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CUSTOMER PREFERENCE TOWARDS INTERNET BANKING AND THEIR LEVELS OF SATISFACTION: A STUDY AT PUNE

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ABSTRACT
The development of internet and better communication technology has led to the growth of e-commerce. E-commerce is buying and selling of products or services over the computer network. With the incorporation of e-commerce in daily life, enterprises no longer rely on traditional business tactics. They have to cope up with the dynamic and uncertain electronic environment. These changes in tele-communication technology and electronic data processing have brought a remarkable change in the working of the banking sectors. Adoption of latest information technology by banks has totally altered the traditional operations of the banks. Various services like the ATMs (Automated Teller Machines), credit cards and debit cards have made cash withdrawal and deposit much easier. Customers are now able to view their account details, generate statements, purchase drafts and even transfer funds from anywhere, at any place or anytime by using their personal computers. EDI one of the major contributions in banking services facilitates automated funds transfer. These new developments in the banking sector are known by a new concept namely E-banking. Customer is the foundation for all businesses and customer expectations are rising. They require improved, convenient and easy services. In this age of globalization and cut throat competition, survival of the service providers is a big challenge. This research work will focus on the customer preference towards the various E-banking services and know the satisfaction level from the services provided by various banks - both public and private sector banks. 150 respondents from Pune City, India were chosen for the study. The data was analyzed using standard statistical tests – T- test, Chi-square test, Correlation and Frequency analysis.

KEYWORDS
electronic banking, security, awareness, services, products, satisfaction and customer preferences.

1. INTRODUCTION
E-banking is a blend of services that represent Internet & Mobile banking, ATM, Cash Deposit machine, Net Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS), Credit/Debit/Smart Cards, Data warehousing, etc
Today customers are demanding prompt, quick, precise, perfect and unfailing services with high standards. The banks have to respond to customers' needs at all times at very competitive prices. In the changed socio-economic condition, the customers no longer want to be restrained by the physical place, where the customers' funds and information are stored and they desire that the banking facility come to their home.

2. STATEMENT OF THE PROBLEM
Public sector banks like SBI, IOB, UBI and private sector banks like ICICI, AXIS and HDFC have all introduced various e-banking facilities for over a decade. As the use of the various e-banking facilities like ATM, Internet Banking, Mobile Banking, Electronic Fund Transfer (NEFT) and various e-commerce products like Debit card, Credit card, online bill payments, online ticket booking, online shopping and online prepaid mobile recharge is increasing every day it becomes important to study customer preference towards use of these e-banking services and the level of satisfaction derived from each service.

3. OBJECTIVES OF THE RESEARCH
1. To examine the level of awareness of various E-Banking services and products among the customers of Public and Private Sector banks.
2. To identify the most preferred E-Banking service offered by the banks
3. To measure the customer satisfaction in E-Banking services provided by the banks under study.

4. RESEARCH METHODOLOGY
This research follows the survey research methodology and is based on earlier research done in the related area. A questionnaire was constructed to study the customer preference towards e-banking services and e-banking products of banks and the satisfaction level. The questionnaire was administered to 150 respondents who had account in either of the six banks SBI, IOB, UBI, ICICI, AXIS or HDFC. The data was analyzed using percentage method, frequencies, correlation, chi-square tests and One way Anova. Charts and tables are also prepared to make the analysis easily interpretable.

5. REVIEW OF LITERATURE
Gerrard and Cunningham (2003) in their study identified the top factors responsible for the success of e-banking. Providing provision like interactive loan calculators, mortgage calculators and currency and exchange rate converts would attract the attention of both users and non users of the bank's web site.
Abou-Robich, Moutaz (2005) developed a method to analyse comfort levels and attitude of users towards online banking facilities. The findings resulted that there is a correlation between attitude towards e-banking and feeling of security with regard to their demographic variables.
Boateng and Molla (2006) indicated that the operational constraints of internet banking is associated with the customer location, the need to maintain customer satisfaction and the capabilities of the Bank's main software to act as an influential factors in motivating the decision to enter electronic banking services and consequently influencing the usage experience and thus affecting the level of satisfaction.

Anita Lifen Zhao et al. (2010) used experimental evidence to study the relationship between apparent risk and trust in the adoption of internet banking services. The study was carried out in China on a sample size of 432 young Chinese customers who were considered to be the early adopters of internet banking services. The findings of the study showed that a significant relationship existed between apparent risk and trust and both the factors were critical in elucidating the usage intention of internet banking.
Johri and Jauhari (2010)1 also analyse the "importance of technology and issues emerging from this technology". According to them, technology is emerging as a key-driver of business in the financial services industry. The advancement in computing and telecommunication has revolutionalised the financial industry and banking on the net is fast catching on. As e-commerce gets transformed into m-commerce with the increasing use of technologies like WAP, banking business is in for a major overhaul.
Deena Amatev and Coy (2010) have expressed their mind in their extract titled "Fleet Helps Customers do it my way on line". The two authors have expressed a positive attitude towards the enhancement of customer service. Banking organizations, they say, should go beyond home banking (traditional functions like opening of accounts, funds transfer, balance enquiries, bills payment and making proper investment). The two authors stated that customers should get to know how to explore the web sites to create awareness of on line products and services.
Vgur Yavas and Mahmond M Yasin (2011) are the two authors who have produced their opinion on the title "Enhancing organizational performance in banks: A Systematic approach". The banking industry is facing a business challenge for survival and success in a turbulent environment. They need to adopt a proactive approach. It needs to also face its competitions by improving service quality, enhancing accessibility and responding to customer demands. Service delivered to customers should be of high quality. All these challenges faced and improved can bring customer satisfaction, employee satisfaction with fewer consumer complaints. A case study proved how a bank can benefit in lowering costs, enhancing productivity, responding to customer demands, reducing complaints and improving customer satisfaction.
Geetha. K. T. and Malarvizhi. V (2011) studied the factors that affected the acceptance of various e-banking services by the customers and indicated the security and privacy issues with respect to the Indian Banking System. Data for the research was collected from 200 respondents by means of a structured close ended questionnaire. Demographic variables were analysed by descriptive statistics. To know the factors affecting e-banking services Factor and Regression analyses was used. The findings of the study revealed that factors like security and privacy and awareness level of the various services offered increased the acceptance and adoption of e-banking services.
Meharaj Banu and Shaik Mohamed (2015) the objectives of the study were to know and analyze the consumers awareness towards internet banking through various service channels provided by banks and thus determine the satisfaction level. A sample size of 60 was chosen and the data was analyzed using Chi square test, One way Anova and Student T-test. Findings of the study revealed that there is no significant association between age of the respondents and their awareness about E-banking services but there is a significant difference between gender and their recommendation to others to adopt E-banking services.

6. DATA ANALYSIS AND INTERPRETATION
The preference of e-banking services of various banks among customers differs from person to person and every customer might not derive the same level of satisfaction from the e-banking services. Thus in order to understand the preference and satisfaction level of customer, various dimensions such as usage of e-banking services and products, most preferred service or product, accessibility, convenience, security, satisfaction level of customers using internet have been used.

TABLE 1: FREQUENCY ANALYSIS OF DEMOGRAPHIC VARIABLES

Variables	Category	Frequency	Percentage Frequency
Gender	Male	74	49.3
	Female	76	50.7
Age	< 20 years	13	8.7
	20-30 years	58	38.7
	30-40 years	38	25.3
	40-50 years	26	17.3
	Above 50 years	15	10.0
Educational Qualification	High School	10	6.7
	Pre university	21	14.0
	College Graduate	47	31.3
	Post Graduate	51	34.0
	Professional Studies	21	14
Occupation	Government Employee	29	19.3
	Business	40	26.7
	Professional	34	22.7
	House wife	13	8.7
	Student	13	8.7
	Others	21	14.0
Bank operated	State Bank of India	27	18.0
	Indian Overseas Bank	26	17.3
	Union Bank of India	24	16.0
	ICICI Bank	23	15.3
	AXIS Bank	26	17.3
	HDFC Bank	24	16.0

Source: Primary Data

From the above Table-1 it can be seen that both female and males participated equally in the survey. 38.7% of the respondents were in the age group 20-30 years and 25.3% were in the age group 30-40 years. As far as educational qualification was concerned 34.0% were post graduates and 31.3% were college graduates. 26.7% of the respondents belonged to the business class and 22.7% were professionals. All the banks under study were almost equally preferred.

TABLE 2: FREQUENCY SHOWING THE COMFORT LEVEL OF CUSTOMERS IN USING INTERNET BANKING

Are you technically adept to online Bank					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	100	66.7	66.7	66.7
	no	50	33.3	33.3	100.0
	Total	150	100.0	100.0	

Source: Primary Data

The above Table - 2 shows that 66.7% of the respondents were technically proficient in using internet banking.

CHI-SQUARE TEST - ASSOCIATION BETWEEN EDUCATIONAL LEVEL OF THE RESPONDENTS AND TECHANICAL ADEPTION TO USE OF ONLINE BANKING

Null hypothesis: (H_0) There is no significant association between educational level of the respondents and how technically adept they are to use of internet banking.

Research hypothesis:(H_1) There is a significant association between educational level of the respondents and how technically adept they are to use of internet banking.

Statistical test: Chi-square test was used for the above

TABLE 3 (A)

Educational level * Are you technically adept to online Bank Cross tabulation				
Count		Are you technically adept to online Bank		Total
		Yes	No	
Educational level	high school	2	8	10
	pre university	12	9	21
	college graduate	32	15	47
	post graduate	38	13	51
	professional studies	16	5	21
Total		100	50	150

Source: Primary Data

TABLE 3 (B): CHI-SQUARE TESTS

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.969[a]	4	.011
Likelihood Ratio	12.445	4	.014
Linear-by-Linear Association	9.388	1	.002
N of Valid Cases	150		

a. 1 cells (10.0%) have expected count less than 5. The minimum expected count is 3.33.

The above Table-3(b) reveals that there is a significant association between educational level of the respondents and how technically adept they are to use of internet banking.

Since, the calculated value of p=0.011 is less than table value ($p<0.05$) the research hypothesis is accepted and the null hypothesis is rejected.

One-Sample T-Test

One sample t-Test has been exploited to study the customer preference and extent of usage for e-commerce products in SBI, IOB, UBI, ICICI, AXIS & HDFC banks. The preference of the various e-commerce products like Debit Card, Credit Card, Online Bill payment, Online Ticket Booking, Online shopping, Online prepaid mobile recharge and Online Fund Transfer offered by the banks under study is expressed in 5 point Likert scale

TABLE 4: ONE-SAMPLE STATISTICS FOR E-COMMERCE PRODUCTS

Products	**N**	**Mean**	**Std. Deviation**	**Std. Error Mean**	**T**	**Sig. (2-tailed)**
Products of Debit card	150	4.82	4.182	.341	14.115	.000
Products of credit card	150	3.77	1.254	.102	36.854	.000
Products Online bill payment	150	3.17	1.378	.112	28.150	.000
Products Online ticket booking	150	2.70	1.418	.116	23.324	.000
Product online prepaid mobile recharge	150	2.59	1.453	.119	21.810	.000
Product online fund transfer	150	2.79	4.484	.366	7.612	.000
Product online statement	150	2.59	1.419	.116	22.377	.000
Product online shopping	150	2.58	1.382	.113	22.866	.000
Product online loan	150	2.04	1.279	.104	19.534	.000
Product online share trading	150	1.92	1.436	.117	16.381	.000

Source: Primary Data

Inference

From the above Table 4 it is found that in the case of E-commerce products of the banks, three variables possess the mean values between 3 and 4 and a unique variable exceeded 4 in its mean value. All the t-values are positive and significant at 5% level. Therefore, it can be concluded that the customers prefer using Debit Card anytime and most of the time preferred using Credit card and online payment system and sometimes preferred using online ticket booking, online prepaid mobile recharge, online fund transfer, online shopping, while online share trading having a value less than 2 was used only once a while.

One-Sample T-Test

One sample t-Test has been administered to study the customer preference and extent of usage for e-commerce services in SBI, IOB, UBI, ICICI, AXIS and HDFC banks. The preference of the various e-commerce products offered by the banks under study is expressed in 5 point Likert scale.

TABLE 5: ONE-SAMPLE STATISTICS FOR E-COMMERCE SERVICES

Services	N	Mean	Std. Deviation	Std. Error Mean	T	Sig. (2-tailed)
ATM usage	150	4.55	.661	.054	84.385	.000
Internet banking usage	150	4.27	4.183	.342	12.492	.000
Mobile Banking usage	150	3.32	1.287	.105	31.604	.000
point of sales(pos and swipe machine) usage	150	3.13	1.260	.103	30.389	.000
Electronic fund transaction (NEFT) usage	150	2.27	1.329	.109	20.882	.000

Source: Primary Data

Inference

From the above Table 5 it is found that in the case of the E-commerce services provided by the banks, two variables possess the mean values between 3 and 4 and two variables exceeded 4 in their mean value. All the t-values are positive and significant at 5% level. Therefore, it can be concluded that the customers prefer using ATM and Internet Banking at anytime. Mobile Banking and point of sales or swipe machine were used most of the time and Electronic fund transaction (NEFT) with mean value slightly greater than 2 was sometimes preferred.

TABLE 6: LEVEL OF SATISFACTION OF CUSTOMER IN E-BANKING ACTIVITIES THROUGH E-COMMERCE PRODUCTS

Products	Highly satisfied	Satisfied	Neither Satisfied nor dissatisfied	Dissatisfied	Highly Dissatisfied
Debit Card	92 (61.3%)	55 (36.7%)	3 (2%)	0	0
Credit Card	52 (34.7%)	72 (48%)	16 (10.7%)	8 (5.3%)	2 (1.3%)
Online bill payment	25 (16.7%)	67 (44.7%)	37 (24.7%)	20 (13.3%)	1 (0.7%)
Online Ticket booking	22 (14.7%)	55 (36.7%)	46 (30.7%)	25 (16.7%)	2 (1.3%)
Online prepaid mobile Recharge	25 (16.7%)	46 (30.7%)	44 (29.3%)	32 (21.3%)	3 (2.0%)
Online Fund Transfer	13 (8.7%)	50 (33.3%)	56 (37.3%)	28 (18.7%)	3 (2.0%)
Online Statement	17 (11.3%)	50 (33.3%)	48 (32.0%)	33 (22%)	2 (1.3%)
Online shopping	19 (12.7%)	43 (28.7%)	51 (34.0%)	34 (22.7%)	3 (2.0%)
Online Loan	9 (6%)	26 (17.3%)	59 (39.3%)	49 (32.7%)	7 (4.7%)
Online Share Trading	11 (7.3%)	17 (11.3%)	55 (36.7%)	56 (37.3%)	11 (7.3%)

Source: Primary Data

From the above Table 6 it can be seen that the level of satisfaction among the Debit Card users of the banks is high. 61.3% are highly satisfied, 36.7% are satisfied. No dissatisfaction was expressed in the preference to use this E-commerce product. It can also be seen that the respondents were satisfied with other E-commerce products.

An empirical relationship is determined between the customer's satisfaction levels on selected E-commerce based products and services and education level in respect of SBI, IOB, UBI, ICICI, AXIS and HDFC customers by the application of **Karl Pearson's coefficient of correlation.**

TABLE 7: CORRELATIONS

Product		Educational level
Debit card	Pearson Correlation	-.117
	Sig. (2-tailed)	.154
	N	150
Credit card	Pearson Correlation	-.251**
	Sig. (2-tailed)	.002
	N	150
Online bill payment	Pearson Correlation	-.302**
	Sig. (2-tailed)	.000
	N	150
Online ticket booking	Pearson Correlation	-.211**
	Sig. (2-tailed)	.009
	N	150
Prepaid mobile recharge	Pearson Correlation	.001
	Sig. (2-tailed)	.994
	N	150
Online fund transfer	Pearson Correlation	-.187*
	Sig. (2-tailed)	.022
	N	150
Online shopping	Pearson Correlation	.032
	Sig. (2-tailed)	.702
	N	150

Source: Primary Data

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

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

From the above Table 7 it can be seen that there is a weak relationship between the educational level and the usage of various other E-commerce products. The value of r in most cases is negative or close to 0. Also the value of p is > than .05 and it can be concluded that there is no statistically significant correlation between the variables education level of the respondents and the satisfaction level of the various E-commerce products. Hence it can be concluded that education level and the satisfaction level in banking activities through E-commerce products are independent.

TABLE 8: LEVEL OF SATISFACTION OF CUSTOMER IN E-BANKING ACTIVITIES THROUGH E-COMMERCE SERVICES

Services	Highly satisfied	Satisfied	Neither Satisfied nor dissatisfied	Dissatisfied	Highly Dissatisfied
ATM	110 (73.3%)	38 (25.3%)	2 (1.3%)	0	0
Internet Banking	36 (24%)	98 (65.3%)	12 (8%)	4 (2.7%)	0
Mobile Banking	39 (26.0%)	67 (44.7%)	29 (19.3%)	15 (10%)	0
Point of Sale	10 (6.7%)	66 (44.0%)	59 (39.3%)	15 (10.%)	0
Electronic Fund Transfer	11 (7.3%)	35 (23.3%)	54 (36%)	44 (29.3%)	6 (4.0%)

From the above Table 8 it can be seen that the level of satisfaction among the ATM users of the banks is high. 73.3% are highly satisfied, 25.3.7% are satisfied. No dissatisfaction was expressed in the preference to use this E-commerce service. It can be seen that the respondents are satisfied with most other E-commerce services also.

TABLE 9: CORRELATIONS

Services		Educational level
ATM	Pearson Correlation	-.033
	Sig. (2-tailed)	.690
	N	150
Internet Banking	Pearson Correlation	-.175*
	Sig. (2-tailed)	.132
	N	150
Mobile banking	Pearson Correlation	-.194*
	Sig. (2-tailed)	.118
	N	150
Point of sale	Pearson Correlation	-.171*
	Sig. (2-tailed)	.056
	N	150
Electronic fund transaction	Pearson Correlation	-.202*
	Sig. (2-tailed)	.113
	N	150

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

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

From the above Table 9 it can be seen that there is a weak relationship between the educational level and the various E-commerce services. The value of *r* is negative which shows that when one increases the other decreases. This shows that as the educational level increases the level of satisfaction decreases. Also the value of p is > than .05 and it can be concluded that there is no statistically significant correlation between the variables education level of the respondents and the satisfaction level of the various E-commerce services. Hence it can be concluded that education level and the satisfaction level in banking activities through E-commerce services are independent.

7. FINDINGS

- Majority of the respondents 38.7% belonged to the 20-30 years' age group.
- 34% of the respondents were post graduates and 31.3% were college graduates.
- 26.7% of the respondents were from Business and 21.7% were working professionals.
- It was found that the all the six banks under study were equally preferred.
- 66.7% of the respondents were technically adept in using online banking.
- There is a significant association between education level of the respondents and how adept they are in using online banking. Highly qualified respondents found it easier to use online banking.
- Majority of the respondents preferred and used the Debit Card. Credit Card, Online bill payment and online prepaid mobile recharge were also preferred.
- Majority of the customers were satisfied with the E-commerce products and services that they used. 68.3% were highly satisfied and 36.7% were satisfied with the use of Debit Card. 73.3% were highly satisfied and 25.3% were satisfied with the ATM services provided by the banks.
- Level of satisfaction derived from the E-commerce products and services was independent of Education level and age.

8. SUGGESTION

Use of technology in expanding banking services and new products is one of the key focus areas of banks. The banks in India are using Information Technology (IT) not only to improve their own internal process but also to increase facilities and services to their customers. By designing and offering simple, safe and secure technology, banks should reach at doorstep of customer with delight. The banks must play an effective role to satisfy the customers' demands while marketing their products and services by committing to provide the best possible services to their customers. All the technology based offerings by the banks in the major towns and cities should reach therural population due to a substantial growth of networking possibilities in existence. Research suggests that the financial services and the products offered over information technology by the banks should be simple and easy for the customers to understand and should not be a challenge for those who have to choose among them. Customer grievances should be redressed speedily and customers' satisfaction should always be the top priority. A perfect, exact and apt technology with sufficient control process beside safe and perfect system design should be adopted. Then only people feel comfortable with online banking. Adequate information relating to hidden cost should be provided to the customers.

9. CONCLUSION

The public and private sector banks are providing a vital distribution channel of various products and services. In India both public and private sector banks have introduced many new techniques to modernize and computerize their operations. The public and private sector banks are able to offer moderate to high level of satisfaction to their customers with respect to the information technology based products and services.

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DETERMINANTS OF GROWTH AND CHALLENGES IN HOTEL INDUSTRY: A STUDY OF BUDGET AND LUXURY SEGMENTS OF HOTEL BUSINESS IN INDIA

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ABSTRACT

Many researches in the area of hospitality and tourism witnessed its huge growth potential in India. It is seen that there is a demand-supply gap in India which indicates the need for more number of hotels across the country. The paper is based on two case studies on Ginger Hotels and Taj Hotels Palaces and Resorts. The study explores their scope and feasibility, guest expectation, policy level requirements and more in Indian market. The general view of hospitality industry is represented through luxury segment and budgetary segment of hotels business in India. The other published reports and articles on luxury and budgetary segment of hotel businesses also examined to establish the extent of growth potential, traveler's safety issues and affordable accommodation. While the emergence of budget hotels has been able to give choices in terms of accommodation for customers at every price point, land cost which is viable for budget hotels, is still a challenge in the country. A wise strategy needs to be there to observe the development progress of projects and demand trends as well, before taking an investment decision. The study further observed that maintenance of the system in the hospitality industry requires more attention despite its complex processes as it affects the quality of hotel services. Since budget and economy hotels have a great potential for expansion and business in the country, finding business partners who are ready to invest can result into great capital returns. The growing awareness among travelers for well maintained budget hotels and the industry insiders indicate a positive way forward across the country. Due to India's rich demographic and rich cultural dividend, digital and electronic awareness, fulfilling exposure would raise expectations that are in line with global trends.

KEYWORDS
GDP, FDI**,** budget hotels, UNWTO, IRR.

I. INTRODUCTION

Travel and tourism is the largest service industry all over the world in terms of gross revenue and foreign exchange earnings. It is also one of the largest employment generators in the world. It has been a major social phenomenon and is driven by social, religious, recreational, knowledge seeking and business interests and motivated by the human urge for new experience, adventure, education, and entertainment. Tourism is both cause and consequence of economic development. It has the potential to stimulate other sectors in the economy owing to cross-synergistic benefits and its backward and forward linkages. India is a wide market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists.

Indian Tourism and Hospitality (2015) shows that total contribution by travel and tourism sector to India's GDP is expected to increase from US$ 136.3 billion in 2015 to US$ 275.2 billion in 2025. Travel and tourism is the third largest foreign exchange earner for India. In 2014, the country managed foreign exchange earnings of USD 19.7 billion from tourism.

The launch of several branding and marketing initiatives by the Government of India such as Incredible India! and Athiti Devo Bhava have provided a focused impetus to growth. The Indian government has also released a fresh category of visa - the medical visa or M visa, to encourage medical tourism in the country. The Government has also been making serious efforts to boost investments in tourism sector. In the hotel and tourism sector, 100 per cent FDI is allowed through the automatic route. A five-year tax holiday has been offered for 2, 3 and 4 star category hotels located around UNESCO World Heritage sites (except Delhi and Mumbai). The investment in tourism sector is expected to be US$ 12.4 billion in the 12th Five Year Plan; of these, private investments are likely to total US$ 9.2 billion.

Press Trust of India, (2008), reports that, the budget segment was the fastest growing one in the hotel industry and major players in the field were making investment to cash in on this growth. It points out enormous potential in the mid-market segment in the Indian hotel sector, as compared to other Asian countries. The growth of this segment will be shaped by the increasing number of corporate travelers who are shifting from luxury to midmarket hotels, and also due to growing domestic demand for the mid-market segment. Despite facing some challenges by the regional tourism sector over the next few years on the back of the economic slowdown, India's attention on domestic tourism and its growing middle class with increased disposal income are certainly strong advantage points.

Hotel News Now, (2008), reported demand-supply gap and expected to rise in the years to come. The situation is likely to be beneficial for the economy and mid-market segment hotels, which are going to experience a period of boom due to this gap. There is a need to effectively design the products to serve value for money concepts. Since the demand for low cost and affordable rooms is increasing. During this period of economic slowdown many companies are cutting down on their accommodation cost. There will be more cost cutting among corporate and there will be a higher demand of low-cost hotels.

Gupta, (2009) advocates that with best hospitality at affordable rates, budget hotels can be the approach of the hoteliers. He supports that it's unlikely for the luxury segment to be phased out as it has a well defined target audience and a loyal customer base. He further indicated that the luxury segment will always be the choice of the top bracket leisure tourists who travel in style on holiday, as also jet-setting senior business travelers, however, the same segment is willing to downgrade and stay at mid-priced hotels during unfavorable economic conditions. The CEOs and heads of state prefer luxurious accommodation; in fact, as India gets richer, Indians too will like to go in for luxurious accommodation. It would seem to be the industry's perspective that the luxury segment equals foreign tourists, while the mid-market is aimed purely at the domestic traveler, however, not true. The two segments are mutually attractive to both the domestic as well as international traveler.

Wij, (2010), in article on Hotel Development Cost Trends in India, states that, while it is fair to assert that hotels in India are currently showing several overlaps between the budget and mid-market and upscale segments, it is expected that the picture will become more clear with time. It is further expected that as the industry matures, each segment will carve its niche in terms of the product as well as service deliverables which will lead to a rationalization of development costs with respect to their market positioning.

Mohan Kumar, PK, (2014) emphasizes on different set of rules by the Government for the mid-market, economy and budget hotel categories to ensure their sustainability under these segments. The study further advocates that, the entire cost structure for these segments is different, the tariff structure is different, the investment structure is different and also the ability to return on investment is altogether of a different nature. Hence, there is a need of different policy for this segment to attract more investment.

II. OBJECTIVES OF THE STUDY

1. To explore the potential of budget and luxury segments of hotels business in India.
2. To study the demand-supply gap of hotels under different categories in India.
3. To highlight the growth factors and future challenges to the Indian hotel industry.

III. SCOPE OF THE STUDY
The paper reviews all the aspects related to the emergence and growth of hotel industry in India. The growth potentials of budget and luxury segments of hotels are represented through specific case studies. The demand-supply scenario, FDI, growth factors and challenges to the industry explore its significance to the Indian economy.

IV. METHODOLOGY
The study is descriptive in nature and is based on two case studies largely representing the hotels in budgetary segment and luxury segment of hotel Industry in India. This explores the growth potential and challenges of budgetary and luxury segments hotels in their respective functional areas. The demand –supply scenario is examined collecting the data and other information through secondary research i.e., from published reports of Ministry of Tourism, UNWTO and other research articles, newspapers and research journals.

V. GROWTH POTENTIAL OF BUDGETARY AND LUXURY SEGMENTS OF HOTELS IN INDIA
The Government of India has been making serious efforts to boost investments in tourism sector. In the hotel and tourism sector, 100 per cent FDI is allowed through the automatic route. A five-year tax holiday has been offered for 2, 3 and 4 star category hotels located around UNESCO World Heritage sites (except Delhi and Mumbai). The investment in tourism sector is expected to be US$ 12.4 billion in the 12th Five Year Plan; of these, private investments are likely to total US$ 9.2 billion.
The change in thought process from luxury hotels to budget hotels in recent years for the delivery of quality service, recognizing themselves as a main market player, keeping a loyal customers base has created opportunities for the hospitality industry. The following two case studies each in budgetary segments and luxury segments explore their scope and feasibility, guest expectations, growth strategies and more in Indian market. Both the cases represent recent growth strategies and challenges of Indian hotel business under budgetary and luxury segments.

Case of Ginger Hotels in India

Ginger Hotels having operational properties at many locations tops the list of budget hotel movement. They have been able to successfully capture the imagination of budget business travelers with their value products. The company claims to be having around 65-70% average room occupancy with some properties fully booked for weeks in advance.
Ginger group of hotels is run by Roots Corporation Ltd., a wholly owned subsidiary of Indian Hotels Co. Ltd. which also owns the Taj group of hotels. The Ginger business model was developed with guidance from Prahlad C K, the Indian born, business guru and author of The Fortune at the Bottom of the Pyramid. Ginger's positioning reflects the broader push to cater to the needs of the mass like their Nano car. Given the history of this Company the fact that, it has always been at the high end of the market. It has taken a fair amount of courage to take a look at a completely different segment.
Regarding the Ginger hotels, CEO, Roots Corporation Ltd. explains that, the Ginger brand corroborates the need for more definition. The newfound economic upsurge in the middle class has spawned a new market of more-traveled and knowledgeable customers, who is not willing to compromise even though he might be on a budget. Speaking on the definition of budget he says "Budget hotels fall in the 2-3 star category offering clean, secure, hygienic hotels that have an inventory of about 150 rooms priced under Rs.2500/-.
Ginger boasts the concept of Smart Basics in its hotels. During the last few years, the dynamics of the hotel industry have changed and smart basic hotels have emerged as a compelling business opportunity. The Company does not want to have place for fancy restaurants, swimming pools and other luxuries as customers do not need them in a no-frills hotel. Priced between Rs.950 for a single and Rs.1, 175 for a double in case of branded budget sector, Ginger hotels have developed a new category in the domestic hospitality.
Ginger hotels are centered on its core concept of Smart Basics. The group has very clearly elaborated the same. It says, Smart Basics is not just a catchy phrase. It is much more. It is a philosophy to provide thought-out facilities and services in an intelligent way at a value pricing. Their hospitality product has been designed to reflect a modern way of life, an emerging life style which people live and work. The essence of Smart Basics signifies simplicity, informality, warmth, style, modernity and affordability. The simplicity speaks of convenience and ease of doing business through awareness, booking channels, payment gateways; informality, style, warmth and modernity relates to its approach to product design, service design and affordable pricing band.
Smart Basics: Please help yourselves! This concept statement surely and clearly speaks about no elaborate and personalized service. There is self help type of service in almost all the areas for its hotel guests.
Smart Basics facilities and services include- The Square Meal: The multi-cuisine restaurant for breakfast, lunch, dinner and snacks; Cyber café on-site, Meeting room with sitting capacity of 10 people, Laundry facility which features same day delivery. Gymnasium which is equipped with treadmill, weights, air power bike, dumbbells, dual action poles with stepper, wrist curler, doorway chinning bar and punching bag; On-site ATM., Secure parking, Doctor on call.
Smart prices- They speak of transparent pricing policy with no hidden cost and levies. They emphasize delivering true value for money to its guests.
Smart planet- The Company in its operations, makes deliberate attempts to provide facilities to the guests without compromising on the environmental and ecological issues. All Ginger hotels have taken eco measures such as energy conservation by using CFL lighting systems, energy saver key tag system in rooms, maximum use of natural light, thermal insulation, and gas fired water boiler system etc. Water conservation measures through ground water recharging system, rain water harvesting, auto-flush in public urinals. Waste management is being done through proper sewage treatment. Noise pollution measures such as use of acoustically sealed noiseless diesel generators and vacuum sealed windows to maintain external noise level up to 50 decibels.
Smart space- Rooms have been designed with practicality and comfort for the guests. The types of rooms include single, twin, double, family and special room for physically challenged. Provision of luxury in the rooms has been accentuated with simplicity. Amenities include electronic door locks, Mini fridge, cable TV with major channels and Wi-Fi internet connectivity. Tea / coffee maker in the room, Direct dial STD / Local telephone in room. Voice mail, self programmed alarm on phone. Ergonomic work area, Full length mirror, Ward robe and luggage rack, remote controlled A/C. The attached bath room has facilities of 24 hours hot and cold water, shower area, branded toiletries for body, hair and hand wash, supply of hand / bath towels. Safe zone- Safety and security of the hotel as well as its guests are ensured with close circuit TV in all the areas keeping record of visitors. Digital safes for safe keeping of valuables at the lobby counter and electronic key cards for maximum safety of rooms.

Case of Taj Hotels Resorts and Palaces

The Indian Hotels Company Limited (IHCL) and its subsidiaries are collectively known as Taj Hotels Resorts and Palaces and are recognized as one of Asia's largest and finest hotel companies. Taj Hotels Resorts and Palaces comprise 93 hotels in 55 locations across India with an additional 16 international hotels in the Maldives, Malaysia, Australia, UK, USA, Bhutan, Sri Lanka, Africa and the Middle East. The key players in the Indian luxury hotel industry include Indian Hotels (TATA group), ITC, EIH Limited (Oberoi) and Hotel Leela Venture. Indian Hotels is the market leader with a market cap of 50.24 billion. In the recent years, their growth has been stagnant. Further, to know the factors behind this, especially when compared to the other competitors in the industry, the financial and operational performance have been studied as below:

Generic Strategies

IHCL follows a broad based differentiation strategy. They have a differentiation strategy targeting the premium segment. But they have also expanded their offerings internationally to target a broader segment.

Operational Performance

The key operating characteristics of luxury hotel industry are occupancy percentage and average revenue per room. As the hotel industry have their peak demand during the second half of a year, it is prudent for IHCL to take necessary steps to improve the occupancy rate in the first half. India hotel industry by ICRA, 2011 shows that their occupancy rate of 67% has been reported better than the industry average of 60% but their competitor Leela Ventures is closing in by maintaining a better occupancy rate. Also, IHCL desperately needs to improve its' operational efficiency. IHCL's Operating Expenses Margin of 83% compared to Leela's 66% portrays this bad picture (article on stagnant growth, strategic analysis of luxury brand).

Financial Performance

According to India hotel industry by ICRA (2011), the consolidated Profit after Tax stood at (68.87) crores at the end of 2011 registering a marginal increase of 49.53 crores. The increase in revenue was mainly on account of additional room capacity being added, higher occupancy, average room rates and revenue per available room (RevPar). Decrease in debt proportion did also contribute towards the improvement of contribution margin. Room sales showed a healthy growth over the previous year as a result of higher room rates and occupancies. Food & Beverages grew by 19% over the previous year.

Identification of Key Resources

The following other points have also been viewed to identify the key sources of IHCL's competitive advantage:

Strategy- IHCL expanded its horizon by broadening its international market reach and entering into management contracts in Mexico and British Virgin Islands for development of high end Luxury Resorts. IHCL also acquired New York based luxury hotel "The Pierre" in 2005 as part of its international expansion plan.

Structure- The major stakeholders in IHCL are promoters (Tata Sons Ltd.) and financial institutions/banks. Accordingly, the major driving force in decision making is the, chairman of IHCL's board of directors.

Staff- The recruitment process at IHCL is completely undertaken by the HR department. HR initiatives during the last year were focused on further enhancing the engagement within the workforce, sustaining workforce cost & productivity and enabling a responsive system to the business challenges through optimized use of technology platforms.

Shared Values- Business excellence has been embedded in Tata through processes and methodologies that enable Tata companies to continually improve operations and achieve the world-class marquee.

Style- IHCL believes that, Corporate Governance is a continuous journey to provide a congenial environment to harmonize the goals of maximizing the stakeholders' value and maintaining a customer-centric focus. The internal audit process, through its unique 'Taj Positive Assurance Model', which is an objective methodology of providing a positive assurance based on the audits of operating units and corporate functions, is a convergence of Process Framework, Risk and Control Matrix and a Scoring Matrix.

Skill-It has excellent branding, positioning, communication and hospitality skills. Their re-launch Surprise Campaign is appreciated by Guests. Taj Forever Campaign has been adjudged the best marketing program in the world and awarded many PATA awards.

System- the Company established the Taj Public Service Welfare Trust (The Trust) in response to the terror attack on the city of Mumbai in 2008. Also, IHCL continues to voluntarily participate in the globally recognized Carbon Disclosure Project to demonstrate its commitment towards performance in climate change mitigation.

Other Key Aspects

According to Indian Hotel Industry by ICRA, the other main key aspects given below:

- The IHCL was the only firm in the Luxury hotel industry to add close to 1500 rooms across all segments. This increase in capacity reflects the confidence and health of the firm especially in the face of the grim exogenous factors which has been discussed further.
- IHCL has been successful in increasing its top line from Rs. 2,562.53 million in 2010 to Rs. 2,914.90 million in 2011.
- The Luxury hotel industry is a capital intensive industry. Hence IHCL's debt to equity ratio of 1.66, down from 1.89 is good, showing stable growth and a promising future.
- The firm has an excellent dividend paying record of 100% for the last four fiscal. IHCL is one of the highest dividends paying company in the hotel industry.

Critical Issues-Exogenous factors

The Indian Tourism & Hotel industry was badly hit during the 2008-2009 global recession. It impacted the Indian tourism sector drastically, resulting in a decline in the number of foreign tourists, a major source of customers for the Luxury hotel segment in particular. With Indian hotels classified into six categories according to the star rating assigned by the Department of Tourism, about 30% of the rooms fall under the Five Star deluxe categories. In addition, many international investors have planned to make large scale investments in the hotel industry, which would add 65,000 additional rooms in various hotels in India. In light of the Mumbai attacks on 26/11, security has become a major concern for tourists. This has combined to further decrease the number of foreign tourists travelling to India. In particular, this directly affected the patrons of IHCL. Though having many negative effects this also resulted in reinstating the motto, philosophy and commitment of the Taj Group which earned a lot of respect and admiration on how it came out of the entire situation. Another occurrence whose impact is still being felt is the letdown of the Commonwealth games. Seven hotels were added by Taj in anticipation of the commonwealth games as well as tariff rates were hiked marginally. But when the time came the inflow of tourists was extremely disappointing leaving Taj with excess unutilized capacity. Though these factors were exogenous to IHCL and affected the luxury hotel industry at large in India, its effects were felt comparatively more by IHCL due to its unique positioning and existence.

According to a report on success story of budget hotels (2014), the last one decade supports the rise of many budget and economy hotels in the country. The growing awareness among travelers for well maintained budget hotels and the industry insiders indicate a growing graph. The next decade will see good growth in the budget segment of hotels in the country which shows a good time for the consumer. According to the report by HVS and the World Travel and Tourism Council, the tourism industry is expected to require 1,88,500 additional hotel rooms by 2021 due to an expected increase of more than 1700 million travelers. Mid market hotels will be the driving force since they usually have more number of rooms per hotel than a luxury hotel and can be constructed faster and economically in multiple small markets as well as in most tier I, II and III cities. Hence both domestic and international hotel chains are looking forward for a fruitful experience in budget segment of hotels. This is leading towards a growing need for affordable yet quality hotel rooms, as five star hotels may not always be the most viable option. Hence, budget hotels will provide an environment conducive to this segment of visitors.

The *recent Government policies, initiatives, and other factors like market size, Investments, indicate that* the hospitality industry has emerged as one of the key industries driving growth of the services sector in India. *The emphasis on its changing marketing strategies help further growth prospectus in a similar way.* The Indian hospitality industry has recorded healthy growth fuelled by robust inflow of foreign tourists as well as increased tourist flow within the country and it has emerged as one of the leading players in the global industry.

VI. CHALLENGES AHEAD

According to a report on hotel industry in India -A Challenge yet an opportunity (2014), since hotel development requires huge capital investment, the first hurdle for any developer is arranging finance/debt for the project. Although investment in hospitality ventures in India promises good return on investment (ROI), availability of debt for such projects depends on various factors. It further explains that as per 2010 statistics, hospitality industry, which includes hotels and restaurant chains, is valued at approximately USD 23 billion (Rs 113,976 cr) of which hotels comprise 75 per cent of the total market size. And the size of the hotel market is expected to double by 2018, and attract an additional investment of USD12 billion (Rs 59,442 cr) in the coming years.

Given the growth prospects of India in the coming years, the country would require an additional 100,000 hotel rooms in the country to service the demand in the market. Tourism is also booming in India with both inbound and domestic travel increasing year on year. The tourist footfall to India has been increasing steadily over the years, across all segments. In 2010 alone, India recorded 5.6 million foreign tourist arrivals and 740.21 million domestic tourist arrivals. This is a great opportunity for investors, who are really looking for viable investment options in the market. However, hotel development requires a huge capital investment. Investment requirements of large scale hotel projects cannot be met by a single person or developer. Availability of debt is crucial.

A report on hotel investment in India- challenge (2014), explains that debt availability is, however, no longer a big issue in the market place if the viability and return on investment (ROI) can be proved convincingly. Sources of debt available in the market include family members, funding from venture capitalists, public stock sale, or through corporate investors or joint venture partners. While options are numerous, there are risks of varying degrees associated with all these debt channels. Another important factor is that being highly capital intensive, hospitality projects would require solid commitments or assurance upfront in terms of finance before commencing the projects. Over the last two decades, the corporation has participated in financing of as much as one-third of all the existing hotel rooms in the approved category in the country. TFCI does a complete viability study of the projects before they commit any kind of project assistance. Besides economic and technical viability, the financial viability of the project is evaluated in keeping in view the market, likely competition, arrangements made for meeting the completion, size of the project vis-a-vis market in terms of number of rooms, cost, sources of funding, quantum of interest-bearing funds, etc. Location, seasonality of business at the location, political and social environment, strength and character of the promoters shown by historical records of their performance and behavior and market reports are among the other factors taken into consideration. Further is stated that, TFCI generally invests 60 per cent of the cost in hospitality projects. The investment share dips depending upon capacity of the project to service the debt.

Further this report shows that Duet India typically follows a 60:40 debt equity ratio provided the land cost is not more than 30 per cent of the project. In a lease deal, however, the quantum of debt is typically lower since the lease payments are phased over a longer period. Long payback period is a big challenge for investors in Indian hospitality market. Also, operations are very sensitive to the various environmental factors like economic, political and social. Typically, the revenues follow semi-parabolic model and the project becomes a cash cow in the medium term.

The mid-market segment in India is most viable for investments. As a venture capitalist looks at the longer horizon, it fits into his domain as the hotel projects achieve higher Internal Rate of Return (IRR) as compared to his peers in the medium to long term coupled with safety of the investment. As such, downside risk is insignificant and returns are expected to be very high on the long time horizon. The present uncertain economic scenario is not going to continue in the medium term when the venture capitalist envisages exit/return on his investment and in the short term, there is hardly any downside risk. On the budget accommodation front, State tourism boards own and manage around 950 accommodation units in India. Most of the state tourism boards are looking for private investors to manage these properties on long term lease contracts. Being in prime tourist circuits, these establishments present viable return on investment for investors.

Further to this, President, Duet India Hotels in an interview on hotel investment in India- a challenge- yet an- opportunity, says that hotel investment, irrespective of its capital intensity, is still seen as a potential profitable business venture in the country. He further explained, “Given the economic growth story of India and the burgeoning demand for hotel rooms due to increasing domestic and international travel, hospitality as a sector remains a profitable investment option in India. There is a major gap in the mid scale and upper mid scale categories of hotels catering primarily to the domestic market which presently has 740 million domestic travelers.” As an investment, hospitality, has mostly given consistent returns and is, thus, not very risky for an investor who understands the supply and demand dynamics. However, one has to take a long term view as the assets take time to stabilize. Being cyclical in nature it is important to time the investment and exits.

The report further pointed out that, with all growing markets, investing in the Indian hospitality industry has its pitfalls as well. One of the key challenges in markets like India is availability of land. Land is pretty costly in key markets in the country, and given the very low Floor Space Index (FSI), and the long gestation period, hospitality ventures become a bit unpredictable. Unlike many other real estate investments, the viability and sustainability of a hotel venture depends on numerous external factors. The first key word for a hotel is obviously its location. For an interested investor, according to this report, there are broadly three investment options are available, namely the listed companies, operating hotels and Greenfield hospitality projects. It revealed that “the investment decision into a green field project can broadly be broken further into four stages — screening, planning, implementing and operating,”. But, the key parameters that should be borne in mind before jumping into a project are: City and Location, Market Dynamics of Demand and Supply, Competitor Performance, Security Available/Ability to Leverage, Catchment Areas and Returns.

