an Indian state owned insurance group. It is an investment company headquartered in Mumbai. It is the largest insurance company in India .The Company was founded in 1956 when the Parliament of India passed the Life Insurance of India Act. The Act nationalised the private insurance industry in India. Inorder to create the state owned Life Insurance Corporation, 245 insurance companies and provident societies were merged. LIC offers a variety of insurance products to its customers such as insurance plans, pension plans, unit-linked plans, special plans and group schemes. The micro-insurance portfolio has made steady progress. Many life insurers have commenced their micro-insurance operations by introducing new products every year. The distribution infrastructure has also been considerably strengthened. Micro-insurance business was procured largely under the group portfolio. Life Insurance Corporation of India (LIC) contributed the most both in terms of policies sold and number of micro-insurance agents. With the notification of the Insurance Regulatory and Development Authority (Micro-insurance) Regulations 2005, there has been a steady improvement in the design of products catering to the needs of the poor people. The flexibilities provided in the regulations allow the insurers to provide package products. With the approval of the Authority, now Insurance companies are offering approved general insurance products as micro-insurance products if the sum assured for the product is within the range prescribed for micro-insurance.LIC leveraged its expertise through individual endowment micro insurance products. Being experienced in selling low premium individual products, LIC did not have to take the easy credit-life way to sell micro insurance. While it provided credit-life covers through group insurance products, for individual segment, LIC launched an endowment life micro insurance product named Jeevan Madhur.

VARIOUS MICRO INSURANCE PLANS / PRODUCTS OFFERED BY LIC

- Janashree Bima Yojana,
- Jeevan Madhur,
- Jeevan Mangal,
- Jeevan Deep,
- LIC Bhagyalakshmi.

JEEVAN MADHUR

Jeevan Madhur is the first micro insurance product. Of LIC .It provides security within the reach of the poor people. The product is sold through LIC's Micro insurance Agents (MIAs). To market the product, LIC adopts a community approach. The company adopts villages with Jeevan Madhur customers as Madhur Bimagram and provides a monetary incentive to the village for social development .

It is a low premium policy of endowment benefit .Minimum and maximum age level for eligibility to get the benefit of this product is 18 years and 60 years respectively..It provides accidental coverage. Premium payable method allowed is monthly ,quarterly, half yearly and yearly. Asper this policy, if a person pays two year premium fully, the insurance cover of Jeevan Madhur will exists for a period of two years consider from the date of first unpaid premium.

OTHER FEATURES

Minimum and maximum sum assured for the product is 5000 and 30000 respectively.

The minimum term of policy is 5 years and maximum is 15 years

Minimum amount of premium required is 100 per monthly and maximum is 500 per monthly.

It provide benefit such as in case of death 100 % of the sum assured and in case of maturity , considering 150% of the total premium paid.

In case of accidental death it provide additional benefit such as 200% of the sum assured to the legal heirs of the policy holder.

Surrender value is 30% of the total premium paid.

- One calendar month not less than 30 days is allowed as days of grace for yearly, half yearly and quarterly modes of payment.
- For other modes of payment, days of grace is allowed for a period of 15 days.
- Maturity benefit is varied for different terms that is it increases with the term of the policy.

Jeevan Madhur has broken the myth that standalone life micro insurance products cannot be delivered profitably. The product has also proven that savings linked life insurance has an established demand in the micro insurance segment as well. The product has grown at an impressive rate and currently constitutes a major part of LIC's micro insurance business. With the help of this product, micro insurance constitutes 7.97% of overall New Business Premium income of LIC 20. It is worthy to note here that following LIC, some other companies also experimented with savings.

JEEVAN MANGAL

It is the second micro insurance product of Life Insurance Corporation (LIC), the first being Jeevan Madhur. LIC's Jeevan mangal is a protection plan or a term assurance plan with return of premium on maturity. It facilitates the payment of premium either regularly over the term of the policy or in lumpsum. It provides double risk cover in case of accidental death. Minimum age at entry for the product is 18 years and maximum age at entry is 55 years. Maximum age at maturity is 65 years. It requires that the sum assured shall be multiples of 1000 and minimum and maximum sum assured is 10000 and 50000 respectively. As per monthly mode, the minimum instalment premium is 60. It does not specify any minimum instalment premium for other modes. Policy term is 5-10 years for single premium and 10-15 years for regular premium.

OTHER FEATURES

- Flexible modes of premium payment have been provided that is the modes of payment may be weekly, fortnightly, monthly, quarterly, half yearly and annually
- It also provides a facility of single premium payment.
- For all modes of payment a grace period will be allowed for a period not less than 60 days.
- By paying arrears of premium with interest, a lapsed policy can be recovered. But the payment of premium is made within a period of 2 years from the date of first unpaid premium but it is due before maturity.
- For regular premium policies, the guaranteed surrender value will be equal to Guaranteed surrender value x total premium paid (excluding taxes and extras if any)

The policy term and policy year in which the policy is surrendered are the key determinant of guaranteed surrender value factor.

LIC has an option to cancel the policy in case of the policy holder is dissatisfied with various terms and conditions of the policy. Policy holder returns the policy to the corporation stating the reason of objections within 15 days from the date of receipt of the policy. In this case, corporation has an option to cancel the policy and also return the amount of premium deposited.

JEEVAN DEEP

LIC's third micro insurance product Jeevan Deep is an endowment assurance product with an added feature of guaranteed additions along with provision of loyalty addition. Like other micro insurance products of LIC, it also offer customized services to low income sections of the population in order to meet their distinct needs

FEATURES

- As per this plan, minimum sum assured is 5000 and maximum sum assured is 30000 with an optional accident benefit rider, together providing for total benefit equal to double the sum assured, on death due to accident.
- Flexible modes of premium payment have been provided that means the payment may be monthly, quarterly, half yearly and also annually.
- Single premium payment option has also been provided.

JANASHREE BIMA YOJANA

It is a group based pure term policy of insurance. Minimum and maximum age for eligibility of Janashree Bima Yojana is 18 and 59 years respectively. It has no maturity benefit or surrender value. With this policy, policy holders get certain additional benefit such as educational scholarship, accident coverage without any additional charge. It provides benefit such as 100% of the sum assured in case of death and 250% of the sum assured if death occur due to accident. It provides additional benefit as 75000 for total disability and for 37500 for partial disability.

OTHER FEATURES OF JANASHREE BIMA YOJANA

- Minimum sum assured- 30000
- Maximum sum assured -30000
- Minimum term of policy-1 year
- Maximum term of policy -1 year
- Minimum and maximum amount of premium is 200 each
- Premium payable method is single premium

LIC BHAGYA LAKSHMI

LIC Bhagyalakshmi micro insurance product is a non participating limited payment and protection oriented plan. Return of the plan is 110% of total amount of premium payable on maturity. The premium paying term is 2 years less than the policy term. Minimum age at entry for the product is 18 years and maximum age at entry is 55 years. Maximum age at maturity is 65 years. Minimum and maximum sum assured is 20000 and 50000 respectively. Flexible modes of premium payment are allowed. For all modes of payment, a grace period will be allowed for a period not less than 60 days. Minimum premium paying term is 5 years and maximum premium paying term is 13 years. The term of the policy is premium paying term plus 2 years (that is minimum 7 years and maximum 15 years)

OTHER FEATURES OF LIC BHAGYA LAKSHMI

- For yearly mode of premium, rebate allowed is 2% of the Tab premium. For half yearly mode, rebate allowed is 1% of the Tab prem.
- Commission rate is calculated as percentage of the premium net of service tax.
- Commission rate allowed to micro insurance agent –in first year 10% and in subsequent years 7.5 %
- Commission rate allowed to insurance and corporate agents- in first year 10% and in second and third year 7.5% each and in subsequent years 5% each.
- Commission rate allowed to broker is – in first year 10%, second and third year 5% and also in subsequent years 5% each.
- Sum assured on maturity is equal to 110% of total amount of premium s payable during the term (excluding taxes and extra premium)
- Sum assured on death equal to sum assured under the policy.
- Paid up value or surrender value will accrue after two full year premiums are paid under policies with premium paying term less than 10 year.
- Paid up value or surrender value will accrue after 3 full year premiums paid under policies with premium paying term greater than 10 years

Maturity paid up sum assured = sum assured on death x $\frac{\text{number of premium paid}}{\text{Number of premium payable}}$

CONCLUSION

Agriculture is a volatile business. For large portions of the world population, agriculture is the main source of income. In this complex environment, farmers face a number of constraints and to reduce uncertainty and risk they depend on micro insurance products. Insurance is not an end in itself. Insurance is only a means to an end. Micro insurance is only one component of a well balanced disaster risk management strategy. Various factors which demand the need for micro insurance not only limited to agriculture but also health, death, theft or fire, disability and so on. In order to overcome the risk of all these sectors which are faced by low income people, various micro insurance players come in to the mainstream. LIC has a major role in reducing uncertainty and risks by offering various micro insurance products. It provides a practical option for low income households to protect against adverse events and it also act as a tool for governments to promote economic development and also industrial development.

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A STUDY ON MICROCREDIT AND WOMEN EMPOWERMENT IN TUTICORIN DISTRICT

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ABSTRACT

The success of micro credit initiatives has often been attributed to their particular focus on empowering women and encouraging their self reliance through developing their own means of income. Various case studies show that there is a positive correlation between credit availability and women's empowerment. It is observed that majority of rural women who are associated with self help group activity positively succeeded to gain them empowered. Women in rural India in virtual isolation, unable to access even the most basic of services. But, with the formation of women's self help groups, these women are now achieving social and physical mobility. It is recognized that while the empowerment of women is a process that will not happen automatically. Self Help Group is a suitable means for the empowerment of women. In rural areas the women micro entrepreneurs continue to produce the traditional designs for local markets. Women in Self Help Groups produce a large variety of essential products. Village crafts and homemade snack foods. Many are engaged in retail trading of groceries and textiles. These enterprises represent a substantial supply resource for semi-urban and urban markets. Self Help Groups are also viable organized set up to disburse microcredit to the needy women entrepreneur and encouraging their promotion of poverty alleviation activities and programmes.

KEYWORDS

SHGs, microcredit, women empowerment.

INTRODUCTION

In order to bring women into the mainstream of economy and society, Government of India has launched several development programmes for women. Microfinance as a tool for empowerment of women and the enlistment of the poor has gained credence in development dialogue, the world over. Reaching women in remote rural areas and creating a legitimate organizational space where women can meet and function as a collective unit has been recognized as a development of significant potential for challenging the social and economic isolation of women. Small loans can make good business sense among the women. It has been noticed that women in particular stand to gain a lot from microcredit because it gives them an independent means of generating wealth and becoming self reliant in a society that does not offer them much scope for entrepreneurship and since it is women who run the household, a higher standard of living for women ensures better governance and a healthier and more prosperous future for their children and a better future for the nation.

REVIEW OF LITERATURE

Sangeetha Purushothaman, in her book entitled, "Empowerment of Women in India: Grassroots Women's Networks and the State" has critically examines the role of grassroots organization of women in the rural development based on the case studies conducted in four districts of Maharashtra. She emphasizes the need to challenge in forms of which over all development is taking place in the villages, since grassroots women face vastly defend societal and economic conditions, including fewer economic resources.

Taher, Md Abu, in his study on "Empowering Rural Women's Involvement in Income-Generating Activities: The Experience of Bangladesh" has conducted that it is found that participation in income generation activities enriched women's empowerment in terms of increased mobility, decision making power within family, ownership of productive assets, political and legal awareness and confidence in participating social protests.

Suprabha K.R, in his study on "Transition of micro – finance clients to micro – enterprises : Incidence and implications", concluded that unless the evolution towards socio – economic empowerment of the poor and weaker section of the society takes place, the microfinance would not serve its purpose and instead, it would become a hangman's rope. The sustainability of microfinance entirely depends on this process. Hence, the main thrust of the microfinance, in medium and long term perspective, should be to empower the SHG members to enable them to undertake income generating micro enterprises on viable and sustainable basis.

STATEMENT OF THE PROBLEM

Indian women, who incidentally constitute one-sixth of the world's women population, have not achieved expected success in the mainstream of life. It is being accepted that for a full fledged development of a country like India, empowerment of women is an essential ingredient. Empowerment of women especially the rural women is one of the main issues in India, unless rural women are not trained to be independent in terms of economic income, a country cannot progress. But a women, as an individual has limited access to financial helps offered by the banks. Without offering any finance help one cannot think of poor women empowering themselves economically and socially. It is in this context Self-Help Groups have emerged and the concept of micro credit came in to existence. For the elimination of poverty among poor women by empowering themselves micro credit is given through Self Help Groups. Once credit is made available to women, as a group they can emerge as small entrepreneurs which will pave the way for their empowerment.

To what extent micro credit is helping the poor women for their empowerment? To find out the answer for this question, the present study is undertaken. An attempt is made in this study to find out the impact of micro credit on women empowerment.

OBJECTIVES OF THE STUDY

The objectives outlined by the researcher for the study are:

1. To study the profile of SHG members who receiving microcredit.
2. To study the tribulations which are faced by SHG members.
3. To analyses the impact of micro credit on women empowerment.
4. To offer suitable suggestions based on the findings of the study.