VII. CONCLUSION

Indian hotel landscape has been dominated by luxury five- star hotels for a very long time. There has been a vacuum in terms of quality accommodation between luxury hotels and the way-side guest houses. With the economic globalization, the face of Indian economy shaped with large investments coming in through various sectors. The last one decade reported the increase of many budget hotels in the country. While large luxury brands had the presence in metros and tier 1 cities, budget hotels made entry at all possible locations according to demand for hotels and captive market. Domestic players recognized first the potential in the budget segment hotels. While the emergence of budget hotels have been able to give choices in terms of accommodation for customers at every price point, land cost which is viable for budget hotels, is still a challenge in the country. Multi use development approach could be useful to make a good return on investment. This way the hotel becomes a part of a larger development and costs such as real estate cost, constructions costs and others can be shared by other investors to make hotel projects more viable. The cost of constructions for budget hotels is much less as compared to luxury hotels. A wise strategy needs to be there to observe the development progress of projects and demand trends as well, before taking an investment decision. The expectation of a traveler from hotels has been changing now as the Indian consumer is well travelled and is being educated on the budget hotel concept. The main challenge would be to satisfy visitors with the budget and to make profit out of it. India is considered to be an ideal market for development of budget and mid-market hotels given the volume and price sensitivity. Budget hotels need to be accorded special status as country more rooms under this segment as expected in the years to come to cater their growing middle class. The study observed need for rapid approval process for opening a hotel. Delay in the process leads to increased capital cost, labor costs and more. The study further observed that maintenance of the system in the hospitality industry requires more attention despite its complex processes as it affects the quality of hotel services. Since budget and economy hotels have a great potential for expansion and business in the country, finding business partners who are ready to invest can result into great capital returns. The growing awareness among travelers for well maintained budget hotels and the industry insiders indicate a positive way forward across the country. Due to India’s rich demographic and rich cultural dividend, digital and electronic awareness, fulfilling exposure would raise expectations that are in line with global trends.

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A COMPARATIVE ANALYSIS OF THE EFFECTIVENESS OF CASH MANAGEMENT PRACTICES BETWEEN COOPERATIVE AND PRIVATE MILK PROCESSING PLANTS

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ABSTRACT

This paper describes the effectiveness of cash management practices between the cooperative and private milk processing plants. The sample used for the study consists of one large scale cooperative and private milk processing plant each on the basis of simple random sampling method. The data collected over 12-year period during 2001-2012. The various relevant ratios related to cash management calculated and 't-test' used to draw statistical inferences. This study concluded that the effective cash management is necessary as shortage or excess cash has negative impact on profitability as the cash in non-earning asset. The better cash inflow and outflow management is necessary for the survival and financial health of business.

KEYWORDS

cash management practices, cooperative milk processing plants, cash inflow and cash outflow.

INTRODUCTION

Cash inflows and outflows do not always match. There could be either surplus or shortage. A financial management challenge in front of manager is cash flow management, liquidity, growth and return on Investment. Brigham quote, "cash is non earning asset, excessive cash balance simply lowers the total asset turnover, thereby reducing both the rate of return on net worth and the value of the stock. Excess cash will remain idle without its contribution to profit whereas shortage of cash will disrupt the firm's manufacturing process. Effective management of cash involves an effort to minimize the idle cash without impairing the liquidity of the firm. Hence objective of cash management is to maintain optimum cash balance. To quote Bolten, "the cash is an oil to lubricate the ever turning wheels off business, without it process grinds to stop.

The milk processing sector act as a link between the milk production and consumer. Owing to sectors tremendous potential to generate employment and source of income for around 60% of the rural population, determine its role and significance rural development and sector's contributions in agriculture GDP of the country. Previous research studies across industries related to cash management and researcher's own observation of the financial health of milk processing plant in study area, it is observed that poor and carless cash management is major reason of failure of the milk processing plants during the initial years after the establishment. Too much focus on marketing, poor selection of customer, inadequate debtor policy, late payment, poor recovery and inappropriate use of cash funds etc are sighted as major reasons for milk plant failure. Hence researcher undertaken this study to identify the reasons of poor cash management through financial analysis.

LITERATURE REVIEW

Literature review is important to know the trends, updates and past findings to find out the research gap or areas which remained untouched to contribute something in knowledge

Padachi,at el.(2010) reveals the disproportional increase in current asset investment in relation to sales resulting in sharp decline in working capital structure. The suggested that the SMEs should concentrate on the short term funds since they frequently suffer from the lack of working capital. **Arora A.**(2014)conducted research on "Analysis of the Cash Management of NEPA" with the help of various statistical techniques such as absolute percentage change, index numbers, trend values and ratio techniques during 1987-88 to 2001-02.He found that the cash balance of NEPA shows ups and downs and reveals that cash in hand play a major role in the cash management of NEPA Ltd in comparison with bank and other balances. **Schroeder,et al.**(2011) revealed that the ability of an enterprise to generate cash from operations is an important indication of financial health. Regarding cash management practices, Grablowsky (1978) and **Grablowsky and Rowell** (1980) surveyed concerned cash management practices of 66 small enterprises across industries in Virginia. The results showed that 67 percent of respondents replied they did not do forecasting of cash flows. When asked how they determined the level of cash to be held by the business, less than 10 percent of enterprises reported using any type of quantitative technique. The method most often employed was to hold cash as a fixed ratio of projected expenses, forecasted sales or anticipated purchases. Non-quantitative methods used consisted of meeting compensating balance requirements, maintaining the level considered safe by management or achieving a level recommended by outside advisers. Additionally, seventy-one percent of business reported that they had no short-term surpluses of cash in their recent history. Only 23 percent had a long-term surplus. Nearly 30 percent of respondents had invested excess cash in earnings securities or accounts. The most common investments were savings accounts, certificates of deposit, treasury bills, repurchase agreements, commercial papers, shares, bonds and other investments. Based on **Cooley and Pullen's** (1979) research, cash management was seen as the process of planning and controlling cash flows. It consisted of three basic components: cash forecasting practices, cash surplus investment practices and cash-control practices. They examined cash management practices of 122 small businesses engaged in petroleum marketing and reported that 73 percent of respondents had experienced a cash surplus. **Anvari and Gopal** (1983) studied the cash management practices of 123 small enterprises across a variety of industries in the Canadian provinces of Quebec and Ontario was provided by generally, 53 percent of the sample businesses indicated that they prepared cash forecasts.

Up to researcher's knowledge and the literature review, no studies specific to Cash management is carried out in the context of milk processing sector. Hence present research topic will throw the light on the cash management aspects of the milk processing plants in the dairy industry.

OBJECTIVES OF THE STUDY

The objectives of the study are

1. To compare the cash management practices of the cooperative and private milk processing plants through ratio analysis techniques which is widely used and popular method of financial analysis.
2. To suggest appropriate cash management strategies which have positive influence on the profitability of the milk processing plants

RESEARCH METHODOLOGY

The researcher analyzed the audited financial statements of the cooperative and private milk processing plants with the help of financial ratios. The sample used for the study consists of 1 large scale plants each from cooperative and private milk processing industry of Ahmednagar district of Maharahstra. The milk processing plants in which investment in plant and machinery is higher than 10 crores are considered as a large scale plant for this study. This research study collected the data over a period of 12 years. The correlation analysis used to find out the degree of relationship and direction of various independent variables viz. current ratios(CR), liquidity ratios(LR), Net working capital to sales(NWCTS), Cash and Bank to Current Assets(C&BTS),)Current Assets to Total Assets (CATTA), Net Working Capital to Total Assets (NWCTTA) and Return on Total Assets (ROTA).The 't-test' used as a statistical tools to draw the inferences as the sample size is below 30 and the study is comparative in nature.

DATA ANALYSIS AND INTERPRETATION

The Table 1.0 and Table 2.0 presented the liquidity analysis especially focused on cash management aspects of the cooperative milk processing plants over a period of 12 years during 2001 to 2012. After comparative analysis of cooperative and private milk processing plants on the basis of descriptive statistics, the following observations are recorded:

TABLE 1.0: LIQUIDITY ANALYSIS OF COOPERATIVE MILK PROCESSING PLANTS

Year	Current Ratio	Liquidity Ratios	Net Working Capital to Sales (%)	Cash and Bank to Current Asset (%)	Cash and Bank to Sales (%)	Current Assets to Total Assets (%)	ROTA-COP
2001	2.42	2.40	9.93	10.00	1.69	61.93	1.947551
2002	1.72	1.70	6.81	8.18	1.33	56.99	1.567995
2003	1.88	1.86	8.85	7.38	1.39	56.91	1.431849
2004	1.80	1.78	7.75	4.24	0.74	51.78	1.559237
2005	2.11	2.09	11.99	2.66	0.61	55.42	1.200636
2006	1.81	1.79	8.93	7.36	1.47	49.67	1.269681
2007	1.62	1.60	8.23	15.39	3.29	46.56	1.087842
2008	1.27	1.22	3.71	6.32	1.11	44.96	2.255421
2009	1.52	1.49	7.43	3.41	0.74	51.95	0.640161
2010	1.51	1.48	7.78	2.85	0.66	54.25	0.493419
2011	1.68	1.64	8.27	7.66	1.57	53.04	0.922198
2012	1.70	1.66	8.46	8.71	1.79	55.86	1.567671
Average	**1.75**	**1.72**	**8.18**	**7.01**	**1.37**	**53.28**	**1.33**

Source: Author's Calculation on the basis of Annual Financial Statements

1. The average current ratio of the cooperative plant is 1.75 during 2001-2012 whereas for the private milk processing plant it is 2.18 for the same year. The current ratio of the private milk processing plants found to be on higher side compared to cooperative milk processing plants. It indicates that liquidity position of private plant is better than cooperative milk processing plant.
2. The liquidity ratios of cooperative plant found to be 1.72 which is slightly higher than the private plant which observed to be 1.67 during the 12-year period from 2001-2012.This shows that the ability of the cooperative milk plants to satisfy the immediate liquid need is better than the private plant.
3. The net working capital to sales ratios (%) of cooperative plant is 8.18 compared to the private plant of 8.63 during the study period. The relatively higher per centage of net working capital to sales ratio in case of private plant indicates that they keep more cash as a % of sales to fulfill their day today liquid liabilities compared to cooperative plants.
4. The ratio of cash and bank to total current assets found to be 7% in case of cooperative plant whereas for private plant proportion of cash and bank balance to total current assets found to be 0.77 % which is quite low. It indicates that the private plant maintains less cash and bank balance in proportion to current assets. That is good indicator of effective cash management.
5. In case of cooperative plant, the 1 rupees cash balance cash and bank balance generate Rs. 73 sales where as for the same cash and bank of Rs.1 the sales generation is of Rs. 130 in case of private milk processing plants
6. The proportion of current assets to total assets is 53% in case of cooperative milk plants whereas in case of the private plant it observed to be around 56% during 2001-2012.It indicates that private plant invested more capital in current assets compared to total assets as compared to cooperative plant which observed to be 53%.
7. For the 12 year period during 2001-2012, the average return on total assets of private milk processing plant is much higher i.e. 22.52% compared to 1.33% average ROTA of private milk processing plant.

TABLE 2.0: LIQUIDITY ANALYSIS OF PRIVATE MILK PROCESSING PLANTS

Year	Current Ratio	Liquidity Ratios	Net Working Capital to Sales (%)	Cash and Bank to Current Asset (%)	Cash and Bank to Sales (%)	Current Assets to Total Assets (%)	ROTA-PVT
2001	2.22	1.59	5.93	0.11	0.01	49.60	34.34702
2002	2.21	1.59	5.99	0.30	0.03	49.94	29.31598
2003	2.18	1.57	5.91	0.28	0.03	50.87	29.73774
2004	2.23	1.62	6.16	0.42	0.05	52.50	27.51006
2005	2.24	1.63	6.20	0.40	0.04	53.34	23.94106
2006	2.20	1.59	6.05	0.37	0.04	54.84	25.47273
2007	2.35	1.72	6.48	0.42	0.05	55.63	21.0998
2008	2.27	1.76	5.45	0.58	0.06	54.86	25.86396
2009	1.92	1.26	6.65	2.48	0.34	59.14	30.22447
2010	1.72	1.62	13.38	3.19	0.77	59.30	13.00467
2011	1.64	1.43	13.57	0.22	0.08	61.92	4.848485
2012	2.92	2.70	21.83	0.42	0.14	66.94	4.864092
Average	**2.18**	**1.67**	**8.63**	**0.77**	**0.14**	**55.74**	**22.52**

Source: Author's Calculation on the basis of Annual Financial Statements

SUMMARIZED FINDINGS

The summarized findings of the comparison between the cooperative and private milk processing plants presented in Table 3.0.The researcher conducted one tailed 't-test' to find out which type of plant is better by comparing the different ratios at 5% significance level. The findings of the study are as mentioned below:

1. There is significant relation between the current ratios of the private and cooperative milk processing plant. The current ratio of the private plant is higher and shows better liquidity position compared to cooperative plant.
2. The cooperative plant's cash & bank to current assets and cash and bank to sales ratio found to be higher and statistically significant relationship found between the cooperative and private plant.

3. Net working capital to total assets and return on total assets of private milk processing plants founds to be higher compared to cooperative milk processing plants. Statistically significant relationship found between NWCTTA and ROTA of private plant with cooperative plant.

TABLE 3.0: 't' TEST BETWEEN MEAN DIFFERENCE OF COOPERATIVE AND PRIVATE PLANTS

	Significant Value	**P(T<=t) one-tail**	**t-test result**	**Conclusion**
Current Ratio	0.05	**0.00040758**	significant	**PVT is high**
Liquidity Ratios	0.05	0.35478378	Insignificant	No difference
Net Working Capital to Sales (%)	0.05	0.38728432	Insignificant	No difference
Cash and Bank to Current Asset (%)	0.05	**3.7359E-06**	significant	**COP is high**
Cash and Bank to Sales (%)	0.05	**7.3968E-06**	significant	**COP is high**
Current Assets to Total Assets(%)	0.05	0.10835275	Insignificant	No difference
Return on Total Assets (In %)	0.05	**1.6382E-08**	significant	**PVT high**

CONCLUSIONS

On the basis of comparative study of liquidity of cooperative and private milk processing plant, it can be concluded that the private plant better manages their cash and bank balances to generate the sales compared to cooperative milk processing plants. The cash and bank balance maintained in proportion to current assets and to sales is higher. This shows ineffective cash management as cash in non-earning asset. It should be optimum neither short nor excess. Otherwise higher cash and bank balance shows high liquidity but poor cash management as it negatively affects profitability. Hence researcher recommended to maintain the optimum cash and bank balance on the basis of sound cash management practices like cash forecasting, cash policy regarding maintaining minimum cash balance, frequent review of cash budget and using better techniques of cash planning and control on the basis of scientific cash management tools.

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CONTENT ANALYSIS OF CHILDREN BASED FOOD AND BEVERAGES ADVERTISEMENTS

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ABSTRACT

Television has come up as a strong component of mass media around the world. This has, in turn, prompted companies to use it as an ideal platform to advertise their products. This mode of advertisement basically exploits the consumer's tendency to get attracted to the combination of audio-visual medium. TV Ad is the process of imparting a sales pitch of a limited amount of time, through the television as the medium. These advertisements tend to summarize the product in order to accommodate it within a specific duration, generally ranging between 30-60 seconds, and convey as much information as possible. There are Pro's and Con's of television ads too. Today the role of third party influences, such as children, on decision making strategies and negotiations has become essential in taking a broader view. Children enjoy greater discretion not only in making routine consumption decisions for the family but also in pestering their parents to buy other products desired by them. This paper is the study of the food and beverage advertisements targeted at children and a content analysis of the themes and different characteristics depicted.

KEYWORDS

content analysis, advertisements, children, decision making, television.

INTRODUCTION

Over the last few decades, the television has come up as a strong component of mass media. This has prompted several companies to use it as an ideal platform to advertise their products. This mode of advertisement basically exploits the consumer's tendency to get attracted to the combination of audio-visual medium, as opposed to single medium, such as the radio and print advertisements.

Television advertisement is the process of imparting a sales pitch of a limited amount of time, through the audio visual as the medium. These advertisements tend to summarize the product in order to accommodate it within a specific duration, generally ranging between 30-60 seconds, and convey as much information as possible. Basically, these advertisements are customized in such a manner that they are neither too short, as to fail in conveying the message, nor too long, as to lose the attention of the viewers.

INCREASING ROLE OF CHILDREN IN FAMILY PURCHASE DECISION MAKING

Research on family decision making has been largely confined to spouses, who have been considered as the relevant decision making unit in a family. However, the role of children, on decision making strategies and negotiations is essential to taking a broader view. Traditionally, women were seen to be the purchasing agents for the family but increasing participation of women in the workforce has prompted a shift in this role as children are increasingly the "buyers" for the entire family. Even in families where women do not work, children are observed to share this role with their mothers. Children enjoy greater discretion not only in making routine consumption decisions for the family but also in pestering their parents to buy other products desired by them. Indian children have recently attracted considerable attention from marketers because the market for children's products offers tremendous potential (pegged at Rs. 5000 crore/$1110mn) and is rapidly growing. According to available industry data, the chocolate and confectionary market is estimated at Rs. 1300 crore/$290mn, the apparel market at Rs. 480 crore/$110mn and kids footwear at Rs. 1000 crore/$220mn. In addition to this, 54% of India is estimated to be under the age of 25. Children constituting three different markets: the primary, the influencer, and the future market. Certain products are simply children's products for which they are the primary users/buyers. They sometimes either purchase a product themselves or select the product before it is purchased by the parents. For other products, such as ones which are used by the entire family unit, they may influence purchases made by the parents. There are some products where children wield direct influence or pester power by overtly specifying their preferences and voicing them aloud. The purchasing act is governed by how they have been socialized to act as consumers.

CONTENT ANALYSIS

Content analysis is described as the **scientific study** of content of communication. It is the study of content with reference to the meanings, context and intentions contained in the message. It is a research tool used to determine the presence of certain words or concepts within texts. The texts as mentioned here can be classified as interviews, discussions, newspaper articles, historical documents, speeches, conversations, advertising, etc. In our study text directly refers to the **advertisements**. To be specific the advertisements that have been referred to in this case the are advertisements **targeting such foods and beverages that relate** directly or indirectly to children up to the **age of 18 years** and those that **feature kids** as the ones promoting the particular product.

Content analysis is usually referred to as a **non-reactive technique**. This is because rather than asking people to respond to certain questions regarding the text/content, content analysis makes use of the '**communications that have been already produced and then analyze those communications with certain questions**'.

There are certain questions that are answered by content analysis, which can be stated as: '**WHO says WHAT to WHOM with WHAT EFFECT?**'

STEPS TO CONTENT ANALYSIS

1. Formulation of research questions or objectives
2. Selection of communication content and sample
3. Developing content categories
4. Finalizing units of analysis
5. Preparing a coding schedule and checking inter-coder reliabilities
6. Analyzing the collected data

LITERATURE REVIEW

According to the study of **Stemler, Steve of Yale University**, content analysis enables researchers to sift through large volumes of data with relative ease in a systematic fashion. It can be a useful technique for allowing us to discover and describe the focus of individual, group, institutional, or social attention. The study done by **Niaz Ahmed (1996)** found that there is a significant difference in the way the two cultures of US and India produced advertising messages and that differential cultural values were reflected in their advertising expressions. The findings revealed that the US advertisements utilized rhetorical styles, individualistic visual stances, and sexual portrayals of women and comparative approaches more often than their Indian counterparts. The Indian ads utilized indirect rhetorical styles, collective visual stances and stereotypical portrayals of women more frequently than did the US ads. According to study conducted by **Wei-Na Lee and Eliana S. Tseng (2005),** there were four major categories of products advertised to children in current society: toys, cereals, candy and snacks, and fast foods, three of which are for foods or food related products. The most commonly advertised product was breakfast cereals and most of the foods advertised in children's programming promoted high-fat or high-sugared snacks. Cereal and breakfast food were the most promoted products during tweens' programming in this study. Microwave and convenience foods followed as a distant second. There were no ads promoting basic foods, such as meats, fruits or vegetables. Gum and snacks, on the other hand, had a fairly even share in terms of distribution of ads. In terms of drinks, the presence of artificial drinks such as sodas and flavored juice were prominent in the category, followed by processed drinks. The only two all natural drinks advertised during children's programming were water and milk. According to the study done by **Moniek Buijzen and Patti M. Valkenburg (2002),** the appeals used most often in the total sample were humor, product quality and newness of the product. Other frequent appeals were pleasant taste, fun play, action-adventure, having the best, saving money, physical attractiveness and convenience. Commercials aimed at children significantly more often used the appeals play, action-adventure, fun, courage, affection for animals, and collecting. Other appeals that were used more often in commercials for children than in commercials aimed at the other two age groups were nurturing, creativity, affection for children, competition, family ties, and capability. Affection for children and family ties were more often used in both commercials for adults and children than in commercials for teenagers. Sexuality, individuality, personal freedom, and enjoyment were more often used in both commercials for adults and teenagers than in commercials for children. Commercials aimed at boys more often made use of action-adventure, sports, and play. Commercials aimed at girls more often used nurturing, physical attractiveness, friendship, affection for animals, romance, and affection for children.

METHODOLOGY

The methodology followed for carrying out this study is done on the basis of 6 steps of content analysis

1. **Formation of research questions or objectives:** By making a clear statement of the research question or objective, the researcher can ensure that the analysis focuses on those aspects of content, which are relevant for the research. Content analysis is a method for analyzing textual content. Therefore, the selection of topic should be one that can be answered by analyzing the appropriate communication content.

With respect to this study the various themes depicted, the kind of message appeal and categorization of advertisements on different basis already defined.

2. **Selection of communication content and sample:** The next step would be to locate relevant communication content to answer the research question and to determine the time period to be covered. If the body of content is excessive, then a sample needs to be worked out. Depending upon the nature of the communication content – whether it is a new item, editorial, short story or a TV serial –the sampling techniques differ.

For the current study, the children based food & beverages advertisements, specifically the ones featuring kids have been chosen as the communication content. A major portion of the advertisements comprises of those which have been telecast/ released over the past decade. The sample chosen consists of 62 advertisements featuring children up to the age of 18 years; advertisements have been collected through judgment sampling.

3. **Developing content (subject) categories:** Content categories can be defined as compartments or "pigeon holes" with explicitly stated boundaries into which the units of content are coded for analysis. They in fact flow from the research question and should be anchored in a review of relevant literature and related studies. Content categories are constructed in response to the query: What classification most efficiently yield the data needed to answer the research questions raised? The first step in category construction is preliminary examination of communications by the researcher on a small-scale or as a pilot study so that such examination will result in the identification of possible content categories into which material can be coded. To be useful, every content category must be completely and thoroughly defined; indicating what type of material is and is not to be included. Categories must be mutually exclusive so that a word, a paragraph or a theme belongs in one and only one category. Also, the categories must be exhaustive so that all units examined fit in an appropriate category. Sometimes, a 'miscellaneous or residual category' is added for units that occur rarely or are un-codable for other reasons.

In this study, the subject categories have been defined as product segments i.e. whether the product featured in the advertisement is a food product, a drink/beverage or otherwise. Another categorization is on the basis of health quotient, classifying the advertised product as healthy, unhealthy or neutral. The third category depicts the place settings of the advertisement such as home, outdoor/natural scenery, cartoon/graphics, sports/events, and schools. The third categorization is based on human presence in the ads, i.e. whether it is an all children ad, female adult and child/children, male adult and child/children.

4. **Finalizing units of analysis:** At this stage, that is, once the categories are identified and defined in terms of the research objectives, the content analyst asks two interrelated questions. They are:

a. What unit of content is to be selected for classification under the categories?
b. What system of enumeration will be used?

The unit of analysis is the smallest unit of content that is coded into the content category. The units of analysis vary with the nature of data and the purpose of research. Thus, the unit of analysis might be a single word, a letter, a symbol, a theme (a single assertion about one subject), a news story, a short story, a character, an entire article, or an entire film or a piece of programme.

Coming to the second question, in content analysis, the counting or quantification of the units is performed by using three methods of enumeration: a) space /time, b) frequency and c) intensity or direction. A unit of analysis can be measured in terms of space (for example, number of column inches) or time (minutes devoted to a news item on the TV). In the case of frequency, it is the number of times a given unit or theme figured in a body of text - is recorded. Intensity or direction implies the measurement of the direction of the symbolic meaning contained in the message.

Taking in to consideration the objective of our study, the analysis is based on advertisements' content. Hence each single advertisement forms the unit of analysis.

5. **Preparing a coding schedule, pilot testing and checking inter coder reliabilities:** Defining categories and preparing coding schedule for the analysis and coding of content are simultaneous steps. A coding schedule resembles a survey questionnaire and contains different dimensions of the communication content to be coded. Next, piloting the coding schedule is a crucial step before launching the full-scale content analysis. Coding the unit of analysis into a content category is **called coding**. It is probably desirable to have, even in a small-scale study, more than one coder to independently code the units and to check the inter coder reliabilities. Chadwick et al suggested a method of computing inter coder reliability by calculating a coefficient of reliability. It is calculated by dividing the number of units placed in the same category by the number of units coded.

For this study, to code the sample of 62 advertisements, a coding schedule has been followed such that the 62 advertisements have been classified on the basis of certain themes that have been defined taking in to consideration various aspects which fall under a similar theme.

The following **themes** that have been defined which are as follows:

1. **Promotion (PR):** This theme majorly talks about the sales promotion activities that have been depicted through the particular advertisements. These promotional activities include

- Any kind of gifts that are being offered to the consumers with the purchase of the particular product.
- The pricing of the product, i.e. if the advertisement is promoting about the very low price of the product.
- If the advertisements talk about certain prizes that would be offered to the customer on, say for example, earning a specified total of points on every pack of the product.

2. **Product (PD):** The aspects that have been taken into consideration while adding an advertisement to this category are as follows:

- An emphasis is laid on the difference in taste of the food or beverage depicted in the advertisement.

- If the product has been depicted as having a number of product variants, for example, Kellogs Chocos, Choco duet, Honey loops
- There have been advertisements which talk about the different shapes in which a certain food product has been made available to the customer, for example, Kellogs: it has Chocos available in shape of flakes, Honey loops in the shape of loops rather than normal flakes.

3. **Health and Nutrition (H):** This theme takes in to account those advertisements which are depicting majorly the nutritional aspects of their product or how healthy the product is from the point of consumption of the children.

- A constraint here is that, if a product is, say, a health drink, but the in the advertisement the emphasis is on fun/product aspect, the advertisement would not be falling under this theme.

4. **Adventure (A):** The theme covers not many advertisements, but the ones covered are those which are advertising the product through some adventure, something that would be exciting for the children to watch. For example, the advertisement for Milky Bar, shows children moving around in space, and the Milky chocolate gives them some supernatural powers to fight against their rival.
5. **Fun/Happiness (F):** This theme takes in to account the following aspects while compiling an advertisement in to this theme:

- Where the entire family has been shown sharing the happiness of having a product.
- Kids enjoying the games, fun filled moments.
- Children playing pranks on their friends or siblings, for example, the Rasna Fruit Plus, a boy plays prank on his brother and quickly grabs his glass of Rasna Fruit Plus.

6. **Convenience (CO):** There are advertisements which describe the convenience in preparing the particular food, or its multiple usages with other foods.
7. **Competitive Spirit (CS):** Most of the health drinks focus on how the competition among students, makes them go for the health drinks. This theme covers those advertisements where in:

- The child/children has/have been shown working hard to win a competition.
- Parental (especially mothers) wish to have their child grown up and be string like a sports person, for example, Bournvita Li'l Champs, mother wishes that her daughter grows up and becomes as string and fit as Tennis player Sania Mirza.

Once the coding schedule has been decided upon, the advertisements are categorized in the best suited theme. The coding of advertisements in to the respective themes has been done by two individual coders.

Once this coding is done, the **Inter-coder Reliability** has been measured. This inter-coder reliability comes out to be **85.48%.** Kindly refer the excel sheet for detailed calculations of inter-coder reliability.

6. **Analyzing the collected data:** How should the data be analyzed? The definition of the research problem gives direction to data analysis, the patterns to be examined, and the relationships to be explored. Depending on the nature of data, the statistical principles that apply to other areas of survey research may also apply to content studies. The findings can be presented forcefully even with simple percentages and cross tables.

The analysis has been taken up in the next section of the report.

To sum up, content analysis offers objective guidelines in the coding of the text and to draw inferences from the data. Content analysis has its limitations. What it does not tell us is about causal connections between variables under study.

ANALYSIS

The sample of 62 advertisements studied in this paper contained basically three categories of products namely food, drink and others. The food category had 27 (42.9%) ads including breakfast cereals, saturated food such as oil and butter, fast food such as noodles, cakes, pizzas, snacks such as biscuits, chips, etc. The drink category had 22 (36.5%) ads which included health drinks, preserved fruit juices and syrups etc. The other category included confectionary items such as gums, toffees, calcium tablets, chocolates etc and had 13(20.6%) ads out of total of 62.

CLASSIFICATION OF ADS AS FOODS/ DRINKS/ OTHERS

TABLE 1

	Counts
Food	27
Drinks	22
Others	13
Total	62

The ads are categorized on three aspects namely health quotient attached to them, place setting and human presence.

On the basis of health quotient attached with the product offered.

The food, drink and other categories included products that were either high on nutrient value, low in nutrient value or were neutral. The criterion was set on the basis of coders own discretion depending on the general perception of the consumers. Basically the products having proteins, carbohydrates, vitamins and minerals were classified as healthy products. The products having high content of fats, cholesterol or sugar were regarded as unhealthy products and products which were neither high on cholesterol etc. nor high on proteins were regarded as neutral products.

CLASSIFICATION OF ADS AS PER THE HEALTH QUOTIENT

TABLE 2

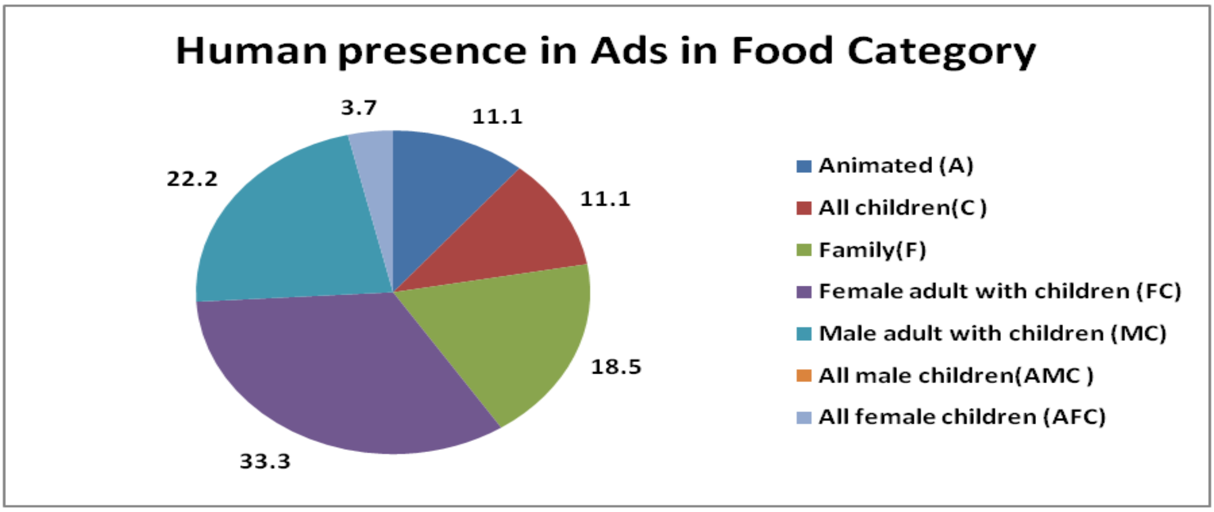
	Drinks	Food	Others	Total
Classification				
Healthy	18	17	1	36
Unhealthy	1	10	11	22
Others	3	0	1	4
TOTAL	22	27	13	62

CATEGORIZATION ON THE BASIS OF HUMAN PRESENCE IN THE ADS

By looking at the ads that were analyzed, it was inferred that in the food category majority (38.3%) of the ads featured female adults with children followed by the whole family. This can be supported by the fact that in India, mothers are considered to be the ones that take care of a child's nutritional requirements and decide on the food requirements of her child. The advertisers have basically tried to persuade the decision maker of the family i.e. mothers.18.5% of the ads show families whereby it indicates that nutritional benefits is important for the entire family and not just the kids of the family.

HUMAN PRESENCE IN ADS IN FOOD CATEGORY

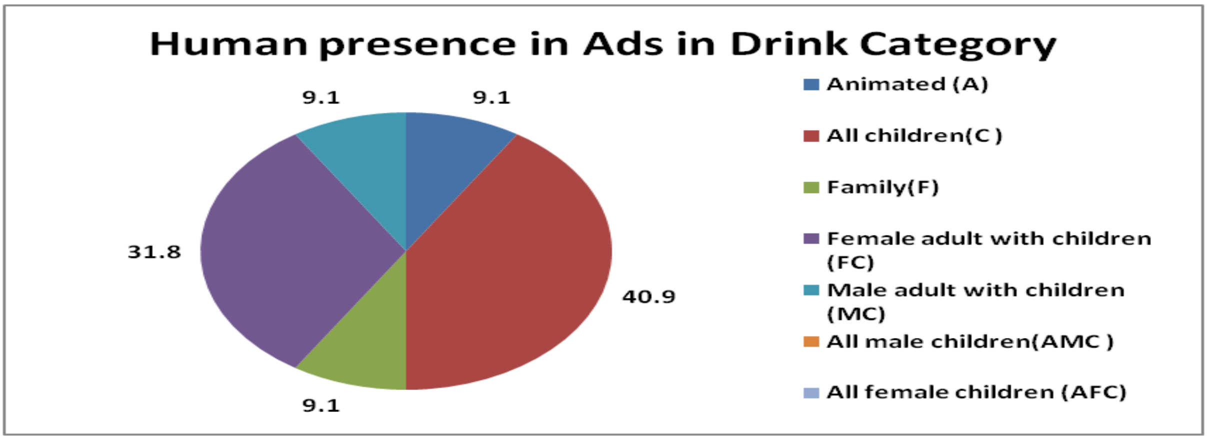
FIG. 1



In the drinks category, 9 out of 22 (40.9%) of the advertisements show all children including both male and female kids in the ads followed by 7 (31.8%) ads having female adult with children. This is substantiated by the observation that health drinks talk about overall development of the child in which they compare healthy and active child with his peers. This requires all children or concerned mothers as a cast support.

HUMAN PRESENCE IN ADS IN DRINK CATEGORY

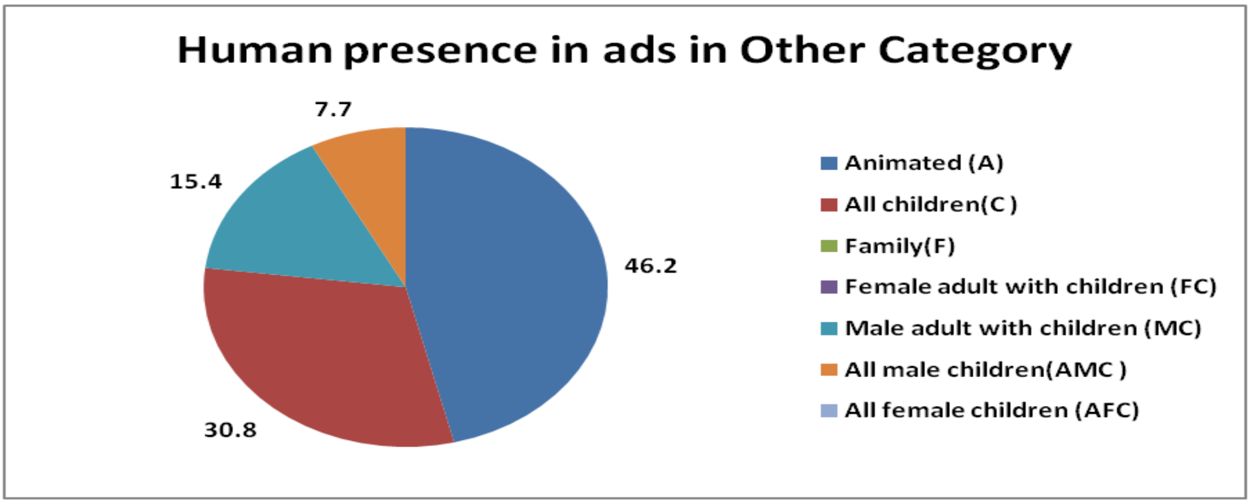
FIG. 2



With the advent of technology, advertisers have realized the increasing ability of animated characters and videos for attracting and retaining attention of the young minds of kids who get attracted to cartoons and fantasy world. 6 out of 13 (46.2%) of the advertisements analyzed in the other category used animation in their ads followed by 4 (30.8%) of the ads having all children. No family or female adult with children were used in any of the ads in other category.

HUMAN PRESENCE IN ADS OF OTHER CATEGORY

FIG. 3



Categorization on the basis on place settings in the ads.

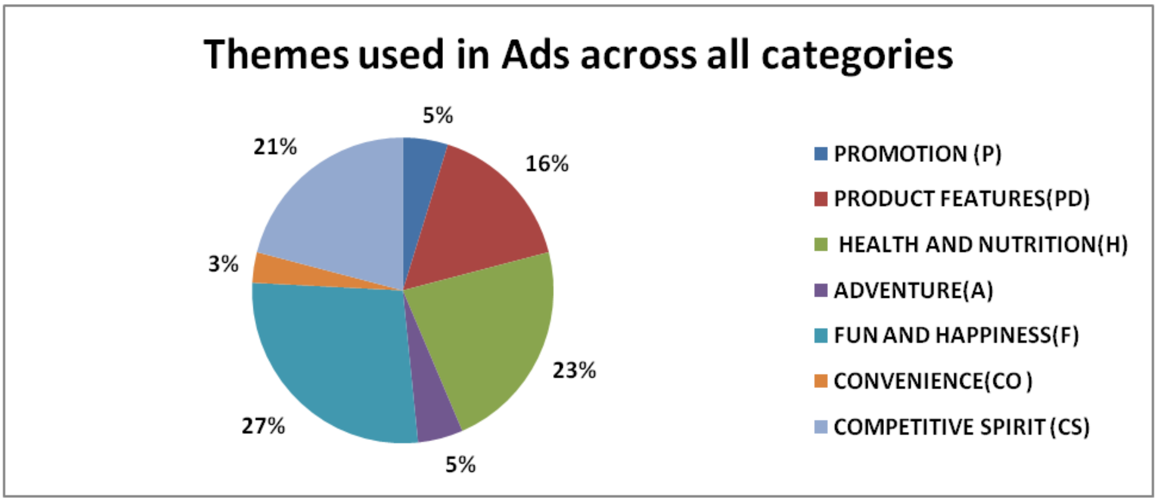
Looking at the place setting used in all the advertisements in food category analyzed, it can be noticed that more than half (51.9%) of the ads in the food category were shot at home (indoor or outdoor). This setting is followed by outdoor /natural settings and scenery. Schools, Sports and Events and Cartoon were used only in 3 out of 11.1% of the total advertisements analyzed. This is substantiated by the fact that mostly food ads include female (mothers) and for which home suits as best.

To study the themes depicted in the advertisements and to find out if they are dependent on the categories of product advertised.

Out of all the ads analyzed, the most commonly depicted themes were of fun / happiness, health and nutrition, competitive spirit and product features among others. Among the seven themes used in the advertisements for children food and beverages product 'Fun and Happiness' and 'Health and Nutrition' are the most prevalent with together having a 50% share of the total. Promotion and convenience form the bottom two with 5 and 3% share. It hints to the fact that children are lured more by the fun and happiness aspect and mothers who are the buyer are influenced by the health and nutrition aspect of advertisements hence these are the most prevalent themes used in these ads.

THEMES USED IN ADS ACROSS ALL CATEGORIES

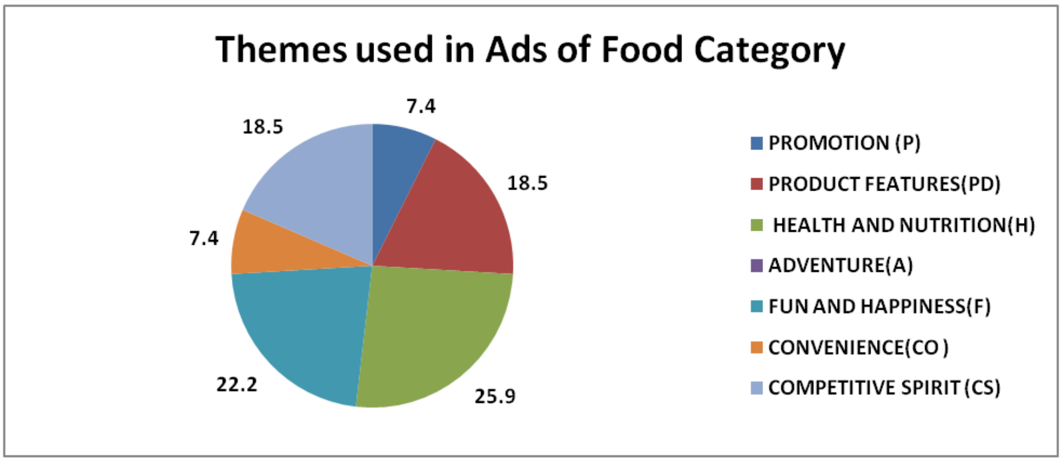
FIG. 4



A total of seven themes that were found six were present in the Food category, Adventure was not found in any of the advertisements. This gives a hint that advertisers do not give priority to adventure when it comes to food category. Among the adds analyzed 27 were of food category products, and out of them health and nutrition had the maximum percentage weight age i.e. 25.9%. Weight age of Fun and happiness came out to be 22.2%. So out of the six themes present around 50% ads had health and fun as the main focusing themes. Themes like convenience and promotion had a very low impact of 7.4%. Competitive spirit and product features had equal weight age of 18.5%.

THEMES USED IN FOOD CATEGORY

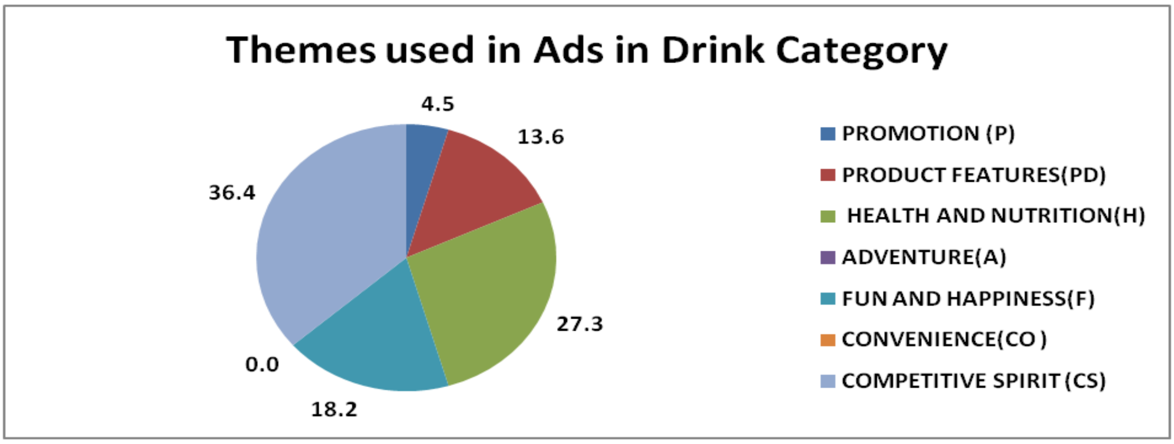
FIG. 5



A total of 22 products were found in this category out of the total 62 advertisements. As six out of seven themes were present in the food category the same goes for the drink category as well, Adventure as a theme did not played any role. In drinks category the presence of health and nutrition ads was 27.5% as compared to 25.9% in food category. The major difference observed was the percentage of competitive spirit theme which came out to be 36.4%. This shows that advertisers focus more on themes of competition and health benefits which if clubbed together had a percentage of 63.7%. Promotion played a minor role of 4.5%.