HYPOTHESES OF THE STUDY

1. There is no significant difference in the opinion of respondents regarding the improvement of amenities after joining the SHG.
2. There is no significant difference between the marital status of the respondents and their opinion level on microcredit and bank officials.
3. There is no significant difference between the age of the respondents and their opinion level on microcredit and bank officials.
4. There is no significant difference between the family size of the respondents and their opinion level on microcredit and bank officials.
5. There is no significant difference between the educational qualification of the respondents and their opinion level on microcredit and bank officials.

METHODOLOGY

The present study is based on both primary and secondary data, primary data have been collected by conducting interview among 140 members in Tuticorin district. The secondary data have been collected from books, journals, news papers, magazines, and internet.

OPINION OF MEMBERS ABOUT AMENITIES

APPLICATION OF SIGN TEST

In order to know whether there is any significant difference in the opinion of respondents regarding the improvement of amenities after joining the SHG, sign test has been applied. For this purpose the following null hypothesis has framed.

There is no significant difference in the opinion of the respondents regarding improvement of amenities after joining the SHG.

TABLE 1: OPINION OF MEMBERS ABOUT AMENITIES – SIGN TEST

Sl.No.	No of + Sign	No of - Sign	N	Z	Result
1.	78	62	140	1.35	Not Significant
2.	116	24	140	7.77	Significant
3.	135	5	140	10.98	Significant
4.	59	81	140	-1.86	Not Significant
5.	137	3	140	11.32	Significant
6.	86	54	140	2.70	Significant
7.	140	--	140	11.82	Significant

Source: Primary Data.

It is inferred from Table 1 that the Z value is not within the acceptance region of null hypothesis ($Z = -1.96$ to $+1.96$) for the amenities 2,3,5,6 and 7 this indicates there is significant difference in the opinion of respondents regarding improvement in amenities.

For the remaining items 1 and 4 the Z value is not within the acceptance region of null hypothesis ($Z = +1.96$ to -1.96). This indicates that there is no significant difference in the opinion of the respondents with regard to improvement in the amenities after joining the SHG.

EDUCATIONAL QUALIFICATION AND THEIR OPINION LEVEL

Educational qualification is one of the important factors for empowering women. Hence, an attempt has been made to analyze whether there is any significant difference between the educational qualification of the members and their level of opinion. Table 2 shows the educational qualification of members and their level of opinion.

TABLE 2: EDUCATIONAL QUALIFICATION OF MEMBERS AND THEIR LEVEL OF OPINION

Sl. No.	Educational Qualification	Level of Opinion			Total
		Low	Medium	High	
1.	Illiterate	4(2.86%)	13(9.29%)	3(2.14%)	20(14.29%)
2.	Can Sign	15(10.71%)	54(38.57%)	13(9.29%)	82(58.57%)
3.	School Level	7(5.00%)	24(17.14%)	5(3.57%)	36(25.71%)
4.	Degree and above	--	1(0.71%)	1(0.71%)	2(1.42%)
	Total	26(18.57%)	92(65.71%)	22(15.71%)	140(100.00%)

Source: Primary Data.

Table 2 reveals that among 92 respondents, who have medium level of opinion, 13 respondents are illiterate, 54 respondents are able to sign only, 24 respondents are having school level education and only one is a graduate.

In order to find out whether there is any significant difference between the education level and the level of opinion, chi square test has been applied. Table 4.19 shows that calculation of chi square test.

TABLE 3: EDUCATIONAL QUALIFICATION OF THE RESPONDENTS AND THEIR LEVEL OF OPINION-CHI-SQUARE TEST

Cell	O	E	O-E	(O-E) ²	(O-E) ² /E
R ₁ C ₁	4	3.71	0.29	0.08	0.02
R ₂ C ₁	15	15.23	-0.23	0.05	0
R ₃ C ₁	7	6.69	0.31	0.10	0.01
R ₄ C ₁	0	0.37	-0.37	0.14	0.38
R ₁ C ₂	13	13.14	-0.14	0.02	0
R ₂ C ₂	54	53.89	0.11	0.01	0
R ₃ C ₂	24	23.66	0.34	0.12	0
R ₄ C ₂	1	1.31	-0.31	0.10	0.08
R ₁ C ₃	3	3.14	-0.14	0.02	0
R ₂ C ₃	13	12.89	0.11	0.01	0
R ₃ C ₃	5	5.66	-0.66	0.44	0.08
R ₄ C ₃	1	0.31	0.69	0.48	1.55
Total					2.12

Source: Primary Data

Degrees of Freedom = (r-1) (c-1)
 = (4-1) (3-1)
 = 6
 Calculated Value of χ^2 = 2.12
 Table Value of χ^2 0.05 = 12.6

Since the calculated value 2.12 is less than the Table value 12.6 at 5 per cent level, the null hypothesis is accepted. It reveals that, there is no significant difference between the educational qualification of the respondents and their opinion level.

SUMMARY OF FINDINGS

- Majority of the respondents [72.86%] have no formal education. Out of 140 respondents, 82 respondents belong to the category of 'can sign'.
- Majority of the sample respondents [67.14%] are coolies.
- Majority of the respondents [83.57%] are members and the remaining are the category of animators and representatives.
- Majority of the respondents [60%] are the members in the SHGs for more than four years.
- Among the 140 respondents nearly one-half of the respondents opine that the decisions in the SHGs should be taken on the basis of consensus of SHG members.

- More than one-half of the respondents [55.71%] feel that the problems raised in the SHG should be solved by the SHG members themselves.
- Majority of the members [74.28%] availed loan for income generating purpose and the one-fourth of the respondents only availed the loan to meet out their family expenses. [Non-income generation]
- Majority of the respondents [53.57%] have borrowed a loan of Rs.10001 to Rs.20000

SUGGESTIONS

- The SHG members who generate less income through micro enterprises should be helped to get more income through credit facilities and entrepreneurial skill development programmes.
- Innovative products may be identified and the members of SHGs may be given appropriate training for the production of these products.
- Universities may organize motivational camps to motivate women entrepreneurs who avail themselves of the microcredit facilities through extension activities.

CONCLUSION

It is observed that when micro credit is given to women, it may benefit the whole family. When women are given the control and the responsibility of small loans, it will raise their socio- economic status. As far as micro credit is concerned, the banks have been given freedom to formulate their own lending norms keeping in view of the ground realities. Many of the banks are willing to lend money through self-help groups. A Self –Help Group is a registered or un registered group of micro- entrepreneurs having homogenous social and economic background voluntarily coming together to save small amounts regularly to mutually agree to contribute to a common fund and to meet their emergency needs on mutual help basis and economically poor individual women gain strength as part of a group. Besides, financing through the self –help groups reduces transaction costs for both the lenders and the borrowers. While lenders have to handle only a single self – help group account instead of a large number of small – sized accounts, women borrowers as part of a Self Help Group cut down expenses on travel for completing paper work and on the loss of working days in canvassing for loans. The SHG- bank linkage programme has surely emerged as the dominant micro credit dispensation model in India. Micro credit to women provides a stable and sustainable source of income that enables them to climb steadily out of poverty, while providing better living conditions and opportunities for their families.