THEMES USED IN ADS OF DRINK CATEGORY

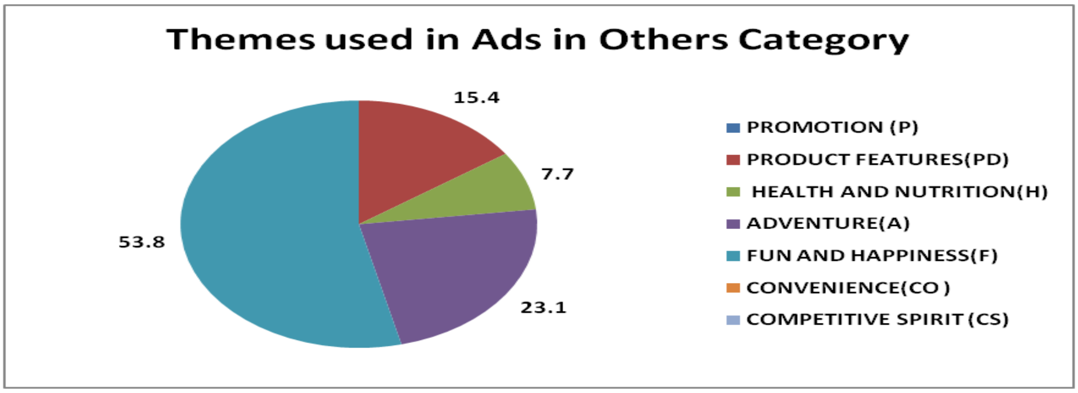
FIG. 6



A total of 13 ads were found in this category of theme out of the total of 62 ads. Four out of seven themes were found in the others category. This category was dominated by the theme focused on Fun and Happiness which was 53.8%. Promotion; convenience and competitive spirit were not found in any of the advertisement. This shows that themes like competitive spirit which played a vital role in the drink and food category had no role in the others category. In this category the least importance was given to the themes based on health and nutrition i.e. only 7.7% themes focused on nutritional benefit.

THEMES USED IN THE OTHER CATEGORY

FIG. 7



To test whether the themes of advertisement were depended of the type of product we carried out a chi square test. The null hypothesis and alternate hypothesis were build as follows:

Ho: The themes of ads used and product category are independent of each other

H_1: The themes of ads used and product category are dependent of each other

CHI-SQUARE TABLE

TABLE 3

Observed Frequency	Expected Frequency	Fo-Fe	(Fo-Fe)^2	(Fo-Fe)^2/Fe
2	0.87096774	1.12903226	1.274714	1.463560335
5	2.17741935	2.82258065	7.966961	3.658900836
7	3.0483871	3.9516129	15.61524	5.122461171
0	0	0	0	0
6	2.61290323	3.38709677	11.47242	4.390681004
2	0.87096774	1.12903226	1.274714	1.463560335
5	2.17741935	2.82258065	7.966961	3.658900836
1	0.35483871	0.64516129	0.416233	1.173020528
3	1.06451613	1.93548387	3.746098	3.519061584
6	2.12903226	3.87096774	14.98439	7.038123167
0	0	0	0	0
4	1.41935484	2.58064516	6.659729	4.692082111
0	0	0	0	0
8	2.83870968	5.16129032	26.63892	9.384164223
0	0	0	0	0
2	0.41935484	1.58064516	2.498439	5.957816377
1	0.20967742	0.79032258	0.62461	2.978908189
3	0.62903226	2.37096774	5.621488	8.936724566
7	1.46774194	5.53225806	30.60588	20.85235732
0	0	0	0	0
0	0	0	0	0
		Chi Square Calculated		**84.29032258**
		Chi Square Critical		**21.026**

Chi Square calculated comes out to be: **84.29**

Chi Square Critical (at 5% level of significance) came out to be **21.026**

As the Chi Square Calculated is more than critical the value lies outside the acceptance region and hence we reject the null hypothesis.

Hence we can say with **95% confidence that there is a dependence of themes on the product categories used.**

To study different message appeals used in ads like emotional rational / informative or moral.

The ads were divided into three categories based on the message appeal used in these advertisements. The three appeals are Rational, Emotional and Moral.The ads which depicts more of the products benefits like taste, health etc were regarded as having Rational Appeal and products depicting more of irrational things like happiness, fun etc and were not explicitly talking about the product itself were regarded as having an Emotional Appeal. Ads which were depicting some kind of social cause and were not for selling a particular brand were regarded as having Moral Appeal.

In our study Rational and Emotional Appeal features almost equally being featured in 32 (51%) and 29 (47%) ads respectively. Moral Appeal appears only in 1 ad. This depicts that both Rational and Emotional themes attract children equally.

The trend remains same in both 'food' segment as well as 'drink' segment. In 'others' segment however 69% of the times rational appeal is used.

CONCLUSION

It is evident from the study that themes like 'Fun and Happiness', 'Health and Nutrition' and 'Competitive spirit' appears in majority of the advertisements. It depicts that convenience, promotional offers and adventure does not lure children as much as the above said themes do. The study also indicates that there is dependence of themes used on different kind of product categories.

Results of this study also suggest that both the major message appeals i.e. Rational and Emotional appear equally across all the advertisements. It also depicts a trend of the human presence in the advertisements. More than half of the ads feature either mother with her child or the child alone. Unlike the popular belief that unhealthy products are advertised more on television the study shows that more than half of the products advertised were healthy products.

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ANNEXURES

TABLE 4: DIFFERENT ADDS CHOSEN AND THEIR DIFFERENT CATEGORIES

Product	CATEGORY	NUTRITION	PLACE SETTINGS	HUMAN IN ADS	THEME	THEME 2	MESSAGE APPEAL
Aashirwad Ata	F	H	H	AFC	CS	CS	E
Amul Butter	F	H	H	FC	PD	PD	R
big babool	O	U	O	C	F	F	E
Boomer	O	U	H	A	F	F	R
Boomer Chocolate	O	U	C	A	A	A	R
Boost	D	H	SE	MC	CS	CS	E
Bournvita Dance	D	H	H	FC	H	H	E
Bournvita Kabir	D	H	S	C	CS	CS	E
Bournvita Little chams	D	H	H	FC	CS	H	R
Britania Cakes	F	U	S	C	PR	PR	E
Bubballo	O	U	O	A	A	A	R
Cadbury Gems	O	U	S	C	F	PR	R
Calcium Sandoz	O	H	O	A	H	H	R
Candy man	O	U	O	MC	F	F	E
Coffee bite	O	U	O	MC	F	F	E
Complain Latke Raam	D	H	S	C	CS	H	R
Complain Shaahid	D	H	H	FC	H	H	E
Cooperative Milk	D	H	H	F	H	H	M
Dabur Chayvanprash	F	H	SE	MC	CS	CS	E
Dabur Hajmola old	O	O	H	AC	F	F	E
Dabur Honey	F	H	O	FC	PD	CO	R
Dairy Milk Poppers	O	U	C	A	F	F	R
Dhara	F	H	H	F	F	F	E
Dominoz	F	U	H	MC	PR	PR	E
Glucon D	D	H	SE	A	H	H	R
Goodday confession	F	U	H	F	PD	PD	R
Horlicks Junior	D	H	C	A	H	H	R
Horlicks Shake	D	H	H	C	F	PD	E
Horlicks Taller	D	H	O	C	CS	CS	R
Horlicks Wiz kids	D	H	O	FC	F	F	R
Jim Jam Jammy	F	U	SE	MC	F	F	E
Kellogs chocos	F	H	H	FC	H	H	R
Kellogs Chocos Duet	F	H	C	A	F	PD	R
Kellogs honey loop	F	H	C	A	F	PD	R
Kissan Jam	F	U	H	FC	PD	PD	R
Kissan Squeezao	F	U	H	C	CO	CO	R
Knor Soup	D	H	H	FC	H	H	E
Knor souppy Noodles	F	U	H	FC	H	PD	E
Lion Date Syrup	D	H	H	C	CS	CS	R
Maggi Atta Noodles	F	U	H	FC	H	H	R
Maggi Pasta	F	U	H	F	F	H	E
Maltova 1	D	H	S	C	PD	PD	E
Maltova 2	D	H	H	C	PR	PR	E
Mango Fruity	D	U	O	C	F	F	E
Milk Shakti	D	H	SE	MC	CS	CS	R
Milky Bar	O	U	C	A	A	A	R
Milo foot ball	D	H	SE	C	CS	F	E
Nestle éclairs	O	U	O	C	PD	PD	R
Nutrella Oil	F	H	H	F	CS	CS	R
Parle G Old	F	H	O	MC	H	H	E
Parle G Painting	F	H	S	FC	CS	CS	E
parle poppins	O	U	O	C	PD	PD	R
Rasna Fruit plus	D	O	H	FC	F	PD	R
Rasna Old	D	O	H	FC	PD	PD	E
Roohafza	D	O	O	F	PD	CO	E
Sundrop Old	F	H	C	A	H	H	E
Sunfeast Glucose Biscuit	F	H	S	MC	CS	CS	R
Sunfeast Pasta treat	F	U	H	MC	CO	CO	R
tata Salt 2	F	H	O	C	F	F	E
Tata Salt Pizza	F	H	H	F	PD	PD	E
Tiger biscuit	F	H	O	FC	H	PR	R
Tiger biscuit plain	F	H	SE	FC	H	CS	R

REVIEWING THE COMPONENTS OF WORKING CAPITAL: A STUDY ON SELECTED INDIAN CEMENT INDUSTRIES

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ABSTRACT

The importance of working capital management is very crucial in corporate finance. It influences the profitability as well as the liquidity of the company. The Current assets and the current liabilities are to be maintained in such a way that the risk of both liquidity and over capitalization can be managed efficiently. In this paper we review some relevant parameters in relation to the components of Working Capital (WC) in some selected Indian companies in Cement Industry during 2004/05-2013/14 and tried to determine some yardstick for efficient Working Capital Management in the Indian corporate sectors.

KEYWORDS

cement industry, current assets, current liabilities, working capital.

INTRODUCTION

The importance of working capital management is very crucial in corporate finance. It influences the profitability as well as the liquidity of the company. Thus the success of a company largely depends on the proper and effective management of working capital. The amount of working capital (WC) may vary from company to company according to their nature of operation. But the working capital constitutes major portions of total capital in general. Its optimal volume and prudent use can boost the profitability of a company in varied ways. But the study of Working Capital Management (WCM) is a very sensitive area in the field of financial management (Joshi, 1994)[1]. It is a well-known fact that Liquidity and the profitability are two important aspects of a company and there must be a tradeoff between these two special objectives of the firm. The Current assets and the current liabilities are to be maintained in such a way that the risk of both liquidity and over capitalization can be managed efficiently.

In this present discussion we are to review some relevant parameters during 2004/05-2013/14in relation to the components of Working Capital (WC)in some selected Indian companies in Cement Industry and this may be treated as yardstick for efficient WCM in the Indian corporate sectors. In section 1 we present a brief review of relevant literatures while in section 2 we provide the brief profile of the selected companies. Section 3 contains themethodological foundation of the present analysis while section 4 deals with the assessment of the performance of different Cement Companies of Indian cement industry during 2004/05-2013/14. Concluding remarks are in Section 5.

REVIEW OF LITERATURE

SuhailHayajneh. Osama et.al. (2011) in a research paper entitled "The Impact of Working Capital Efficiency on Profitability – an Empirical Analysis on Jordanian Manufacturing Firms" maintained that the firms to manage their working capital efficiently to achieve the optimal profitability. This study emphasized on the relationship between working capital efficiency and profitability on the 53 Jordanian manufacturing firms listed in Amman Exchange Market for the period (2000-2006). It is analyzed through using the descriptive statistics, Pearson correlation coefficients, ordinary least squares (OLS) and two stage least squares(2SLS) regressions model. The results of study found a significant negative relationship between profitability and the average receivable collection period, average conversion inventory period and average payment period, and also the cash conversion cycle which expresses the efficiency of working capital. This study revealed a positive significance between the size of the firm, growth of sales and current ratio from this side and profitability from other side. Finally, financial leverage correlated negatively with profitability. These regression results require from the firms to manage its working capital efficiently to achieve the optimal profitability.

Abdul Raheman et.al. (2007) conducted a research work entitled "Working Capital Management and Profitability – Case of Pakistani Firms" and their main findings were that along with the negative relationship between the Collection Period and Profitability, some other significant findings of the study were:

(a) Importance of mode of financing the current asset and its effect on profitability,
(b) Negative relationship between liquidity and profitability,
(c) Positive relationship between size of the firm and its profitability.

They took 94 selected samples from Karachi Stock Exchange during a period of 1999-2004 and they selected working capital as their research arena because they thought Working Capital Management is one of the most important areas for corporate finance and it directly affects profitability and liquidity of a firm.

F. W. Mueller, Jr. (1953), in a research paper entitled "Corporate working capital and liquidity" observed that as working capital and liquidity are worthy of mention in this context,

(a) The term "working capital" should be coextensive with current assets. A better term, if we need one to describe its function, would be "revolving capital."
(b) The nature of an asset is determined by its function and not by its name.
(c) The functional concept of revolving capital overcomes inconsistencies in the equity concept.
(d) Ordinary use of the term "liquidity" makes it more a problem of marketing than accounting and finance.
(e) The conversion of an asset into cash is a test not of liquidity but of salability.
(f) The tenets of comparability are violated in attempts to measure the "degrees" of liquidity.
(g) The attainment of economic objectives requires the complete process of exchanging goods for money followed by the exchange of money for goods.
(h) The function of revolving capital is to provide an orderly process for the gradual emergence of utilities to satisfy human wants.
(i) Liquidity is a consequence of the dynamic function of satisfying social wants.
(j) It is essential to differentiate between individual and aggregate analysis, financial and economic liquidation, and structural and organic liquidity.

The Author of the study mainly tried to focus and find the answers of the following questions

(1) What is meant by corporate working capital? (2) What is meant by liquidity? (3) Where is the source of liquidity?

Zariyawati, M. A. et.al. (2008) in the paper entitled "Effect of working capital management on profitability of firms in Malaysia" found that cash conversion cycle are significantly negative associated to the firm profitability. A balanced panel set of 1628 firm-year observations was obtained, with observations of 148 firms over 1996-2006 periods. In order to analyze the effects of working capital management on the firm's profitability, (operating income + depreciation)/total asset (OI) as measure of profitability was used as the dependent variable, they use some other common variable like cash conversion cycle, days receivables, days payables etc. Control variables are introduced as the growth in firm sales and its leverage. Sales growth (SG) is calculated by$\frac{(\text{Sales1} - \text{Sales0})}{\text{Sales0}}$. The leverage (DR) measures by debt ratio as calculated by total debt over total asset. In addition, current ratio (CR) which calculated by current asset over current liability, was included as one of independent variable. The reason is current ratio always been used as measure of corporate liquidity conventionally.

[1]P.L. Joshi: "Working CapitalManagement under Inflation (1st Ed.)"

AmarjitGill, Nahum Biger, Neil Mathurin their research article entitled "The Relationship Between Working Capital Management And Profitability Evidence From The United States" (2010) adds to existing literature such as Deloof, Lazaridis and Tryfonidis etc. and found negative relationship between accounts receivables and corporate profitability. they observed i) a negative relationship between profitability (measured through gross operating profit) and average days of accounts receivable and ii) a positive relationship between cash conversion cycle and profitability. The findings of this paper suggest that managers can create value for their shareholders by reducing the number of days for accounts receivables. In addition, the negative relationship between accounts receivables and firm's profitability suggest that less profitable firms will pursue a decrease of their accounts receivables in an attempt to reduce their cash gap in the cash conversion cycle. On the basis of findings of this paper, it can be concluded that profitability can be enhanced if firms manage their working capital in a more efficient way. This study is limited to the sample of American manufacturing industry firms. The findings of this study could only be generalized to manufacturing firms similar to those that were included in this research. In addition, the sample size is small.

Sunday, Kehinde James (2011) in the research paper entitled "Effective Working Capital. Management in Small and Medium Scale Enterprises (SMEs)" has observed that

(a) It was evident that small firms have very weak financial position they rely on credit facility to finance their operation, this credit facility most times comes from account payable.
(b) Most small firms become insolvent and fail because they often than not could not access financial assistance from the financial institutions due to lack of the necessary requirement needed by the financial institutions.
(c) It was also revealed from this study that there is poor liquidity in most small business in Nigeria the small business has current assets in excess of current liability leading to shortage of fund.
(d) There is also poor record keeping system in most small firm which reduces the ability of the firm to monitor the proper flow of their working capital.
(e) The poor working capital flow of the smell firms have precluded them from the ability to compete effectively
(f) from the study it was revealed that most Small business fail at most within 2 years, the strongest will fail within 6 years, while only few surviving ones remain.

HasanAganKaraduman et.al. (2011) in a research paper entitled "The Relationship between Working Capital Management and Profitability: Evidence from an Emerging Market", observed the relationship between working capital management efficiency and profitability of selected companies in the Istanbul Stock Exchange for the period of 2005-2009 by employing panel data methods. The findings are similar to the previous studies made by Deloof, 2003; Lazaridis and Tryfonidis, 2006; Garcia-Teruel and Martinez-Solano, 2007; Zariyawati et al., 2009. The findings suggest that it may be possible to increase profitability by improving efficiency of working capital. The Cash Conversion Cycle (CCC) is used as a measure of working capital management efficiency, and return on assets (ROA) used as a measure of profitability. In line with the previous studies, the findings show that reducing CCC positively affects ROA.

BRIEF PROFILE OF THE SELECTED COMPANIES

We have selected ACC Limited, Everest India, Grasim Industries, JK Cement and Dalmiya Cement for our current revision and all these firm are the undisputable leaders in terms of their share in domestic as well as international market of Indian Cement. All the five firms are enlisted with Bombay Stock Exchange as well as with National Stock Exchange and their brief profile are as follows:

ACC (ACC Limited) is India's foremost manufacturer of cement and concrete. Since inception in 1936, the company has been a trendsetter and important benchmark for the cement industry in many areas of cement and concrete technology.ACC's operations are spread throughout the country with 17 modern cement factories, more than 50 Ready mix concrete plants, 21 sales offices, and several zonal offices. It has a workforce of about 9,000 persons and a countrywide distribution network of over 9,000 dealers. It was the first cement company to figure in the list of Consumer Super Brands of India.

Everest is one of India's fastest growing building solutions company. Founded in 1934, Everest is one of the most respected and renowned business entities in India, and has dominated the market ever since. The Everest brand of products are produced at ISO:9000 certified manufacturing facilities located at Kymore, Nashik, Coimbatore, Kolkata and Roorkee. Trained manpower is a dedicated strength at Everest.

Grasim Industries Limited, a flagship company of the Aditya Birla Group, ranks amongst India's largest private sector companies, with a consolidated net revenue of Rs.293 billion and consolidated net profit of Rs.21 billion (FY 2014). Grasim started as a textile manufacturer in 1948. Grasim entered into Cement business in 1985 with a capacity of 0.5 million TPA. Currently, Grasim's subsidiary UltraTech Cement Limited ("UltraTech") has a capacity of 61.75 million TPA. Grasim demerged its cement business into UltraTech in July 2010.

J.K. Cement Ltd is an affiliate of the multi-disciplinary industrial conglomerate J.K. Organisation. Their operations commenced with commercial production at the first grey cement plant at Nimbahera in the state of Rajasthan in May 1975. The Company is the second largest manufacturer of white cement in India, with an annual capacity of 600,000 tonnes in India. It is also the second largest producer of Wall putty in the country with an annual installed capacity of 5,00,000 tones. J.K Cement is also the first cement Company to install a waste heat recovery power plant to take care of the need of green power.

Dalmiya Cement had been a leader in cement manufacturing since 1939. DalmiyaCement have cement manufacturing plants in southern states of Tamil Nadu (Dalmiyapuram & Ariyalur) and Andhra Pradesh (Kadapa), with a capacity of 9 million tons per annum. A leader in cement manufacturing since 1939, DCBL is a multi-spectrum Cement player with double digit market share and a pioneer in super specialty cements used for Oil wells, Railway sleepers and Air strips. They also hold a stake of 47.3 % in OCL India Ltd., a major cement Player in the Eastern Region. Recently they have acquired the brands Adhunik Cement &Calcom Cement in North East. The Group with current capacity of 17 million tons (along with its subsidiaries and associate) is ranked fourth largest in the Indian cement industry.

METHODOLOGY

In this paper we assess the performance of different Cement Companies of Indian cement industry. In this respect the trend analysis of different components of working capital was done. The different components of working capital considered for studying working capital management of five selected Indian cement companies are 1) Inventory 2) Debtors 3) Cash 4) Other current assets 5) Creditors and 6) Other current liabilities.

After necessary adjustments in the data set for the selected companies during 2004/05- 2013/14 the growth rates of different components of working capital for five Indian cement companies as a whole was estimated in nominal terms from the estimated co-efficient of the chosen trend equation. In this regard we have chosen exponential (normalized with respect to time i.e., shifting the origin to the midpoint of the time period) trend equation given by:

$Ln(Y_t)=a+bt+ct^2$

Where Y_t is the variable whose growth rate is measured over time and 't' denotes the time variable. Ln implies natural logarithm (i.e. Log_e) and a is the intercept of the function, b denotes the growth rate coefficient and c denotes the coefficient of acceleration or deceleration.

We are to measure the growth rate expressed in percent per annum and we are further interested to measure the Goodness of fit of the trend line fitted to the time series data of the components of working capital. In this regard we use adjusted $\bar{R}^2$as a measure of goodness of fit for each of the estimated trend equation and determine the statistical significance at different levels of significance. Further we use the Durbin-Watson (DW) statistics to check whether the disturbance term suffer from auto- correlation.

ANALYSIS OF RESULTS

The estimates of different components of working capital of Everest Cement (Table - 1) reveal that the nominal rate of growth of inventory is 0.9% which indicates they maintain a low level of inventory and the growth rate is statically significant at 1% level of significance. The growth rate of debtor is 17.90%, which indicates increase in the volume of credit sale, whereas growth rate of cash is 3.50% and for the other current asset it is 9.50%. It implies that the company maintains cash at a low level which is reflected by growth rate in cash and increase in other current asset indicates that there is sufficient increase of working capital which helps the organization to meet exigency requirements of running fund. The growth rate of creditor and other current liabilities is 8.80% and 19.10% per cent respectively which are also statistically significant at 1% level of significance and indicates that company is maintaining a healthy payment policy for the suppliers, but high percentage of other current liabilities indicates there are some other short time liabilities that play an important role for the organization as well as for the management of working capital.

From the estimated value of different components of working capital of ACC Cement (Table 2), it is observed that the nominal rate of growth of inventory is 4.3% which indicates that they maintain a low level of inventory and the growth rate is statically significant at 1% level of significance. The growth rate of debtor is 2.90%, which indicates low volume of credit sale, whereas growth rate of cash is 3% and for other current asset it is 9.90%. This signifies that the company maintains cash at a low level which is reflected by growth rate in cash and increase in other current asset indicates that there is sufficient increase of working capital which helps the organization to meet exigency requirements of running fund. The growth rate of creditor and other current liabilities is - 8.0% and 10.5% per cent respectively which are also statistically significant at 1% level of significance and indicates that company is maintaining advance payment policy for the suppliers, but high percentage of other current liability indicates there are some other short time liabilities that play an important role for the organization as well as working capital management.

The estimates of different components of working capital of Grasim Cement (Table- 3) indicates that the nominal rate of growth of inventory is 1.60% which indicates they maintain a low level of inventory and the growth rate is statically significant at 1% level of significance. The growth rate of debtor is 0.40%, which indicates increase in the volume of credit sale, whereas negative growth rate of cash is -12.10% indicates that the company is unable to maintain a stable cash balance in hand and for other current asset it is 7.10%, which indicates that there is sufficient increase of working capital which helps the organization to meet exigency requirements of running fund. The growth rate of creditor and other current liabilities is - 4.30% and 5.3% respectively which are also statistically significant at 1% level of significance and indicates that company is maintaining advance payment policy for the suppliers, but high percentage of other current liability indicates there are some other short time liabilitiesthat play an important role for the organization as well as working capital management as like the previous two.

From the estimated value of different components of working capital of Dalmiya Cement (Table- 4), it is observed that the nominal rate of growth of inventory is -11.20% which indicates that they generally maintain a very unhealthy level of inventory which also affect working capital directly and the growth rate is statically significant at 1% level of significance. The growth rate of debtor is 2.20% which indicates low volume of credit sale, whereas negative growth rate of cash is - 9.20% which indicates that the company fails to maintain a stable cash balance in hand and for other current asset it is 6.70% which indicates that there is sufficient increase of working capital which helps the organization to meet exigency requirements of running fund. The negative growth rate of creditor is -10.50 % and for other current liabilities it is 3.50% that are also statistically significant at 1% level of significance. It indicates that the company is maintaining advance payment policy for the suppliers, but the growth rate in other current liabilities indicates that there are some other short time liabilities that play usual role for the organization as well as for the working capital.

From the estimated value of different components of working capital of JK Cement (Table - 5), it is observed that the nominal rate of growth of inventory is 12.20% which indicates that they maintain a high level of inventory and the growth rate is statically significant at 1% level of significance. The growth rate of debtor is 5.20%, which indicates volume of credit sale is maintained efficiently, whereas growth rate of cash is 6.70% and for other current asset it is 3.40% that reflects that the company maintains cash at a low level which is reflected by growth rate in cash while the increase in other current asset indicates that there is normal increase of working capital which helps the organization to meet exigency requirements of running fund. The growth rate of creditor and other current liabilities are 1.70% and 9.5% respectively and they are also statistically significant at 1% level of significance and indicate that the company is maintaining a usual payment policy for the suppliers.

The estimates of different components of working capital of Indian Cement Industry (Table 6), reflects that the nominal rate of growth of inventory is 6.60% which indicates that the industry as a whole maintains a normal level of inventory and the growth rate is statically significant at 1% level of significance. The growth rate of debtor is 5.30%, which indicates low volume of credit sale, whereas growth rate of cash is 5.20% and for other current asset it is 47%, the industry maintains low level of cash which is reflected by growth rate in cash. Growth rate of other current asset (47%) indicates that there is sufficient increase of working capital which helps the organization to meet exigency requirements of running fund. The growth rates of creditor and other current liabilities are 8.40% and 18.90% respectively which are also statistically significant at 1% level of significance and indicates that entire industry is maintaining general and usual payment policy for the suppliers, but percentage of other current liability indicates there are some other short term liabilities that play an important role for the organization as well as for the working capital management, per se.

CONCLUSIONS

From the analysis that we indulged so far we can grossly infer that as long as the performance of working capital management of individual firms are undertaken, we observe variations in all most all components of working capital. The growth rates of Inventory, Debtors, Cash, other Current Assets, Creditors and other Current Liabilities are observed to be diverse in nature and lack of conformity is perceived as we go through the tables and trends. But when the entire Cement Industry is taken under consideration we observe that lack of parity diminish to a considerable degree. Again the different companies follow different accounting norms so that the components of other current assets and other current liabilities differ to a considerable degree among them. This can be observed from the comparatively high growth rates of these two parameters when we consider the entire industry as a whole. So it can be inferred that the components under these two parameters could have influenced the other variables if a different practice was observed and due to the diversity of the practice followed, eventually these two parameters have reflected a very high rate of growth for the industry as a whole.

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TABLES

TABLE 1: NOMINAL GROWTH RATE OF DIFFERENT PARAMETERS OF WORKING CAPITAL OF EVEREST DURING 2004/2005 – 2013/14

Parameter	$\bar{R}^2$	DW	Growth Rate	Acceleration (+)/
			Percentage ^{k}	Deceleration (-)
Inventory	0.948*	1.499	0.9*	0.0*
	(0.1400)		(0.008)	(0.002)
Debtors	0.907*	0.522	17.9*	-0.3*
	(0.3448)		(0.019)	(0.004)
Cash	0.125*	1.857	3.5*	0.2*
	(0.3636)		(0.020)	(0.004)
Other Current Asset	0.681*	1.433	9.5*	0.4*
	(0.3993)		(0.022)	(0.003)
Creditors	0.961*	1.738	8.80*	0.1*
	(0.1072)		(0.051)	(0.001)
Other Current Liabilities	0.942*	1.967	19.10*	0.40*
	(0.2877)		(0.016)	(0.971)

TABLE 2: NOMINAL GROWTH RATE OF DIFFERENT PARAMETERS OF WORKING CAPITAL OF ACC DURING 2004/2005 – 2013/14

Parameter	$\bar{R}^2$	DW	Growth Rate	Acceleration (+)/
			Percentage ^{k}	Deceleration (-)
Inventory	0.953*	1.939	4.3*	0.00*
	(0.0568)		(0.003)	(0.001)
Debtors	0.317*	1.17	2.9*	0.40*
	(0.257)		(0.014)	(0.003)
Cash	0.753*	1.738	3*	-2.20*
	(0.3823)		(0.021)	(0.004)
Other Current Asset	0.681*	1.433	9.9*	0.40*
	(0.3993)		(0.022)	(0.004)
Creditors	0.787*	0.905	-8*	-1.30*
	(0.2057)		(0.011)	(0.002)
Other Current Liabilities	0.972*	0.862	10.5*	-0.10*
	(0.1085)		(0.006)	(0.001)

TABLE 3: NOMINAL GROWTH RATE OF DIFFERENT PARAMETERS OF WORKING CAPITAL OF GRASIM DURING 2004/2005 – 2013/14

Parameter	$\bar{R}^2$	DW	Growth Rate	Acceleration (+)/
			Percentage ^{k}	Deceleration (-)
Inventory	-0.217*	0.654	1.6*	-0.10*
	(0.4837)		(0.027)	(-0.086)
Debtors	-0.266*	1.697	0.4*	0.00*
	(0.2326)		(0.013)	(0.003)
Cash	0.343*	0.89	-12.1*	-0.40*
	(0.8604)		(0.047)	(0.009)
Other Current Asset	0.362*	1.85	7.1*	0.30*
	(0.493)		(0.027)	(0.005)
Creditors	-0.039*	0.855	-4.3*	-5.00*
	(0.6865)		(0.038)	(0.007)
Other Current Liabilities	0.523*	0.532	5.3*	-0.60*
	(0.3173)		(0.017)	(0.003)

TABLE 4: NOMINAL GROWTH RATE OF DIFFERENT PARAMETERS OF WORKING CAPITAL OF DALMIYA DURING 2004/2005 – 2013/14

Parameter	$\bar{R}^2$	DW	Growth Rate	Acceleration(+)/
			Percentage ^{k}	Deceleration (-)
Inventory	0.474*	1.821	-11.2*	0.003*
	(0.6443)		(0.035)	(0.007)
Debtors	0.351*	1.684	2.2*	2.20*
	(0.641)		(0.045)	(0.009)
Cash	0.064*	1.68	-9.2*	0.60*
	(1.0767)		(0.059)	(0.012)
Other Current Asset	0.461*	1.739	6.7*	1.80*
	(0.6489)		(0.036)	(0.007)
Creditors)	0.637*	1.44	-10.5*	0.90*
	(0.4912)		(0.027)	(0.005)
Other Current Liabilities	0.484*	1.703	3.7*	1.60*
	0.5069)		(0.028)	(0.006)

TABLE 5: NOMINAL GROWTH RATE OF DIFFERENT PARAMETERS OF WORKING CAPITAL OF JK DURING 2004/2005 – 2013/14

Parameter	$\bar{R}^2$	**DW**	**Growth Rate**	**Acceleration(+)/**
			Percentage [k]	**Deceleration(-)**
Inventory	0.972*	1.552	12.2*	0.00*
	(0.1256)		(0.007)	(0.001)
Debtors	0.795*	1.173	5.2*	0.10*
	(0.1574)		(0.009)	(0.002)
Cash	0.326*	1.835	6.7*	0.10*
	(0.4859)		(0.207)	(0.005)
Other Current Asset	0.315*	1.778	3.4*	-1.10*
	(0.4881)		(0.027)	(0.005)
Creditors	0.25*	1.634	1.7*	0.40*
	(0.2062)		(0.011)	(0.002)
Other Current Liabilities	0.553*	1.724	9.5*	-14.10*
	(5.963)		(0.328)	(0.065)

TABLE 6: NOMINAL GROWTH RATE OF DIFFERENT PARAMETERS OF WORKING CAPITAL OF CEMENT INDUSTRY AS A WHOLE DURING 2004/2005 – 2013/14

Parameter	$\bar{R}^2$	**DW**	**Growth Rate**	**Acceleration(+)/**
			Percentage [k]	**Deceleration(-)**
Inventory	0.817*	1.66	6.6*	0.50*
	(0.195)		(0.011)	(0.002)
Debtors	0.894*	1.494	5.3*	0.70*
	(0.1301)		(0.007)	(0.001)
Cash	0.267*	1.854	5.2*	0.10*
	(0.4171)		(0.052)	(0.005)
Other Current Asset	0.454*	1.524	47*	-0.30*
	(0.2913)		(0.016)	(0.003)
Creditors	-0.257*	1.448	0.4*	-0.771*
	(0.1887)		(0.01)	(0.002)
Other Current Liabilities	0.871*	1.986	18.9*	0.60*
	(0.4397)		(0.024)	(0.005)

Notes (for Table 1 to Table 5): -

* implies significance at 1% level.

- Figures under the $\bar{R}^2$column indicate observed values of F statistics;
- Figures within the parenthesis are standard errors.
- All the values of DW statistics indicate the degree of autocorrelation in the disturbance term.
- Growth rates are represented in the form of percent per annum. Growth Rate and Acceleration / Deceleration is calculated using the formula Ln (Yt)= a+ bt + ct^2, where b is the growth rate coefficient and c is the acceleration / deceleration rate coefficient

WHERE YOUR MONEY IS GOING? MENTAL ACCOUNTING AN EMPIRICAL APPROACH

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ABSTRACT
Where your money is going? Mental Accounting an Empirical Approach is the research conducted to evaluate mental accounts of investor. The research objective for the study was to ascertain the major infungible mental accounts and possible explanations and recommendations with the help of utility theory. The experiment is framed asking questions spending behaviour of various incomes. The result of this experiment is presented in the results section as follows finding of these two different sources of income is not the same, people used to consume different incomes in different ways the income got unexpectedly the spending is also an expected where is the planned earning spent in well plan activities That means people have different mental accounts for different incomes and these accounts are infungible whereas utility of unit amount remains the same irrespective of income

KEYWORDS
mental accounting, infungible.

INTRODUCTION
Where Your Money Is Going? Mental Accounting an Empirical Approach Is the research conducted to evaluate mental accounts of investor. This research paper starts with explaining definition of mental accounting in the first section and definition given by various scholars. In the next section it explains about the research objective laid explain as follows objective for the study were to ascertain the major infungible mental accounts and possible explanations and recommendations with the help of utility theory. The next section is review of various literatures during the research.
The experiment is framed asking questions. The first question was how will you spend one thousand rupees just got from your uncle (relatives) and the next question was how will you spend the same amount that is one thousand rupees from salary.
The result of this experiment is presented in the results section as follows finding of these two different sources of income is not the same. Unexpected incomes are spending in unplanned manner while on well planned income stand in vital activities. The paper ends with concluding remarks, implication for investor, some limitations and direction for future research.

MENTAL ACCOUNTING
Mental accounting refers to the coding, categorization, and evaluation of financial decisions. The easiest way to define it is to compare it with financial and managerial accounting as practised by organizations. As stated by my word reference accounting may be 'the system of recording and summarizing business and financial transactions in books, and analyzing, verifying, and reporting the results. People and families likewise requirement should record, summarize, analyze, also report the outcomes about transactions furthermore other financial transactions. They do so for reasons similar to those which motivate organizations to use managerial accounting: to keep trace of where their money is going, and to keep spending under control.
Mental accounting may be a depiction of the way of doing things. How would a family perform mental accounting operations? General accounting comprises about various guidelines Also assemblies that bring been arranged again those quite some time. People can look general account in reading material text books or learn from different source. Unfortunately, mental accounting has no equal well support material or written evidences. We could research them main by watching conduct and inferring the standards. It can only be known by practically observing people's behaviours during different frames.
Three components of mental accounting receive the major consideration here. The first captures how outcomes are perceived and experienced, and how decisions are made and subsequently evaluated. The accounting system provides the inputs to do both ex ante and ex post cost-benefit analyses. This component is illustrated by the report above involving the purchase of the consumer goods.
A second component of mental accounting involves the assignment of activities to specific accounts. Both the sources and uses of funds need aid named over genuine account and additionally in mental account frameworks. Uses would keep under classifications (housing, food, and so on.) What's more investing may be now and again compelled eventually tom's perusing understood alternately express plans. Funds to spend are also labelled, both as flows (regular income versus windfalls) and as stocks (cash on hand, home equity, pension wealth, etc.) The third component concerns the frequency with which accounts are evaluated and what Read. Accounts can be balanced daily, weekly, yearly, and so on, and can be defined narrowly or broadly.
Those essential purposes behind concentrating on mental accounting are upgrading our understanding of the psychology for decision. For general, Comprehension mental accounting forms serves us see decision on mental accounting guidelines would not unbiased. That is, accounting choices for example, on which classification on relegate a purchase, if to consolidate a result with others in that category, what's more entryway regularly to equalization those 'books' might influence the discerned allure for decisions.
Mental accounting violates the economic notion of fungibility. Money in one mental account is not a perfect substitute for money in another account. Because of violations of fungibility, mental accounting matters. The goal of this paper is to illustrate how mental accounting matters.

RESEARCH OBJECTIVE
Research objective for the study were to ascertain the major infungible mental accounts and possible explanations and recommendations with the help of utility theory.

REVIEW OF LITERATURE
Richard Thaler First coined the term mental accounting. It is describes as people's tendency to code, categorize, and evaluate economic outcomes by grouping their assets into any number of nonfungible (noninterchangeable) mental accounts. A rational investor would never give in to this sort of psychological process because mental accounting causes subjects to take the irrational step of treating various sums of money differently based on where these sums are mentally categorized.
Mental accounting refers to the coding, categorization, and evaluation of financial decisions. Mental accounting can be interpreted in different ways, two of which are reviewed; the first interpretation stems from Shefrin and Thaler's behavioral life-cycle theory, people mentally allocate wealth over three classifications: (1) current income, (2) current assets, and (3) future income. The propensity to consume is greatest from the current income account, while sums designated as future income are treated more conservatively. (Pompian Michael, 1963–Behavioral finance and wealth management: building optimal portfolios that account for investor biases)

Kahneman and Tversky conducted a study in which a majority of subjects declined to pay for a new theatre ticket, which they were told would replace an identically priced ticket previously bought and lost. However, when the premise was altered and the subjects were told to imagine that they had not mislaid a previous ticket but, rather, an equivalent sum of cash and so were contemplating the ticket purchase itself for the first time—a majority *did* decide to pay.
Kahneman and Tversky concluded that subjects tended to evaluate the loss of a ticket and the purchase price of a new ticket in the same mental account; losing a ticket and shelling out for a new one would represent two losses incurred successively, debited from the same cluster of assets. The loss of actual cash, however, and the purchase of a ticket were debits evaluated separately. Therefore, the same aggregate loss felt less drastic when disbursed over two different accounts.
Tversky and Kahneman (1981, p. 456) define a mental account 'an outcome frame which specifies (i) the set of elementary outcomes that are evaluated jointly and the manner in which they are combined and (ii) a reference outcome that is considered neutral or normal', (Typically, the reference point is the status quo.)
Kahneman and Tversky (1984, p. 347), propose three ways that outcomes might be framed: in terms of a minimal account, a topical account, or a comprehensive account.
Comparing two options using the minimal account entails examining only the differences between the two options, disregarding all their common features. A topical account relates the consequences of possible choices to a reference level that is determined by the context within which the decision arises. A comprehensive account incorporates all other factors including current wealth, future earnings, possible outcomes of other probabilistic holdings, and so on. People make decisions using the comprehensive account.

EXPERIMENT DESIGN
The research has been conducted on students and colleague of the author. It is interesting to know that people have different mental account as described earlier, and those accounts are infungible. The experiment is based upon the income and spending behaviour of the people. People have placed their income into different mental account and their behaviour to those incomes completely different, peoples is incapable of distinguishing their income due to this mantel account. This has been analyzed by observing different response for same amount of money by different means.
It is human tendency that every income has to spend on different means as economy says. Depending on personal capability and capacity every person spends their money into different outcomes different utilities.
We have classified Income buy salary or gift from a relative in our two different mental accounts, the consumption behaviour of these two incomes not the same. I have asked my students and colleagues what you do if you are related gift you one thousand rupees. This was my first question how will you spend one thousand rupees just got from your relative as a gift. My second question was how you will spend one thousand rupees you have received as salary.
The both these question were open ended and respondent was free to share their Real past experiences and future behaviour.
The first Question: what will you do if you got one thousand rupees' gift or how you spend one thousand rupees just have from your uncle (relatives) and second question is: what you will do if you got one thousand rupees' salary money or how will you spend your one thousand salary income.

RESULTS
The following result has been observed; More than 90% of people spend their unexpected income into unexpected easy spending. The first question was how will you spend one thousand rupees received as a gift, most of people sad we will spend this amount in shopping that we have never plant, or in modern language say party etc.
Most of the people like to party with gift amount or amount that gain unexpectedly, as given in the example in our question the gift amount, this is the income which is never planned and unexpectedly received, People will spend this income into a planed activity.
On the other hand, second question how will you spend your salary income of one thousand rupees all people said we will save it our savings or spend these amount into activities that I really needed for leaving our life say daily activities etc.
Explanation for this is that people have two different mental accounts first is for gift or unexpected income, and second is salaried account, and these two accounts are infungible the amount received as a gift is not put into amount received in salary.
This is the best explanation for mental account; also answer for my paper title Where Your Money Is Going. People have different mental accounts and those accounts are infungible in it, but utility of one bug remains the same. One thousand rupees is simply say one thousand rupees irrespective of how you have earned this whether you have earned this amount as a gift or borrowed from somewhere you got by travelling in the way by chance or you have earned putting effort.
A bugs is a bugs its value is what it is actually means one rupee's value is one rupees This is due to your mental account you have put those amount into two different categories first thing is gift second thing is salary as explained above this is a genuine by people overlooked, and cannot understand the value of unit rupees always remain the unit rupees a respective of earning.

CONCLUSIONS
From the research following conclusion has been drawn People have different mental accounts, these accounts are in fungible in itself amount in one mental account is not the perfect substitution for other account. This is the common human behaviour that your income spent differently. Mental accounting as the set of cognitive operations used by individuals and household to organize evaluate and keep track of financial activities. People think about their transactions and sort them in their mind depending on the type of Expenditure.
Where Your Money Is Going? Mental Accounting an Empirical Approach a research conducted keeping in mind only one dimension that is income, this article explains about human common mental accounts had created a different behaviour for a single constrain.
Result of the research has been presented as follows people used to consume different incomes in different ways the income got unexpectedly the spending is also an expected where is the planned earning spent in well plan activities That means people have different mental accounts for different incomes and these accounts are infungible whereas utility of unit amount remains the same irrespective of income

IMPLICATIONS FOR INVESTORS
This paper explains simple investor implications, investor need to close that mental account which is irrelevant for the decision making, this mental accounts bias needed to be identified and solved appropriately. Investor can understand the utility of one-unit currency remains always the same. Investor can make their mental account fungible.

LIMITATIONS AND DIRECTION FOR FUTURE RESEARCH
The sample size itself was relatively small. To accurately Generalize a larger sample size is desirable. Other limitations were statistical methods used. The interpretation based upon ability of the researcher.
Future research needs to focus on a larger cross section of investors and employ more diversified random samples to verify the findings of the current study.

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FACTORS AFFECTING THE DEVELOPMENT OF INTERNATIONAL ACCOUNTING

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ABSTRACT

In today's scenario accounting is not only a systematic process of recording and reporting of financial information, if we think so then it will be a wrong notion. With the drastic reforms in international markets, emergence of large number of MNC's, expansion of Accounting bodies and various other environmental factors. Most accountants and financial executives at international level are realizing the diversity and complexities in accounting policies, practices and procedures. This paper broadly examines the important factors which has a huge impact on the development of international accounting.

KEYWORDS
accounting, diversity, environmental factors.

INTRODUCTION

A nation's accounting policies, practices and procedures is affected by a variety of economic, socio – cultural, political, legal and many other environmental factors, so it is highly unlikely for the influential factors of any two countries to be exactly the same. Nation's accounting principles and practices are the product of complex interaction of above environmental factors. It is unlikely that mix is identical in any two countries or more and therefore diversity is to be expected at global level. In other words, Accounting is influenced by various environmental variables, but at the same time, it is one of the factors affecting on this same environment. This is a fact that points to the interdependency of accounting and its environment.

REVIEW OF LITERATURE

FREDERICK D. S CHOI (1991) concluded that investors and participants in the international capital market perceive accounting diversity as a major problem that affects the capital market decisions.The paper concluded the two main factors Firstly; differences in the accounting practices may affect the security valuation and the composition of international portfolios. Secondly, this paper described as effective ways of tiding over accounting diversity and its impact on international capital markets.