Empowering women is the pre-requisite for creating a good nation, when women are empowered, society with stability is assured. Empowering of women is essential as their thoughts and their value systems lead the development of a good family, good society and ultimately a good nation. In spite of various constitutional safeguards and legislative measure as well as number of programmes and policies initiated by the government for the betterment of women, no significant development took place in the socio-economic conditions of women and they are still lagging behind men in their participation in the process of development. Without the full and equal participation of women, there can be no sustainable human development. Low socio- economic status of women and less empowerment of women is an intense socio-economic problem not only at national level but also at the global level that requires a long – term multi-pronged strategy to be carried on continuously.

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INDIAN TEXTILE AND CLOTHING INDUSTRY EXPORTS: EMERGING TRENDS

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ABSTRACT

This study examines the Changing Trend of the Indian Textile and Clothing (T&C, hereafter) industry's Commodities' exports and their destinations. The study also focuses on the performance of the Industry in the last two decades and the effects of the major policy changes and global economic crisis on the performance of the textile and clothing industry. The performance and trends were analyzed with the help of standard techniques of growth rates and market shares calculation. The results show that the shares of cotton and carpets in the T&C export basket have declined and for manmade filaments, manmade staple fibers, knitted apparel articles and other made up textiles have increased in the last two decades. The average annual growth rate for the aggregate t&c exports is higher in the post MFA phase out period than in the pre MFA phase out one. The same for silk has been negative in the post MFA phase out period while for items such as cotton, wool, carpets, laminated textile fabrics etc. has been higher than the pre MFA phase out period. The apparel articles have grown at almost the same pace in the pre and post MFA phase out period. The export destinations of Indian t&c exports, in the last two decades, have been in expansion mode. The share of exports to US and EU has been decreasing while for Latin American, African and Gulf countries have been increasing. The last decade's performance for Indian t&c exports has been ordinary, although, the recessionary effects did not affect the Indian t&c exports for long and the exports in that period, in fact, grew at a very fast pace.

KEYWORDS

MFA, focus market scheme, cotton, apparel.

1. INTRODUCTION

Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation and export earnings of the country. It contributes about 14% to India's industrial production and 13% to the country's export earnings. The textile sector is one of the largest providers of employment along with agriculture.

Having an abundant raw material availability that helps industry to control costs and reduce the lead time across operation and the availability of low cost and skilled manpower providing competitive advantage to industry, makes the Indian Textile and clothing industry independent and self reliant.

The Indian textiles industry represents a widely diverse spectrum of activities with the hand-spun and hand-woven sector at one end, and the capital intensive sophisticated mill sector at the other. The decentralized power looms, hosiery and knitting sectors form the largest section of the Textiles Industry. The close linkage of the Industry to agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison to the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

But all this, has a gloomy side too. The Indian textile industry is a highly fragmented industry. It is highly dependent on cotton, along with, low productivity in various segments. Also the mill segment is declining. In addition, there is a lack of technological development that affects the productivity and other activities in whole value chain. The infrastructural bottlenecks and efficiency cost, like transaction time at ports and transportation time, and unfavorable labor laws, further prevent to generate economies of scale. Higher interest rates, power tariffs and indirect taxes also complicate and deteriorate the situation. All these factors make it problematic for the Indian textile and clothing industry to grow up to its potential and take the big leap forward.

The Indian T&C Industry can be classified into 14 commodities, namely, Silk, Wool, Fine or Coarse animal hair, Horsehair Yarn and woven fabric, Cotton, Other vegetable textile fibers; Paper yarn and woven fabrics of paper yarn, Manmade filaments, Man-made staple fibers, Wadding, Felt and nonwovens; Spacial yarns; Twine, Cordage, Ropes and articles thereof, Carpets and Other Textile Floor coverings, Special woven fabrics; Tufted Textile fabrics; lace; tapestries; trimmings; embroidery, Impregnated, Coated, Covered or Laminated Textile Fabrics; Textile articles of a kind suitable for industrial use, knitted or crocheted fabrics, Articles of apparel and clothing accessories, knitted or crocheted, Articles of apparel and clothing accessories, non knitted or crocheted and Other made up Textile articles; Sets; Worn clothing and worn textile articles; Rags at a 2 digit level. Taking into account all these commodities, we can get the total textiles exports of India.

The study's centre of interest here remains to see how the exports of Indian Textile Industry, overall and commodity wise, have changed over time to the world and to particular significant regions, since 1996-97 after the adoption of the Agreement on Textile & Clothing (ATC) in 1995 and all import quotas in textile and clothing, thereby, terminated from January 1, 2005. The value of world apparel exports was estimated to be \$166 billion in 1996 (WTO, 1998). Until the end of the 1980s, the top four garment exporters were Hong Kong, Italy, South Korea, and Taiwan. China emerged as a leading exporter in the second half of the 1980's and today occupies the number one position in the world (Ramachandran, 2001). The study also tries to find the effects of the Global Economic Crisis and the new aspects of Foreign Trade Policy of India like Focus Market Schemes (FMS) on the Indian textile and clothing exports and the way ahead that can be predicted from the existing situation.

This paper covers a time frame of 19 years i.e. from 1996-97 to 2014-15 and 14 items as mentioned above. Standardized techniques of growth rates and market shares were used in the study for the above mentioned time frame as well as for different significant time frames. The same were used to analyze the T&C exports to different countries as well.

The paper's structure will include Review of Literature, Objectives of the Study, Empirical analysis, Conclusion and Bibliography.

2. REVIEW OF LITERATURE

Gera(2012) in his paper on Significance and future prospects of textile exports in Indian Economy, noted through SWOT and data analysis, that, role of government has been supportive to textile & clothing industry whereas post MFA has not been good in comparison to China and thereby giving recommendations on what is the need of the hour while Ramachandran (2001) in his study on Export Competitiveness and The Market for Textiles through firm level interviews found India has successfully undertaken policy reforms in order to improve efficiency and competitiveness. However, India's share of world apparel exports has not risen significantly since 1994 and thus identified policy constraints and recommendations that can be made thereon. Singh&Lal (2013) revealed in Export performance & competitiveness of Indian Textile Industry" using RCA index that which commodities enjoy a greater Relative Comparative Advantage and which commodities do not but this remains to be seen whether the commodities with greater RCA are performing to their potential or not. Also, Verma (2002) in his study on Export Competitiveness of Indian Textile & Garment Industry by taking into account both the demand and supply side of some products through a 2 point criterion classified the products into Leaders, Gainers, Losers and Outliers. In addition, he showed that how some commodities' exports were actually being protected by quota system and how some were being bound by the same Shrimali (2003) in Performance in US Market: Post ATC analyzed that India was not able to compete China in Textile & Clothing Exports in US post ATC, although its share grew and also was facing stiff competition from Bangladesh. But what is to be observed is that whether Indian T&C exports to other non-traditional regions have increased or not and if yes, then, to what

extent. Chaudhary (2011) in the paper, Changing Structure of Indian Textiles Industry after MFA phase out through F-test concluded that the impact of MFA phase out was positive on variables like Total exports of T&C, production of cloth, FDI in textile industry and operating profits. However, it is assumed that MFA phase out impact on textile industry was bound to be positive but whether Indian textile exports have shown a massive growth as was expected for some commodities or not, and if there was growth, was it sustained or not, that too, in the light of global economic crisis that were after a nominal gap of almost 3.5 years.