PETER JOOD & MARK LANG (1994) investigated the diversity in the accounting practices of France, Germany and United Kingdom. This paper concluded the various factors. Firstly, the paper has explored the significant differences between ratio analysis and financial market valuation. Secondly, it also provides preliminary evidence on the effects of the (EU) European Union directives on accounting measurement differences.

SUSANA & JOSE A LAINEZ (2000) explored out that existence of diversity in accounting principles and accounting system has significant consequences for the interpretation of financial reporting in global arena and, therefore, for the decisions which may be taken on the basis of the interpretation drawn from an analysis of such accounting information. The paper concluded the two main factors. Firstly, accounting diversity can be considered as a prime obstacle for the international comparability of financial reporting. Secondly, the paper has found the important differences in the situation of companies i.e. liquidity, solvency and profitability etc under different accounting principles

HASSAN R. HASSABELNABY, RUTH W. EPPS AND AMAL A. SAID (2003) found that the impact of environmental variables on the development of accounting. Four environmental variables are used to explain the variation observed over time in accounting diversity and development. These factors were the economic environment, the political environment, the development of the stock market, and privatization of state owned corporations. The paper concluded the two main factors. Firstly, the impact of the environmental variables on accounting development changes over time reflecting the different stages of democracy and economic reform. Secondly, it provides international investors and researchers with an in depth understanding of the dominating environmental variables that affect accounting in global arena.

LOANA MARIA DRAGU (2010) found that the global accounting conceptual framework and standards still continue to represent a mission for international accounting bodies like (IASB) international accounting standard board and (FASB) financial accounting standard board, being far from the stage of practical implementation. Both accounting bodies are witnessing the diversity and complexities in reation to accounting system in global arena. Thus, harmonizing both national and international accounting regulations is necessary so that it would be in accordance with companies' interest.

ADELA DEACONU & ANUTA BUIGA (2011) witnessed the diversity between accounting systems of Continental-European type and Anglo-Saxon type respectively. The paper concluded the two main factors. Firstly, the paper examines the relevance of the criterion in the historic context. Secondly, it studies the whole framework comprising economical, social, legal and political variables and their impact on accounting diversity.

JOEL BRANSON & MUIZ JAMIL (2011) observed that the main factors for diversity in accounting practices, policies and procedures and to better understand how accounting differences have a huge impact on accounting harmonization. The paper concluded the two main factors. Firstly, it strengthens the awareness of the existence of the causes for accounting diversity. It is important to understand the current complexities and difficulties of the drive towards international accounting harmonization. Secondly, the in-depth analysis of the environmental variables that are considered most influential in causing accounting diversity.

OBJECTIVE OF THE STUDY

The present paper is concerned with fulfilling the objective of studying various factors that affects the development and growth of international accounting.

RESEARCH METHODOLOGY

This paper is totally based upon empirical studies and data. The data used in the study is primary as well as secondary. Primary data has been collected on the basis of personal interactions with experts, academicians and the learned persons. On the contrary, secondary data is collected by reviewing various authentic research papers from online databases of peer reviewed, journals, official websites, books, professional magazines and newspapers.

DISCUSSIONS

Research literature reveals the following factors that impact accounting diversity at national level as well as which are likely to shape accounting diversity in global arena.

- **IMPACT OF ECONOMIC FACTOR**

The level of economic development of the country is likely to influence the type of business entities or groups exist in a country. Developed countries like US and UK are more featured by large and complex organizations in comparison to developing countries like India, Pakistan and Sri Lanka. Financial recording and reporting practices will be more sound and complex in developed countries due to the presence of hefty number of multinational corporations.

- **IMPACT OF POLITICAL FACTOR**

The political environment and system prevailing in a particular country will have a greater impact on the accounting principles and practices. The way a country is politically governed can have considerable influence on accounting system. The relevance of political system can also see in many countries that are effectively run by dictators. Countries like France and Netherlands still follow accounting system given by their colonial rulers. Likewise, countries like India, NZ, Australia and Hong Kong has adopted the accounting system of Britishers.

- **IMPACT OF SOCIO CULTURAL FACTOR**

A major source of influence on accounting practices and procedures is socio-culture factor. Factors like secrecy v/s transparency, optimism v/s pessimism and uniformity v/s flexibility etc have a huge impact on the measurement of financial items as well as financial disclosure practices. Developed countries like US and UK are more transparent, optimistic and flexible than Japan, Germany, India and China etc when it comes to disclosure of financial records.

- **IMPACT OF LEGAL FACTOR**

Legal environment is one of the most dominating factor for diversity in accounting practices in global arena. Different countries have their own legal structure and systems. Some countries are nationalistic and other are rationalistic. In other words, some countries possess strict legal system and other countries possess adaptive legal system. Countries like France and Germany follows code law which is more legalistic, detailed, prescriptive, procedural and nationalistic. On the contrary, countries like US, UK and NZ and Australia follows common law which is more flexible, adaptive and innovative in comparison to code law.

- **IMPACT OF INTERNATIONAL MARKETS**

The elements of capital market have an impact on accounting practices and procedures. Difference in financial system, emergence of new and innovative financial securities and impact of GAAR etc factors leads to diversity in accounting practices and procedures. In debt oriented countries like Germany, Japan and Switzerland, financial reporting tends to be more Spartan against equity oriented countries like US, UK and Canada. The level of globalization of capital market or listing of securities at international level impacts financial recording and reporting practices to huge extent.

- **IMPACT OF MNC's**

Developed countries tend to have capitalistic economy as well as possess large and complex organizations, where accounting problems are far more complex and detrimental than those of small organizations in developing and underdeveloped countries. In countries like US and UK, organizations are relatively large, complex and owned by large number of employees against developing countries like India, Pakistan and Sri Lanka. The extent of accounting principles and practices is likely to be maximum and complex in developed countries.

- **IMPACT OF INFLATION**

An economy's level of inflation can also be perceived as a influencing factor in the context of diversity in accounting practices, policies and procedures, because it has a direct impact on the asset valuation method and because, in conditions of high inflation, it is essential to have an accounting system in line with the inflationary conditions of a particular country. Countries like US and UK are familiar with historical cost model when it comes to their accounting practices. On the contrary, countries like Bolivia and Mexico do not have luxury of persisting with the practice of historical cost model. They use inflation adjusted models of financial reporting to provide more decision relevant information in context to their economies.

- **IMPACT OF AUTONOMOUS BODIES**

Number of accounting professional bodies has a direct link with the quality of accounting practices, policies and procedures that prevails in a particular country. The designing and standard of accounting system in a country is primarily depends upon the quality of professional bodies. Independent accounting professional bodies like (AASB) Australian accounting standard board, (AARF) Australian accounting research foundation, (ICAA) Institute of chartered accountants in Australia etc has a huge impact on Australian accounting principles and practices. At global level, (IASB) international accounting standard board and (FASB) financial accounting standard board are providing conceptual framework to satisfy the needs and nature of diverse groups of accounting users at global level which facilitate the harmonization and universality of information at global level.

- **IMPACT OF CONCEPTUAL FRAMEWORK**

Conceptual framework provides a logical and consistent guide to accounting standards that prevails in a particular country. While a conceptual framework does not have a compulsory status in every country, still it provides a reference point for developing and adopting accounting standards. Countries like US, UK, Canada and Australia etc have invented their own version of conceptual framework in accordance with their own environmental variables. On the contrary, developing countries like India, Pakistan, Sri Lanka have a habit to follow conceptual framework of other countries.

- **IMPACT OF LEVEL OF EXECUTION**

There is a vast difference between the accounting rules, regulations and provisions and actual accounting policies, practices and procedures that prevails in a particular country. The difference between accounting regulations and principles often depends upon the level of enforcement. The level of enforcement is very poor in developing countries like India and China due to factors like scarcity of resources and lack of professionalism.

- **IMPACT OF REPORTING PRACTICES**

Type of report regime can also have a huge impact on the system of accounting as well as the financial reporting that prevails in a particular country. Countries like Austria and Germany who follow single set of rules i.e. same rules for financial as well as tax reporting looks rich in their report regime to potential investors but poor to tax authorities against countries like US, UK and India who use to follow double set of rules while reporting.

- **IMPACT OF e-BUSINESS**

The concept of e-business which has emerged in developed countries like US, UK and Japan has now entered in developing as well as under developed countries at a very rapid rate. Companies are catching global customers but at many levels e-business has posed number of international problems. At global level, various accountants and financial executives are inventing new methods and techniques in order to tide over such problems

- **IMPACT OF CROSS BORDER TERRORISM**

Cross border terrorism is not a new phenomenon particularly for Asian countries. However terrorist attack on 11 September, 2001 in US has made cross border terrorism an international issue. Developed country like US in particular is not only providing financial assistance to developing and under developed countries to fight against terrorism but also business and their own accounting system to carry out transactions in an efficient manner.

- **IMPACT OF RESEARCH AND INNOVATION**

Various accounting approaches and concepts have been emerged due to the recognition of business enterprise with complex interaction of various environmental variables like economic, social, political, legal and technological etc. The concepts like social accounting, human resource accounting, strategic accounting, inflation accounting, international transfer pricing, consolidation and foreign currency translation etc are the precious gift of environment.

SUGGESTIONS

It is next to impossible to bring perfection in accounting system and practices all over the world due to different environmental factors prevailing in different countries but accounting differences at global level can be reduced by establishing effective accounting standards, formats, methods and procedures which are acceptable at global level. It is the duty of international accounting bodies and institutions to come together and establish such a global accounting conceptual framework which reduces the element of subjectivity and facilitate harmonization and universality of accounting at global level but still the universal accepted accounting conceptual framework continue to represent a mission for international accounting bodies and institutions.

CONCLUSION

Accounting principles and practices are the product of environment. Different countries are indifferent to international dimensions of accounting and financial reporting due to complex interaction of environmental variables. The cumulative impact of the changed character of international capital market, predominance of MNC's, new accounting bodies, emergence of e-business, economic, legal, political, social and various other environmental variables has created the element of subjectivity and harmonization looks next to impossible. On the other side, accounting diversity in global arena has also enhanced the nature and scope of accounting at global level. Today financial experts are witnessing sound conceptual framework given by different accounting bodies as well as innovative concepts and methods to tide over the complexities related with the accounting diversity at global level.

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E-BANKING AND E-CRM INITIATIVES: A CASE STUDY OF PUNJAB & SIND BANK

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ABSTRACT
Electronic banking, also known as electronic funds transfer (EFT), is simply the use of electronic means to transfer funds directly from one account to another, rather than by cheque or cash. And Customer relationship management (CRM) refers to the principles, practices and guidelines that an organization follows when interacting with its customers. Punjab & Sind Bank is a government-owned bank (79.62%), with headquarters in New Delhi. Of its 1466 branches spread throughout India, 623 branches are in Punjab state. Its net profit is Rs. 121.35 crores and net NPA is 3.55% for the year ending 2014-15. The bank's operating profit for the year ending 2014-15 is Rs. 775.45 crores. Total business of the bank was Rs. 1,51,511 crores for the year ending 2014-15 and Business per employee is Rs. 15.95 crore. The net worth of the bank as on 31.03.15 is Rs. 4812 crores. (https://en.wikipedia.org/wiki/Punjab_%26_Sind_Bank) PUNJAB & SIND BANK has transformed itself into a technology intensive financial services group in the last decade. To achieve its long term goals of being in a position to practice one to one marketing, PUNJAB & SIND BANK has taken a series of initiatives. In online banking face to face interaction between bank and customer is not seen. This create huge service gap for banks how to serve and maintain customer relation in online environment. The paper discuses how banks use "E- Banking & Electronics Customers Relationship Management" tool to maintain customer relations by using the internet and what benefits are derived by using E-banking & E-CRM tool.

KEYWORDS
E-banking, E-CRM, online banking, SIEBEL.

INTRODUCTION
Banking has traditionally operated in a relatively stable environment for decades. However, today the industry is facing a dramatically aggressive competition in a new deregulated environment. The net result of the recent competition and legislation is that traditional banks have lost a substantial proportion of their domestic business to essentially non-bank competition. Competition will undoubtedly continue to be a more significant factor while many banks have found themselves in this position with many of their customers. Unlike manufacturing and some service industries, bankers are not only selling products and services. First and foremost, they are selling their organization reputation with every 'customer relationship'. A bank has to create customer relationships that deliver value beyond the provided by the core product. This involves added tangible and intangible elements to the core products thus creating and enhancing the 'product surrounding'.

E-Banking & E-CRM provides to Banking companies a mean to conduct interactive, personalized and relevant communication with customers across both electronic and traditional channels. It utilizes complete view of the customers to make a decision about messaging, offers, and channel delivery. It synchronizes communication across disjointed customer facing system it adheres to permission based practices, respecting each individual's preferences regarding how and whether they wish communicate with you. With the emergence of the Internet, banking enterprise portal took on a whole different meaning. They have now become the gateways to entire web based communities and customer activity. A portal is a gateway to an array of services to an optimal community it is a centralized entry point, usually centered on web server that links multiple information and interactivity sources, and allows a personalized view of any or all the services according to the requirements of the users who is entering. The personalization is accessible through a password and user ID.

E-BANKING can be use to:
- Paycheck deposited directly into bank or credit union checking account.
- Withdraw money from checking account from an ATM machine with a personal identification number (PIN), at your convenience, day or night.
- Instruct bank or credit union to automatically pay certain monthly bills from account, such as auto loan or mortgage payment.
- Have the bank or credit union transfer funds each month from checking account to mutual fund account.
- Have government social security benefits check or tax refund deposited directly into checking account.
- Buy groceries, gasoline and other purchases at the point-of-sale, using a check card rather than cash, credit or a personal check.

E-CRM can be use to:
- Create long term relationship with customer with minimum cost.
- To reduce customer defection rate
- Increase the profitability from low profit customers
- Focus on high value of customers.

LITERATURE REVIEW
The e-banking services consist of two sub-services: electronic payment service for enabling agents to make and receive payments; and account management service for creating, maintaining and closing bank accounts. According to Jayawardhena and Foley (2000), customer expectations from electronic banking can be categorized under four different functions, namely, view-only functions to have bank balances in check, action/account control functions to provide customers with the broadest range of access and control over their accounts, applying for new banking services to be able to make applications for core banking services and open new accounts (savings accounts, loans, etc.) and integration reconciliation functions to manage their finances with software packages (Jayawardhena and Foley, 2000).

A lot of large banks have been adopting information-driven customer acquisition and CRM, but at this stage, few can show clear bottom-line rewards from this effort (Foss, 2002). However, a number of large banks in the USA, India, Europe and Australia have invested in data warehouses and data mining tools in the past few years (Ibid.). They have been building models of consumer-segment profitability and behavior, which help them target direct marketing campaigns for the 'right' groups of customers. They have been analyzing and classifying consumer needs, assessing the risk of loss and trying to predict demand and delivery methods for various types of customers. They have been leveraging information for selling and enhancing the effectiveness of new customer marketing campaigns (Foss, 2002).

BENEFITS OF E-BANKING
- The operating cost per unit services is lower for the banks.
- It offers convenience to customers as they are not required to go to the bank's premises.
- There is very low incidence of errors.
- The customer can obtain funds at any time from ATM machines.
- The credit cards and debit cards enables the Customers to obtain discounts from retail outlets.
- The customer can easily transfer the funds from one place to another place electronically.

BENEFITS OF E-CRM

E-CRM is an approach in relationship management it benefits to its stakeholder who include employees, customers, suppliers and channel partners (Ragins and Greco, 2003) according to Rigby and et al. (2002) E-CRM takes many forms and depends on the objectives of organization. It is not only a technology or a software; this is a tool is used a line business process with the customers in a strategic way like E-CRM increase the customer loyalty, E-CRM gives more effective marketing, E-CRM includes customer service and support.

OBJECTIVE OF RESEARCH AND HYPOTHESIS

The research purpose of this study is mainly is descriptive since the main objective is to understand to know how E-CRM is used in online banking and its benefits to the stakeholders in online banking. During this research program period I have to achieve something, which is helpful for my career and some value addition to the Banking Company. It gives me good opportunity to expose and creating good impression of corporate mind. Others

By E-Banking & E-CRM, banks are going to find the right customers (those with an acceptable current and future net value), getting to know them (as individuals or groups), growing their value (if appropriate) and retaining their business in the most efficient and effective way.

RESEARCH METHEDOLOGY

The base of this study is on scientific theories and research objectives have been related to these theories so, the study is detective because of the fact that the conclusion is drawn from the information on gathered data which is full of values, perception and beliefs, so the data is non quantifiable. Based on our research purpose and research objectives, our research approach is qualitative. It is considered that qualitative method is the best way due to the fact that we want to give understanding of how banks are using electronic customer relationship management in online banking in B2C context.

SAMPLE SELECTION

The researcher wanted to examine bank that have online banking facilities and establish customer relationship by using internet channel. The sample selection was based on convenience sample by considering the activities of the bank with latest E-CRM practices and the availability of interviewee willing to answer the question. Introduction to email and research questions were sent to the bank who are working in PUNJAB & SIND BANK bank for the purpose of the study. There customer support officer referred to the concern person involved in E-CRM practices. These respondents were well qualified in CRM practices.

DATA COLLECTION

Since, the study is descriptive nature, researcher considered primary data as most suitable for the study. The bank websites are used www.psbindia.com

EMPIRICAL DATA PRESENTATION

CASE OF PUNJAB & SIND BANK

INTRODUCTION

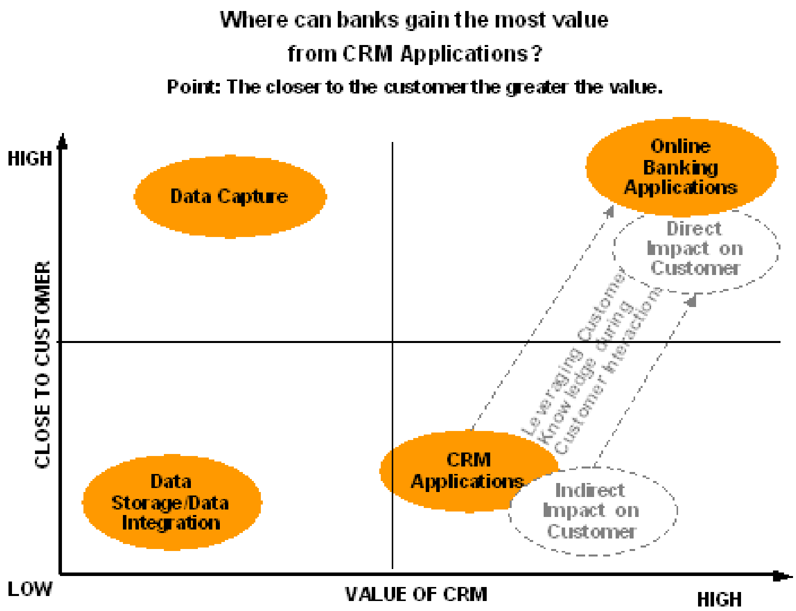
Punjab and Sind Bank is an India-based Bank. The Bank offers services, including international banking, retail loans and domestic banking. The international banking includes non-resident Indian (NRI) services, facilities for residents, export/import services, forex treasury and Gold card scheme among others. The Bank offers saving account, PSB-Premier savings bank account, PSB-Premier current account, recurring deposits and fixed deposits. The Bank offers housing loan, personal loan and education loans. The Bank offers locker facilities. The Bank provides automated teller machine (ATM) card, internet banking, online payment options and mobile banking. The Bank offers its customers instant transfer of funds to other banks (Inter Bank).

Punjab and Sind Bank is a leading Public Sector bank with over 917 branches / extension counters spread across the country. Established in 1908 in Amritsar, it is today a strong and vibrant bank serving millions of customers across India. The Bank is targeting to become a Rs 100,000 crore bank by 2011 by increasing its branch networks and services. A survey conducted by KPMG in 2008 rated PSB as the Number One "Medium sized Best Banks in India".

TECHNOLOGY INITIATIVES FOR CRM

In PUNJAB & SIND BANK CRM is hugely technology driven. The banks philosophy behind CRM is massive use of technology. The technology might push customer away from the branch and get most of the requirements fulfilled through machines outside the branch. It believes that this effort of bringing customer least to the branch might help in reducing the factor of customer ignorance, poor employee behavior, inadequate parking and so on CRM at PUNJAB & SIND BANK is viewed as a discipline as well as a set of discrete software technologies which focuses on automating and improving the business process associated with managing relationship in the area of sales, marketing and customer service and support. The organization aims to achieve the end goal of one2one marketing.

FIG. 1



The CRM software applications are not only intended to facilitate the coordination of multiple business functions but also to support to coordinate multiple channels of communication with the customers as face to face, call centers, ATMs, web, telephones, kiosk, bank branch and sales associates etc. so as to enable the bank to carry out the cradle to give the customer management more efficiently. To accomplish the above objectives through specific software, PUNJAB & SIND BANK has rolled out customer relationship management software SIEBEL. Customer touches the bank from a number of channels, namely call centers, bank branch, PUNJAB & SIND BANK centers, ATMs, Web and SMS. SIEBEL provides a common platform so as to have an integrated single view of the end customer across product lines and channels.

BENEFITS OF E-CRM TECHNOLOGY IN ONLINE BANKING

SIEBEL benefited PUNJAB & SIND BANK in the following ways

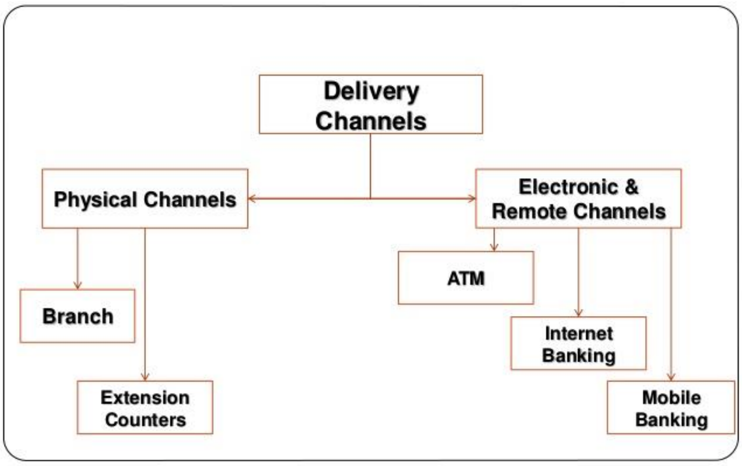
1. Complaints and Queries management: SIEBEL address complaints in a systematic manner. Any case requiring the authorization of an officer automatically goes to the officer's mailbox and moves forward only after his approval, service request and complaints can be routed to the respective departments through an inbuilt escalation matrix.
2. Customer Retention: Software enables a branch head to know exactly when and which account is showing any abrupt behavior. He/she can then known its reason and ultimately check his/her detachment from the bank.
3. Cross selling and up selling the software can be used for cross selling and up selling purposes if the branch head comes to know that a particular customer has withdrawn significant money from his account for the purpose of some investment, it can immediately ask his sales team to reach the customer and offer the investment avenues that the bank has such as fixed deposit schemes, bonds and insurance.
4. Customer contact management: SIEBEL enables the bank to record a complete profile and contact history of customers. It also helps in greeting at various occasions such as Birthday, Wedding day and Insurance premium submission day. These help the bank introducing personnel touch with customer.

DELIVERY CHANNELS

A channel is a gateway for execution of a service. A channel can be an office, media, tool, or an application; it can be manipulated by human interaction or through a systematic front-end interface.

In the banking sector, Alternate Delivery Channels are channels and methods for providing banking services directly to the customers. Customers can perform banking transactions through their ATM, contact the bank's Call Center for any inquiry, access the digital Interactive Voice Response (IVR), perform transactions through Internet Banking, and even on smart phones through mobile banking, etc. These channels have enabled banks to reach a wide consumer-base across geographies.

FIG. 2



ANALYSIS INTRODUCTION

In this section within the case analysis is presented i.e. PUNJAB & SIND BANK each objective is compared by using theories and the findings taken from the case.

1. To know the Electronic Customer Relationship Management (E-CRM) be used in online banking. Mass customization: The website of PUNJAB & SIND BANK provides bank information, product information broachers, history of bank, performance of bank, customer feedback option, PUNJAB & SIND BANK is operating and its web based system enables to customers have a look on banks transactions.

1.1. Contact Management: PUNJAB & SIND BANK to record a complete profile contact history and account management with the help of software, the customer is greeted at various occasions such as Birthday, Wedding and Insurance premium submission this help the bank in inducing personnel touch with customers.
1.2. Flexible Timing: Its metro and urban branches the bank has increased the timing from 6 hours to 8 hours to help the office going customers.
1.3. The bank has launched international ATM cum debit card in association with MasterCard organization.
1.4. The bank launched festival bonanza scheme for housing loan, auto loan and consumer loan from. 05.10.2013 offering competitive rate of interest and
1.5. Concession in processing fee, margin etc
1.6. Anti money laundering solution has been implemented in the bank.
1.7. To facilitate customers, bank has introduced 24 *7 call center facility.
1.8. One-time password (OTP) for customer's transactions through internet banking
1.9. The bank has planned to open 155 new branches during the current fiscal.
1.10. Number of Kisan Credit Cards (KCCS) increased by 19125 (14%) from 135445 as on 31.3.2013 to 154570 as on 31.3.2014.
1.11. Introduced new scheme for financing seed production 4nd processing units and scheme for financing of agriculture input dealers (seeds, fertilizers, pesticides etc.).
1.12. In addition to existing 11 specialized MSME branches, 18 MCRE general branches have been categorized as specialized MSME branch taking the total to 29.
1.13. To give boost to MSE credit, bank signed mou with CRISIL for credit rating MSE units at concessional rate rationalized and rationalized rate of interest on MSME advances
1.14. E-Lobby: It is a self service banking centre started by the bank it showcases most innovative and user friendly gadgets providing self service banking in the area of bill payment, cash withdrawals video conferencing with customer service executive, online banking and other such transitions without any assistance.

2. To know the benefits of E-CRM technology in online banking.

- Funds Transfer
- Bill Payment
- Receive Funds
- Ticket Booking
- Prepaid Mobile Recharge
- On line Tax calculation
- Share trading
- Online Loans and Credit cards

TABLE 1

#	Particulars	FY 2014-15	FY 2013-14
A	Deposits ('INR crores)	86,714.71	84,730.16
B	Advances ('INR crores)	64,796.42	57,857.74
C	Total Business (A+B) ('INR crores)	1,51,511	1,42,588
D	Total Assets ('INR crores)	97,753.40	94,509.15
E	Operating Profit ('INR crores)	775.45	800.54
F	Net Profit(' INR crores)	121.35	300.63
G	Business/Employee ('INR crores)	15.95	15.31
H	Net Interest Margin (NIM) (%)	1.80	1.88
I	Return on assets (%)	0.13	0.35
J	Gross NPAs (%)	4.76	4.41
K	Net NPAs (%)	3.55	3.35
L	Total Branches	1456	1330
M	Total ATM's	1268	1008

FINDINGS AND CONCLUSIONS

1. The finding shows that PUNJAB & SIND BANK is using E-CRM tool for mass customization, the customer profiling self services and time saving as a primary goal. Then the second priority is the mass market operation accuracy in order to management personalization and one2one marketing as their secondary task and low importance is given to marketing campaign. While monitoring customer behavior, market segmentation and enhanced customer service. On the basis of findings from the study the following objectives are considered the most important for the bank participated in E-CRM activity, customer profiling, self service, one2one and personalization of services
2. By understanding the views of respondent it is found that the benefit of E-CRM in Banking sector is the reduced cost of operation and increase the customer loyalty while the low priority is given to the different contact options for a customer to minimizing the administrative work. The finding shows that definite which are derived from bank prospective by using E-CRM tool are reduced cost of operation increased customer loyalty.

IMPLICATION

The following implications are based on the empirical data analysis and conclusion made during this study. I suggest to the management they should adopt new technologies in analyzing the customer behavior to offer them accurate products. Further consideration the voices of the customer by adopting their products, procedures and processes. This is a new sector to consider and the bank should constantly re-engineer their processes and procedures and short them by evaluating the customer feedback.

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PERFORMANCE EVALUATION OF SELECTED EQUITY MUTUAL FUND SCHEMES

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ABSTRACT

Based on objectives and risk bearing capacities, investors go for different investment alternatives. Among the various investment possibilities, mutual fund seems to be viable for all kind of investors as it is considered to be a safer mode of investment. There are around 35 mutual fund companies and 500 equity schemes. It is difficult for the investors to select the appropriate scheme. This paper will give an idea for the investors on the various indicators used to evaluate a mutual fund. NAV details of the selected schemes are collected to calculate the values. Mutual funds are ranked based on the calculated values. The major indicators used for analysis are Sharpe ratio, Treynor ratio and beta. Moving average and trend line were used to analyze the mutual funds.

KEYWORDS

benchmark index, equity mutual fund schemes, sharpe and treynor ratio, technical analysis.

JEL CLASSIFICATION

G11, G24, G32

INTRODUCTION

Among the many investments like bonds, debentures, fixed deposits, mutual funds have gained importance due to the reduced risk rate and acceptable return. In India, the first mutual fund company was the government sponsored Unit Trust of India, which was established in 1963 and was the only mutual fund available to investors until public sector banks became eligible to offer mutual funds in the 1980s. But it wasn't until the mid 1990s when the private sector was also allowed to compete that the industry saw a real growth in assets (Jayant R. Kale, Venkatesh Panchapagesan, 2012). Mutual Fund is a mechanism of pooling resources from general public and investing collected funds in debt or equity instruments in accordance with the objectives as disclosed in the offer document. This leverage is achieved by a team of experts called fund management team who distribute the investor's money among various corporate so that the loss in one corporate is compensated by the gain in another market. This reduces the burden of investors and attracts small investors who have very little knowledge in investments. The emergence of private mutual fund companies and stricter rules by SEBI has not only increased the product varieties for mutual funds but also has protected the investor's interest.

PROFILE OF THE MUTUAL FUND COMPANIES

L&T MUTUAL FUNDS

L&T Mutual Fund is a mutual fund company in India started in the year 2010.The Asset Management Company (AMC) for all L&T Mutual Fund schemes is L&T Investment Management Limited. The sponsor for the AMC is L&T Finance Holdings Limited (LTFH) which is a listed company and registered with RBI as an NBFC. The company has sound investment management practices and a knowledgeable fund management team.

TATA MUTUAL FUND

Tata mutual fund, set up in 1995, is one of the leading private sector funds in the country and is promoted by the Tata group. The sponsors of the fund are Tata Sons Limited and Tata Investment Corporation Limited. Tata Asset Management Limited is the investment manager of the mutual fund. Tata Sons holds a majority stake in the AMC with the balance being held by Tata Investment Corporation.

BIRLA SUN LIFE MUTUAL FUNDS

Birla Sun Life Asset Management Company Ltd. (BSLAMC), the investment manager of Birla Sun Life Mutual Fund, is a joint venture between the Aditya Birla Group and the Sun Life Financial Inc. of Canada. The joint venture brings together the Aditya Birla Group's experience in the Indian market and Sun Life's global experience. Established in 1994, Birla Sun Life Mutual fund has emerged as one of India's leading flagships of Mutual Funds business managing assets of a large investor base

HDFC MUTUAL FUNDS

HDFC Asset Management Company Ltd (AMC) was incorporated under the Companies Act, 1956, on December 10, 1999 and was approved to act as an Asset Management Company for the HDFC Mutual Fund by SEBI. AMC is a joint venture between housing finance giant HDFC and British investment firm Standard Life Investments Limited. It conducts the operations of the mutual fund and manages assets of the schemes, including the schemes launched from time to time.

ICICI MUTUAL FUND

ICICI Prudential Asset Management Company Ltd (IPAMC) is the joint venture between ICICI Bank a well-known and trusted name in financial services in India. Instituted in the year 1998, the company has forged a position in the Indian Mutual Fund industry as the third largest asset management company in the country contributing significantly to the growth of the Indian mutual fund industry.

UTI MUTUAL FUND

The Unit Trust of India largely deals with the mutual fund schemes and thereby popularly known as UTI Mutual Fund all over India. It is managed by UTI Asset Management Company Private Limited which was established on January 14, 2003.

SBI MUTUAL FUND

SBI Mutual Fund was set up in 1987, originally under the aegis of SBI Capital Markets Ltd. SBI Funds Management (P) Ltd as the Asset Management Company (AMC) was set up in 1993. SBI Mutual Fund is a joint venture between the State Bank of India and SGAM, the eighth largest Mutual Fund in the world. SBIMF is among top 50 service brands and third best brand among Mutual Funds in ET Brand Equity Survey, of 2010.

OBJECTIVES OF THE STUDY

1. To know the risk return relationship of the selected equity mutual fund schemes.
2. To compare the performance of the selected equity mutual fund schemes with benchmark index.
3. To rank the selected equity mutual fund schemes using performance evaluation method.
4. To suggest appropriate selection criteria for investors while making investment in mutual fund.

SCOPE OF THE STUDY

This study covers eight mutual fund companies. The scheme taken for analysis is midcap equity scheme. The period taken for analysis is august 2013 to august 2015.

REVIEW OF LITERATURE

Tomer and Khan (2003): Mutual funds have already succeeded financial institutions and banks in USA. With reforms in financial sector and the developments in the Indian financial markets, mutual funds have emerged to be an important investment avenue for retail (small) investors. Investors select the funds/schemes based on the past performance of the funds. Investors look for safety of Principal, Liquidity and Capital appreciation in the order of importance.

Wagner Hans (2007) Volatility is a measure of dispersion around the mean or average return of a security. One way to measure volatility is by using the standard deviation, which tells you how tightly the price of a stock is grouped around the mean or moving average (MA). When the prices are tightly bunched together, the standard deviation is small. When the price is spread apart, you have a relatively large standard deviation.

Shailesh Menon (2011) states that the interest on equity funds from big corporate has increased to a greater extend. Companies like ITC, Asian paints, Hindustan Zinc, Reliance industries, Larsen and Toubro and Emami invest their surplus in equity funds. Generally, companies invest in short term investments but the growing trend of equity markets have made many corporate to invest in equity funds.

Bhardwaj Sameer (2012) discussed the ratios for evaluating the mutual funds. Generally historical price values are used for evaluating mutual funds. But this method does not take into account the risks to which the funds are exposed. The two quantitative ratios Sharpe and Treynor are the measures of risk-adjusted returns. The two ratios measure how much a fund has earned over the risk-free rate (also known as excess returns) relative to the risk it is exposed to.

Pryor, Austin (2013) has indentified the major advantages of mutual funds over other investments. The investors do not require deep knowledge as it is managed by expertise. It does not require huge amounts. It reduces the risk through diversification. It is heavily regulated by federal bank.

Sharma, Kavitha (2014) has evaluated the challenges and opportunities of mutual funds in India. Poor awareness and conservative attitude of the investors are the main hurdles for the growth of mutual funds. The developments in communication and information technology have paved way for the rural market to participate in financial investments.

Picardo Elvis (2015) discussed on ways to apply technical indicators to mutual funds. Since technical analysis is suited to shorter term trading investors neglect the necessity of technical analysis on mutual funds since they are likely to long term and buy-and-hold investments.

RESEARCH METHODOLOGY

Data is collected from secondary sources. The net asset value of the equity fund schemes was collected on monthly basis from the company websites. The bench-mark index for the corresponding funds is collected from the scheme documents. Benchmark index values were collected from BSE. The collected values were used to calculate different indicators. The mutual fund schemes were evaluated based on the calculated value of these indicators. Excel was used for calculating and analyzing the values.

LIMITATIONS OF THE STUDY

The study has the following limitations:

1. The study covers only the period from August 2013 to August 2015.
2. The study is useful for long term investors.
3. The study covers only midcap equity scheme.

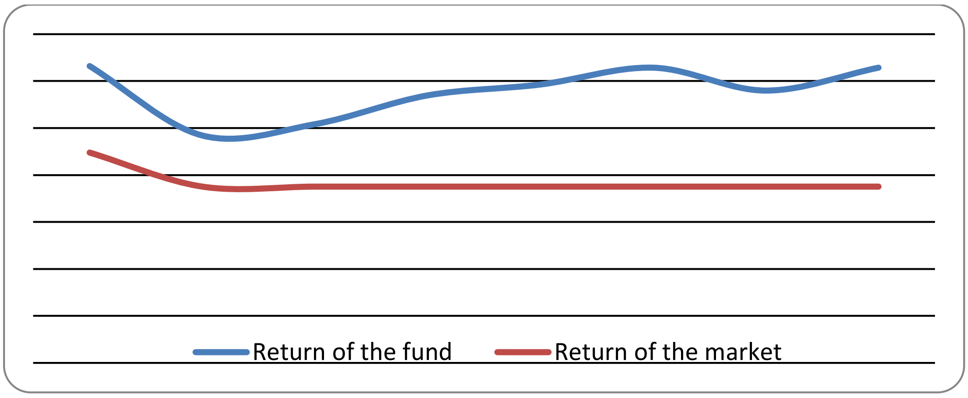
DATA ANALYSIS AND INTERPRETATION

This section contains the data of various mutual fund companies. The data includes the fund return, market return, risk adjusted return, standard deviation of fund, standard deviation of the market, ratios (sharpe and treynor). The data are analysed and interpreted.

TABLE 1: RETURN OF THE FUNDS

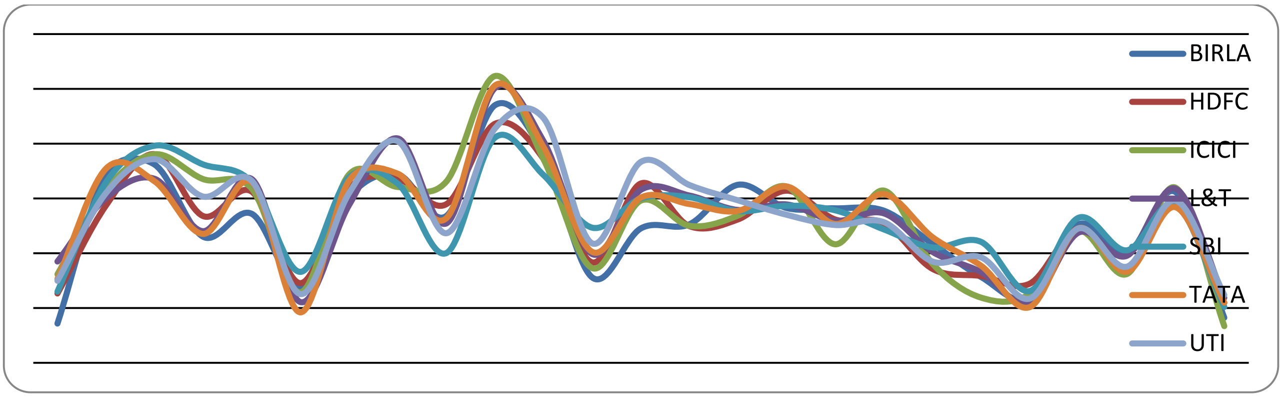
COMPANY	RETURN OF THE FUND (%)	RETURN OF THE MARKET (%)	RANK
SBI	3.141	1.875	1
UTI	3.141	1.875	2
L&T	2.962	1.875	3
TATA	2.897	1.875	4
ICICI	2.846	1.875	5
AXIS	3.158	1.875	6
HDFC	2.540	1.875	7
BIRLA	2.419	1.875	8

CHART 1: RETURN OF THE FUNDS AND MARKET



The table shows the return of the particular fund and its corresponding market. It seems that SBI fund gives higher return than other mutual funds. The mutual funds are ranked according their return by taking their corresponding market return as benchmark. The figure shows the average return of the mutual funds and the market. The returns of the mutual funds are higher than the market returns. Hence the mutual funds have outperformed the market.

CHART 2: RETURN OF THE FUND FOR THREE YEARS



The fund has faced negative returns rarely than the positive returns. The funds have performed extraordinarily well during June 2014. During august 2013, February 2014, April 2015 and august 2015 the funds have faced negative returns.

TABLE 2: SHARPE RATIO OF THE MUTUAL FUNDS

Fund	Sharpe Ratio	Rank
SBI	0.812	1
UTI	0.732	2
L&T	0.687	3
TATA	0.658	4
HDFC	0.650	5
ICICI	0.607	6
BIRLA	0.559	7
AXIS	0.400	8

The table shows the sharpe ratio of the funds. The Sharpe ratio examines whether the returns generated from an investment are due to excessive risk taken by fund manager or due to the right choice of funds. Higher the ratio, better would the fund performance and vice versa. According to sharpe ratio SBI mutual funds perform better than all the other funds.

TABLE 3: TREYNOR RATIO OF THE MUTUAL FUNDS

Fund	Treynor Ratio	Rank
ICICI	5.572	1
AXIS	4.389	2
L&T	3.641	3
HDFC	3.601	4
BIRLA	3.542	5
TATA	3.497	6
UTI	3.086	7
SBI	2.029	8

This table shows the treynor ratios of the mutual funds. It measures excess return over risk free return per unit of systematic risk. ICICI has performed better when compared to other funds.

TABLE 4: STANDARD DEVIATION OF THE MUTUAL FUNDS

Fund	Standard Deviation	Rank
SBI	4.099	1
HDFC	4.269	2
UTI	4.688	3
L&T	4.704	4
BIRLA	4.734	5
TATA	4.814	6
ICICI	5.180	7
AXIS	5.481	8

The table shows the standard deviation of the mutual funds. The standard deviation is a measure of how much the return of a scheme deviates from its average return. It seems that SBI is less volatile with a standard deviation of 4 while Axis is highly volatile with a standard deviation of 5.4.

TABLE 5: R-SQUARE VALUE OF MUTUAL FUNDS

Fund	R-Square	Rank
AXIS	0.958	1
L&T	0.926	2
TATA	0.901	3
BIRLA	0.879	4
HDFC	0.866	5
ICICI	0.842	6
UTI	0.809	7
SBI	0.708	8

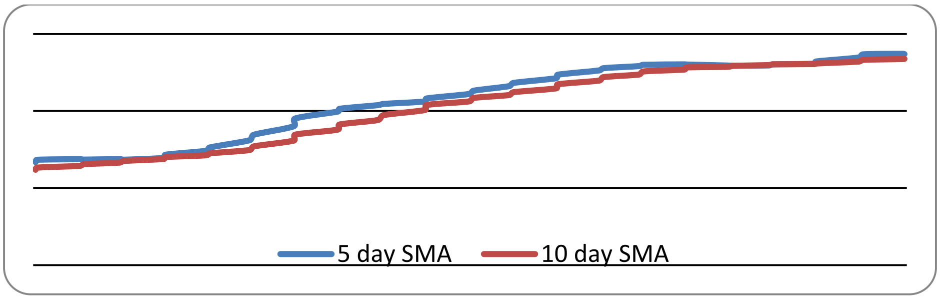
R-Square (Coefficient of determination) measures the extent of variation in the mutual fund scheme returns that can be explained with the benchmark index. Low R-square indicates lesser proportion of variation in the scheme return being explained by the market and hence, indicates poor diversification of the scheme and vice-versa. Axis has the highest R-square value while SBI has the lowest R-square value.

TABLE 6: BETA VALUE OF THE MUTUAL FUNDS

Fund	Beta	Rank
SBI	0.597	1
HDFC	0.762	2
UTI	0.781	3
BIRLA	0.857	4
TATA	0.894	5
L&T	0.898	6
ICICI	0.899	7
AXIS	1.081	8

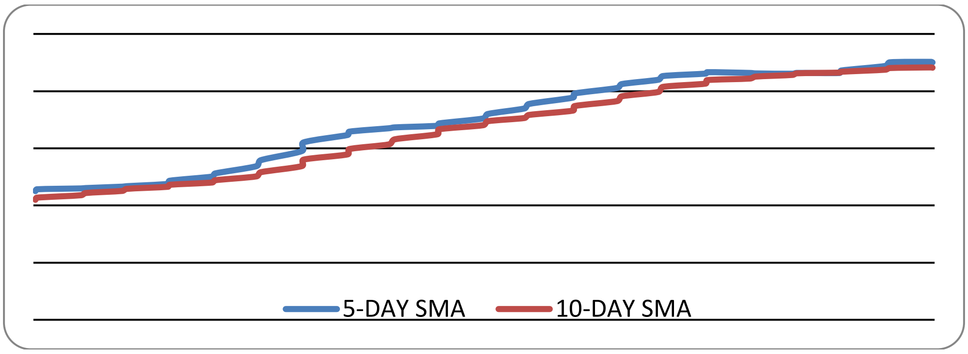
Beta is used for measuring the level of systematic risk of funds. A beta value less than one relatively measures lower amount of risk when compared to Beta value of more than one. SBI has the lowest risk while axis has the highest risk among other mutual funds.

CHART 3: MOVING AVERAGE OF AXIS MUTUAL FUNDS



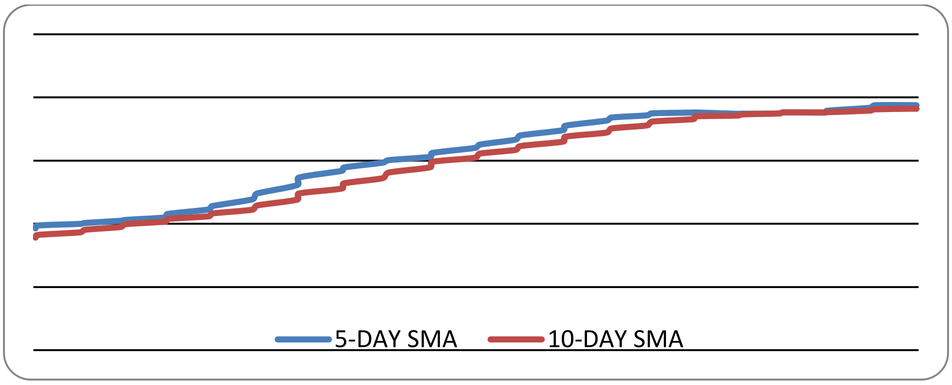
The simple moving average (SMA) is drawn using NAV values. The 5-day SMA line is above the 10 day SMA line which indicates a bullish situation.

CHART 4: MOVING AVERAGE OF BIRLA MUTUAL FUNDS



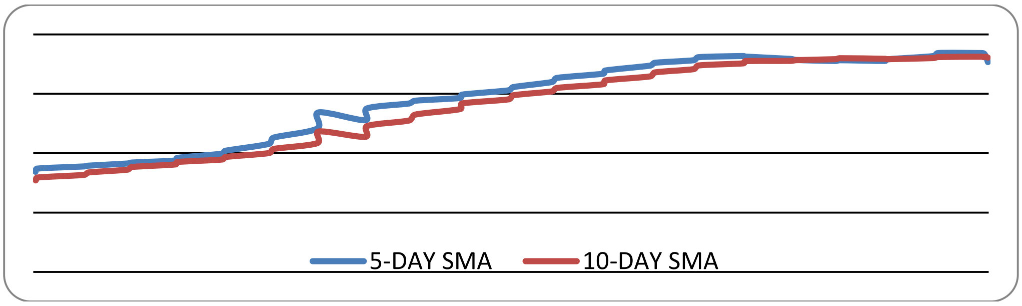
The simple moving average (SMA) is drawn using NAV values. The 5-day SMA line is above the 10 day SMA line which indicates a bullish situation.

CHART 5: MOVING AVERAGE OF HDFC MUTUAL FUNDS



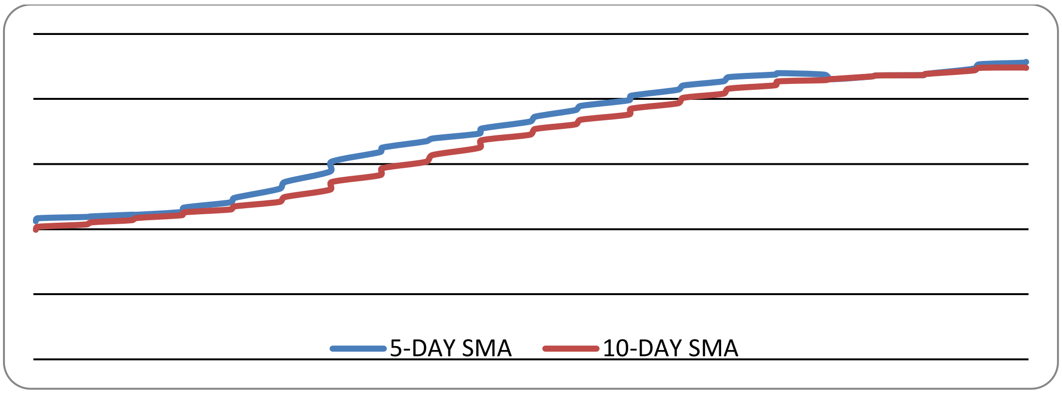
The simple moving average (SMA) is drawn using NAV values. The 5-day SMA line is above the 10 day SMA line which indicates a bullish situation.

CHART 6: MOVING AVERAGE OF ICICI MUTUAL FUNDS



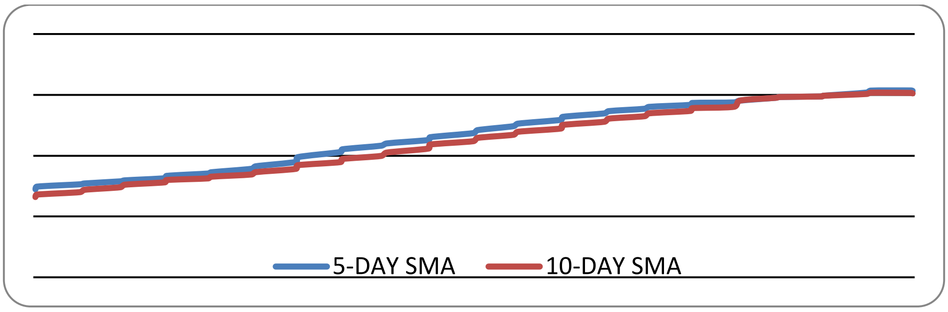
The simple moving average (SMA) is drawn using NAV values. The 5-day SMA line is above the 10 day SMA line which indicates a bullish situation.

CHART 7: MOVING AVERAGE OF L&T MUTUAL FUNDS



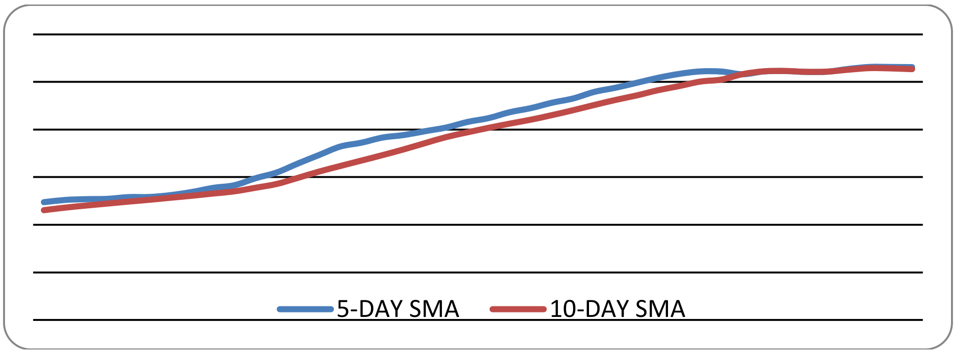
The simple moving average (SMA) is drawn using NAV values. The 5-day SMA line is above the 10 day SMA line which indicates a bullish situation.

CHART 8: MOVING AVERAGE OF SBI MUTUAL FUNDS



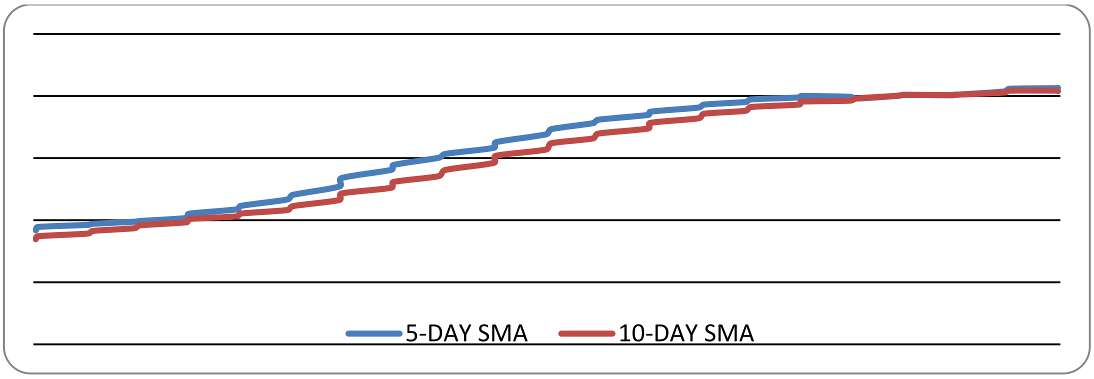
The simple moving average (SMA) is drawn using NAV values. The 5-day SMA line is above the 10 day SMA line which indicates a bullish situation

CHART 9: MOVING AVERAGE OF TATA MUTUAL FUNDS



The simple moving average (SMA) is drawn using NAV values. The 5-day SMA line is above the 10 day SMA line which indicates a bullish situation.

CHART 10: MOVING AVERAGE OF UTI MUTUAL FUNDS



The simple moving average (SMA) is drawn using NAV values. The 5-day SMA line is above the 10 day SMA line which indicates a bullish situation.

FINDINGS AND SUGGESTIONS

1. NAV value, Beta, Sharpe index, Treynor's index, fund return and market return clearly indicate the performance of the mutual funds. The mutual funds industry on the whole has outperformed the market. The return is higher than the benchmark. Hence an investment in mutual funds gives appreciable returns. SBI gives the highest return of all the mutual funds while Birla gives the lowest return. SBI has given the highest return in 2013 and 2015. This shows the consistent performance of the SBI mutual fund. ICICI has performed badly in 2015 with negative returns.
2. The mutual fund industry performed well in 2014 while in 2013 and 2015 it has faced negative returns. On the account of beta values, SBI has the lowest beta value which means the NAV value will be less volatile than the benchmark while Axis has the highest value which shows the NAV vale will move in the same direction as the bench mark.

3. The 5-day simple moving average is higher than the 10-day simple moving average which indicates a bullish situation. But when the trend line is drawn all the mutual funds exhibit a decreasing trend. Hence deeper analysis is required before investing.
4. A higher sharpe ratio indicates higher return per unit of total risk. Based on the sharpe index it is advisable to invest in SBI as it exhibits the highest sharpe ratio when compared to other funds while Axis exhibits the lowest ratio.
5. A fund with a higher Treynor ratio implies that the fund has a better risk adjusted return than that of another fund with a lower Treynor ratio. ICICI has the highest treynor ratio while SBI has the lowest treynor ratio. This ratio qualifies a mutual fund in terms of market risk.
6. R-square is a measure of the percentage of an asset or fund's performance as a result of a benchmark. Axis has the highest R-square value which shows it highly correlates with the benchmark while SBI less correlates with the benchmark.
7. Standard deviation tells how much the funds return deviate from its historical values. SBI has the lowest standard deviation which denotes that the fund is less risky than other mutual funds while Axis has the highest standard deviation value thus is highly riskier.

CONCLUSION AND RECOMMENDATIONS

Mutual funds have become a new investment avenue for the retail investors. The mutual fund is proved to be a safer mode of investment and has been giving good returns compared to other investments and it is highly cost efficient and very easy to invest in, however it has got same kind of risk like direct capital market. Therefore, investors have to think and choose the appropriate fund. This research helps the investors to have an idea on the performance top mutual funds. This helps the investors in selecting the right mutual funds for investing.

SCOPE FOR FURTHER RESEARCH

Future studies can investigate the comparative performance analysis of public sector mutual funds and private sector mutual funds.

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WORKING CAPITAL MANAGEMENT AS A FINANCIAL STRATEGY TO IMPROVE PROFITABILITY AND GROWTH OF MICRO AND SMALL-SCALE ENTERPRISES (MSEs) OPERATING IN THE CENTRAL REGION OF GHANA

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ABSTRACT

Working capital management has now taken centre stage in defining businesses' financial prospects. Hitherto, working capital management hardly was given the prominence it required in the formulation of firm's financial policy. In recent times, however, working capital management has caught the attention of most well-meaning business entities that have profitability, business growth and maximization of owners' wealth as their top priorities. It is in line with this prospective that businesses formulate well-tested working capital policies aimed at institutionalizing short-term financial management practices to deal decisively with liquidity challenges of their businesses with Micro and Small-scale Enterprises (MSEs) as no exemption. This paper presents a survey results on working capital management practices by 214 Micro and Small-scale businesses operating in eight (8) major towns in the Central Region of Ghana, where business activities are thriving. The study divulged that majority of the respondents (78%) have failed to put in place working capital management practices. This situation was identified as a major reason why MSEs usually fall into the trap of unending liquidity challenges that culminate the demise of most of them, especially in their early years of existence. The paper therefore, recommended that MSEs require urgent momentum to put in place short-term financial management practices in order to propel improvement in profitability, liquidity management and growth of these businesses. Also, there is the need for MSEs to formulate and implement well-tested working capital management policy that will serve as guidepost to transform their short-term financial goals.

KEYWORDS

working capital management, liquidity, overtrading, current assets, current liabilities, working capital cycle.

1.0 INTRODUCTION

The current business milieu requires not only prudent financial management skills and competitive analysis of the firm's external environment to thrive, but also committed financial discipline in respect of short-term financial requirements, (working capital requirements) should be given adequate prominence. Marfo-Yiadom and Agyei (2012) indicate that working capital management directly affects firms' long-term growth and survival. Brigham and Houston (1999) also state that in today's world of business as characterized by intense global competition, working capital management is gaining increasing attention from managers who are striving to peak financial efficiency. Working capital management plays a pivotal role in achieving both financial and strategic goals of businesses. Working capital is the process of planning, controlling the level and mix of current assets of the firm as well as financing of these assets. (Amalesh, 2015). By this definition, working capital management comprises the management of the components of current assets and current liabilities that a firm employ in its business processes. Current assets components include; cash and cash equivalents, debtors and stocks, whereas current liabilities is made up of trade creditors, short-term loans and other short-term credits that are required in the day-to-day running of the firm. Accordingly, Khan and Jain (2007) attest that working capital management is to manage the firm's current assets and current liabilities such that a satisfactory level of working capital components is maintained facilitate continuous business flow.

Working capital management involves decisions relating to investment in short-term assets and the short-term financing required. It therefore, refers to the set of procedures that are employed to ensure the management of current assets and current liabilities in order to ensure smooth business processes uniformly, throughout the business cycle. Working capital management according to Owolabi and Alayemi (2012) is primarily concerned with the problems that arise in attempting to manage the current assets, current liabilities and the relationship that exist between them. Van Horne (1998) also asserts that working capital management involves the administration of current assets and the financing required to support current assets. Ross et al (2004) also, that working capital management refers to short-term financial management that primarily, is concerned with the analysis of decisions that affect current assets and current liabilities.

Undoubtedly, the essence of working capital management is to ensure effective short-term financial management practices that facilitate smooth liquidity transformation aimed at promoting smooth day-to-day business operations that translates into profitability and growth.

1.1 STATEMENT OF THE PROBLEM

Micro and Small-scale businesses are formed and operated with the main goal of achieving financial objectives that are aimed at ensuring business growth, survival and wealth creation. Profitability of the firm is an effective measure to ascertain the ability of operators and managers of MSEs to use the limited available resources available judiciously to transform the earning capacity of their entities both in the short-term and the long-term.

Working capital comprise of the day-to-day activities of managing the firm's current assets and current liabilities since working capital choices are critical determinants of a firm's ability to pay its liabilities as and when they fall due (Titman et. al., 2011). Currently, businesses irrespective of the sizes face a daunting task of dealing with liquidity challenges resulting from non-existence or non-compliance with working capital management practices. Liquidity, it must be emphasized, is an effective measure of ensuring sufficient cash availability to cater for current expenses and up-coming liabilities. Hitherto, working capital management had not been given the necessary attention and prominence, thus, most businesses, especially MSEs, exposing them to unending liquidity crisis that militate against their profitability and growth. It is interesting to note that a business's survival and growth and primarily, depends largely on sound short-term liquidity management (working capital management).

Given the above viewpoint, this paper tries to ascertain how working capital management can be used as a financial strategy to improve profitability and sustain the growth of Micro and Small-scale businesses, especially those operating in the major business centers in the Central Region of Ghana.

1.2 OBJECTIVES OF THE STUDY

The main objective of the study is to ascertain the extent to which working capital management can be used as a financial strategy to improve profitability and growth of MSEs. Other sub-objectives include the following:

- To find out whether MSEs formulate working capital policy and also the extent of its compliance;
- To identify (if any) the types of working capital management that are adopted by the MSEs;
- To ascertain whether working capital components are managed satisfactorily by MSEs;
- To assess how working capital management can impact the profitability and the liquidity levels of MSEs; and
- To ascertain ways to improve working capital management practices by MSEs to enhance their growth potentials.

2.0 THEORETICAL AND CONCEPTUAL FRAMEWORK

2.1 GOALS OF WORKING CAPITAL

Working capital management like any business concept has certain goals to achieve. In fact the extent to which MSEs are able to maintain ideal working capital balance to deal decisively deal with their liquidity challenges such that they continue to operate uniformly throughout their business cycle, measures the ability of such MSEs to achieve their working capital goals. The main goals of working capital management include:

- To achieve an ideal level of cash to avoid shortage of cash;
- To establish an apt level of debtors to prevent huge debtor balance;
- To establish an ideal level of stock to avoid stock out; and
- To identify the optimum level of short-term (current) liabilities.

2.2 CONSERVATIVE AND AGGRESSIVE WORKING CAPITAL MANAGEMENT

Working capital management can either be classified as an aggressive and conservation depending upon the relationship that exist between the level of total current assets and total current liabilities.

Conservative working capital management, which is regarded as excessive current assets investment, refers to where a firm's current assets are far in excess of (more than twice the size) its current liabilities thereby indicating excess cash and cash equivalents levels at the disposal of such a firm. Hence, such businesses adopt conservative or relaxed short-term financial planning where surplus financial resources can be channeled into short-term interest-bearing marketable securities. Brigham and Houston (1999) hint that relaxed current assets investment policy requires relatively large amounts of cash, cash equivalents and other current assets components such that sales levels are stimulated by liberal credit policy that usually results into high levels of debtors.

Alternatively, aggressive working capital is where a business is faced with liquidity problems such that the level of cash and cash equivalents are woefully inadequate to support its volume of business, hence, the need to continuously rely on trade credits and short-term borrowing such as overdraft facility. Under aggressive working capital operators or managers of the firm are characterized by persistent borrowing leading to overtrading.

As indicated by McMenamin (1999), where the working capital of a firm is conservative in nature, there is a greater level of investment in current assets and conversely, the aggressive working capital also is characterized by lower investment in current assets.

2.3 WORKING CAPITAL POLICY

In order to ensure effective working capital management practices, firms usually put in place working capital policy that streamlines the management of the various working capital components. Accordingly, Brigham and Houston (1999) define working capital policy as a firm's policies regarding target levels for each category of current assets and how current assets will be financed. Marfo-Yiadom (2009), also explains that current assets policy measures the relationship that exists between a firm's current assets and sales volume. It must be emphasized that working capital policy determines the direction of the business in terms of current assets investment and short-term financing that is required to ensure continuous business processes. The policy may be tilted towards adopting an aggressive or a conservative working capital management.

2.4 RELATIONSHIP BETWEEN WORKING CAPITAL MANAGEMENT, PROFITABILITY AND LIQUIDITY

Profitability is the ultimate goal of businesses that are keen to survive, grow and achieve maximization of owners' wealth as its financial objectives. Profitability measures the extent to which a firm is able to cover its total cost and have extra money as a margin. It is worth noting that the extent to which MSEs are able to manage their working, has direct effect on profitability and liquidity. The need to manage the various components of working capital is crucial to enhance the profitability and liquidity.

Working capital management policy has the main objective of establishing the apt levels of cash and cash equivalent levels such that sufficient cash is maintained and excess cash are invested in short-term marketable securities to earn extra income to boost profitability. Again, maintaining optimum level of debtors ensures that excessive tied up of cash in trade debtors, which warrants bad debt write-offs that reduces the profit level of the firm and also limits the ability of the firm have access to ready cash to improve its liquidity position. It must be pointed out that MSEs mostly experience improvement in sales by allowing their customers to buy on credit from them, but this does not necessarily improve its liquidity since such sales increase is mainly tied up in debtors. In the nutshell, the effective management of working capital does not only transform the liquidity position of MSEs, but also enhances their profitability and business growth.

2.5 CASH MANAGEMENT

Cash management constitutes an integral part of working capital management. Cash according to Khan and Jain (2007) is aptly described as the oil to lubricate the over-turning wheels of business; and that without it the whole business process will grind to a halt. Cash management has the main goal of making sure that payment schedules are met reasonably, with sufficient cash to meet the cash disbursement needs of the firm. The essence of cash management it is to control cash and cash equivalents, such that enough cash is kept to meet short-term needs and upcoming liabilities that are to be borne by the firm. Cash management according to Brealey and Myers (2003) is aimed at managing cash receipts by way of speeding up cash collections; controlling disbursements and also investing excess cash into short-term marketable securities to improve the liquidity.

Optimum cash level is a must for every business since it defines a firm's liquidity position required to guarantee survival and growth. It is worth noting that the soundness of cash management practices put in place by firms guarantees strong liquidity level that ensures for business survival. As established by Marfo-Yiadom (2009), cash management has the main objective of creating wealth for the firm through optimum investment decisions that are financed by relying on the firm's own excess cash resources, rather than financing its investment by borrowing. Cash is essentially required to finance working capital requirements uniformly throughout the business cycle of the firm. Cash management also involves putting measures in place through: Cash flow management; cash budgeting, and by adopting the right cash management model to ensure that excess cash are channeled into short-term interest-bearing securities to transform the liquidity position of the firm.

2.6 DEBTORS' MANAGEMENT

Working capital management also requires prudent management of debtors (accounts receivables). Debtors' management primarily involves managing credit sales such that debtors pay their debt as and when they fall due to avoid piling up debtors. To ensure effective receivables management, Brigham et.al (1999) hinted that there is the need to put a monitoring system to ensure that receivables (debtors) do not build up excessively, in order to avoid cash flow decline. Even though, it is generally known that credit sales is a critical strategy to stimulate sales, it must be pointed out that care must be taken to manage it cautiously, since its primary motive may be defeated due to the unending liquidity challenges it may present. In this wise, it is essential streamline the level of credit sales in order to avoid liquidity trap caused by non-payment thereby denying the firm the ability to have access to ready cash to meet its upcoming financial commitments. This situation can equally cause astronomical increase in bad debts arising from non-payment of overdue debt owed by recalcitrant debtors. Hence, the need to balance the benefits and costs of selling on credit through proper debtor management that borders on well resourced and committed credit control department coupled with strict credit control procedures such age analysis of debtors.

2.7 STOCK MANAGEMENT

Firms require sound investment in stocks (raw materials, work-in-progress and finished goods) in order to remain competitive. Stock management is aimed at ensuring optimum stock level in order to avoid over stocking and stock out cost. Stock Management also enables to avoid excessive stock that leads to huge holding cost and huge stock write-downs due to obsolesce. Additionally, stock-out cost resulting from non-availability of stock usually, leads to fall in turnover, idling of manpower and machines, and high operational costs. Stock management, it must be said, is a prerequisite to ensuring optimum investment in stock that ensures continuous production and business processes required to meet orders and expectations of customers. Companies that have stock management at heart, employ an effective and efficient scientific model such as Economic Order Quantity (EOQ), and Just-in-Time (JIT) to regulate their stock levels in order to maximize profitability. Stock management according to Brigham (1990) should take into consideration, three main categories as follows: Raw material; Work-in-progress and finished products.

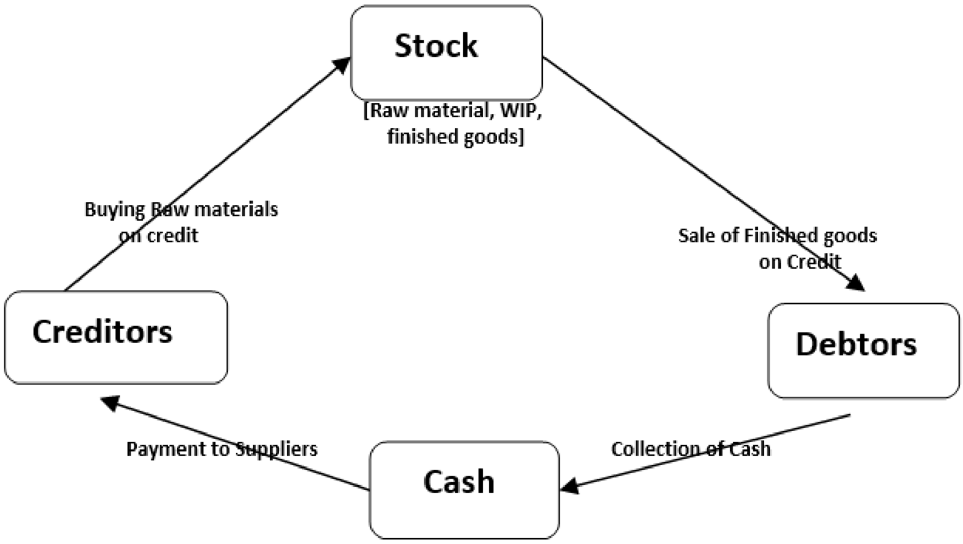
2.8 CURRENT LIABILITIES MANAGEMENT

Working capital management also involves putting effective measures in place to minimize the over-reliance on trade credits and other short-term financing. Even though firms use short-term liabilities to finance part of their current assets requirements, there is the need to limit the extent to which trade credits, short-term loans and overdrafts are used to finance current asset in order to maintain an effective working capital ratio. Failure to resolutely manage current liabilities would have a calamitous consequence on the liquidity position of the firm. Relying excessively on current liabilities to finance a firm's short-term assets is suicidal to the growth potential of the firm since it increases the firm's short-term financial distress as a result of the possibility of paying huge interest costs on short-term borrowings (overdrafts) and incidentally, paying higher price for its supplies as a result of its inability to enjoy cash discount usually attributable to spot payment for goods supplied. Hence, current liabilities management should always be given the prominence it requires in order to enhance both the profitability level and the liquidity position of MSEs.

2.9 WORKING CAPITAL CYCLE

Working capital cycle is an effective measure to estimate the easiness with which companies are able to realize cash from their trading activities by measuring the relationship that exist among debtors' collection period, stock holding period and creditors payment period. The length of working capital cycle has a direct effect on the liquidity position of the firm. The shorter the working cycle, the better it is for the firm to receive cash quicker than a lengthier cycle. As assert by Samuel et al. (1990) indicate that being liquid enables businesses to take immediate advantage of any financial opportunity both in the stock and money markets. It is therefore, crucial for a firm to put in place measures that would reduce the debtors' collection and stock holding periods on one hand and also negotiating with its suppliers for a lengthier creditors' payment period. Mathematically, working capital cycle is computed by adding together debtors' collection period and the stock holding periods and deducting the creditors' payment from it. Where there is excessive pile-up of debtors as a result of the firm's decision to allow huge credit sales to its customers, the working capital cycle will be unduly lengthened and this is a bad sign to significantly cause liquidity crisis for the firm. In actual fact, the shorter the working capital cycle the better it is for the firm since it receives cash quicker than where the cycle is elongated.

FIGURE 1: WORKING CAPITAL CYCLE



THE CONCEPT OF OVERTRADING

Overtrading is a concept that arises as a result of poor liquidity management. Aggressive working management is mainly characterized by overtrading otherwise referred to undercapitalization. Primarily, poor management of debtors causes unnecessary pile up of debtors thereby depriving the firm of receiving cash. Overtrading simply refers to a situation whereby a firm has inadequate cash to finance it operating activities. McMenamin (1999) defines overtrading as a situation whereby a firm carries a level of business activity which cannot be supported financially.

Overtrading poses a major liquidity challenge to firms especially where a greater percentage of their turnover is tied up in debtors, even though there is an increasing demand for their goods. Firms that experience unrelenting increased demand, as a result of selling on credit, normally are faced with the challenge of having to increase their working capital requirements overtime to be in consonance with the increased business activities. Fundamentally, firms are expected to operate within their financial resource capabilities in order to survive and grow. It is a common practice for firms to rely on short-term credit to finance their working capital requirements in order to ensure continuous survival. This situation usually increases the susceptibility of firms to short-term liquidity crises especially where they embark upon over-ambitious investment that is required to meet the increased in demand. Major features of overtrading include:

- Excessive increase in credit sales;
- Dramatic increase in trade debtors; and
- Sharp drop in cash balances or sharp increase in overdraft.

3. METHODOLOGY

The study population comprised of all Micro and Small-scale Enterprises (MSEs) operating in the Central region of Ghana. The choice of the study population was influenced by the fact that these enterprises are predominant in the Central Region where poverty levels are astronomically alarming, and that the business activities of MSEs are considered as an effective means of alleviating poverty. Hence, the need to ensure these businesses survive and growth through efficient working capital management practices coupled with sound business management practices.

Stratified sampling technique with a stratification variable based on industry classification was used to randomly select a sample size of 239 MSEs from 8 major business towns in the Central Region where MSEs activities are thriving. This scientific sample selection technique was adopted in order to give each of the elements in the population an equal and known chance of being selected. To ensure for the representativeness of the respondents, the sample size was selected taken into consideration all the commonest types of business ownership. Data were gathered from respondents who readily accepted to be part of the study. Questionnaires and structured interviews were the main instruments that were used in gathering data for the study. The questionnaires were made up of a combination of both open-ended and closed-ended questions. With the support of four research assistants, questionnaires were distributed to all the 239 respondents (117 micro enterprises and 122 small-scale enterprises) as indicated by table 3.1 below. A total of 214 answered questionnaires from both Micro businesses and MFIs respectively; representing 89.54% response rate, were collected.

TABLE 3.1: SAMPLE SIZE COMPOSITION

Name of Commercial Town	Micro-scale Enterprise	Small-scale Enterprise	Total	Percentage (%)
Cape Coast	19	26	45	18.83
Kasoa	20	28	48	20.08
Mankessim	15	10	25	10.46
Elmina	10	6	16	6.69
Agona Swedru	15	22	37	15.48
Assin Fosu	18	14	32	13.39
Twifo-Praso	11	10	21	8.79
Breman Asikuma	9	6	15	6.28
Total	**117**	**122**	**239**	**100.00**

Source: Field work, January 2016

4. RESULTS AND DISCUSSIONS

4.1. BACKGROUND INFORMATION ON MSEs

Micro and Small-scale enterprises (MSEs) are in recent times dominated the business terrain of Ghana. These businesses are primarily established by individuals mainly, entrepreneurs who fundamentally have profit-making as their primary objective.

MSEs are expected to live to see the foreseeable future based on the assumption of their perpetual existence. This can mainly be achieved where the firm is profitable and also has a sound liquidity balance in terms of its ability to honour its short-term debt obligations. It is paramount to note that the early years in business are essentially characterized by imbalances in terms of profitability and liquidity since the firm has not adequately acclimatized itself with the competitive forces affecting the industry it is operating in, and also the need to study the environmental forces that define its liquidity position. Generally, MSEs, more often than not, face liquidity challenges during the early stages of their existence, hence, the need to pay particular attention to earn supernormal profits and also judiciously, manage its liquidity position to define its prospects in the future. From Table 4.1, majority (61.68%) of the MSEs used in the study are categorized as small-scale micro whereas, (38.32%) are classified as micro-scale enterprises.

It is worth noting that over 33% of the MSEs involved in the study have been in business for only 5 years or less. This makes very crucial to ensure that their liquidity levels are adequately monitored in order to survive. However, over 66% of MSEs have been in business for more than 10 years indicating that survival is not a major challenge.

Furthermore, 187 MSEs (87.38%) categorized as Sole Proprietorship (entrepreneur) were involved in the study. This high percentage is due to the relatively easy nature of the formation of such businesses coupled with the low initial capital requirement. It is quite worrying that only 20 MSEs representing just 9% of the sample size are categorized as Partnership. Partnership business is able to raise substantial capital from its members through collective contribution to enhance their working capital and financial fortunes, unlike sole traders who usually have limited working capital.

Formal education undoubtedly is a major requirement to enable entrepreneurs to realize modern business dynamics and to be in good position to formulate strategies that are required to predict the challenges that may be encountered by the businesses.

These strategies would go a long way to assist micro and small-scale enterprises to take full advantage of both their internal strengths and external opportunities in order to establish themselves very well in that field of endeavour to limit the extent of business failures. Generally, in Africa, there is a high degree of illiteracy level that limits not only business achievements but also social advancement. Data available however, showed that almost 70% of MSEs operators have had at least secondary education. This situation would promote the understanding of financial management principles such as working capital management.

TABLE 4.1: BACKGROUND DETAILS ON MICRO AND SMALL-SCALE ENTERPRISES

	Frequency	Percentage
A. Category of Business		
Micro-scale Enterprises	82	38.32
Small-scale Enterprises	132	61.68
Total	**214**	**100**
B. Type of Business Ownership		
Sole Proprietorship	187	87.38
Partnership	20	9.34
Private Companies	7	3.27
Other form of ownership	-	-
Total	**214**	**100**
C. Category of Industry MSEs Operate in		
Retailing	143	66.82
Wholesaling	38	17.76
Manufacturing	21	9.81
Construction	7	3.27
Services	5	2.32
Others	-	-
Total	**214**	**100**
D. Number of Years in Existence		
Under 1 year	29	13.55
1year - 5years	42	19.63
5years – 10years	123	57.47
10years and over	20	9.34
Total	**214**	**100**
E. Educational Background of MSE's Owners		
No formal education	25	11.68
Basic	57	26.64
Secondary	89	41.59
Tertiary	35	16.36
Second Degree	8	3.74
Total	**214**	**100**

Source: Field work, January 2016

4.2 Existence of Working capital policy

Working capital policy, as it has established is vital to streamline working capital management practices that may be instituted by the firm to serves as the guiding principles that underpin the implementation of sound short-term financial management.

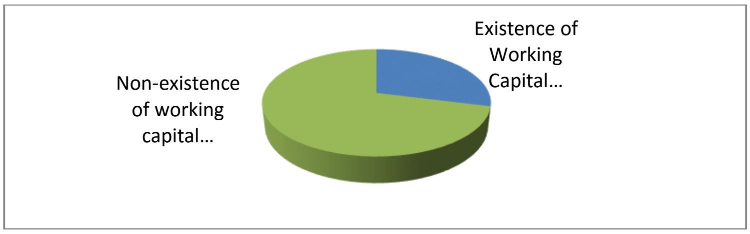
It is essential to ascertain whether these businesses have in existence a workable working capital policy in place and also the extent of compliance, with the view to achieve profitability and sound liquidity management. It is also important to note that companies should be made aware of the importance to put in place an effective working capital policy aimed at regulating the investment in current assets and also the short-term financing requirements to support the firm's financial objectives. A question was posed with respect to whether MSEs have duly put in place working capital policy. Results indicated from table 4.2 that majority (71%) of MSEs, notably have failed to formulate working capital policy to guide the investment in current assets and the short-term funding requirements. This is a worrisome revelation.

TABLE 4.2: EXISTENCE OF WORKING CAPITAL POLICY

Category of MSEs	Existence of Working Capital Policy		No Working Capital policy in existence		Row Total	
	No.	%	No.	%	No.	%
Retailing	33	53.23	110	72.37	143	66.82
Wholesaling	16	25.81	22	14.47	38	17.76
Manufacturing	9	14.52	12	7.89	21	9.82
Construction	2	3.23	5	3.29	7	3.27
Services	2	3.23	3	1.97	5	2.34
Others	-		-		-	
Sample Size	**62**	**28.97**	**152**	**71.03**	**214**	**100**

Source: Field work, January, 2016

FIG. 4.1: WORKING CAPITAL POLICY



4.3 TYPES OF WORKING CAPITAL POLICY IN EXISTENCE

The type of working capital policy in existence is vital to the survival of the company. The working capital policy defines the investments drive in current assets that would support the business processes of the companies in question and also the short-term financing requirement needed to achieve the optimum working capital level. Fundamentally, such a policy may either be an aggressive or conservative in nature depending on the financial resourcefulness of the company in question. It must be noted that irrespective the type of policy being pursued the primary objective of working capital management of ensuring an equitable balance in the current assets and current liabilities. The study revealed that majority of MSEs (representing 74%) are mostly noted to pursue aggressive working capital policy due their continuous overreliance on credit sales to their customers, coupled with extended debtor's collection days.

TABLE 4.3: TYPE OF WORKING CAPITAL POLICY IN EXISTENCE

Category of MSEs	Aggressive Working Capital Policy		Conservative Working Capital Policy		Row Total	
	No.	%	No.	%	No.	%
Retailing	24	52.17	9	56.25	33	53.22
Wholesaling	13	28.26	3	18.75	16	25.81
Manufacturing	7	15.22	2	12.50	9	14.52
Construction	2	4.35	-	-	2	3.23
Services	-	-	2	12.50	2	3.23
Others	-	-	-		-	-
Sample Size	**46**	**74.19**	**16**	**25.81**	**62**	**100**

Source: Field work, January, 2016

4.4 BENEFITS OF WORKING CAPITAL MANAGEMENT

Unquestionably, the importance of working capital management cannot be overemphasized since it remains the pivot of business success of most companies that are mindful of achieving steady levels of profitability. Managing well the components of working capital has direct effect on improving profitability, liquidity transformation and good business prospects. A sound working capital management ensures that investment in current asset components and their short-term financing requirements are maintained at their optimum levels to transform the fortunes of the firm. A question was posed to the MSEs relating to the immeasurable benefits derived from implementing a sound working capital management practice. Surprisingly, despite the numerous benefits of implementing working capital policy, Majority (71%) of the MSEs have not benefited from it due to non-existence of working capital policy. Available data also revealed that all the MSEs, (except for only one SME) that had put in place working capital policy had benefited from it, in improving their profitability and liquidity levels.

TABLE 4.4: BENEFITS OF WORKING CAPITAL MANAGEMENT

Category of MSEs	Benefited from working capital management		Not benefited from working capital management		Row Total	
	No.	%	No.	%	No.	%
Retailing	33	54.09	110	71.90	143	71.50
Wholesaling	15	24.59	23	15.03	38	17.76
Manufacturing	9	14.75	12	7.84	21	9.81
Construction	2	3.28	5	3.27	7	3.27
Service	2	3.28	3	1.96	5	2.34
Others	-	-	-	-	-	-
Sample Size	**61**	**28.50**	**152**	**71.50**	**214**	**100**

Source: Field work, January 2016

4.5 CASH CONTROL PROCEDURES

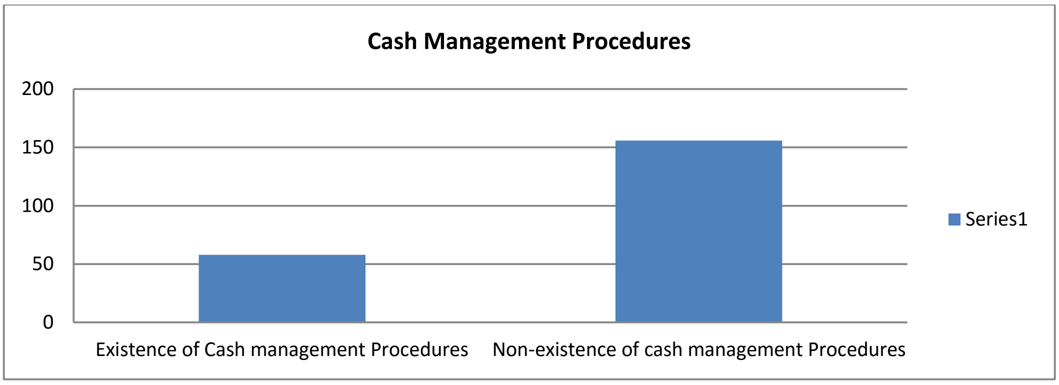
Managing a firm's cash and cash equivalents is critical to ensure sound liquidity position that serves as signal to the firm's ability to have enough cash at its disposal to meet upcoming expenses and short-term debt obligation. Cash is referred to as the life-blood of the firm and must always be kept at its optimum level in order to positively transform the fortunes of the firm. The need to speed up collection of cash and control disbursement is fundamental to ensure sufficiency in cash balances. Specific questions were asked to ascertain the extent to which cash control procedures are implemented by firms. The results from respondents indicate that majority of MSEs (almost 73%) do not have any form of cash control procedures in place as a means of managing their cash balances over time.

TABLE 4.5: CASH CONTROL PROCEDURES

Category of MSEs	Existence Cash of Control Procedures		Non-existence of Cash Control Procedures		Row Total	
	No.	%	No.	%	No.	%
Retailing	32	55.17	111	71.15	143	66.82
Wholesaling	15	25.86	23	14.74	38	17.76
Manufacturing	8	13.79	13	8.33	21	9.81
Construction	2	3.45	5	3.21	7	3.27
Services	1	1.72	4	2.56	5	2.33
Others	-	-	-	-	-	-
Sample Size	**58**	**27.10**	**156**	**72.90**	**214**	**100**

Source: Field work, January 2016

FIG. 4.2: CASH MANAGEMENT PROCEDURES



CREDIT SALES MANAGEMENT

Firms that sell on credit even though have the potential to improve sales, but there is also, the likelihood of piling-up debtors. Care must be taken to ensure that excessive debtors are not accumulated over time since that is a recipe for huge bad debt which militates against the profitability and the liquidity of the firm. It is worth noting that majority of MSEs offer credit sales to their customers, hence, making investment in debtors has a high potential of overstretching a firm's cash resources.

The study indicates that majority (90.65%) of MSEs allow customers to buy on credit and pay later.

TABLE 4.6: CREDIT SALES TO SME CUSTOMERS

Category of MSEs	Allowing Credit Sales to Customers		Not Allowing Credit Sales to Customers		Row Total	
	No.	%	No.	%	No.	%
Retailing	132	68.04	11	55	143	66.82
Wholesaling	35	18.04	3	15	38	17.76
Manufacturing	19	9.79	2	10	21	9.81
Construction	7	3.61	-	-	7	3.27
Services	1	0.52	4	20	5	2.34
Others	-	-	-	-	-	-
Sample Size	**194**	**90.65**	**20**	**9.35**	**214**	**100**

Source: Field work, January 2016

CREDIT CONTROL SYSTEM AND DEBTORS' MANAGEMENT

Credit Control Department is essentially charged with the responsibility of managing a firm's sales ledger and debtors. The extent to which the credit control department is able to carry out its duty decisively by ensuring prompt invoicing and proper credit assessment measures the potency of credit control system by the MSEs and by extension contributes significantly to improve the liquidity position of MSEs.

It is worth noting only 51 MSEs, representing 24.17%, have in existence some form of credit control system to manage debtors, with over 76% of MSEs having no credit control system even though they mostly sell on credit to customers. This phenomenon is very dangerous since it could easily lead to overtrading.

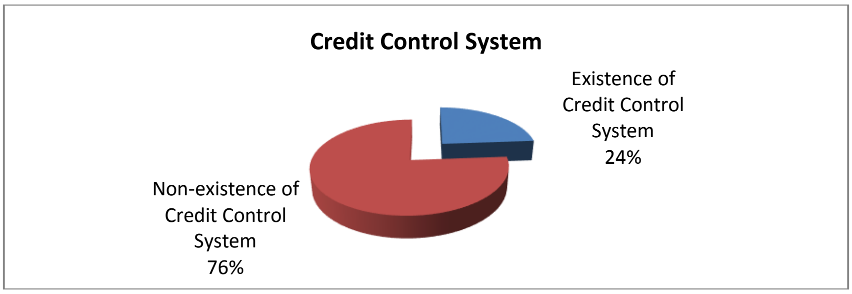
This situation is very alarming since it has been established earlier on that over 90% of MSEs allow their customers some form of credit sales, even though they do not have in place proper and well-tested credit management system in place.