3. OBJECTIVES OF THE STUDY

- To examine the trend of textile and clothing exports from 1996-97 to 2014-15, aggregate and commodity wise to the world and to different specific regions.
- To study the impact of MFA phase out and Global Economic Crisis on textile and clothing exports over this period.
- To analyze the direction of T&C exports after the implementation of new issues such as Focus Market Scheme (FMS) in Foreign Trade Policy.
- To examine the change in export destinations of Indian Textile and Clothing exports.

4. EMPIRICAL ANALYSIS

The total textiles and clothing exports of India to the world stood at US \$9159.97 million in 1996-97 in which the major share was taken by Articles of Apparel and clothing accessories both knitted and not knitted (41%) followed by cotton (30.85%) and all other items had a single digit share in the export basket of T&C.

CHANGING SHARE OF DIFFERENT SECTORS OF INDIAN TEXTILE AND CLOTHING INDUSTRY IN THE EXPORT BASKET

The following table showing the share of the different commodities over different time periods makes it clear how the demand of the different products of Indian T&C sector has been changing over the years.

TABLE I- SHARE OF DIFFERENT COMMODITIES IN THE EXPORT BASKET OF INDIAN TEXTILE AND CLOTHING (in %)

Items	1996-97	2000-01	2004-05	2005-06	2008-09	2011-12	2014-15
Silk	1.34	2.44	2.56	2.20	1.55	0.58	0.36
Wool, fine or coarse animal hair, horse hair yarn and woven fabric	1.08	0.48	0.50	0.45	0.56	0.64	0.47
Cotton	30.85	20.81	15.80	16.72	14.60	25.94	20.50
Other vegetable textile fibers; paper yarn and woven fabrics of paper yarn	1.20	1.24	1.20	0.88	0.91	1.10	0.99
Man-made filaments	3.79	4.43	6.94	5.14	7.15	7.60	6.35
Man-made staple fibers	3.48	4.17	5.54	4.61	5.79	6.42	5.79
Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	0.32	0.44	0.38	0.48	0.75	0.88	0.90
Carpets and other textile floor coverings	7.11	5.51	5.77	6.28	4.97	3.59	4.83
Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	0.45	1.70	0.80	0.86	1.00	0.69	1.08
Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	0.61	0.36	0.49	0.44	0.48	0.48	0.97
Knitted or crocheted fabrics	0.64	0.29	0.31	0.28	0.46	0.64	0.68
Articles of apparel and clothing accessories, knitted or crocheted	11.29	15.44	18.45	17.88	23.41	16.79	20.33
Articles of apparel and clothing accessories, non knitted or crocheted	29.69	32.75	27.46	30.45	27.37	23.14	24.41
Other made up textile articles; sets; worn clothing and worn textile articles; rags	8.14	9.94	13.79	13.34	11.00	11.49	12.34

Source: Calculated by the author from the Export Import Data Bank, Ministry of Commerce, Government of India

A glance at the Table I, clearly reveals that the major share in the exports of Indian textile & clothing sector has been taken by Cotton and Apparel articles & Clothing accessories which lied more or less in the range of 60 to 70 percent. However, cotton exports had a more fluctuating share in the total t&c exports. On the other hand, man-made filaments, man-made staple fibers and worn clothing and worn textile articles have shown positive trend with their share in the t&c exports rising at a decent pace over the 19 year window.

CHANGING TREND OF EXPORTS OF DIFFERENT COMMODITIES AFTER THE MFA PHASE OUT AND THE SILK PLUMMET

The growth rates of exports of different commodities are another aspect that needs to be scrutinized to get a clear picture of direction of different commodities.

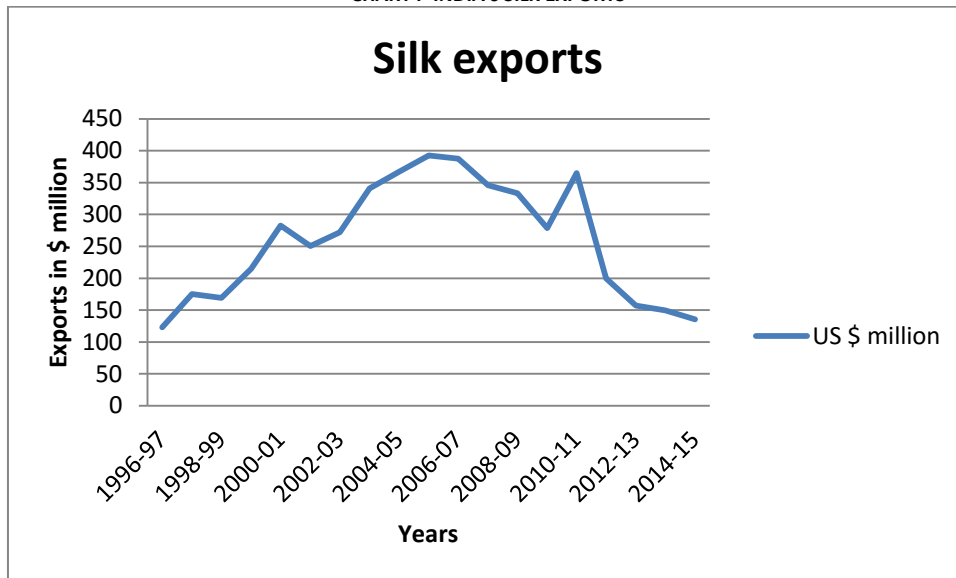
TABLE II-AVERAGE ANNUAL GROWTH RATES OF DIFFERENT ITEMS OF TEXTILE AND CLOTHING INDUSTRY (in %)