TABLE 4.7: EXISTENCE OF CREDIT CONTROL SYSTEM

Category of MSEs	Existence of Credit Control System		Non-Existence of Credit Control System		Row Total	
	No.	%	No.	%	No.	%
Retailing	33	64.71	107	65.64	140	66.35
Wholesaling	9	17.65	29	17.79	38	18.00
Manufacturing	8	15.69	13	7.98	21	9.95
Construction	1	1.96	6	3.68	7	3.32
Services	-	-	5	3.07	5	2.37
Others	-	-	-	-	-	-
Sample Size	**51**	**24.17**	**163**		**211**	**100**

Source: Field work, January 2016

FIG. 4.3: CREDIT CONTROL SYSTEM



STOCK MANAGEMENT PROCEDURES

Stock management is essential to define the extent to which working capital management can be used by the firm to enhance the financial fortunes of the firm. Investment in stocks is fundamental to the existence of the firm. Excessive or inadequate stock levels are to be avoided if the firm is to transform its liquidity or profitability. Investment in stocks (raw materials, work-in-progress, and finished goods) has a direct impact on the profitability and liquidity levels of firms, and must be given adequate attention in order to survive and grow. Stocks levels must be maintained at their optimum, in order to ensure continuous business flow that is devoid of production stoppages and non-fulfillment of customers' orders. As indicated by Brealey and Myers (2003), the task of stock management is to assess the benefits and cost of holding stocks and to strike a sensible balance.

The study revealed that majority of MSEs (representing 74.25%) persistently failing to put in place any form of scientific stock control measures. Surprisingly, simple stock taking was non-existence in most of the MSEs. It was clear that most MSEs have no scientific measure to monitor their stock levels. The usual practice of most of these entities was to replenish their stock levels only when the stock had run out as customers could not locate any. This situation is a recipe for loss of sales, customer dissatisfaction and pilfering by unscrupulous employees. It must be noted that a total of four respondents, (comprising 2 retailers, 1 each from construction and service industries) failed to answer the question posed.

TABLE 4.8: STOCK CONTROL SYSTEM BY SMEs

Category of MSEs	Existence of Stock Control System		Non-Existence of Stock control system		Row Total	
	No.	%	No.	%	No.	%
Retailing	31	57.40	110	70.51	141	67.14
Wholesaling	16	29.63	22	14.10	38	18.10
Manufacturing	6	11.11	15	9.62	21	10.00
Construction	1	1.85	5	3.21	6	2.86
Services	-	-	4	2.56	4	1.90
Others	-	-	-	-	-	-
Sample Size	**54**	**25.71**	**156**	**74.29**	**210**	**100**

Source: Field work, January 2016

SHORT-TERM LIABILITIES MANAGEMENT

Naturally, companies face deficiencies in their ability to finance their short-term assets needed to sustain continuous flow of operations due to inadequacy of the capital. Hence, the need to rely on short-term liabilities to finance their working capital deficiencies is inevitable in order to ensure their survival. The reliance on short-term liabilities must be cautiously since it eventually has the potential of eroding all the profits of the MSEs. When firms rely heavily on short-term liabilities such as overdraft or trade credits, they are easily ensnared into more liquidity challenges. There is therefore an urgent need to put in place a sound system of current liabilities management in order to determine an apt level of short-liabilities that should be used in order to strike a perfect balance with its current assets such that, the ideal current ratio of 2:1 is fairly maintained. The study revealed that majority (76.89%) of the MSEs relies heavily on overdraft from banks and other micro finance institutions to support their business operations without adequately knowing the real effects on their profitability levels. It must be emphasized that such credit support usually attracts high interest cost which eventually erodes the profitability of MSEs. Hence, the crucial need for an effective current liabilities management.

TABLE 4.9: EXTENT OF RELIANCE ON SHORT-TERM LIABILITIES

Category of MSEs	Reliance on Overdraft facility		Reliance on Credit Purchases		Use of other short-term facility		Row Total	
	No.	%	No.	%	No.	%	No	%
Retailing	116	71.17	25	56.82	2	40	143	67.45
Wholesaling	21	12.88	13	29.55	2	40	36	16.98
Manufacturing	14	8.59	6	13.64	1	20	21	9.91
Construction	7	4.29	-	-	-		7	3.30
Services	5	3.07	-	-	-		5	2.36
Others	-							
Sample Size	**163**	**76.89**	**44**	**20.75**	**5**	**2.36**	**212**	**100**

Source: Field work, January 2016

WORKING CAPITAL CYCLE (WCC)

MSEs usually, lose focus on their working capital cycle. The working capital cycle is indicative about the length of time (usually in days) that a firm is able to realize cash from its trading operations from purchase of stocks to receiving cash from its customers relating to good bought on credit.

Fundamentally, the shorter the working capital cycle the better it is for the company to receive cash early to improve on its liquidity. The working capital cycle takes into consideration the average debtors' collection period (days), the average stock holding period (days) and the creditors' payment period (days). The net working capital cycle is mathematically shown as:

(Debtors' collection period + Stock holding period) – Creditors' payment = Working capital cycle.

The working capital cycle affects the liquidity position of the firm since it defines the rate at which cash is received from operations. Data available indicated that MSEs in the construction industry have the lengthiest working capital cycle (average of 180 days (i.e. 6 months), mainly due to long period required to complete the construction (work-in-process). This was followed by MSEs classified as retail and wholesale (average of 45 days). Fundamentally, it was evident from data gathered that all the MSEs have lengthier average debtors' collection period than their average creditors' payment day. This situation elongates the working capital cycle unduly, thereby delaying receipts.

TABLE 4.10: WORKING CAPITAL CYCLE

Category of MSEs	Average Debtors Collection (Days) (A)	Average Stock Holding (days) (B)	Average Creditors Payment (days) (C)	Working Capital Cycle (Days) = (A+B)-C
Retailing	30	30	15	**45**
Wholesaling	30	60	15	**45**
Manufacturing	30	30	30	**30**
Construction	90	120	30	**180**
Services	-	-	-	**-**
Others	-	-	-	-

Source: Field work, January 2016

5. SUMMARY OF KEY FINDINGS

The following is a summary of the key findings from the data gathered relating to the study:

- Most of the Micro and Small-scale enterprises (87 percent) used for the study fall under sole proprietorship ownership and majority (66.82 percent) of them operate in the retail industry with almost 18 percent also in the wholesale industry. Greater number of MSEs (66.81 percent) had been in operation for least 5years or more.
- The study revealed that only 28.97 percent of MSEs have put in place working capital policy with over 72 percent of retailers not having any form of working capital policy guiding their operations.
- Most MSEs (72.90 percent) have no cash control procedures in place. Hence, cash management is almost non-existence among MSEs;
- Most MSEs (over 74%) do not have any form of stock management control system in place and this may trigger over or under stocking with its attendant crisis.
- Majority of MSEs (90.65 percent) allow customers to buy on credit them but only 24.17 percent of them have put in place Credit Control departments to manage their credit sales;
- Majority of MSEs allow more days to their customers who buy on credit from them (average debtors payment period) than they are allowed suppliers who allow credit to them (average creditors collection period); and
- Over 76 percent of MSEs do rely on overdraft facilities from banks and other sources, with almost 21 percent also relying on credit purchases as means of financing their short-term assets.

6. CONCLUSIONS AND RECOMMENDATIONS

The foregoing summary of findings is indicative about the fact that MSEs have failed to take implementation of working capital management in their business processes. No wonder they are constantly caught unawares with liquidity challenges. The contemporary business environment within which MSEs operate is characterized by dynamic changes, with working capital management playing a key role in ensuring that ideal levels of working capital components are maintained to facilitate continuous business growth and survival. It is demonstrably clear from the findings that, the few MSEs that heartily employ working capital management practices, do benefit immeasurably through liquidity transformation and improvements in profitability. MSEs are required to balance their investment in current assets with the requisite short-term sources of funding. Fundamentally, the incessant liquidity challenges that usually force MSEs to continuously secure short-term financial support from Microfinance institutions and other financial intermediaries at huge financial cost to support current assets investment is properly put in check if working capital management policy is established. Current assets investments must be at their optimum levels with correspondent short-term financing requirements that will improve liquidity position of MSEs.

The following recommendations are made based on the outcome of the results:

- The MSE operators should formulate working capital policy that will spell out the required levels of investments in current assets and the short-term financing required to ensure business growth and development. They should also be consistent and resolute in implementing the working capital policy;
- Effective cash control procedures should be established to facilitate the proper handling of cash and cash equivalents. This will ensure that MSEs speed up collection from debtors and also slow down payments to suppliers. This could be achieved by negotiating for a lengthier creditors' payment period and reducing the debtor's collection period that overdue debts are collected from customers who buy on credit from them;
- There is the need to limit the extent of credit sales to avoid overtrading. A well-resourceful Credit Control Department with dedicated workforce should be established by MSEs to manage their sales ledger properly to avoid unnecessary pile-up of debtors;
- The overreliance on overdraft should be avoided in order not to increase the short-term financial distress of MSEs. This will enable to ensure that the MSEs operate with ideal current liabilities;
- MSEs should employ scientific system of stock management in order to ensure optimum stock levels that would ensure continuous flow of production to meet the anticipated demand; and
- MSEs should desist from pursuing an aggressive working capital policy since it negatively affects their financial objectives as a result of overreliance on short-term borrowing. It is essential to note that when the liquidity position of MSEs improves, the reliance on short-term liabilities to support their current assets investment would be properly put on check. These businesses are encouraged to adopt conservative working capital management policy.

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A STUDY ON CUSTOMER DELIGHT IN INDIAN BANKING SECTOR

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ABSTRACT

Customer is the king is the very old saying. Delighting the customer is the new trend. The cost of retaining the customer is less than attracting the new customer. To retain the existing customer, banks are trying hard. Banks are offering new and innovative services to the customers to make him happy. A happy customer gets more business to the organization. Customer relationship Management is gaining significance in the current times. An attempt is being made to know the importance of CRM in Indian Banks. Banks should find out the profitable customers and try to retain them. From time to time banks should analyze and modify their strategies and policies to become competitive in the markets, for this they should adopt CRM analytics and Customer Centric Policies. This paper highlights the factors influencing the CRM in Indian public sector commercial banks. To analyze the services offered by the public sector banks to retain customers, without losing them to private players in the industry. The study concluded that private banks are doing better in terms of CRM and Public banks are following slowly to retain and attract new customers by adapting innovative technologies and strategies.

KEYWORDS

analytics, commercial banks, customer delight, customer relationship management, customer retention, data mining, innovative services, nationalized banks.

INTRODUCTION

A primary objective of CRM is to provide the entire information resides or where the customer touch point occurred. Today, many businesses manage different customer organization with a complete, 360 – degree view of the customer, no matter where the relationships with multiple information systems, which weaken customer service and ultimate reduce total sales potential. To realize the benefits of CRM, it is important to have an integrated solution across all customers' information systems, tying together the front and front offices for a complete view of the customers in order to serve them better. With the evolution of social media,

CRM is again changing its shape. Social media gave a way and an alternative for people to connect, interact and share with others frequently. Distances are becoming distance less; Boundaries are becoming further insignificant. CRM is also changing its face from specific departments with couple of people to everyone in the organization; company centric processes to customer centric processes; defined and set channels to customer driven dynamic channels; businesses with set hours to businesses with customer set hours. Transaction is fast converting to interaction; message flow outside is converting to message coming inside. In shell CRM is also evolving as Social CRM. Whatever the shape of market emerges in future or Social CRM changes to match it, the usefulness of CRM to keep customer's loyalty intact will be beyond doubts.

REVIEW OF LITERATURE

Sunil Kumar Roy (2014) studied the factors influencing CRM in banking sector and examined the influence of independent variables like knowledge ability, efficiency of the staff, communication, attitude, personalized treatment and mutual trust on CRM in select banks in India. The researcher concluded that all the factors are significantly significant in improving CRM and service quality of the Banks.

Shang and Shu Fanglin (2010) attempts to investigate the importance of people driven process of CRM in organization and identify factors affecting the effectiveness of people driven CRM Processes. Four depending factors viz customer's emotional needs, customer involvement, employee's capabilities and organizational customer oriented culture identified as likely factors affecting the effectiveness of people driven processes were found to be statistically significant.

Lindergreen and Antioco (2005) made a case study that reveals some key issues in a good CRM implementation within the banking sector. Personalized attention was found to be an important variable but frequent personalized messages were found to have a negative impact on the result of a good CRM. Research found four major quality drivers viz: product usability, service strategy, service environment and service delivery.

Kim et al. (2006) attempts to identify the effects of five factors of Service Quality on customer satisfaction and repurchase intention for spectators. Factors considered were tangibles, reliability, responsiveness, assurance and empathy. Considering five factors as independent variables and customer satisfaction as dependent variable; it was found that factors of reliability and assurance were the most influential factors on overall customer satisfaction.

OBJECTIVES

1. To know the significance of CRM in the banking sector in India
2. To Find out factors influencing CRM in the Indian Banking Sector
3. To analyze the measures taken by Indian Public Sector Commercial banks to retain the customer.

METHODOLOGY

The data is collected purely from secondary sources. The data is collected from Public sector banks websites and journals on banking and insurance, NIBM books.

SIGNIFICANCE OF CRM IN BANKING SECTOR

Customer relationship management (CRM) is developing into a major element of corporate strategy for many organizations. CRM, also known by other terms such as relationship marketing and customer management, is concerned with creation, development and enhancement of individualized customer relationships with carefully targeted customers and customer groups resulting in maximizing their customer life time value.

Many companies are turning to customer relationship management systems to better understand customer wants and needs. CRM applications often used in combination with data warehousing e-commerce application and call-centre, which allows companies to assess information about customers buying history, preferences, complaints and other data so they can better anticipate what customer will want. The goal is to instill greater customer loyalty.

CRM initiative is to transform the company into customer-centric organizations with a greater focus on customer profitability as compared to line profitability. The insights gained from CRM enable companies to calculate or estimate the profitability of individual accounts. Other CRM objectives include increased cross selling possibilities, better lead management, better customer response and improved customer loyalty (Chin, 2000).

THE FACTORS INFLUENCING CRM IN THE INDIAN PUBLIC SECTOR COMMERCIAL BANKS

1. Communication

The communication between employees of the bank and the customer plays a vital role in establishing proper CRM practices in the bank. Communication enhances personal touch and knowledge about customer preferences. The same knowledge can be used for new product development.

2. Personalized treatment

Tailor made products which suits the customer requirements and needs should be the prior and most important task of the bank. This can be possible if each customer is given a chance to express his need through proper communication process.

3. Knowledge ability of the staff

Knowledge of the staff will play a significant role in retaining the customer with satisfaction. Knowledge of the staff can be enhanced through regular training and development programmes.

4. Efficiency of the staff

Efficiency depends on productivity of the staff. Doing right things in the right time is the mantra. Efficiency can be increased with proper motivation given to the employees.

5. Mutual trust

Trust will be built between bank and customers when customers are satisfied with the services provided by the bank.

6. Attitude of the staff towards customers

Right attitude brings more and more customers to the bank. Customers will develop loyalty towards bank because of the relationships built between employees and customers.

7. Training and Development of the staff

Technology is changing at the speed of the thought. So, to keep pace with the changes training and development sessions are necessary at regular intervals.

8. Motivation of the employees

Motivation is the key to success therefore employees if motivated will have more willingness to assume higher and additional responsibilities at work place. They will address the problems of the customers with right attitude.

9. Marketing of bank services

Public sector banks are low in marketing their services when compared to private sector banks. Public sector banks should also adopt more promotion and selling strategies to increase their sales of different services.

10. Strategy to retain customers

Banks should offer some benefits from time to time to retain the customers. In today's competitive world customer shift is the major problem businesses are facing. To overcome the shift banks should give insurance facility, overdraft and many other facilities to their customers.

11. Safety and security of their investments

Customers want their investment in the bank to the safe and secured. The locker facility which is offered should be risk proof. The investments made in the banks should be invested in proper channels. The non performing assets of the banks should be minimized. RBI intervention is highly appraised if rules are made more stringent.

SERVICES OFFRED BY PUBLIC SECTOR COMMERCIAL BANKS TO RETAIN THE CUSTOMER

1. Banks can enhance their working and competitiveness by adding new segments of customers like students, working women, high net worth individuals (HNI's) and startup companies.
2. Relationship building with customer is so important and banks need to maintain this by sending E-mails of their account statements at regular intervals. SMS the updates of the transactions as and when they are happening.
3. E-Banking services are being provided by public and private sector banks to give convenience to the customer and to avail the services 24X7.
4. Payment of utility bills through internet banking.
5. Providing Overdraft facility to customers.
6. Issuing credit cards to credit worthy customers
7. Providing Insurance facilities to the customers
8. Providing D-MAT accounts to the existing customers to do on-line trading of stocks.

SUGGESTIONS

1. Providing information related to other financial investment tools and advising them about optimum portfolio plans.
2. Extending the facility of Bank mitra in urban areas also will be helpful to retain customers.
3. Data mining and data analytics should be adopted by public sector banks like private banks to retain customers
4. Customer-centric policies/strategies should be prepared.
5. One to one banking should be adopted to provide personalized tailor made products/services.
6. Regular feedback from customers will benefit the banks in making suitable changes in products and prices.
7. Cross selling of products and services is beneficial to the banks because customers prefer all the services under one roof.

CONCLUSION

Business is changing in the present era at the speed of thought. Even banks are continuously looking forward to achieve competitive advantage or cutting edge over competitors to survive. In this competitive world, Customers always want more and more quality in services and banks are reducing their man-power by depending on more technology based processes. Banks are looking for employees who can handle customers with their smartness in doing business. They are being provided with more and more information to make better decisions and show their innovation and creativity. CRM occupies very significant role in public sector banks to compete with foreign and private banks. CRM is a weapon to understand customer in a better way and deliver the services at the right time and get benefitted in terms of market share, customer loyalty as well as profitability.

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A STUDY ON THE BEST RECOMMENDATIONS FOR WOMEN EMPOWERMENT THROUGH SELF HELP GROUPS

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ABSTRACT

Self-help groups intermediated by microcredit have been shown to have positive effects on women, with some of these impacts being ripple effects. They have played valuable roles in reducing the vulnerability of the poor. Through asset creation, income and consumption smoothing, provision of emergency assistance. And empowering and emboldening women by giving them control over assets and increased self esteem and knowledge (Zaman 2001). Several recent assessment studies have also general) reported positive impacts (Sirnanowitz and Walker 2002). Impact assessment studies point to asset creation as one of the main indicators, measurable by empirical data. From field visits done by the author, and from various documented sources. It would appear that financial services, especially micro-credit, provided to self-help groups have brought about an increase in household income. For example: The 2000 United Nations Common Country Assessment for Bangladesh felt that microcredit had lessened the severity of poverty and helped to increase total income per household by 29 per cent. A World Bank study I bund that a 10 per cent increase in borrowing had led to an increase in women's non land assets by 2 percent for loans from the Grameen Bank and 1.2 percent for loans from the Bangladesh Rural Advancement Committee (BRAC) (World Bank 1998) in India, in micro credit studies done on groups dealing with dairy farming have noted positive profit levels and short payback periods for loans (La1itha and Nagarajan 2002) Earnings generated from such undertakings have been instrumental in increasing the physical well-being of the household, often through beer nutrition and sanitation. The household's asset base has also been enhanced by the addition of jewelle (a portable asset), improved housing and land purchase in some cases. The decrease of 1990 witnessed growth of various people's organization. In this context the role of self help groups (SHG's) especially of women has assumed a critical challenge as self help groups approach is the key element of social mobilization. Linked with micro finance, the SHG approach and movement has now been accepted as an effective intervention strategy for poverty alleviation. The researcher has studied and he has given some Best Recommendations for Women empowerment through self help groups. The paper shows that the detail text about Best Recommendations for Women empowerment through self helps groups.

KEYWORDS
self help groups, women empowerment, recommendations.

INTRODUCTION
Self Help Groups intermediated by micro credit have been shown to have positive effects on women with some of these impacts being ripple effects. They have played valuable roles in reducing the vulnerability of the poor, through asset creation, income and consumption smoothing, provision of emergency assistance, and empowering and emboldening women by giving them control over assets and increased self – esteem and knowledge (Zaman, 2001). Studies in several countries point out that loans are sometimes used for consumption smoothing, not production. Ii has been pointed out that the poor often have short-term liquidity needs (frequently requiring lump-sum payments), which would normally be met by usurious moneylenders if other financial sources such as microcredit were not available. Sudden and debilitating shocks can force poor households into disempowering situations of distress. During the Asian economic crisis, self-help microcredit groups served as important cushions and safety nets. A high proportion of the funds made available fur self-help microcredit scheme. Were utilized by women. Enabling them to meet the subsistence needs of their families during those difficult economic times (ESCAP 2002). Many self-help programmes have also incorporated elements of savings, which can be used for purposes such as health insurance and emergency loans, thereby serving as private safety nets.

Another set of indicators, which are more intrinsic, revolves around changing gender relations within the household. In the studies undertaken for the. WA!) Gender rnain strearning review, women who generated increased income through self-help schemes reported that they had gained greater respect within the household, often with perceptible attitudinal change. Men have been reported to offer little resistance towards the enhanced economic activity of women because such activities were seen as contributing to wellbeing of the household. Men and older children have also been reported to be helping with household duties and with the income- generating activity. In Bangladesh, women showed a good deal of empowerment in their capacity to articulate their needs and in their receptivity to new ideas. More impressive was the emergence of women's groups as a dynamic articulate constituency (Krishna raj and Kay 2002). These first-hand observa-tions and in-depth interviews appear to validate the findings of other studies (Cheston and Kuhn 2002).

One important indicator of empowerment is the ability to make decisions within the household. On this issue, in the field studies conducted under the IFAD gender mainstrearning review, many women interviewed indicated that they could decide on spending their own income, although men were often consulted. In some countries, where mobility outside the home is often restricted, women have reported increased mobility, simply having to inform male heads of households instead of soliciting their permission.

In the realm of self-confidence and self-esteem, the feedback from the IFAD gender mainstreaming review has been very positive. Reports indicate that women are able to articulate their views more and are able to command attention and respect within the household, and within the community. Increased self-confidence was especially pronounced when women had been exposed to training on women's rights and social and political issues.

OBJECTIVE OF THE STUDY
The main objective of this paper is to explore Best Recommendations for Women empowerment through self help groups.

METHODOLOGY

The study is based on the secondary data sources. The necessary information about the Best Recommendations for women Empowerment Through self help groups and its various components are collected from various books, journals, internet source of related topics.

RECOMMENDATIONS

Recommendations for SHGs members

- Regular book keeping during the meetings by a member or book keeper. SHG to pay interest on savings and to be entered in pan book.
- NGOs, voluntary, village organization instructions should invite branch manager to participate in their monthly meetings.
- Self help groups and federations to take responsibility for members education.
- Multiple memberships – women to be a member of a single SHG only women from same family to have membership in different SHGs.
- One facilitator (NGO's volunteer/ Anganawadi worker) for every twenty SHGS. VO needs to remuneration from SHG.
- One SHG member to have only on loan at any given time.
- Self assessment of SHGs is necessary. Planning to be organize.
- Primarily need based training to be given C, B and A grade SHGs on priority, SHGs are going to be trained through self-assessment. Training expenditure to be borne by the SHGs.

Recommendations for NGOs

The Self Help group formed by government NGOs Banks and SHGs representation made the recommendation for the NGOs to consolidate and sustain the SHG movement.

- NGOs need to develop a long – term plan (5 years) to create model SHGs and support the formation and strengthening of SHG, voluntaries and village organizations to be developed in each mandal to reduce the expenditure on exposure visits.
- NGOs should participate at all stages, formation linkage, repayment, federations, promotion and lively hood opportunities.
- NGOs need to be support SHGs on a sustainable basis and provide resource from government.
- NGOs should play the role of navigator and they should not run the SHGs and create any impression that the SHGs are run by them. NGOs should not have any rate in management of money.
- NGOs should participate on their strengths; engage in social mobilization and women empowerment.
- Facilitate employment opportunities and marketing facilities for the SHGs.
- NGOs to facilitate SHGs lasting address social issues to have impact.
- SHGs should give the technical support and marketing information to be made available to the SHGs.
- NGOs should strengthen SHG leadership through training and maintain of SHG.

Recommendations for Banks

The small group formed by bankers, government, NGOs and SHG representation from across the state made the following recommendations for the bankers.

- Inverse loan size to SHGs, bulk loans to federation based on rating by an independent agency.
- Bankers maintain the attendance of all the members for opening the account and for issuing a loan. The lending and other transactions can be done based on a group resolution.
- Banks to fix weekly SHG days for SHGs translations.
- Bank should fix low amount of internet to SHG members.
- Training for bankers on lending to SHGs and voluntary organizations. SHGs assessment and best practices to be given.
- Loans should not be withheld for the SHGs become of family member's old debt but SHG bank record needs to be assessed banks need to issue sanction letter showing details of interest repayment, loan amount sanction, insurance and other charges to be collected etc.

Guidelines of SHG banks linkage need to be displayed in Kannada in bank branches for transparency.

- Separate loan pass book need to be issued by Banks.
- Interface between SHGs and Banks at district level needed to sort out issues quarterly meetings at taluka and district level with bankers and other stake holders need to be conducted to be solve any issues.
- Bank should, allow pre payments and not charge interest for the full loan term.
- Computerization of branches to handle large number of SHG accounts.

Recommendations for the government

The small group formed by Govt. officials, NGOs, Banker and SHG replacements from across the state involved in SHG promotion made the following recommendation.

- The government has given to lively hood support like micro planning training, marketing, value attitude, free publicity on print electronic media.
- The government has given special policy for collaboration with NGOs to consolidate the SHG movement and facilitate growth.
- The government should guidelines to facilitate registration of voluntary organizations.
- The government support to banks to increase loan size¸ flexible terms and bulk loans to SHG federation based on reacting by an independent agency.
- Investment in capacity building of SHG, voluntary organization.
- Monitoring committees for SHGs.
- Systematic grading of SHGs under the supervision of voluntary organizations.
- Systematic grading of SHGs under the supervision of Vos and NGOs. SHGs should have the freedom on deciding rate o interest to ensure their sustainability.
- Enable federation to have village book keepers and their honorarium to be become by government for 3 years.
- The government has conduct training program to SHG members
- SHGs should be trained based on grading of the SHGs, especially training on booking pre and part linkage period.
- Buildings, infrastructure is to be given to voluntary organizations and voluntaries to manage internet facility with centers.
- No frequent changes in the policies and mechanisms.
- Recognition for SHG leader and given identity cards to them.
- Officials from line departments need to attend the SHG meeting generate awareness and referral services etc.

CONCLUSION

Micro finance programmers are currently being promoted as a key strategy for simultaneously addressing both poverty alleviation and women's empowerment. Before 1990s credit schemes for women were almost negligible. There were certain misconceptions about the poor people that they need loan at subsidized rates of interest on soft terms, they lack skills, capacity to save, credit worthiness and therefore are not bankable. Nevertheless, the experience of several and SHGs reveal that rural poor are actually efficient managers of credit and finance. Availability of timely and adequate credit is essential for them in their enterprises rather than subsidies. Earlier government efforts through various poverty alleviation schemes for self-employment by providing credit and subsidy received little success since most of them were target based involving various government agencies and banks. so the researcher. Therefore, in order to that the Researcher has studied and made Field work about the concerned facts. Based on that, Researcher has given Best Recommandations for women empowerment through self help groups.

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POVERTY IN INDIA: A CONTROVERSIAL APPROACH AND METHODOLOGY OF EXPERT GROUPS

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ABSTRACT

India is the second largest populated country in the world. The total population of India crossed one billion at the beginning of the twenty first century. Poverty in India is still a major issue even in day and age. The population of people living below the poverty line in India is highest in the world and the problem is not going away. According to the official government estimates, about a quarter of the country's total population remains below the poverty line at present. The total number of poor was about 260 million in 1999-2000 but number of poor increases 363 million during 2011-12 in India making it the home to the largest number of poor in the world. Poverty in India is a big issue for government; poverty estimation is required to get exact number of poor and per capita consumption. This estimation is not an easy task so Government has appointed various committees which adopt different methodology for poverty estimation. The objective of the paper is to examine the rural and urban poverty ratio of expert groups during 1973-74 to 2011-12 in India and measure the comparative analysis of methodology of percentage of population living the below poverty line during 1973 -74 to 2011-12 in India. Before 2005 calories consumption was meter for poverty estimation later form Tendulkar committee it has shifted towards baskets of goods and minimum per capita expenditure for surviving, in regional, rural and urban area. Since there are various committees and methodology are introducing for poverty estimation but we can see the results with a huge contrast as percentage of population below poverty line calculated by the Lakdawala Committee and the Tendulkar Committee for the year 2004-05 was 27 % and 37% respectively. So there is huge criticism of poverty line estimation and that is needed up to an extent because welfare schemes that are run for poor people won't be implemented properly if we don't know somewhat exact number of poor people. The present study is based on secondary data. The required secondary data has been collected from Report of the Expert group on Measurement of Poverty, Planning Commission, and Government of India.

KEYWORDS

Below Poverty Line (BPL), poverty, poverty estimation, rural and urban poverty ratio.

INTRODUCTION

India is the second largest populated country in the world. The total population of India crossed one billion at the beginning of the twenty first century. Poverty in India is still a major issue even in day and age. The population of people living below the poverty line in India is highest in the world and the problem is not going away. According to the official government estimates, about a quarter of the country's total population remains below the poverty line at present. The total number of poor was about 260 million in 1999-2000 but number of poor increases 363 million during 2011-12 in India making it the home to the largest number of poor in the world. Poverty has been described as a situation of "pronounced deprivation in well being" and being poor as "to be hungry, to lack shelter and clothing, to be sick and not cared for, to be illiterate and not schooled…Poor people are particularly vulnerable to adverse events outside their control. They are often treated badly by institutions of the state and society and excluded from voice and power in those institutions." (IBRD, 2000-2001.) Poverty has many dimensions and as such difficult to define in a simple way. Poverty may be defined by Gandhi ji and said that "That poverty is a curse of God. It deprives of everything: food, clothing, shelter, your self-respect, and your humanity, even your soul. In poverty you suffer not only hunger, nakedness, the cruelty of cold and heat, the blind fury of nature's wild element; you also suffer from humiliation loss of human dignity. Thus it means that poverty is not merely an economic phenomenon but a social one also and we all could made effort to eradicate it.

Poverty in India is a big issue for government. Poverty estimation is required to get exact number of poor and per capita consumption.

This estimation is not an easy task so Government has appointed various committees which adopted different methodology for poverty estimation, before 200-04-05 calories consumption was meter for poverty estimation later from Tendulkar committee it has shifted towards baskets of goods and minimum per capita expenditure for surviving, in regional, rural, urban area.

Since there are various committees and various methodology for poverty estimation we can see results with a huge contrast as percentage of population below poverty line calculated by the Lakdawala Committee and Tendulkar Committee for the year 2004-05 which was 27 percent and 37 percent respectively. So there is huge criticism of poverty line estimation and that is needed up to an extent because welfare schemes that are run for poor people won't be implemented properly if we don't know somewhat exact number of poor people.

METHODOLOGY AND OBJECTIVES OF THE STUDY

The present study is based on secondary data. The required secondary data has been collected from Report of the Expert group on Measurement of Poverty, Planning Commission, and Government of India. The main objectives of the study are as follow: -

1. To examine the rural and urban poverty ratio of expert groups during 1973-74 to 2011-12 in India.
2. To examine the comparative analysis of Lakdawala and Tendulkar estimation of percentage of population living below the poverty line during 1973 -74 to 2011-12 in India.

REVIEW OF LITERATURE

The present review of literature consists of poverty in states of India. Literature related to poverty examines the trends of rural and urban poverty in India during pre and post reform period. The deprivation aspect of poverty is interred connected with the number of poor. Bardhan (1973) studied the change in the percentage of rural poverty and minimum level of living for the period during 1960-61 to 1968-69 by using the NSS consumption expenditure data. The poverty line considered a Monthly Per Captia expenditure of Rs.15 at 1960-61 prices. Tendulkar and Jain (1995) examined the impact of economic reforms on poverty in 1991-92. They measure the impact of economic reforms by using the indicators namely Poverty gap index (PGI), Foster Greer Thornback or thorbecke (FGT) and the Head count ratio (HCR) from the consumer expenditure survey conducted by NSSO. The entire indicators have shown the increasing trends of poverty during 1991-92 for both rural as well as urban sectors. Sen (1996) The author also analyzed the trends of poverty given by national sample survey (NSS) and by expert group estimation of proportion the number of poor has been decline in the head count measure of poverty for rural population from 56.4 percent in 1973-74 and 53.1 percent in 1977-78 to 45.6% in 1983, 38.3% in 1986-87 and 37.9% in 1989-90. The evidence in the study shows the general relation between economic growth and poverty in the 1990s. Sen and Himanshu (2004) examine the all level of NSSO shown in 55th round, poverty ratio is lower than the earlier rounds but the number of poor increased in 29% in rural and 42% in urban out of 58 percent in NSS estimates in major states. Sen (2005) examined the nutritional norms, poverty lines and consumption behaviour in India by using the NSSO household consumption expenditure data of 1990-2000. The main purpose of this argument was to impart the nutrition content of the food basket of poverty line class. This argument has been fail in both concerned that the share of food in total expenditure of the poverty line class in 1973-74 was 81% and 72% in rural and urban areas respectively. The average calorie consumption has declined both rural and urban areas between 1993-94 and 1999-2000. According to ICMR (Indian council for Medical Research) for a balance diet yielding 2738.6 Calories per day should include 66.6 gram of proteins and 66.9 gram of fat. The below poverty line household seems to have scarified their calorie intake but have increased their protein consumption pattern whose nutritional implications do not appear to have been studies in any depth. But if we saw the previous studies trend and estimates of poverty indicated the poverty decline in India.

POVERTY ESTIMATE AND MEASUREMENTS

METHODOLOGY OF EXPERT GROUP'S OF POVERTY IN INDIA

The Planning Commission estimates the incidence of poverty in India on the basis of household consumer expenditure surveys conducted by the National Sample Survey Organisation. Six large sample consumer surveys have been conducted by the NSS on a quinquennial basis since 1973-74. The methodology for estimation of poverty used by the Planning Commission has been based on the recommendations made by Working Group/Task Force/Expert Groups consisting of eminent experts in the field. The Planning Commission has constituted these Groups from time to time to revisit the methodological issues related to the measurement of poverty.

The Planning Commission constituted a Working Group in 1962 to find out a desirable minimum level of living for the population. The Working Group recommended that the national minimum consumption expenditure for a household of five persons (four adult consumption units) should be not less than Rs.100 per month or Rs.20 per capita per month in terms of 1960-61 prices. For urban areas, this figure was Rs.125 per month or Rs.25 per capita per month to cover the higher prices there. The poverty line excluded expenditure on health and education, both of which, it was assumed, were to be provided by the State.

The Planning Commission in July 1977 constituted the Task Force on "Projections of Minimum Needs and Effective Consumption Demand" under the Chairmanship of Dr. Y. K. Alagh. The Task Force submitted its report in January 1979. The estimated calorie norm was 2400 kcal per capita per day in rural areas and 2100 kcal per capita per day in urban areas. To work out the monetary equivalent of these norms, 28th Round (1973-74) NSS data relating to household consumption both in quantitative and value terms were used. Based on the observed consumer behaviour in 1973-74 it was estimated that, on an average, consumer expenditure (food and non-food) of Rs.49.09 per capita per month was associated with a calorie intake of 2400 per capita per day in rural areas and Rs.56.64 per capita per month with a calorie intake of 2100 per day in urban areas. This Monthly Per Capita Expenditure (MPCE) was termed as poverty line. The poverty lines for later years were estimated by updating the poverty lines of the year 1973-74 for price changes.

The Expert Group (Lakdawala) calculated the state-specific poverty ratios in rural and urban areas from the state-specific poverty lines and the state-specific distribution of persons by expenditure groups obtained from large sample surveys on household consumer expenditure of the National Sample Survey Office (NSSO), which are available once in approximately five years. The NSS consumption distribution was used as it is, that is without adjustment to the NAS (National Accounts Statistics) consumption. This was a major departure from the Task Force method, which did this adjustment on a *pro-rata* basis. The aggregate poverty ratio of the state was worked out by combining its rural and urban poverty ratios. The national poverty ratio was computed as weighted average of state-wise poverty ratios.

The Expert Group under the chairmanship of Suresh D. Tendulkar was constituted by the Planning Commission in December 2005. The Expert Group (Tendulkar) submitted its recommendations to the Planning Commission in November 2009. The national urban poverty ratio in 2004-05 as per the Expert Group (Tendulkar) methodology is identical to the one estimated by the Expert Group (Lakdawala) methodology, which is 25.7 percent. The shift from MPCE estimates on URP (that underlay the poverty ratio with the Lakdawala methodology) to those on MRP in the Expert Group (Tendulkar) methodology significantly raised the all-India Urban poverty line level of MPCE from 538.60 to Rs 578.80. Associated with this higher cut-off level of MPCE is also different poverty line basket (PLB) as compared to that underlying the all-India urban poverty ratio as per Expert Group (Lakdawala). All other poverty lines for the rural and urban areas of individual states proposed by the Expert Group (Tendulkar) are aligned to this new PLB at a higher level of MPCE.

The Expert Group (Rangarajan) computed the average requirements of calories, proteins and fats based on ICMR norms differentiated by age, gender and activity for all-India rural and urban regions to derive the normative levels of nourishment. The new poverty line thus works out to monthly per capita consumption expenditure of Rs.972 in rural areas and Rs.1, 407 in urban areas in 2011-12. For a family of five, this translates into a monthly consumption expenditure of Rs. 4,860 in rural areas and Rs. 7,035 in urban areas. Planning Commission of India Define the Poverty, "Poverty line is drawn with an intake of 2400 calories in rural areas and 2100 calories in urban areas. If a person is unable to get that minimum level of calories, then he / she is considered as being below poverty line. But according to Expert group's methodology of (Rangarajan, 2011-12) the poverty line is defined as a maximum level of household income at which a household is unable to meet its consumption expenses. A household is considered poor if it is unable to save. And, the value of income (or expenses) at which households are unable to save is defined to be the poverty line. The poverty line in this methodology is therefore derived entirely from the observed data of household income and expenses. It is not dependent upon any assumptions or norms regarding a minimum standard of living. (Report Press Note on Poverty Estimates, 2009-10, Government of India, Planning Commission, March 2012)

ESTIMATES OF POVERTY IN INDIA

Estimated by Expert Group (Lakdawala and Tendulkar) Methodology

The estimates of poverty in the country are made at national and state level by the Planning Commission at an interval of approximately five years from the large sample survey data on consumer expenditure conducted by the National Sample Survey Organisation (NSSO). Because of the changes in methodology of data collection, these two sets of estimates may not be strictly comparable to the earlier estimates of poverty. Comparable estimates based on a consistent methodology and data during 1973-74 to 20011-12 these estimates show a secular decline in the poverty ratio.

TABLE-1.1: PERCENTAGE OF POVERTY RATIO ESTIMATED FROM EXPERT GROUP (LAKDAWALA &TENDULKAR) METHODOLOGY

	Poverty Ratio of Lakdawala Methodology (%)			Poverty Ratio of Tendulkar Methodology (%)			
Year	Rural	Urban	Total	Year	Rural	Urban	Total
1973-74	56.4	49	54.9	1993-94	50.1	31.8	45.3
1977-78	53.1	45.2	51.3	2004-05	41.8	25.7	37.2
1983	45.7	40.8	44.5	2009-10	33.8	20.9	29.8
1987-88	39.1	38.2	38.9	2011-12	25.7	13.7	21.9
1993-94	37.3	32.4	36				
2004-05	28.3	25.7	27.5				

Source: Planning Commission of India, 2011.

The Table-1.1 indicated that official estimates of percentage of below poverty line population derived by the Lakadawala and Tendulakar expert group panel. The data show that 54.9 percent population was living below the poverty line during 1973-74 and 51.3 percent was in 1977-78. The planning commission estimates show that poverty was declining continuously in all survey i.e. 44.5 in 1983, 38.9 percent in 1987-88, 36 percent in 1993-94 and 27.5 percent in 2004-05. But Planning Commission Expert Group (Tendulkar) methodology updated the poverty estimates and find that 45.3 percent population was living below the poverty line during 1993-94 which is 9.3 percent more according to Lakadawala estimates. Tendulkar estimates during 2004-05 represent that 37.2 percent of population was living below the poverty line that is also 10 percent more of Lakadawala estimates. Tendulakar estimates show that 29.8 percent population was living below the poverty line during 2009-10. The estimate of poverty ratio and number of poor at the national level for the years 1993-94, 2004-05, 2009-10 and 2011-12 derived from the Expert Group (Tendulkar) methodology based on the same methodology, the poverty ratio for 2009-10 and 2011-12 were derived by the Planning Commission in March 2012 and July 2013 respectively. The estimates of Tendulkar panel represent that poverty ratio decline by 21.9 percent during 2011-12 in which 25.7 percent people are living in rural area and 13.7 percent in urban areas. Thus estimates indicated that poverty ratio remains decline in India but it is still a challenge now. The Expert Group (Rangarajan) recommends the updating of the poverty line and indicates the poverty ratio has declined from 39.6% in 2009-10 to 30.9% in 2011-12 in rural India and from 35.1% to 26.4% in urban India. The decline was thus a uniform 8.7 percentage points over the two years. The all-India poverty ratio fell from 38.2% to 29.5%. Totally, 91.6 million individuals were lifted out of poverty during this period.

STATE WISE PERCENTAGE OF POVERTY ESTIMATES IN INDIA FROM EXPERT GROUP (LAKDAWALA &TENDULKAR) METHODOLOGY

TABLE -1.2: PERCENTAGE OF POPULATION BELOW POVERTY LINE BY STATES 1973-74 TO 2004-05 (Lakdawala Methodology)

States and UTs	Total % of BPL persons in 1973-74 (Lakdawala Methodology)	Total % of BPL persons in 1977-78 (Lakdawala Methodology)	Total % of BPL persons in 1983 (Lakdawala Methodology)	Total % of BPL persons in 1987-88 (Lakdawala Methodology)	Total % of BPL persons in 1993-94 (Lakdawala Methodology)	Total % of BPL persons in 1999-2000 (Lakdawala Methodology)	Total % of BPL persons in 2004-05 (Lakdawala Methodology)
Andhra Pradesh	48.86	39.31	28.91	25.86	22.19	15.77	15.8
Arunachal Pradesh	51.93	58.32	40.88	36.22	39.35	33.47	17.6
Assam	51.21	57.15	40.47	36.21	40.86	36.09	19.7
Bihar	61.91	61.55	62.22	52.13	54.96	42.6	41.4
Goa	44.26	37.23	18.9	24.52	14.92	4.4	13.8
Gujarat	48.15	41.23	32.79	31.54	24.21	14.07	16.8
Haryana	35.36	29.55	21.37	16.64	25.05	8.74	14
Himachal Pradesh	26.39	32.45	16.4	15.45	28.44	7.63	10
Jammu & Kashmir	40.83	38.97	24.24	23.82	25.17	3.48	5.4
Karnataka	54.47	48.78	38.24	37.53	33.16	20.04	25
Kerala	59.79	52.22	40.42	31.79	25.43	12.72	15
Madhya Pradesh	61.78	61.78	49.78	43.07	42.52	37.43	38.3
Maharashtra	53.24	55.88	43.44	40.41	36.86	25.05	30.7
Manipur	49.96	53.72	37.02	31.35	33.78	28.54	17.3
Meghalaya	50.2	55.19	38.81	33.92	37.92	33.87	18.5
Mizoram	50.32	54.38	36	27.52	25.66	19.47	12.6
Nagaland	50.81	56.04	39.25	34.43	37.92	32.67	19
Orissa	66.18	70.07	65.29	55.58	48.56	47.15	46.4
Punjab	28.15	19.27	16.18	13.2	11.77	6.16	8.4
Rajasthan	46.14	37.42	34.46	35.15	27.41	15.28	22.1
Sikkim	50.86	55.89	39.71	36.06	41.43	36.55	20.1
Tamil Nadu	54.94	54.79	51.66	43.39	35.03	21.12	22.5
Tripura	51	56.88	40.03	35.23	39.01	34.44	18.9
Uttar Pradesh	57.07	49.05	47.07	41.46	40.85	31.15	32.8
West Bengal	63.43	60.52	54.85	44.72	35.66	27.02	24.7
A & N Island	55.56	55.42	52.13	43.89	34.47	20.99	22.6
Chandigarh	27.96	27.32	23.79	14.67	11.35	5.75	7.1
Dadra & Nagar Haveli	46.55	37.2	15.67	67.11	50.84	17.14	33.2
Delhi	49.61	33.23	26.22	12.41	14.69	8.23	14.7
Lakshadweep	59.68	52.79		34.95	25.04	15.6	16
Pondicherry	53.82	53.25	50.06	41.46	37.4	21.67	22.4
Daman & Diu	-----	---	-----	-----	15.8	4.44	10.5
Chhattisgarh	------	---	-----	-----	-----	-----	40.9
Jharkhand	-----	----	-----	-----	-----	-----	40.3
Uttrakhand	-----	----	-----	-----	-----	-----	39.6
ALL INDIA	54.88	51.32	44.48	38.86	35.97	26.1	27.5

Source: Planning Commission of India, 2011

Table-1.2 depicts state wise Percentage of below poverty line persons in India, on the basis of Lakdawala methodology during period 1973-74 to 2004-05. It shows that while there is a decrease in poverty for almost all states, there are wide inter-state disparities in the percentage of poor below the poverty line. It is clear from the table that Lakdawala methodology, Orissa and Bihar have once again topped India's poverty list. The percentage of abjectly poor people in these two states has declined faster than in any other between 1973-74 and 2004-05. The incidence of poverty is not same in all states. On the one hand the states where poverty ratio is very high, like Orissa (46.4), Bihar (41.4), Madhya Pradesh (38.3), Assam (19.71), and Uttar Pradesh (32.8) and the states where poverty ratio is very low, Punjab (8.4), Himachal Pradesh (10) and Haryana (14). There has been a significant reduction in poverty ratio during 1973-74 to 2004- 05 in Himachal Pradesh, Haryana, Karnataka, Kerala, Tamil Nadu and Union Territories. Reduction in poverty has been unsatisfactory in Orissa, Madhya Pradesh, Uttar Pradesh and North East states. In Orissa, the proportion of people below the poverty line (BPL) fell by 20 per cent, from 66.18 per cent in 1973-74 to 46.4 per cent in 2004-05. Bihar, which logged the fastest growth rate poverty, fell by an estimated 20.51 per cent to 41.4 per cent in 2004-05, compared to 61.91 per cent in 1973-74. Orissa has the largest percentage of poor (46.4) followed by Bihar (41.4), Chhattisgarh (40.4), Madhya Pradesh (38.3 per cent) and Maharashtra (30.7). One significant fact about poverty is that while the poverty ratio has been declining in India, the absolute number of poor had remained more or less the same. Poverty ratio was 36 per cent in 1993- 94 which means 32.0 crores people were below poverty line. Though poverty ratio declined by 8.5 per cent between 1973-74 and 2004-05 but the absolute number of poor was estimated at 30.2 crores persons. The current estimate shows that even while poverty is lessening, it is becoming more chronic in states with a history of poverty the poorest cannot move out of the poverty trap. India had 301.7 million 'poor' people in 2005, using up figures. Of these, 72 per cent were in rural areas in which more than 57 per cent were concentrated in five states Maharashtra, Uttar Pradesh, Madhya Pradesh, Bihar, and West Bengal. Uttar Pradesh had the largest number of poor with 59 million below the poverty line. In Maharashtra, Orissa, Rajasthan, Uttar Pradesh and Madhya Pradesh poverty has increased during 1993-2005 while in Madhya Pradesh, Chhattisgarh and Orissa the number of rural poor has increased.

TABLE 1.3: PERCENTAGE OF POPULATION BELOW POVERTY LINE BY STATES FROM 2004-05 TO 2011-12 (TENDULKAR METHODOLOGY)

States and Uts	Total % of BPL persons in 2004-05 (Tendulakar Methodology)	Total % of BPL persons in 2009-10 (Tendulakar Methodology)	Total % of BPL persons in 2011-12 (Tendulakar Methodology)
Andhra Pradesh	29.9	21.1	9.2
Arunachal Pradesh	31.1	25.9	34.7
Assam	34.4	37.9	32
Bihar	54.4	53.5	33.7
Chhattisgarh	49.4	48.7	39.9
Delhi	13.1	14.2	9.9
Goa	25	8.7	5.1
Gujarat	31.8	23	16.6
Haryana	24.1	20.1	11.2
Himachal Pradesh	22.9	9.5	8.1
Jammu & Kashmir	13.2	9.4	10.3
Jharkhand	45.3	39.1	37
Karnataka	33.4	23.6	20.9
Kerala	19.7	12	7.1
Madhya Pradesh	48.6	36.7	31.6
Maharashtra	38.1	24.5	17.4
Manipur	38	47.1	36.9
Meghalaya	16.1	17.1	11.9
Mizoram	15.3	21.1	20.4
Nagaland	9	20.9	18.9
Orissa	57.2	37	32.6
Pondicherry	14.1	1.2	9.7
Punjab	20.9	15.9	8.3
Rajasthan	34.4	24.8	14.7
Sikkim	31.1	13.1	8.2
Tamil Nadu	28.9	17.1	11.3
Tripura	40.6	17.4	14
Uttar Pradesh	40.9	37.7	29.4
Uttrakhand	32.7	18	11.3
West Bengal	34.3	26.7	20
A & N Island	-----	0.4	1
Chandigarh	-----	9.2	21.8
Dadra & Nagar Haveli	-----	39.1	39.3
Daman & Diu	-----	33.1	9.9
Lakshadweep	-----	6.8	2.8
ALL INDIA	**37.2**	**29.8**	**21.9**

Source: - Planning Commission of India,2011

Table 1.3 shows state-wise poverty estimates for 2004-05 and 2011-12 of Tendulkar Methodology. The Percentage of below poverty line persons in India, according to the Tendulkar committee during period 2004-05 to 2011-12 was recorded as 37.2%, 29.8 and 21.9%, respectively. The worrisome feature of poverty estimates in 2009-10 as compared with 2004-05 is that decline in poverty estimates across various states of India are very uneven. As compared to fall in poverty from 37.2 per cent in 2004-05 to 29.8 per cent in 2009-10, that is, 7.4 percentage points fall in poverty ratio for all India, the states of Orissa, Maharashtra, and Madhya Pradesh were top performers in poverty reduction recording a decline in poverty ratio at a higher rate than all India average. The best performance in poverty reduction was recorded in three states of Orissa, Maharashtra and Madhya Pradesh. Surprisingly, the top performance regarding poverty reduction is Orissa which pushed down poverty ratio by 20 percentage points. It was followed by Maharashtra where poverty ratio declined by 13.7 percentage points and Madhya Pradesh which succeeded in lowering poverty ratio by 11.9 percentage points. Besides these best performers, Tamil Nadu, Uttarakhand, Himachal Pradesh and Rajasthan also recorded a fall in poverty ratio more than the national ratio by registering a decrease in poverty ratio by 10 percentages or more. The prominent states which recorded below national average performance regarding poverty reduction are Bihar where there was only 0.9 percentage fall in poverty ratio, Uttar Pradesh where there was fall in poverty by 3.7 percentage points. On the other hand, in Assam, the poverty ratio increased in 2009-10 as compared to 2004-05. Similarly, the percentage of poor went up marginally in as many as eight states and Union Territories, mostly in the northeast. Equally discomforting is the absolute number of the poor in some large states such as Bihar where the number of poor rose to five million and in UP, Assam and Chhattisgarh where the number of poor went up by million each. The Percentage of below poverty line persons in India, according to the Tendulkar committee during period 2004-05 to 2011-12 was recorded as 37.2%, 29.8 and 21.9%, respectively. Orissa and Bihar have once again topped India's poverty list this time for all the right reasons. The percentage of abjectly poor people in these two states has declined faster than in any other between 2004-05 and 2011-12. Despite this, however, in a measure of how poorly off they were earlier, the proportion of the poor in these states remains well above the national average. The national BPL average is 21.9 per cent, translating into nearly 270 million people. The government has set the bar low, defining anyone earning Rs 27.20 or less in rural areas as BPL, while those earning up to Rs 33.30 a day in urban areas are classified as poor, though these benchmarks vary from state to state. Only Rajasthan has managed to do better than the national average with the share of BPL in its population estimated at 14.7% in 2011-12, compared to 34.4% in 2004-05. In fact, the state has outperformed even Gujarat. Often cited as a model of good governance, rapid growth and robust infrastructure, it has 16.6% people living below the poverty line. Chhattisgarh became a state in 2000 after its separation from Madhya Pradesh. It has recorded 39.9% BPL persons in 2011-12. Jharkhand was a part of Bihar till 2000. Jharkhand has recorded 37%BPL persons in 2011-12 followed by Manipur 36.9%. Andhra Pradesh state has recorded 31.1% BPL Persons in 2004-05 which decreased up to 21.1% in 2000-10 and then decreased to 9.2% in 2011-12. Arunachal Pradesh showed 31.1% in 2004-05 which decreased to 25.9 in 2009-10again, it increased up to 34.7% in 2011-12. Haryana had 24.1% BPL persons in 2004-05 and it was decreased up to20.1 in 2009-10 and after that it decreased to 11.2% in 2011-12. Karnataka had 33.4% BPL Persons in 2004-05 which decreased up to 23.6 in 2009-10 and then decreased to 20.9% in 2011-12. Kerala also showed the declining trend in reduction in BPL Persons over the given time period which was 19.7% in 2004-05, 12% in 2004-05 and 7.1% in 2011-12. Madhya Pradesh had 48.6% BPL Persons in 2004-05 which continuously decreased to 36.7 in 2009-10 and then decreased to 31.6% in 2004-05. Maharashtra 38.1% BPL persons in 2004-05 which decreased to 24.5% in 2009-10 after that it continuously decreased and reached to 17.4% in 2011-12. Punjab had 20.9% in 2004-05 and continuously decreased to 15.9% in 2009-10 and 8.3% in 2011-12. It shows that while there is a decrease in poverty for almost all states, there are wide inter-state disparities in the percentage of poor below the poverty line.

CONCLUSION
The concept of the poverty line was first introduced by a working group of the Planning Commission in 1962 and subsequently expanded in 1979 by a task force. The 1962 working group recommended that the national minimum for each household of five persons should be not less than Rs 100 per month for rural and Rs. 125 for urban at 1960-61 prices. These estimates excluded the expenditure on health and education, which both were expected to be provided by the state. It was later decided to measure poverty precisely as starvation i.e. in terms of how much people eat. Y K Alagh eventually defined the first poverty line in India. Lakdawala Formula till as recently as 2011, the official poverty lines were based entirely on the recommendations of the Lakdawala Committee of 1993. This poverty line was set such that anyone above them would be able to afford 2400 and 2100 calories worth of consumption in rural and urban areas respectively in addition to clothing and shelter. These calorie consumptions were derived from YK Alagh committee only. According to the Lakdawala Committee, a poor is one who cannot meet these average energy requirements. However, Lakdawala formula was different in the following respects in comparison to the previous models. In the earlier estimates, both health and education were excluded because they were expected to be provided by the states. This committee defined poverty line on the basis of household per capita consumption expenditure. The committee used CPI-IL (Consumer Price Index for Industrial Laborers) and CPI- AL (Consumer Price Index for Agricultural Laborers) for estimation of the poverty line. The method of calculating poverty included first estimating the per capita household expenditure at which the average energy norm is met, and then, with that expenditure as the poverty line, defining as poor as all persons who live in households with per capita expenditures below the estimated value. The fallout of the Lakdawala formula was that number of people below the poverty line got almost double. The number of people below the poverty line was 16 per cent of the population in 1993-94. Under the Lakdawala calculation, it became 36.3 per cent. Suresh Tendulkar Committee in 2005, Suresh Tendulkar committee was constituted by the Planning Commission. The current estimations of poverty are based upon the recommendations of this committee. This committee recommended to shift away from the calorie based model and made the poverty line somewhat broad based by considering monthly spending on education, health, electricity and transport also. It strongly recommended target nutritional outcomes i.e. instead of calories; intake nutrition support should be counted. It suggested that a uniform Poverty Basket Line be used for rural and urban region. It recommended a change in the way prices are adjusted and demanded for an explicit provision in the Poverty Basket Line to account for private expenditure in health and education. Tendulkar adopted the cost of living as the basis for identifying poverty. The Tendulkar panel stipulated a benchmark daily per capita expenditure of Rs. 27 and Rs. 33 in rural and urban areas, respectively, and arrived at a cut-off of about 22% of the population below poverty line. Then government appointed another committee under Prime Minister's Economic Advisory Council Chairman C. Rangarajan to review the poverty estimation methodology. Brushing aside the Tendulkar Committee. Rangarajan committee raised these limits to Rs. 32 and Rs. 47, respectively, and worked out poverty line at close to 30%. With estimates of Rangarajan committee, Poverty stood at around 30% in 2011-12. The number of poor in India was estimated at 36.3 crore in 2011-12. Current Status on Poverty Line The discussion about Lakdawala Formula, Suresh Tendulkar Committee and Rangarajan Committee make it clear that defining a poverty line in India has been a controversial issue since 1970s. The latest poverty line defined was by Rangarajan Formula. However, this report also did not assuage the critics. Till now, calorie norms being used are of 1973-74 that means it cannot refer to an actual poverty line. Currently, poverty line is calculated by indirect method. Various researchers claim that using direct method can give better results. It is also argued that having different poverty line for rural and urban areas is ethically wrong. Also India is geographically very diverse nation, that's why it might do injustice to people in places where life is difficult. There is need to switch from constrained income-poverty approach to right based approach i.e. an approach which ensures that no citizen stays deprived of his/her fundamental rights. The new NDA Government turned down this report also. The NDA Government has now constituted a 14-member task force under NITI Aayog's vice-chairman Arvind Panagariya to come out with recommendations for a realistic poverty line. Currently, this task force is heading towards defining a sensible poverty line.

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CONSUMER BEHAVIOR AND SATISFACTION IN E-COMMERCE: A COMPARATIVE STUDY BASED ON ONLINE SHOPPING OF SOME ELECTRONIC GADGETS

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ABSTRACT

E-commerce is gaining familiarity among consumers across the globe. The ease of access to products and services in online retail environment has created new opportunities for online businesses and transactions. Online shopping has received much more attention as compared to conventional shopping in stores. Much of the literature on marketing focuses on investigating the online shopping mechanism and behavior of consumers. Although most of the investigational studies describe the hedonic and utilitarian motivations for online shopping, only a few are based on identifying factors affecting online shopping mechanism. The present paper provides some useful insights on consumers' purchasing intention and behavior. In addition, a conceptual model has been proposed to describe the antecedents and consequences of customer satisfaction. A comparative study has been done for identifying and analyzing the key factors influencing the consumers' purchasing behavior on the basis of online shopping of certain electronic gadgets on some e-commerce websites of India. The assessment of online shopping attitudes has been made on the basis of ratings and reviews provided by the customers to the products of the e-commerce. Implications of the findings have been discussed.

KEYWORDS
consumer behavior, customer satisfaction, e-commerce, online shopping.

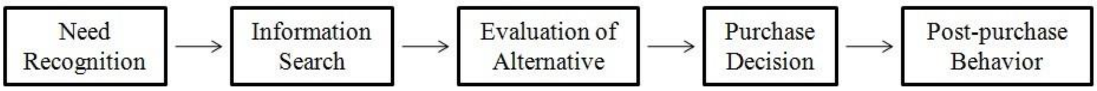
1. INTRODUCTION

Nowadays, there is a craze for online shopping among the younger and elderly populations in the developed and the developing nations. The growing popularity of online shopping is good news for e-commerce retailers. It saves time and energy by providing a large number of brands and choices at one place. Also, it is quick, fast, reliable, comfortable, economical and cost effective. The number of e-shoppers is growing with the number of internet users who are getting more and more confident in purchasing online. This, of course, looks good from the buyer's perspective while competition between online retailers intensifies, see Webinar [1]. In order to stay ahead in this highly competitive environment, online retailers who really care about their success have to make sure that their online stores are buyer-appealing and customer-oriented. So, they have to maintain a right balance between their efforts to compete *efficiently* and their efforts to compete *effectively*, see Anderson et al. [2].

One of the barriers to the growth of e-commerce is that most of the consumers are reluctant towards making a purchase online. So, there is a growing need of *customer relationship management (CRM)* for creating and maintaining a stronger online consumer base. The success of an e-commerce relies on its relationship with the consumers. Hence, the online retailers make every effort to maintain a positive relationship with the consumers. The best thing is that many e-commerce retailers provide free shipping of products and also cash-on-delivery facility for enhancing their relationship with existing and future customers. A number of theories and models have been developed for highlighting the factors that influence customer relationship in traditional and online retail environments (Duncan and Moriarty [3], De Wulf et al. [4], Palmatier et al. [5], Yoon et al. [6], De Canniere et al. [7], and Balaji [8]).

Over the years, the consumer's purchasing behavior has been a topic of interest among academicians and researchers. As in the case of traditional marketing in the past, most of the recent research and debate is focused on the identification and analysis of factors that, by one way or the other, can influence the consumer's purchasing behavior in online retail environment, see Constantinides [9]. The consumer behavior and purchasing decisions are mostly influenced by demographic, social, economic, cultural, psychological and other personal factors (Dibb and Simkin [10], Kotler and Keller [11], Solomon et al. [12], and Kotler and Armstrong [13]). Some other major factors influencing online shopping behavior include website quality, product characteristics and customer service. According to O'Keefe and McEachern [14], the decision-making process for online purchasing of products consists of five consequent stages, as shown in figure 1. Online retailers can influence the decision-making process of the consumers by creating and delivering a proper online web experience.

FIGURE 1: FIVE STAGES IN CONSUMER DECISION PROCESS



(Source: Kotler and Armstrong [13], figure 5.6, page-152)

The consumer's decision-making process is affected by external factors of risk and trust (Kim et al. [15], and Comegys et al. [16]). Consumer's risk perceptions are mainly related to aspects involving the privacy and security of personal information, the security of online transaction systems and the uncertainty of product quality, see Shergill and Chen [17]. The security problem does not stop at the purchase stage but continues to the post-purchase stage because there might be circumstances of misuse of personal information; see Katawetawaraks and Wang [18]. Some recent research studies have clarified that consumer's risk perception is a primary obstacle to the future growth of e-commerce. On the contrary, trust building has a significant role in online shopping. One of the consequences of trust is that it reduces the consumer's perception of risk associated with online shopping. Lack of trust is frequently reported as the major reason that impedes consumers to buy online. Several academic papers have been published with a view to understand the online shopping mechanism and the consumer's purchasing behavior (Butler and Peppard [19], Bellman et al. [20], Liu and Arnett [21], Monsuwe et al. [22], Lin [23], To et al. [24], Hausman and Siekpe [25], Hernandez et al. [26], Khare et al. [27], Lee et al. [28], Zhang et al. [29], Martinez-Lopez et al. [30], and Wang et al. [31]).

The e-commerce retailers are facing challenges of converting the potential consumers into the real ones, and retaining them further. For this reason, their main focus is on customer satisfaction. The concept of customer satisfaction occupies a major role in marketing theory and practice. It is also a topic of prime concern in many investigational studies (Anderson et al. [2], Ho and Wu [32], Li and Zhang [33], Shergill and Chen [17], and Engler et al. [34]). A variety of research studies suggest that higher levels of customer satisfaction lead to greater customer loyalty, and in turn increases the chance of repurchasing ability.

The online retailers monitor customer satisfaction in order to determine how to increase their customer base, customer loyalty, revenue, profits, market share and survival. Customer satisfaction is greatly influenced by individual expectations regarding the products, and is measured on the basis of customer's entire experience with the e-commerce. The assessment of that experience is made on the basis of ratings and reviews provided by the customers to the products of the e-commerce.

The objective of the present paper is to identify and analyze the various factors influencing the online shopping attitudes and behavior of the consumers. The present analysis is based on the investigation of responses of online buyers in India.

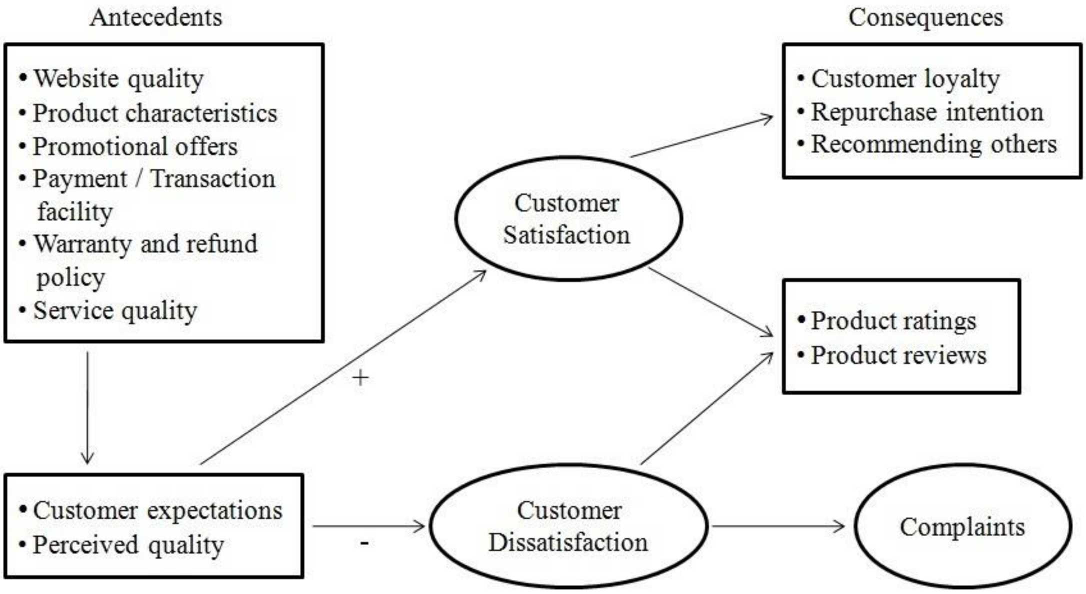
2. PROPOSED MODEL

As online shopping has grown over the past decades, so have consumers' needs and expectations related to the online shopping experience. Understanding the consumers has become indispensable for enhancing their purchasing intention.

In literature, several theories and models have been developed for predicting and explaining the intentions and behaviors of persons (i.e., consumers in the present context), for instance, the theory of reasoned action (TRA) (Fishbein and Ajzen [35]), the technology acceptance model (TAM) (Davis [36], Davis et al. [37]), and the theory of planned behavior (TPB) (Ajzen [38]).

In the present work, a conceptual model is proposed for describing the antecedents and consequences of customer satisfaction in the context of online shopping, by following the works of Bearden and Teel [39], Anderson and Sullivan [40], Fornell et al. [41], and Shankar et al. [42]. The proposed model is depicted in figure 2.

FIGURE 2: PROPOSED MODEL OF ANTECEDENTS AND CONSEQUENCES OF CUSTOMER SATISFACTION



The proposed model can be described as follows:

1. If the antecedents meet the desired customers' expectations and the perceived quality, the customers are satisfied. The satisfied customers share their views and experience by providing ratings and reviews to the products purchased by them. These customers become loyal to the e-commerce retailers, which in turn increases their repurchasing intention. These customers also recommend others (for instance, friends, relatives and family members) for online shopping of products.
2. On the contrary, if the antecedents do not meet the customers' expectations and needs, the customers are dissatisfied. The dissatisfied customers provide negative feedback and lower ratings to the products purchased by them. This, in turn, has a negative effect on the purchase intention of a future customer. In some cases, the dissatisfied customer may file a complaint in the consumer forum.
3. The terms 'customer expectations' and 'perceived quality' can be regarded as internal factors (i.e., factors which cannot be expressed or intangible factors) influencing customer attitude towards online shopping, whereas 'product ratings' and 'product reviews' can be regarded as external factors (i.e., factors which can be expressed) influencing customer behavior and attitude towards online shopping.

3. METHODOLOGY

In recent years, there has been a rapid growth of e-commerce retailers. Several e- commerce websites have emerged, which provide a wide range of options to the consumers for online shopping and business transactions. Some of the e-commerce websites are presented in figure 3.

FIGURE 3: E-COMMERCE WEBSITES

For the purpose of the present analysis, the following three e-commerce websites have been considered:

1. Flipkart.com

It was founded in 2007 and now India's top e-commerce website. It supplies electronic stuffs, health products, clothes, books, home appliances, baby's and kid's stuff, men's and women's stuff, and many other products. It provides

- Free shipping on products which are worth more than Rs 500.
- Cash on delivery.

- 30 days cash back policy, i.e., if one is not satisfied with the purchased product, it can be handed over back and the money is refunded within 30 days of purchase.
- EMI programs.

2. Amazon.in

Amazon is one of the most reputed and largest online shopping site for products like electronics, eBooks and others items. Amazon.in is directed by Amazon Seller Services Private Ltd., an affiliate of Amazon.com, Inc. It provides

- Free shipping on products which are worth more than Rs 499.
- Cash on delivery.
- Money back guarantee.

3. Snapdeal.com

It is India's one of the largest online shopping website. It was started in 2010 and is now placed at India's top ranking online shopping sites. It serves a huge collection of electronic stuffs, women's and men's garments, home appliances, books and many other products. It provides

- Free shipping.
- Cash on delivery.
- 30 days cash back policy.

4. EMPIRICAL STUDY

For making empirical analysis, data have been collected on prices and ratings of certain electronic gadgets among different e-retailers, i.e., Flipkart, Amazon, and Snapdeal. Table 1 depicts the price variations in electronic gadgets among different e-retailers.

TABLE 1: PRICES* (in rupees) OF VARIOUS ELECTRONIC GADGETS AMONG DIFFERENT E-RETAILERS

			E-commerce retailers		
Electronic gadgets	Brands	Models	Flipkart	Amazon	Snapdeal
Mobiles	Nokia	Lumia 530	5512	5624	5373
	Samsung	Galaxy Core 2	7386	7950	7309
Tablets	Asus	Fonepad 7 (ME175CG)	9999	8996	9699
	Lenovo	A7-30	6499	7500	6499
External Hard Drives	Seagate	Backup Plus Slim (1TB)	5032	4342	4317
	Transcend	StoreJet 25M3 (1TB)	4569	6683	4046
	WD	My Passport Ultra (1TB)	4809	4248	4208

*As per the data collected on February 9, 2015.

Tables 2, 3, and 4 presents the summaries of ratings given by certified as well as non-certified buyers to the various electronic gadgets among different e-retailers. The certified buyers refer to the buyers who have purchased the desired gadgets from the respective e-commerce retailers. On the contrary, the non-certified buyers refer to the buyers who have purchased the desired gadgets from some other sources like offline stores, and have shared their experiences to the e-commerce in terms of reviews and ratings.

TABLE 2: RATINGS PROVIDED BY CERTIFIED AND NON-CERTIFIED BUYERS TO THE VARIOUS MOBILE BRANDS AMONG DIFFERENT E-RETAILERS

	Flipkart		Amazon		Snapdeal	
Ratings	Samsung	Nokia	Samsung	Nokia	Samsung	Nokia
5	34	302	56	197	208	779
4	22	160	42	136	120	670
3	10	65	25	66	30	203
2	11	17	10	24	15	71
1	40	48	24	40	35	201
Average Rating	3.0	4.1	3.6	3.9	4.1	3.9

TABLE 3: RATINGS PROVIDED BY CERTIFIED AND NON-CERTIFIED BUYERS TO THE VARIOUS TABLET BRANDS AMONG DIFFERENT E-RETAILERS

	Flipkart		Amazon		Snapdeal	
Ratings	Asus	Lenovo	Asus	Lenovo	Asus	Lenovo
5	126	392	169	53	4	105
4	89	308	124	47	1	92
3	29	101	36	10	1	37
2	11	41	8	7	1	11
1	30	72	18	15	1	35
Average Rating	3.9	4.0	4.2	3.9	3.8	3.8

TABLE 4: RATINGS PROVIDED BY CERTIFIED AND NON-CERTIFIED BUYERS TO THE VARIOUS EXTERNAL HARD DRIVES AMONG DIFFERENT E-RETAILERS

	Flipkart			Amazon			Snapdeal		
Ratings	Seagate	Transcend	WD	Seagate	Transcend	WD	Seagate	Transcend	WD
5	214	2140	4231	1826	220	2069	1454	1456	1094
4	95	986	1696	826	79	976	716	750	596
3	13	124	248	112	17	163	117	110	119
2	1	47	63	29	5	53	44	43	32
1	15	133	161	90	20	102	113	101	123
Average Rating	4.5	4.4	4.5	4.5	4.4	4.4	4.4	4.4	4.3

5. DISCUSSION AND CONCLUSION

In recent years, e-commerce has evolved into a global phenomenon. Large numbers of consumers are attached with the e-commerce in comparison to the traditional brick-and-mortar stores. Before making an online purchase of a product, the consumers compare the prices of the same product among different e-retailers, and prefer the one having a lower price. To stay ahead in the highly competitive online retail environment, it is indispensable for e-retailers to know the purchasing intention and behavior of consumers. To gain popularity the e-retailers sometimes provide promotional schemes such as special offers, discounts on products, deal of the day, and festive offers. Such schemes are beneficial for attracting large number of online consumers, and for converting the low frequency online buyers into the regular ones.

Customer satisfaction is the key point to the success of an e-commerce. With the rapid growth of e-retailers, it has become a challenging task among e-retailers for building and sustaining relationships with consumers. The e-retailers make every possible effort to attract large number of consumers by advertising their web stores through internet, television, as well as through print media like newspapers, magazines and hoardings.

From Table 1, it is observed that there is a huge fluctuation in prices of various gadgets among different e-retailers. As the same product is available for different prices, it becomes easier for consumer to pick up the product with lowest price. Though the price of a product has a significant role on the purchasing intention of a consumer, it is the ratings and reviews, which influence the consumers' decision to a large extent. On the basis of ratings and reviews, the potential consumer decides whether to purchase or not to purchase the desired product. Tables 2, 3, and 4 describe the ratings given to the various gadgets among different e-retailers. Higher ratings attract the consumers for online purchasing whereas lower ratings impede the consumers.

The present study provides some useful insights on consumers' purchasing intention and behavior. It has been revealed that the three key factors, i.e., price, ratings, and reviews affect the consumers' intention for online shopping. Positive reviews on products enhance the purchasing intention of potential consumers, whereas negative reviews have reverse effect on the purchasing intention. In some cases, brand name and brand's perceived quality, irrespective of brand price, have significant role in consumer's decision making process for online shopping. Consumers are much attracted towards popular brands as compared to others.

6. MANAGERIAL IMPLICATIONS

The findings of the present study have several implications. Firstly, it emphasizes on providing price discounts on products for enhancing consumers' intention for online shopping, and thus enabling e-retailers to gain popularity. Secondly, e-retailers should focus on advertising their web stores through online and print media to reach more and more consumers. Although some e-retailers are adopting these strategies and are on top, while others are lagging behind.

Though the online retailers offer customers with variety of products and services, some products like apparels are less likely to be purchased online. Most of the consumers prefer to buy apparels offline. Hence the online retailers should make every possible effort to analyze which products are more suitable for selling online. The e-retailers should also focus on the customer's requirements, product characteristics, and after sales services to meet the desired level of customer's expectations. In addition, the web stores should be buyer-appealing and user friendly so that the online shopping becomes easier. Gaining popularity among consumers enhances purchasing behavior and repurchasing intention, and is directly related to the success of an e-commerce.

It is of great importance to take feedback from consumers. It helps e-retailers to analyze the performances of their products and services, and to make necessary changes if desired. In addition, e-retailers should emphasize on providing customers with detailed product information and secure online transaction facility.

Consumers feel more comfortable to purchase products from online stores as compared to offline stores. Hence the online retailers have to build and maintain trust with the consumers. Though sending promotional e-mails to consumers provide an attractive opportunity for online retailers to get closer to consumers, excess of unwanted e-mails may even annoy the consumers and have a negative impact on relationship building. In order to facilitate online shopping, the online retailers should focus on reinforcing the relationship with consumers.

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TRADE BALANCE OF SERVICES PER CAPITA IN APEC REGION, 2005-2014

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ABSTRACT
This paper studies the trade balance of services per capita for APEC (Asia Pacific Economic Cooperation Forum) member economies and its evolution from 2005 to 2014. This is an indicator that can provide valuable information on the trade performance of countries and on how they get benefits from their trade partners. The importance of services has grown exponentially in recent years and countries have found in them a way to diversify their exports and to overcome certain difficulties in periods of crisis. The method used is to calculate this indicator by dividing the trade balance of services between the numbers of inhabitants in each member country in order to compare their performance. It is concluded that the region is highly heterogeneous in commercial matters. The largest exporters of services in the region were the United States, China and Japan. Countries that showed higher growth in these exports were Singapore, the Philippines and Thailand. It was further found that only 6 economies were able to keep surpluses throughout the period studied and that the most pronounced deficits occurred in Papua, Brunei, Russia and Mexico.

KEYWORDS
APEC, per capita, services, trade balance.

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INTRODUCTION
APEC region is an area of high contrasts in international trade that includes developed and developing economies. Being a member of APEC represents opportunities and challenges that have required the improvement of their competitive skills. This paper is about trade balance per capita for APEC economies.

Trade balance is one of the aspects that are followed more closely in terms of economic indicators because it can provide an overall picture of the commercial behavior of a country, point out some features of its economic evolution and provide elements that explain the economic decisions of nations.

This work aims to characterize the recent evolution of trade balance of services in APEC region because of the importance and grow of services in the recent international commercial interaction. It begins with a review of literature on APEC and the importance of the trade balance in the study of economics. Subsequently the index used and the results found are described. Finally, some conclusions are shown.

REVIEW OF LITERATURE
Historically, trade between countries has been crucial for the development of their economies and for creating economic advantages in the world. Some regions are better than others in the production of certain goods; as a consequence, productive vocations of different places complement each other (Graue, 2009).

The Asia Pacific Economic Cooperation Forum (APEC for its acronym in English) is a regional forum established to promote international cooperation and openness to trade and investment among its members. Currently APEC is formed by 21 countries and economies: Australia, Brunei, Canada, Chile, China, United States, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Taipei, Thailand and Viet Nam (Gonzalez and Gala, 2008).

This makes APEC one of the most diverse and economically larger regions as it represents approximately 40% of the population of the world, 58% of global GDP and 49% of world trade. APEC operates on the basis of resolutions that members assume voluntarily. Thus, APEC practices a kind of open regionalism, promoting the elimination of tariffs and the reduction of nontariff barriers for both, trade and investment as well as access to funds and programs of economic and technical cooperation and training for specific projects. (Bombrun and Guerrero 2015).

Trade balance represents the net trade flows of a country. It can show a surplus when exports are greater than imports and a deficit when imports are greater than exports. In other words, a negative balance means that imports retreated national income which was captured by residents of other countries (Duran and Alvarez, 2008).

They are different causes that can intervene in the behavior of the trade balance. According to Mankiw (2012) it is possible to mention:

- The tastes of consumers concerning domestic goods or foreign
- Relative prices of domestic goods and imported
- Exchange rates for the currencies used in trading.
- Income of consumers in the countries involved.
- Costs of transporting goods from one country to another.
- Government policies regarding international trade.

For Krugman et. al. (2012) an equilibrium situation in trade balance is almost impossible to be achieved in real economies. Instead, countries have unbalanced situations of greater or lesser intensity that deserve special attention because they are a mechanism that redistributes wealth among countries and represents one of the ways through which macroeconomic policy of one country may affect its trading partners and cause international frictions.

Given these imbalances and the potential damage they represent, nations take different types of corrective measures, usually prioritizing those according to its domestic economic objectives; among these alternatives it is possible to mention:

- Readjust the exchange rate, making devaluations to correct persistent deficits.
- Arrangements to exchange stabilization through the use of international reserves or restrictions on access to foreign currencies.
- Deflation.
- Restricting trade using tariffs or quotas that induce a decrease in consumption of imported products.
- Removal of trade barriers, hoping that more imports boost domestic exports to countries with fewer restrictions. (Mashlup mentioned in Rozenberg, 2000)

The most common solutions to correct these imbalances have been related to trade liberalization and economic integration agreements. In general, although liberalization of trade creates winners and losers, costs to compensate those who lose are usually lower than the costs related to restrict trade. Long term solutions to these undesirable imbalances are frequently linked to developing competitive advantages of economies rather than reactive policies to international circumstances (Rozenberg, 2000; Krugman, et al 2012). Thus, monitoring the behavior of trade balance sets standards that guide decision-making and a better knowledge of trade in the APEC region.

IMPORTANCE OF THE STUDY

This study is important because there are few actualized data about trade balance of services per capita from a regional point of view so this work has the possibility to provide other studies with information and data about this topic.

STATEMENT OF THE PROBLEM

This paper aims to measure the trade balance of services per capita for the members of APEC from 2005 to 2014 to register and observe the recent evolution of this indicator.

OBJECTIVES

Measure the trade balance of services per capita for the members of APEC from 2005 to 2014.

HYPOTHESIS

Trade balance of services per capita between 2005 and 2014 was determined by the value of exports of services, the value of imports of services and the number of inhabitants of each member of APEC.

RESEARCH METHODOLOGY

A way to calculate trade balance per capita is by dividing the value of exports of a particular country between its population; subsequently, value of imports of the same country is divided by the number of inhabitants. Then the exports per capita value is divided between the imports per capita value to obtain an index of trade balance per capita. If the latter number is higher than the unit, the economy studied has a trade surplus, if not, there´s a trade deficit (Duran and Alvarez, 2008).

This paper considers only the value of exports and imports for APEC economies as regards the category "All Services" according to the Harmonized System of the World Customs Organization. The data were taken from the databases of the Trade Map of the International Trade Centre for the years 2005 to 2014 and are expressed in millions of US dollars at constant prices of 2014.

EXPORTS OF SERVICES IN APEC ECONOMIES

Table 1 shows the value of exports of services in the APEC region from 2005 to 2014. Services exports have been very dynamic over the past years. This behavior is related to the economic growth of its members, the increase in the relative level of development of its inhabitants, the arrival of large flows of foreign direct investment and larger trade openness. In addition, technological advances occurred in the past decade made some services indispensable for trade, including international banking services, insurance, travel, transport, etc (Moncarz, 2010).

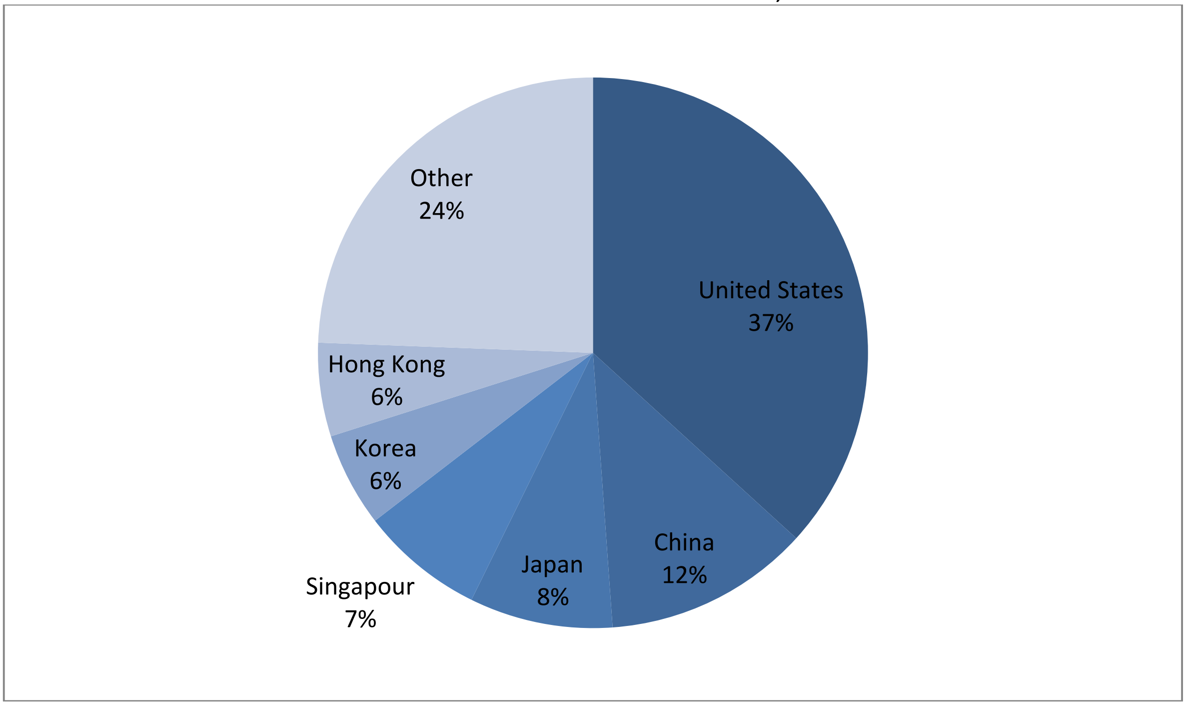
CHART 1: VALUE OF SERVICE EXPORTS FOR THE APEC ECONOMIES IN MILLIONS OF DOLLARS AT CONSTANT PRICES OF 2014

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
United States	444,896	483,416	547,004	596,755	558,867	602,766	652,892	667,947	694,284	709,448
China	106,332	132,067	165,212	185,909	157,162	183,494	192,154	220,477	210,126	233,510
Japan	121,693	126,889	136,075	157,932	131,743	140,257	142,968	136,850	136,579	162,539
Singapore	55,375	68,690	83,120	100,436	89,193	107,890	123,324	129,854	138,673	140,433
Korea	60,508	66,367	80,249	102,293	79,300	89,089	94,536	105,604	104,777	106,855
Hong Kong	56,504	63,156	72,180	78,296	70,490	86,176	94,957	100,472	105,785	106,054
Canada	71,831	76,917	79,276	84,049	74,835	82,312	88,658	91,869	90,763	86,294
Russia	34,405	41,433	49,123	63,992	49,918	52,600	60,361	63,587	70,824	65,798
Taipei	30,814	33,969	37,298	41,275	34,646	43,185	47,764	50,021	51,704	57,156
Thailand	23,763	28,536	33,722	37,081	32,871	36,729	43,236	50,636	59,229	55,295
Australia	36,390	38,370	45,223	48,268	43,418	49,873	54,747	55,072	54,056	54,244
Malaysia	23,556	24,454	32,565	34,442	30,838	34,261	37,591	38,641	40,210	39,484
Philippines	10,270	12,834	15,122	14,621	15,352	19,027	19,633	20,848	23,569	24,837
Indonesia	16,155	13,437	14,069	17,249	14,437	18,069	22,764	24,133	23,174	23,531
Mexico	18,769	18,454	19,313	19,793	16,158	16,301	16,205	16,468	20,317	21,037
New Zealand	12,108	11,410	12,997	13,233	11,114	12,383	13,768	13,404	13,639	14,606
Chile	8,548	9,119	10,113	12,027	9,257	11,929	13,629	12,705	12,915	11,245
Viet Nam	5,087	5,916	7,235	7,847	6,285	7,982	9,039	9,812	10,817	10,970
Peru	2,733	3,086	3,531	4,087	3,963	3,951	4,434	5,014	5,872	5,878
Brunei	735	864	911	971	997	1,127	1,257	1,136	498	479
Papua New Guinea	364	374	395	413	202	332	441	486	420	210

Source: Elaborated by the author using data from Trade Map and Centro de Estudios de las Finanzas Públicas de la H. Cámara de Diputados with data of U.S. Bureau of Labor Statistics.

Figure 1 shows intense asymmetries between APEC members. US exports of services still stand out above other world economic powers like China and Japan. In 2014, United States was the largest exporter of services in the APEC region with 37% of the total. It was followed in importance by China with 12%, Japan 8%, Singapore 7%, Hong Kong 6% and Korea 6%. The remaining 15 APEC economies exported a 24% of the whole. This shows how specialization in services is manifested in the region.