Items	Pre MFA phase out	Post MFA phase out
Silk	12.44	-13.00
Wool, fine or coarse animal hair, horse hair yarn and woven fabric	-6.59	9.3
Cotton	-1.65	12.89
Other vegetable textile fibers; paper yarn and woven fabrics of paper yarn	2.9	11.29
Man-made filaments	14.6	11.66
Man-made staple fibers	11.51	10.44
Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	7.7	16.64
Carpets and other textile floor coverings	2.22	4.57
Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	7.26	9.8
Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	4.54	16.17
Knitted or crocheted fabrics	-1.18	18.27
Articles of apparel and clothing accessories, knitted or crocheted	13.5	8.42
Articles of apparel and clothing accessories, non knitted or crocheted	3.77	6.33
Other made up textile articles; sets; worn clothing and worn textile articles; rags	11.72	9.12
Total textile and clothing exports	5.77	9.00

Source: Calculated by the author from the Export Import Data Bank, Ministry of Commerce, Government of India

The data in Table II shows how the MFA phase out was a boon to some commodities and bane to others. Silk exports which had an average annual growth rate 12.44% in the pre MFA phase out period, registered a negative average annual growth rate of 13% in the post MFA phase out period. The reason for this can primarily be attributed to a very hard competition from China. China is the market leader in global silk market and dominates the export market. Its total production capacity is far larger than the sum of total production capacity of other major key players. Hence, the total of many other leading exporting countries' figures would not match with China's export figure (Silk manufacturers and exporters association of Bangladesh). Total silk exports which were US \$122.97 million in 1996-97 did not see much overall change as it stood at US \$135.59 million in 2014-15.

CHART I- INDIA'S SILK EXPORTS



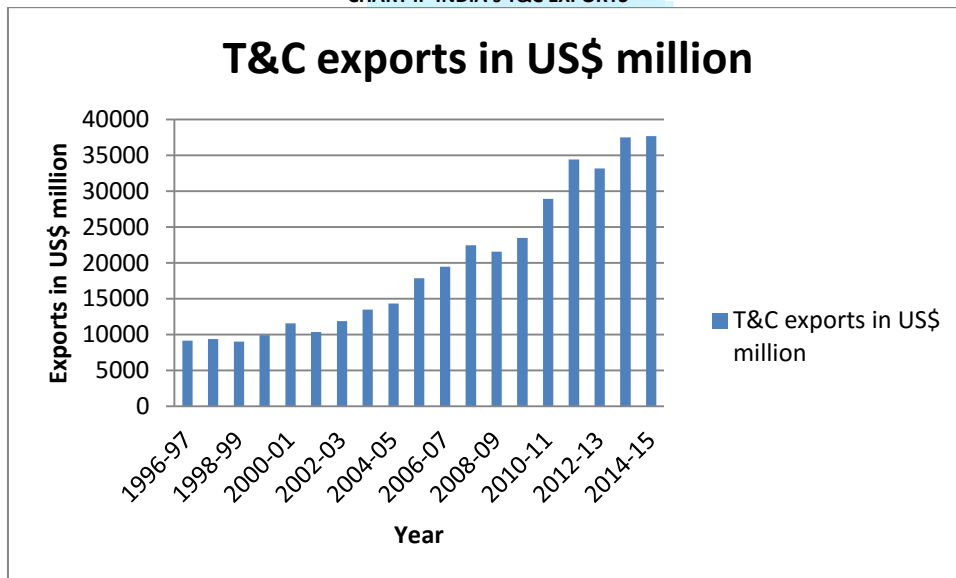
Source: Export Import Data Bank, Ministry of Commerce, Government of India

It can be seen how the silk exports have almost remained the same in 1996-97 and 2014-15 after seeing a boom till 2004-05 and then ultimately falling. On the other hand, items which showed a very high change in the growth rate include wool, cotton, other vegetable textile fibers and laminated textile fabrics.

IMPACT OF MFA PHASE OUT ON THE AGGREGATE TEXTILE AND CLOTHING EXPORTS

The aggregate textile and clothing exports showed a decent jump in the growth rate after the MFA phase out. The average annual growth rate jumped from 5.77% in pre MFA phase out period to 9% in post-MFA phase out period.

CHART II- INDIA'S T&C EXPORTS



Source: Export Import Data Bank, Ministry of Commerce, Government of India

The impact of MFA phase out can be seen from the fact that how in absolute terms the aggregate t&c exports reached a mark of almost US\$ 38000 million in 2014-15 from US\$ 14300 million in 2004-05.

CHANGING INDIAN T&C EXPORTS' DESTINATIONS

Another scenario that is to be looked into is that how the export destinations of Indian T&C have changed over the time frame of 19 years. The following table explains the same.

TABLE III: PERCENTAGE OF INDIA'S TEXTILE AND CLOTHING EXPORTS TO DIFFERENT DESTINATIONS

Year	US	EU	North East Asia	Latin America	GCC	Africa	Oceania
1996-97	22.30	35.48	10.83	1.59	5.99	5.09	1.94
2004-05	24.14	33.46	5.60	1.72	11.31	6.02	1.22
2005-06	26.54	35.66	7.54	1.76	8.40	4.88	1.05
2008-09	20.41	36.40	5.37	3.37	10.51	6.35	1.00
2011-12	17.34	27.88	15.55	4.56	8.73	7.53	1.02
2013-14	17.89	25.25	14.04	4.18	9.36	7.03	1.02
2014-15	19.00	26.22	9.74	4.25	11.98	7.55	1.16

Source: Calculated by the author from the Export Import Data Bank, Ministry of Commerce, Government of India

It is a well known fact that the major importers of India's textile and clothing have been USA and European Union (EU) from many years. But what is to be seen is whether their share and other regions' share in India's T&C exports has remained same over the years or not. As observed from the table, the percentage of t&c exports to US was as high as 26.54% in 2005-06 from 22.30% in 1996-97 but after that, it showed a declining trend. The reason for this can be attributed to global economic crisis of 2008-09 which in turn led to less demand. But that's only a partial truth because even when the US economy started recovering after 2012, the percentage of exports didn't rise or if it rose, it was nominal. That's probably because the Foreign Trade policy, 2009 of India started focusing on new

markets under Focus Market Scheme (FMS) in which countries of different blocks were identified. The blocks included Latin American block, African block, Eastern Europe block, Oceania block etc. that is, the traditionally less focused markets.

Another result that can be interpreted from this falling trend of percentage of t&c exports to US is that the impact of MFA phase out has not been that beneficial to India as India thought of, initially.

The EU too has shown a falling trend in the recent years but the decline in the percentage of t&c exports to US and EU has not been just taken by one specific region. This means the impact of Focus Market Scheme was scattered as it was intended to. It can be noted from the fact the percentage of Indian T&C exports to Latin America which was 1.59% in 1996-97, stood at 4.56% in 2011-12 and 4.25% in 2014-15. A similar trend was shown by Africa. This makes it essential for India to understand that demand needs to be tapped in these markets in future as well, as these markets too have a high potential.

However, regions such as Gulf and North East Asia had a fluctuating single and double digit share. But the variation makes it easy to understand that these markets too have a high capability to import India's t&c.

However, percentage of t&c exports to the Oceania region that includes countries such as Australia, New Zealand, Fiji etc. has remained more or less the same, rather, there has been a nominal decline from 1.94% in 1996-97 to 1.16% in 2014-15 although some markets of this region had been notified under *New Focus Markets* in Foreign Trade Policy, 2009.

PERFORMANCE IN THE LAST DECADE, AGGREGATE AND TO SPECIFIC COUNTRIES

To further get clarity in the performance of Indian t&c exports in the last decade, the data can be divided into significant periods as shown in the following table.

TABLE IV: AVERAGE ANNUAL GROWTH RATES OF INDIAN TEXTILE AND CLOTHING EXPORTS TO DIFFERENT REGIONS (in %)

Time Period	Aggregate t&c exports	US	EU	North East Asia	Latin America	GCC	Africa	Oceania
2005-06 to 2007-08	11.45	-0.30	7.51	17.03	39.38	11.92	23.63	0.73
2007-08 to 2008-09	-3.92	-6.52	6.11	-38.78	5.15	19.08	-1.97	14.13
2008-09 to 2014-15	9.79	8.69	4.10	19.79	13.93	10.85	12.68	12.40
2008-09 to 2011-12	16.08	10.82	7.12	49.98	27.69	9.49	21.29	16.11
2011-12 to 2014-15	3.93	6.34	1.98	-10.29	0.82	13.93	4.48	7.18

Source: Calculated by the author from the Export Import Data Bank, Ministry of Commerce, Government of India

The Agreement on Textiles and Clothing (ATC) provided for the gradual dismantling of the quotas that existed under the MFA. This process was completed on 1 January 2005. So after 1 January 2005; India certainly had an added advantage in its t&c exports. The average annual growth rate in aggregate t&c exports of India was although 11.45% from 2005-06 to 2007-08 but in the same period when it was expected that India's t&c exports to USA, which was precisely one of the main markets of Indian t&c exports, other than EU, saw a negative average annual growth rate. The other markets had shown a positive average annual growth rate with Latin America showing the highest.

The year 2008-09, which saw extreme recessionary effects, made India's performance dismal in aggregate t&c exports and to most of the destinations. To USA too, the t&c exports had a negative growth rate i.e. -6.52% as was expected after the crisis. In fact, North East Asia had a huge fall in this aspect as the growth rate was -38.78%. But did Indian t&c exports really get affected after the global economic crisis of 2008-09 is the question. A glance at the average annual growth rates from 2008-09 to 2011-12 shows the Indian t&c exports saw a good jump when most of the developed world was facing the crisis. The aggregate Indian t&c exports growth rate was 16.08% in this period. Most importantly, the exports to USA and North East Asia grew at an average of 10.82% and 49.92% respectively. The Gulf countries and Oceania world too showed a decent jump. But the surprise package was the Latin American and African world. The exports to both the markets grew at an average of greater than 20% per annum as they both were the two of the newly focused markets after seeing the dynamic impacts of the recession globally.

Evaluating the last 4 years' performance of India, it can be said that the Growth rate of Indian t&c exports has been just nominal. But with the world recovering from recessionary effects complimented with different schemes of Govt. of India and the expectation of new National Textile Policy, 2015 to come up soon, it is expected that Indian t&c exports will bounce back in the near future.

CHANGING EXPORT DESTINATIONS OF VARIOUS PRODUCTS

The textile and clothing sector of India being very diverse makes it important to study how foreign demand of various products of Indian t&c sector has changed over time. The sectors of Indian t&c industry that are being considered here are Silk, Cotton, Carpets and other textile floor coverings, Articles of apparel and clothing accessories, knitted or crocheted, Articles of apparel and clothing accessories, not knitted or crocheted, as, products of these sector comprise almost 75% of the Indian t&c exports.

SILK

India is the second largest producer of silk in the world but gets beaten out rightly by China in the global market. As explained earlier, the Silk exports presently stand at almost the same level that they were in 1996-97. But the destination of silk exports has remained more or less the same over the years and probably, that is the reason, Indian silk exports are not achieving the boom.

TABLE V: PERCENTAGE OF SILK EXPORTS TO DIFFERENT DESTINATIONS

3 Year average	US	EU	GCC	North East Asia	Africa
1996-97 to 1998-99	27.43	39.36	6.87	7.50	2.10
2002-03 to 2004-05	30.53	33.03	10.83	10.50	1.94
2005-06 to 2007-08	25.62	37.37	7.06	9.82	1.64
2012-13 to 2014-15	19.07	33.86	14.08	11.75	1.93

Source: Calculated by the author from the Export Import Data Bank, Ministry of Commerce, Government of India

The percentage of silk exports to US has declined in the last decade and for European Union too. The decline in proportion of silk exports to both these destinations has been taken by Gulf countries and North East Asia for the last decade (Table V).

COTTON

Cotton is one of the principal crops of the country and is the major raw material for domestic textile industry. It provides sustenance to millions of farmers as also the workers involved in cotton industry, right from processing to trading of cotton. The Indian textile industry consumes a diverse range of fibers and yarn, but is predominantly cotton based. Also, cotton exports are one of the major export items of Indian t&c exports.

TABLE VI: PERCENTAGE OF COTTON EXPORTS TO DIFFERENT DESTINATIONS

3 Year average	US	EU	North East Asia	Latin America	Africa	Bangladesh
1996-97 to 1998-99	8.16	20.60	25.27	2.02	12.13	9.67
2002-03 to 2004-05	3.97	18.91	24.19	1.86	17.56	8.39
2005-06 to 2007-08	2.29	13.17	31.37	3.87	11.14	10.00
2012-13 to 2014-15	1.05	6.74	41.98	4.52	8.45	17.33

Source: Calculated by the author from the Export Import Data Bank, Ministry of Commerce, Government of India

As it is clear from Table VI, the demand for cotton exports in USA was already low in 1996-97 and therefore, only 8.16% of total exports of cotton went to USA. Over the years, this share has fallen to 1.05%. From European Union as well, the demand for cotton exports of India was not that high but it constituted a

significant percentage of the overall demand. But, its share has fallen too. The percentage of cotton exports to North East Asia, Latin America and Bangladesh on the other hand has shown a significant growth with most of the share of cotton exports in recent years going to North East Asia as China is the leading importer of India's cotton exports.

CARPETS AND OTHER TEXTILE FLOOR COVERINGS

The traditional market for India's carpets and other textile floor coverings have been USA and EU over the years, with together both of them comprising around 86% of textile floor coverings exports in 1996-97.

TABLE VII: PERCENTAGE OF CARPETS AND OTHER TEXTILE FLOOR COVERINGS EXPORTS TO DIFFERENT DESTINATIONS

3 Year average	US	EU	GCC	Latin America	Oceania	Africa
1996-97 to 1998-99	37.79	47.79	0.93	0.74	2.63	0.82
2002-03 to 2004-05	46.02	40.10	1.18	0.75	2.25	0.71
2005-06 to 2007-08	41.47	41.20	2.01	1.51	2.41	1.51
2012-13 to 2014-15	13.93	29.64	9.94	2.70	3.23	1.62

Source: Calculated by the author from the Export Import Data Bank, Ministry of Commerce, Government of India

But over the last 2 decades, there has been addition of new destinations for carpets and other textile floor coverings exports. There has been a dramatic fall in the percentage of the carpets and other textile flooring exports to US and EU and the share has been scattered to many regions with Gulf countries' imports of carpets increasing at a very high pace. Also, it is clear that Latin America and Africa are the potential markets too (Table VII).

ARTICLES OF APPAREL AND CLOTHING ACCESSORIES

The apparel articles and clothing accessories, both knitted and not knitted together contribute the most to Indian t&c exports i.e. almost 40% to 45%. Most of the apparel exports have, as expected, gone to US and EU both knitted and not knitted. But for the non-knitted apparel articles and clothing accessories, the demand from US and EU is more as can be seen from Table 9.

TABLE VIII: PERCENTAGE OF ARTICLES OF APPAREL AND CLOTHING ACCESSORIES; KNITTED OR CROCHETED EXPORTS TO DIFFERENT DESTINATIONS

3 Year average	US	EU	Oceania	Africa	GCC	Latin America	North East Asia
1996-97 to 1998-99	27.52	45.07	1.46	0.77	6.39	0.88	1.77
2002-03 to 2004-05	20.18	45.62	0.68	1.15	11.23	0.87	0.59
2005-06 to 2007-08	29.40	51.11	0.36	1.00	7.39	0.43	0.63
2012-13 to 2014-15	22.41	43.36	0.77	3.96	15.97	3.01	1.38

Source: Calculated by the author from the Export Import Data Bank, Ministry of Commerce, Government of India

TABLE IX: PERCENTAGE OF ARTICLES OF APPAREL AND CLOTHING ACCESSORIES; NOT KNITTED OR CROCHETED EXPORTS TO DIFFERENT DESTINATIONS

3 Year average	US	EU	Africa	GCC	Latin America
1996-97 to 1998-99	35.50	36.92	2.74	8.57	2.05
2002-03 to 2004-05	34.90	35.49	2.26	12.44	1.14
2005-06 to 2007-08	32.97	42.69	2.13	10.19	1.30
2012-13 to 2014-15	22.81	39.16	4.66	16.44	3.16

Source: Calculated by the author from the Export Import Data Bank, Ministry of Commerce, Government of India

In case of knitted apparel articles, the share of exports to US and EU has though declined, but not a large extent and for Africa, Gulf countries and Latin America has increased dramatically indicating a positive way ahead for these articles (Table VIII).

Whereas, for non knitted apparel articles and clothing accessories, the percentage of exports to US have declined sharply over the years from 35.5% to 22.81% while for EU has increased. EU, being a large market has been a traditional export destination. On the other hand, Africa, GCC and Latin America in this aspect as well have shown a good jump indicating how export destinations have changed over time for this product as well (Table IX).

Overall, it can be interpreted that with the increasing dynamism in the world, especially, after the global economic crisis, the exports destination of Indian T&c products have changed and have changed for good.

5. CONCLUSION AND THE WAY AHEAD

India has now for long been taking policy reforms in order to improve efficiency and competitiveness. However India's share in the world textile and clothing exports has not risen significantly since 1996-97.

As far as share of different sectors within the textile and clothing industry exports are concerned, it has not changed very drastically, although the share of cotton in the exports basket has declined by almost 10% in the last 19 years and hence, there has been emergence of other sectors/products in the export basket such as man-made filaments, man-made staple fibers, special woven fabric, apparel articles etc., particularly because many products of Indian t&c industry have been included in the Focus Product Scheme (FPS) such as Articles of apparel and clothing accessories, which are made of leather or composition of leather, are included in the list of this scheme.

The impact of MFA phase out has been positive on almost all the sectors of textile industry barring very few, one of them being, silk (which showed a negative growth rate in the post MFA phase out period). But, even the positive impact was not of a great magnitude as was expected after the MFA phase out. In fact, as predicted by Verma (2002) in his study on Export Competitiveness of Indian Textile & Garment Industry that for the Indian apparel exports, Multi Fiber Arrangement (MFA) was indeed acting as a constraint, the MFA phase out should have benefitted the apparel exports. But the average annual growth rate that was registered by Apparel articles, both knitted and non knitted was 7.19% for the post MFA phase out period as compared to 7.11% in the pre MFA phase out period, which is almost an insignificant increase in the average annual growth rate.

Also, the Aggregate t&c exports showed only a small increase in the average annual growth rate from 5.77% in pre MFA phase out period to 9% in post MFA phase out period, although, in absolute terms, Indian t&c exports reached a US \$38000 million mark in 2014-15 from US \$14300 million mark.

But, one of the positive directions that India is going into is exploring the new destinations. The percentage of Indian t&c exports to Latin American and African Countries has been increasing in the last few years, as most of the countries of these continents are a part of Focus Market Scheme (FMS). Although many countries of these continents have a very low per capita income but they were not focused on, till now. The dependence on US and EU for the Indian T&c exports has declined in the recent years and particularly that is the reason, the global economic crisis did not impact the Indian t&c exports much.

With a number of exports promotion councils launched in the recent times, such as Apparel Export Promotion Council (AEPC), The Cotton Textiles Export Promotion Council (Texprocil), The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC), Wool & Woolen Export Promotion Council (W&WEPC), Wool Industry Export Promotion Organization (WOOLTEXPRO), Indian Silk Export Promotion Council (ISEPC), Carpet Export Promotion Council (CEPC), Export Promotion Council for Handicrafts (EPCH), Power loom Development & Export Promotion Council (PDEXCIL), Handloom Export Promotion Council (HEPC), Jute Product Development Export Promotion Council (JPDEPC), working exclusively for the promotion of exports, Indian t&c industry enjoying a significant lead in terms labor cost per hour over developed countries like US and new industrialized economies like Hong Kong, Taiwan, South Korea and China, having raw material advantages, initiatives like 100% FDI in Indian textiles sectors under automatic route, Technology Upgradation Fund Scheme (TUFS), Focus Market Scheme (FMS), Focus Product Scheme (FPS), Make in India and the new National Textile Policy, 2015 expecting to be in the picture soon, the future of the Indian textile and clothing industry looks promising, buoyed by both strong domestic consumption as well as export demand.

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