FIGURE 1: VALUE OF SERVICE EXPORTS IN APEC, 2014



Source: Elaborated by the author with data from chart 1

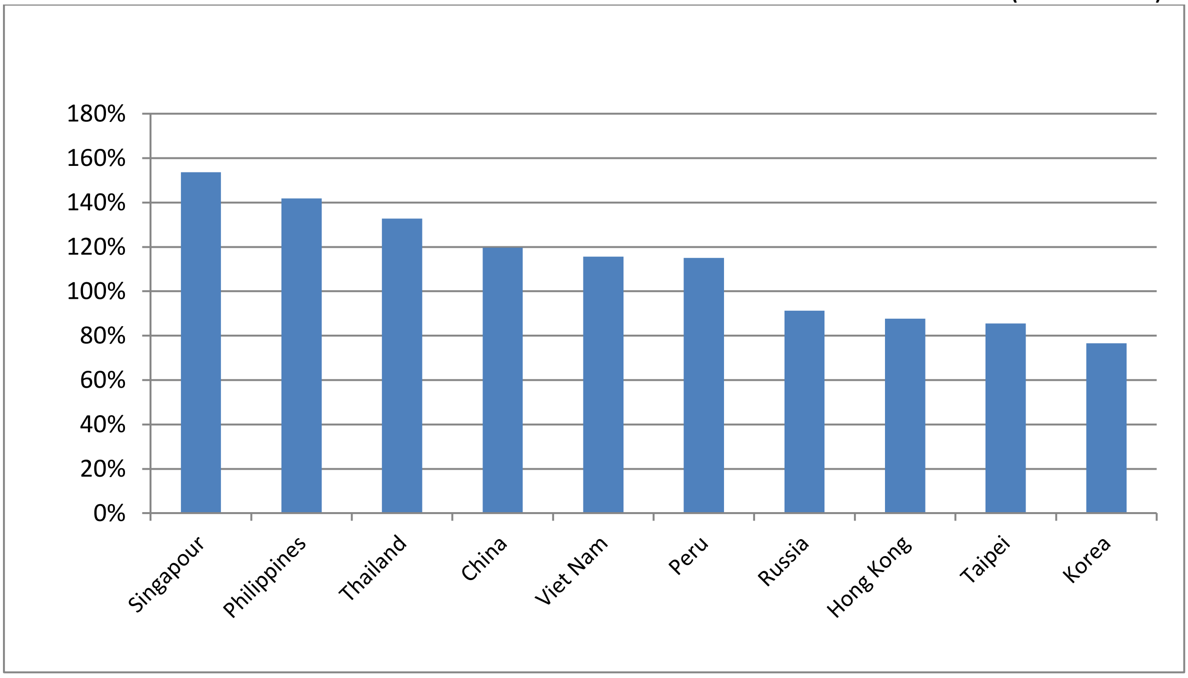
The most exported services by United States are those related to travel (25% of the total), charges for the use of intellectual property (18% of the total) and "Other business services" which includes consulting services, professional, technical and research and development.

Another country that excelled in services exports was China. In this case, the item that reached the highest exports was "Other business services", with 29% of the total, followed by the categories "Travel" and "Transport".

In the case of Japan, exports of services focused on the areas of "Transport", "Other business services" and "Charges for use of intellectual property"; these three items together accounted in 2014 70% of the total.

But these three economies were not necessarily those that grew faster during the series studied. Figure 2 shows that the country where services exports grew more between 2005 and 2014 was Singapore with a 154% growth; its main export sectors were related to transportation and business services but other exports grew exponentially during this time series, for example "Charges for use of intellectual property" grew by 413%, "Telecommunications, computer and information services" 325% and “Financial Services" grew by 275%.

FIGURE 2: APEC ECONOMIES WITH THE HIGHEST GROWTH IN EXPORTS OF SERVICES BETWEEN 2005 AND 2014 (AT 2014 PRICES)



Source: Elaborated by the authors with data of chart 1

Other economies that showed significant growth were Philippines and Thailand. In Philippines, exports of services in 2014 were concentrated in the category "Other business services" which accounted for 57% of the total. In the case of Thailand, travel accounted nearly 70% of all exports of services in 2014.

Of the 10 APEC economies that had the largest growth in exports of services, 8 are in Southeast Asia and only one is in Latin America: Peru. Peru concentrated exports of services in the category "Travels" which accounted for 51% of the total.

Brunei and Papua New Guinea were the only countries that showed a contraction in exports between 2005 and 2014 of 35% and 42% respectively. This is linked to the fact that they are two small economies that focus their efforts on the extraction and sale of natural resources, mainly energy related.

IMPORTS OF SERVICES IN APEC ECONOMIES

Table 2 shows imports of services for APEC economies from 2005 to 2014. As can be seen, there are significant similarities between major importers and major exporters. United States was in 2014 the world's largest importer of services, which were mainly travel (23% of the total), transport (19% of total) and other business services (19% of the total).

USA was followed in importance by China, country that mainly imported travel, which represented a 43% of the total. It is noteworthy that the import category called "Travels" had a significant increase between 2005 and 2014 of around 536%. Other notable items of Chinese imports were transport and other business services.

In the case of Japan, its main imports of services were in the category called "other business services" which concentrated 30% of the total. Other items that stand out are "Transport", with 24% of the total and "Charges for use of intellectual property" with 10%.

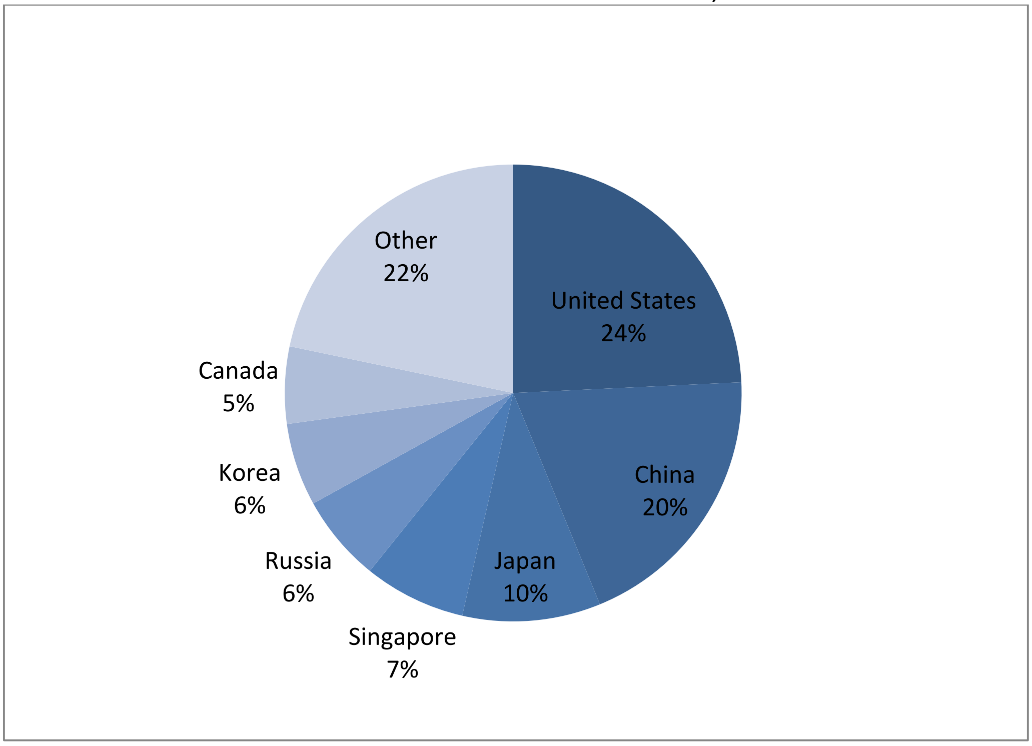
TABLE 2: VALUE OF IMPORTS OF SERVICES BY COUNTRY OF THE APEC REGION IN MILLIONS OF DOLLARS AT 2014 PRICES

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
United States	363,125	396,900	416,325	457,194	420,489	438,665	453,276	460,315	465,245	475,855
China	100,407	117,543	145,586	177,733	173,101	207,917	248,512	288,290	333,810	383,610
Japan	165,826	164,510	177,156	199,922	169,297	176,514	182,720	188,784	172,020	191,915
Singapore	66,989	77,239	85,463	101,913	91,463	108,470	122,157	131,980	142,575	141,559
Russia	48,271	53,833	67,691	86,683	68,919	80,677	95,173	111,334	129,264	121,056
Korea	71,398	81,931	94,867	109,395	89,514	104,490	107,326	111,151	110,981	115,019
Canada	77,718	84,839	91,915	99,802	90,076	105,227	111,588	115,256	112,952	107,024
Hong Kong	67,085	74,121	76,782	81,155	66,429	75,446	77,244	78,310	75,702	75,783
Australia	37,051	38,659	46,873	54,751	45,906	55,245	65,126	68,205	68,577	63,455
Thailand	31,968	37,931	42,537	51,416	39,695	48,258	54,231	54,158	55,259	53,200
Taipei	38,760	38,207	39,060	39,128	32,419	40,611	43,729	43,571	42,871	45,936
Malaysia	26,187	27,515	32,035	33,832	29,864	34,798	39,709	43,357	44,882	44,897
Mexico	27,199	27,503	27,829	28,668	27,224	27,641	31,596	31,387	32,344	34,910
Indonesia	27,128	27,916	29,249	33,559	26,461	28,359	32,965	34,981	35,251	33,540
Philippines	7,709	7,664	8,430	12,389	9,986	12,879	12,811	14,576	16,430	19,963
Chile	9,544	10,163	11,568	13,352	11,418	13,963	16,808	15,058	15,800	14,575
Viet Nam	5,308	5,959	8,019	8,892	8,900	10,632	12,336	12,797	13,913	14,500
New Zealand	10,011	9,403	10,746	11,711	9,468	10,986	12,639	12,675	12,669	13,087
Peru	3,754	3,965	4,866	6,387	5,237	6,477	6,774	7,502	7,670	7,679
Brunei	1,324	1,412	1,471	1,568	1,559	1,728	1,898	1,778	2,878	2,382
Papúa New Guinea	1,524	1,856	2,174	2,060	2,000	2,954	3,084	3815	3,927	2,299

Source: Elaborated by the authors based on data from Trade Map and Centro de Estudios de las Finanzas Públicas de la H. Cámara de Diputados with data from US Bureau of Labor Statistics

According to figure 3, in 2014, United States imported more services than 14 APEC economies together. Other important importers of services were China, Japan, Singapore, Russia, Korea and Canada.

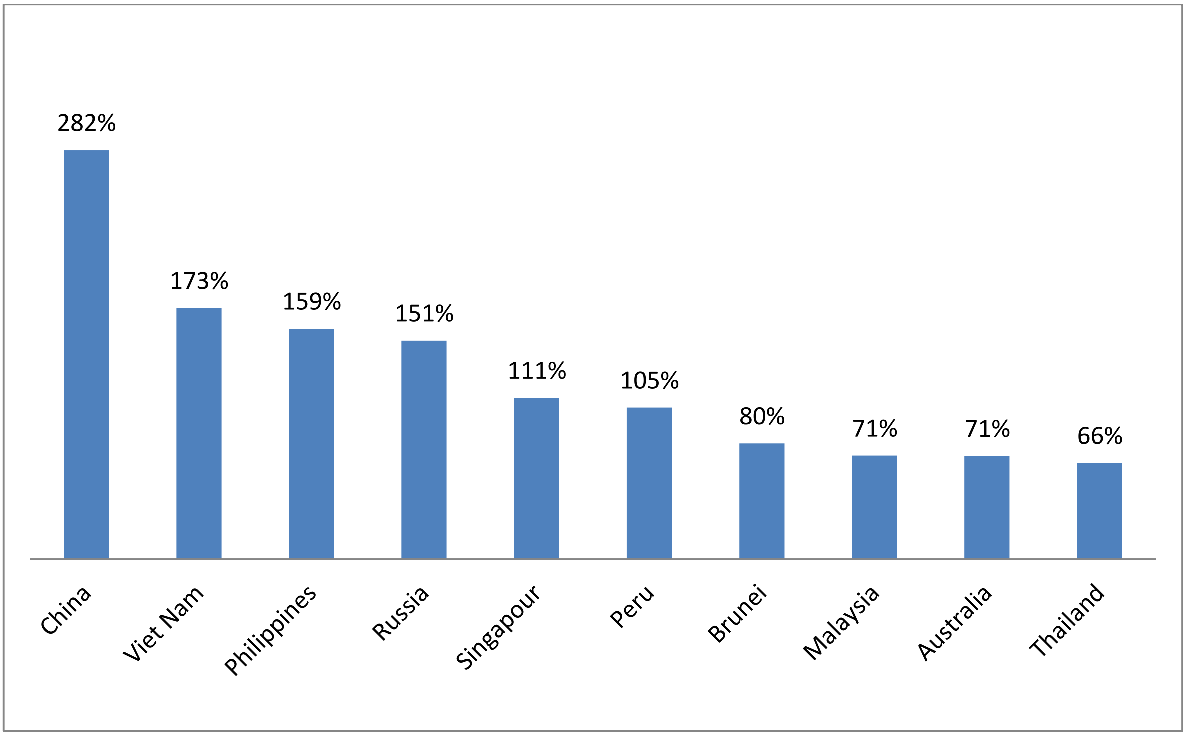
FIGURE 3: MAIN IMPORTERS OF SERVICES IN APEC, 2014



Source: Elaborated by the author with data of table 2

Figure 4 shows that the growth of imports of services in the region occurred in a very asymmetrical way. The highest growth between 2005 and 2014 occurred in China whose imports of services increased by 282% particularly by increases in the categories "Travel", "Transport" and "Other business services"; other important rates of growth occurred in Viet Nam with 173%, Philippines with 159% and Russia with 151%.

FIGURE 4: ECONOMIES OF APEC WITH THE LARGEST PERCENTAGE INCREASE IN IMPORTS OF SERVICES BETWEEN 2005 AND 2014



Source: Elaborated by the author based on data from chart 2

RESULTS AND DISCUSSION

Table 3 shows the results obtained for the trade balance of services per capita in the APEC area. Results are sorted according to the value obtained in 2014. As can be seen, this indicator shows a highly diverse behavior. In 2014 only 6 of the 21 APEC members had surplus balances: United States, Hong Kong, Taipei, Philippines, New Zealand and Thailand. Of these, only 3 had surplus balances throughout the period studied: United States, Philippines and New Zealand.

CHART 3: TRADE BALANCE OF SERVICES PER CAPITA IN APEC, 2005-2014

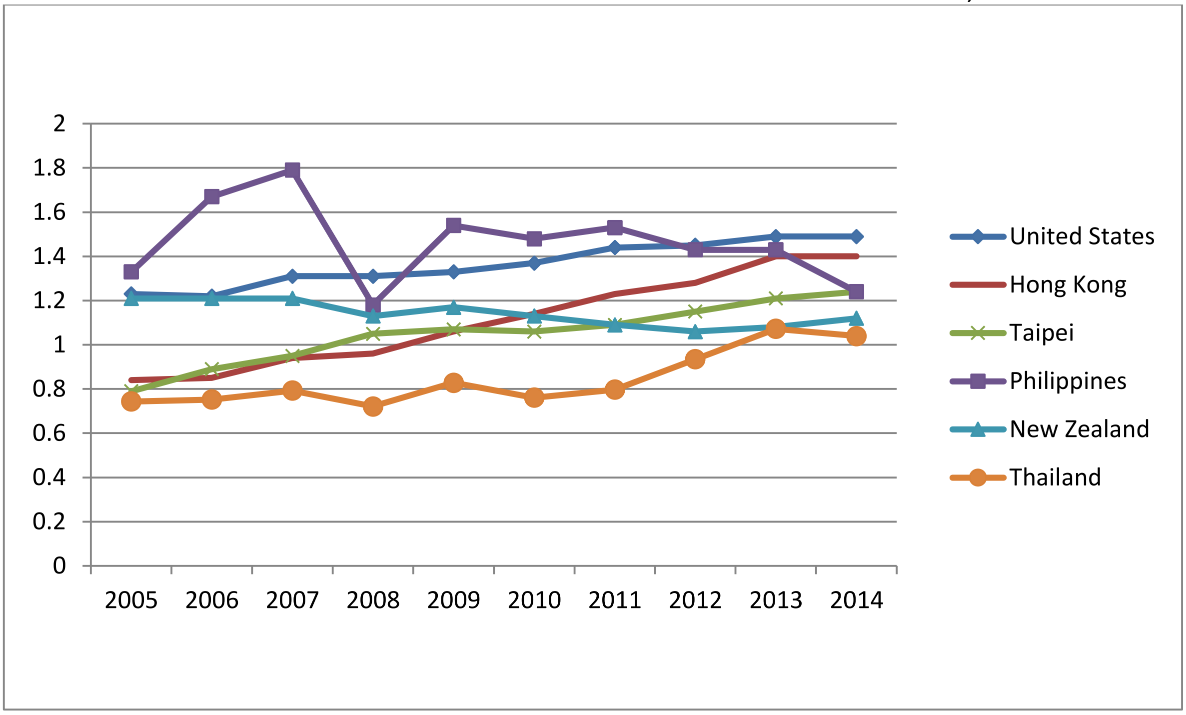
No.	País	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1	United States	1.23	1.22	1.31	1.31	1.33	1.37	1.44	1.45	1.49	1.49
2	Hong Kong	0.84	0.85	0.94	0.96	1.06	1.14	1.23	1.28	1.40	1.40
3	Taipei	0.79	0.89	0.95	1.05	1.07	1.06	1.09	1.15	1.21	1.24
4	Philippines	1.33	1.67	1.79	1.18	1.54	1.48	1.53	1.43	1.43	1.24
5	New Zealand	1.21	1.21	1.21	1.13	1.17	1.13	1.09	1.06	1.08	1.12
6	Thailand	0.74	0.75	0.79	0.72	0.83	0.76	0.80	0.93	1.07	1.04
7	Singapore	0.83	0.89	0.97	0.99	0.98	0.99	1.01	0.98	0.97	0.99
8	Korea	0.85	0.81	0.85	0.94	0.89	0.85	0.88	0.95	0.94	0.93
9	Malaysia	0.90	0.89	1.02	1.02	1.03	0.98	0.95	0.89	0.90	0.88
10	Australia	0.98	0.99	0.96	0.88	0.95	0.90	0.84	0.81	0.79	0.85
11	Japan	0.73	0.77	0.77	0.79	0.78	0.79	0.78	0.72	0.79	0.85
12	Canada	0.92	0.91	0.86	0.84	0.83	0.78	0.79	0.80	0.80	0.81
13	Chile	0.90	0.90	0.87	0.90	0.81	0.85	0.81	0.84	0.82	0.77
14	Peru	0.73	0.78	0.73	0.64	0.76	0.61	0.65	0.67	0.77	0.77
15	Viet Nam	0.96	0.99	0.90	0.88	0.71	0.75	0.73	0.77	0.78	0.76
16	Indonesia	0.60	0.48	0.48	0.51	0.55	0.64	0.69	0.69	0.66	0.70
17	China	1.06	1.12	1.13	1.05	0.91	0.88	0.77	0.76	0.63	0.61
18	MExico	0.69	0.67	0.69	0.69	0.59	0.59	0.51	0.52	0.63	0.60
19	Russia	0.71	0.77	0.73	0.74	0.72	0.65	0.63	0.57	0.55	0.54
20	Brunei	0.55	0.61	0.62	0.62	0.64	0.65	0.66	0.64	0.17	0.20
21	Papua New Guinea	0.24	0.20	0.18	0.20	0.10	0.11	0.14	0.13	0.11	0.09

Source: Elaborated by the authors with data from charts 1 and 2

Economies with deeper deficits were Papua New Guinea, Brunei and Russia. China, although it was one of the economies that showed higher growth in exports of services during the period studied, only showed a surplus from 2005 to 2008 and, thereafter, the deficit in services has been deepening.

Figure 5 shows the evolution of the trade balance of services per capita of APEC that obtained surpluses. As can be seen from 2005 to 2007 Philippines showed the highest surplus and a growing trend; however, since 2008 its surplus decreased significantly and until 2014 the recovery was not achieved on this indicator; in fact, levels of 2014 are similar to those of 2008.

FIGURE 5: EVOLUTION OF TRADE BALANCE OF SERVICES PER CAPITA IN SOME APEC ECONOMIES, 2005-2014



Source: Elaborated by the authors based on data from chart 3

United States, Hong Kong, Taipei and Thailand showed positive trends during the series studied. New Zealand, however, showed a negative trend although unrepresentative. Notably, despite the international economic crisis of 2008, countries like United States, Hong Kong, Taipei and Thailand kept their surpluses in services and positive trends.

CONCLUSIONS

It was confirmed that APEC is a very diverse economic region where developed and underdeveloped economies interact. International trade of services is still concentrated in the larger economies of this region: USA, China and Japan. Although, that concentration seems to be decreasing and smaller economies, such as Viet Nam, Singapore and Hong Kong are participating more and becoming more specialized.

Data exposed confirm the exponential growth of exports of services in APEC in recent years particularly among the Southeast countries. These countries are changing their patterns of imports and consumption of services which caused an exponential growth in travel related imports and exports particularly in China.

Also, services trade seems to be highly resistant to international economic turbulences provided that it didn´t suffer a mayor impact during the world economic crisis of 2008 and 2009 so, increasing specialization in services trade might be a convenient strategy for countries to become more resilient to economic adversities.

It is noteworthy the increasing importance of knowledge in international trade of services. Besides "Travel" and "Transport" the most important services exported by the largest APEC economies are "Use of intellectual property" and "Other business services". This means that a long term strategy to become competitive in APEC must include increasing education, innovation, science and technology provided that a country that can't produce advances in these areas will need to buy them abroad.

SCOPE FOR FURTHER RESEARCH

Some cases deserve closer attention. For example, Thailand seems to be highly dependent on exporting travels but it appears that it didn´t recover completely from the 2008 crisis.

Another interesting case is Viet Nam provided that, between 2005 and 2014, its economy grew and its exports diversified and passed from energetic goods to manufactured goods. This also had an impact in the services imported by this country.

Deeper research should be done to measure the real impact of trade surplus found in the economic growth of the countries that achieved them and in the quality of life of its inhabitants.

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SOCIO-ECONOMIC PROFILE AND EMPOWERMENT AMONG AGROPRENEURS IN KANNUR DISTRICT

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ABSTRACT

The present study attempts to explore the socio-economic background and level of empowerment among agropreneurs in Kannur District of Kerala. The Agropreneurs were operationally defined to include three segments, namely, producers of agricultural crops; animal husbandry and Integrated Farming System. Multi stage Stratified random sampling technique was adopted to identify the sample agropreneurs. The study was mainly based on primary data elicited from interview schedules, group discussions and observation. It was revealed that agropreneurs were socially as well as economically in a poor state. Majority of them belonged to the category of middle age and above and they were reluctant to bring their next generation into this field due low economic and social status attributed to agropreneurs. This fact demands immediate attention from the Governments as well as the society. The study focused on economic, social, political, personal, informational and technological empowerment among the agropreneurs. It was found that the agropreneurs were not empowered economically, socially, politically, informationally or technologically. Hence, Entrepreneurship Development Programmes in financial, marketing and strategic management; awareness programmes for the general public on all aspects of agropreneurship; inclusion of theoretical and practical aspects of agropreneurship in the education system; encouragement in the use of Information Technology; formation of Self Help Groups, Cooperatives, Producer Organisations etc are recommended.

KEYWORDS

agropreneurs, agropreneurship, empowerment.

INTRODUCTION

Agriculture had been the first form of civilization in the human history. It made man capable of settling down at a location and to put an end to his nomadic life. Thus agriculture was the first occupation of mankind. When they settled at a single location, states were formed and demand for other products and services rose. They exchanged goods and services for goods and services. This later on led to the formation of markets and the system of trade came to be known as barter system. Thus, the first trade ought to have taken place with the exchange of agricultural produce. Around one third of the global population still depends on agriculture to earn a living.

It was Richard Cantillon, an Irish-French economist, who first introduced the term 'entrepreneur' in the context of Economics. He defined entrepreneur as an agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future. He illustrated a farmer who pays out contractual incomes which are certain to the landlords and labourers and sells at prices that are 'uncertain'. The term 'agropreneur' or 'agripreneur' is a combination of two words viz., agriculture and entrepreneur. An agropreneur may be defined as a person who uses agriculture and its allied activities in order to set up a business. All the activities concerned with agriculture including farming, management, financing, processing, marketing, growing of seedlings, manufacturing of fertilizers, implements, transport equipment etc may be termed as agroprenuership or agri business. Modern agropreneurs innovate this business in the following ways also:

- Produce diversification (mixed farming, herbal farming, horticulture and floriculture, organic farming etc)
- Value added ventures (processing fruits and vegetables, farm tourism, farm schools etc)
- Agricultural input industry (agricultural nurseries, hatcheries, pet animal shops, organic fertilizers & pesticides, animal feeds, bio fuel etc)
- Methods of farming (group farming, contract farming etc)
- Innovative marketing (direct selling, using internet, SMS, social media etc)
- Modern techniques for cultivation (polyhouse, drip irrigation, aquaponics, vertical farming etc)
- Agricultural services (agricultural land leasing, agricultural consultation, agricultural equipment renting, repairs, agricultural websites and kiosk)

The futuristic outlook and planning are the two vital attributes of an entrepreneur. Agroprenuers use both these attributes to plan their production. Just like any other entrepreneur, an agropreneur combines all the factors of production like land, labour, capital and organization with a view to generate profits.

REVIEW OF LITERATURE

(Sofian & Hamid 2011) focused on assessing the relationship of entrepreneurial personality, entrepreneurial commitment and self-independent of agropreneurs in Pasar Tani, Terengganu, Malaysia. Entrepreneurial personality attributed to factors like achievement motivation, customer relation and grab opportunities. A Path model of Entrepreneurial personality, commitment and self independent were presented in the study. It was found that entrepreneurial commitment assisted to develop entrepreneurial personality among farmers in Pasar Tani. It also brought about innovation in agriculture and ago-based industry and transformation of conventional farmers into motivated agropreneurs. It is also noted that entrepreneurial personality helped agropreneurs in becoming more self-independent in their business, in the context of achievement motivation, customer relation and in grabbing new opportunities.

(Pathak 2012) opined that agriculture should be considered as an enterprise, and that it should have sound management backup. As in any other enterprise, there should be proper planning about demand forecast, choice of technology, inventory of resources, need for external inputs, skill level of the available human resources and their training needs, infrastructure and services needed for carrying out various operations and marketing. The study concludes that there should be a change in the mindset of the farmers and agricultural extension agencies in order to promote successful entrepreneurship in agriculture.

(Hussin, Asaari, & Ali 2012) identified seven factors which encouraged small farmers to undertake entrepreneurship in Malaysia. These were environment, capital, training, customer focus, management knowledge, marketing knowledge and co-operation. They also found that the agriculture sector is still dominated by the older group and involvement of younger generation is required to transform this sector. They recommend inclusion of entrepreneurship and agriculture as core subjects in schools and colleges so as to build up an interest in this field at a tender age itself. The study recognized the need for training the existing agropreneurs in the field of management and marketing.

(Nagalakshmi & Sudhakar 2013) studied the socio cultural background of agri-preneurs in Dharmapuri, Karimnagar district of Andhra Pradesh. Rising income levels, changing consumer habits, enhanced environmental regulations, new requirements for product quality, chain management, food safety, sustainability etc had cleared the way for new entrants, innovation and portfolio entrepreneurship. It was found that agripreneurs were middle aged, literate, having small land holdings but able to avoid intermediaries to a great extent for the sale of their produce. The survey showed that even though agripreneurs depend on government for various needs, they are not fully dependent on the government for financial and marketing assistance. They had formed agripreneurs' associations in order to solve their problems.

(Palanivelu & Madhupriya 2013) attempted to throw light on the socio-cultural background, motivational factors and problems faced by women agripreneurs in the Namakkal district of Tamil Nadu. Some of the areas of successful agripreneurship among women were identified as fish/prawn farming, cultivation of fruits and vegetables, livestock management, mushroom cultivation, floriculture, dairy farming, landscaping etc. The main problems faced by Indian women entrepreneurs are elaborated as absence of definite agenda in life, absence of balance between family and career obligations, poor degree of financial freedom, no direct ownership of property, lack of entrepreneurial skills and finance, unawareness about one's own capabilities, low ability to bear risk, problems in working with male counterparts, lack of professional education etc. Suggestions were made as to make continuous attempt to inspire, encourage, motivate and co-operate women agriprenuers and to conduct awareness programmes.

(Mujuru 2014) documented the relationship between entrepreneurial agriculture and human development in the context of public policy at Mt. Darwin, Zimbabwe. The study has been initiated after the UNDP (United Nations Development Programme, 2013) embraced the importance of entrepreneurial skills in the agricultural context which has significantly improved the well being of the rural small scale farmers in Egypt. This was achieved after the implementation of the programme, viz., Pro-poor Horticulture Value Chains in Upper Egypt, which aimed at positioning the small scale farmers in value-adding activities. The research revealed that entrepreneurial mindset, strategic leadership skills and strategic management of resources enable farmers to earn more income as well as to create wealth for the nation. Entrepreneurial agriculture results in improved standard of living, employment creation, poverty reduction, empowerment of communities and so on, thereby resulting overall human development. In order to nurture entrepreneurial agriculture, the government should prioritize entrepreneurial agriculture and concentrate on provision of infrastructural facilities, agricultural inputs and creation of markets for agricultural produce.

(Upadhyay, Papnai, Singh, & Nautiyal 2014) looked into agri-based enterprise problems and strategies in Udham Nagar district of Uttarakhand. They studied in detail, the various problems to include technical problems, managerial problems, socio-personal problems, input problems, financial problems and market related problems. Group approach or community organizations, natural resource management, human resource management, use of information technology, promotion of Non Government Organizations and private organizations were recommended.

(Esiobu, Onubuogu, & Ibe 2015) analysed entrepreneurship development in agriculture among arable crop farmers in Imo state, Nigeria. Factors like socio-economic characteristics, entrepreneurship intent, level of entrepreneurship intent and barriers to entrepreneurship development in agriculture were examined. It was found that a reasonable proportion of the farmers identified personal intension, need for autonomy and displacement/disruption in life as the key drive entrepreneurship development among them. However, poor access to entrepreneurship information, inadequate start-up capital and long distance between farms and the markets were identified as the barriers to entrepreneurship in agriculture. They recommended fostering entrepreneurship education at all levels to ensure capacity building for diverse enterprises in agriculture; effective and adequate entrepreneurship programmes and policies address the barriers to entrepreneurship development; government and private sector support fund and support of trained extension agents to guide farmers on technological developments. They opined that sustainable development of agribusiness requires the development of entrepreneurial and organizational competency among farmers.

(Thripathi & Sweta 2015) examined the barriers in the development of entrepreneurial skills in the farming sector of Uttar Pradesh. They had identified various managerial problems along with problems like lack of funds, lack of infrastructure, risk aversion, marketing and competition etc which acts as barriers to agropreneurship. They had suggested establishment of financial cells and provision of concessional rate of interest to solve the financial problems of agropreneurs; and also establishing marketing co-operatives and provision of entrepreneurial training to farmers to overcome other kinds of barriers. They also put forth an alternative model for promotion of agropreneurship which comprises of suggestions like weather-index based insurance, micro insurance, improving financial literacy among farmers, facilitating electronic payment systems and branchless banking.

NEED/IMPORTANCE OF THE STUDY
According to the FAO (Food and Agricultural Organisation), 805 million people of the 7.3 billion in the world or one in nine were suffering from chronic undernourishment in 2012-2014. As in the case of developing countries it is one in six. The OECD (Organisation for Economic Co-operation and Development)-FAO Agricultural Outlook 2015-2024 Report provides that the demand for agricultural products have been rapidly increasing in developing countries due to steady population growth, rising per capita incomes and continuous urbanization which allowed consumers to diversify their diets. Thus agriculture remains the largest employment sector and the most crucial sector for the world's food security. Thus it is evident that agroprenuers will have immense opportunities in the future worldwide.

STATEMENT OF THE PROBLEM
It would not be wrong to say that Indian agriculture survives on two factors - monsoon and government subsidies. The burden of subsidy on the exchequer is so heavy that the government is forced to find alternate ways to withdraw it, at least gradually. One way to do this is to encourage entrepreneurship among its farmers. There is reluctance on the part of farmers as well as their next generation to continue in this field. Ironically, there are people who resign very highly paid white color jobs to take up agropreneurship. This fact brings to the light that agricultural ventures, if managed properly could yield profits higher than salaried white color jobs. However, on an average, people are reluctant to choose an agricultural career for various reasons. This may be due to low level of economic and social status attributed to farmers by the society. Hence there is a need to investigate into the commercial feasibility of agricultural ventures, financial and social empowerment of agropreneurs, problems faced by agroprenuers etc.

OBJECTIVES
1. To document the socio economic profile of agropreneurs in Kannur district.
2. To analyse the level of empowerment attained by agropreneurs in Kannur district.
3. To suggest measures for empowering agropreneurs in Kannur district.

HYPOTHESES
- To test whether the agropreneurs are economically empowered or not.
- To test whether the agropreneurs are socially empowered or not.
- To test whether the agropreneurs are politically empowered or not.
- To test whether the agropreneurs are personally empowered or not.
- To test whether the agropreneurs have attained informational and technological empowerment.

RESEARCH METHODOLOGY
Descriptive design is intended for the study based on primary and secondary data sources. Multi stage stratified random sampling technique is used for the study. All agropreneurs pursuing agriculture, animal husbandry and IFS (Integrated Farming System) for commercial purpose in the Kannur district of Kerala state forms the population for the study. A sample block is selected from the district based on the prominence of agricultural activity in that area. From the list of registered agropreneurs in the selected block, not less than ten percent of them in each category, namely, production of crops, animal husbandry and integrated farming was selected. Interview Schedules are used to obtain information from the sample agropreneurs. Data is presented in simple tables and analysed using descriptive statistics such as mean, standard deviation, percentages etc.

DATA ANALYSIS AND INTERPRETATION
There are eleven blocks in Kannur, viz., Payyannur, Thaliparamba, Kalliassery, Kannur, Iritty, Irikkur, Edakkad, Thalassery, Peravoor, Panoor and Koothuparamba. Among these, Payyannur, Thaliparamba, Iritty, Irikkur and Peravoor blocks were identified as the prominent agricultural blocks with the help of the Principal Agricultural Officer, District Agriculture Office, Kannur. By random sampling technique, one block among the five blocks was chosen. The sample block thus chosen was Iritty block. The distribution of agropreneurs engaged in commercial cultivation of agricultural crops, animal husbandry and IFS is shown in Table 1:

TABLE NO. 1: POPULATION AND SAMPLE DISTRIBUTION OF AGROPRENEURS IN IRITTY BLOCK OF KANNUR DISTRICT

Iritty Block	Number of Agropreneurs commercially involved in			
	Agricultural Crops	Animal Husbandry	IFS	Total
Population	592	227	82	901
Proportionate Sample (10%)	59	23	8	90

Source: Iritty Block Office

SOCIO-ECONOMIC PROFILE OF SAMPLE AGROPRENEURS

TABLE NO. 2: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO THEIR SOCIO-ECONOMIC CHARACTERISTICS

Socio-economic characteristics	Description	Frequency N = 90	Percentage (%)
Age	Below 18	0	0
	18 years - 36 years	6	6.67
	36years- 54 years	45	50.00
	54years- 72 years	33	36.67
	Above 72	6	6.67
Gender	Male	78	86.67
	Female	12	13.33
Religion	Hindu	42	46.67
	Muslim	39	43.33
	Christian	9	10.00
Community	Forward Caste	42	46.67
	Other Backward Classes	45	50.00
	Scheduled Caste/Scheduled Tribe	3	3.33
Educational level	No formal Education	0	0
	Primary	33	36.67
	Secondary	36	40.00
	Higher Secondary	21	23.33
	Degree/ Post Graduation	0	0
Land usage	Less than 1 Ha (Marginal)	51	56.67
	1 Ha– 2 Ha (Small)	30	33.33
	2 Ha – 4 Ha (Semi-medium)	9	10.00
	4 Ha– 10 Ha (Medium)	0	0
	10 Ha and above (Large)	0	0
Annual Earnings	Below ₹1lakh	15	16.67
	₹1lakh – ₹3lakhs	21	23.33
	₹3lakhs – ₹6lakhs	33	36.67
	Above ₹6lakhs	21	23.33

Source: Survey data

The frequency distribution of age of agropreneurs revealed that fifty percent of them belonged to 36-54years age group and thirty six per cent belonged to 54-72years age group. Six per cent of them belonged to below thirty six years. Similarly, six per cent of them belonged to above seventy three years of age.

There was a clear evidence of male domination among the sample agropreneurs. They constituted about eighty six per cent of the sample agropreneurs. It was also noticed that women who were interviewed formed part of group farming activities in order to solve labour issues whereas the male section opted for sole proprietorship. Around forty six per cent of the sample respondents were followers of Hindu religion, forty three per cent followers of Muslim religion and ten per cent followers of Christianity. Fifty per cent of the respondents belonged to Other Backward Classes, forty six per cent belonged to Forward Caste and three per cent belonged to Scheduled caste/ Scheduled tribe.

The analysis of education level brings out the low level of formal education among agropreneurs with thirty six percent of the sample respondents having only primary level of education. Primary and secondary level educated agropreneurs constitute more than three forth of the sample respondents.

More than half of the total agropreneurs interviewed were marginal farmers with less than one hectare of land usage. Thirty three per cent belonged to the small farmer category and ten per cent belonged to the semi-medium category. It was worthy to note that there were no agropreneurs under the category of medium and large scale agricultural land use. This finding is in tune with the estimates that in Kerala ninety per cent of the farmers are marginal and small farmers.

Regarding the annual earnings, forty per cent of the respondents annually earned less than Rupees three lakhs; thirty six per cent of them between Rupees three lakhs and six lakhs; and twenty three per cent earned above Rupees six lakhs annually.

TABLE NO. 3: THE AGE OF THE SAMPLE RESPONDENTS

Age	Frequency N = 90	Mean	Standard Deviation
0 – 18	0	52.8	12.88
18 – 36	6		
36 – 54	45		
54 – 72	33		
72 – 90	6		

Source: Survey data

The age of the respondents ranged from thirty to seventy five years. The model class interval was 36-54years, which was defined as the middle aged group for the study. The mean age of agropreneurs was calculated to be 52.8 years with a standard deviation of 12.88 years.

LEVEL OF EMPOWERMENT OF SAMPLE AGROPRENEURS

Empowerment is operationally defined as the confidence and strength of a person to deal with his surroundings. Questions regarding economic, social, political, technological, personal and informational empowerment bring out the following results.

TABLE NO. 4: RATINGS ON EMPOWERMENT OF AGROPRENEURS

Sl. No.	Empowerment	Ratings									
		Very High		High		Moderate		Low		Very Low	
		N	%	N	%	N	%	N	%	N	%
1	Economic Empowerment	9	10	9	10	6	6.7	36	40	30	33.3
2	Social Empowerment	6	6.7	6	6.7	12	13.3	18	20	48	53.3
3	Political Empowerment	6	6.7	9	10	6	6.7	27	30	42	46.7
4	Technological Empowerment	18	20	12	13.3	15	16.7	27	30	18	20
5	Personal Empowerment	45	50	30	33.3	6	6.7	9	10	0	0
6	Informational Empowerment	9	10	15	16.7	15	16.7	21	23.3	30	33.3

Source: Survey data

Fifty per cent of the agropreneurs rated very high for personal empowerment, whereas more than seventy per cent of them rated low or very low for economic, social and political empowerment. With regard to technological and informational empowerment, twenty per cent and ten per cent of them rated very high, respectively. The results confirm the fact that agropreneurs are economically, socially and politically weak.

ECONOMIC EMPOWERMENT

TABLE NO. 4.1: RATINGS ON ECONOMIC EMPOWERMENT OF AGROPRENEURS

Sl. No.	Economic Empowerment	Ratings											
		Always		Very Often		At times		No		Never		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
1	Cover all expenses	20	22.22	10	11.11	16	17.78	34	37.78	10	11.11	90	100
2	Sufficient income to expand business	5	5.56	3	3.33	6	6.67	15	16.67	61	67.78	90	100
3	Savings and Investments	5	5.56	3	3.33	7	7.78	19	21.11	56	62.22	90	100
4	Easy access to credit	8	8.89	10	11.11	11	12.22	34	37.78	27	30	90	100
5	Afford own house and vehicles	4	4.44	4	4.44	0	0	11	12.22	71	78.89	90	100

Source: Survey data

Approximately 68 per cent of them reported insufficient income to expand their existing activities, 62 per cent of them were never able to save or invest and 79 per cent of them could not afford own house or vehicles. Thus overall economic empowerment of agropreneurs was poor.

SOCIAL EMPOWERMENT

TABLE NO. 4.2: RATINGS ON SOCIAL EMPOWERMENT OF AGROPRENEURS

Sl. No.	Social Empowerment	Ratings											
		Always		Very Often		At times		No		Never		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
1	Receipt of Appreciations	11	12.22	14	15.56	16	17.78	2	2.22	47	52.22	90	100
2	Respect from the Society	0	0	0	0	0	0	5	5.56	85	94.44	90	100
3	Family support	82	91.11	3	3.33	0	0	5	5.56	0	0	90	100
4	Membership in Social Organisations	6	6.67	17	18.89	36	40	11	12.22	20	22.22	90	100
5	Leadership positions held	5	5.56	11	12.22	29	32.22	5	5.56	40	44.44	90	100

Source: Survey data

About half of the agropreneurs never received any appreciation for their work in the form of awards, 94 per cent of them felt that they were not respected by the society, most of them did not have regular membership in social organisations and a majority of them did not hold any leadership positions in such organizations. On the positive side, strong family support (91.11%) proved to be their strength. The results show a low level of social empowerment among agropreneurs.

POLITICAL EMPOWERMENT

TABLE NO. 4.3: RATINGS ON POLITICAL EMPOWERMENT OF AGROPRENEURS

Sl. No.	Political Empowerment	Ratings											
		Always		Very Often		At times		No		Never		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
1	Participation in Grama sabha	62	68.89	10	11.11	7	7.78	0	0	11	12.22	90	100
2	Participation in protests	1	1.11	0	0	2	2.22	0	0	87	96.67	90	100
3	Regular at casting votes	80	88.89	5	5.56	5	5.56	0	0	0	0	90	100
4	Confidence in contesting elections	5	5.56	0	0	0	0	5	5.56	80	88.89	90	100

Source: Survey data

Even though the agropreneurs were almost always regular at participating in Grama Sabha meetings (68.89%) and in casting their votes (88.89%), they were reluctant to participate in protests (96.67%) nor had the confidence to contest in elections (88.89%). The overall political empowerment was low.

PERSONAL EMPOWERMENT

TABLE NO. 4.4: RATINGS ON PERSONAL EMPOWERMENT OF AGROPRENEURS

Sl. No.	Personal Empowerment	Ratings											
		Always		Very Often		At times		No		Never		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
1	Personal satisfaction	89	98.89	0	0	0	0	1	1.11	0	0	90	100
2	Health benefits	87	96.67	0	0	0	0	3	3.33	0	0	90	100
3	Dream of expansion	17	18.89	54	60	9	10	10	11.11	0	0	90	100
4	Confidence in conveying matters	16	17.78	12	13.33	21	23.33	15	16.67	26	28.89	90	100
5	Confidence in public speech	5	5.56	16	17.78	25	27.78	5	5.56	39	43.33	90	100

Source: Survey data

It is worthy to note that approximately 99 percent of the agropreneurs are highly satisfied with their activity. Around 97 per cent of them feel that their health is benifitted, 60 percent of them very often dream to expand their business; but highest per cent (28.89%) of them do not have the confidence in conveying their matters to Government officials or the confidence to speak publically (43.33%). An overall high level of personal empowerment is revealed.

INFORMATIONAL EMPOWERMENT

TABLE NO. 4.5: RATINGS ON INFORMATIONAL EMPOWERMENT OF AGROPRENEURS

Sl. No.	Informational Empowerment	Ratings											
		Always		Very Often		At times		No		Never		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
1	Knowledge in legal matters	11	12.22	0	0	0	0	0	0	79	87.78	90	100
2	Knowledge of Government policies	6	6.67	5	5.56	52	57.78	17	18.89	10	11.11	90	100
3	Use of Internet	6	6.67	4	4.44	6	6.67	0	0	74	82.22	90	100
4	Use of mobile phones	5	5.56	11	12.22	4	4.44	7	7.78	63	70	90	100

Source: Survey data

Approximately 88 per cent of the agropreneurs did not have knowledge in legal matters, 82 per cent of them did not use internet for improving their business and 70 per cent of them did not use mobile phones to access information or contact their customers. Roughly 58 per cent of them opined they were aware of Government policies at times only. The overall informational empowerment was observed to be low.

TECHNOLOGICAL EMPOWERMENT

TABLE NO. 4.6: RATINGS ON TECHNOLOGICAL EMPOWERMENT OF AGROPRENEURS

Sl. No.	Technological Empowerment	Ratings											
		Always		Very Often		At times		No		Never		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
1	Awareness on technological developments	4	4.44	6	6.67	5	5.56	69	76.67	6	6.67	90	100
2	Training latest technologies	2	2.22	18	20	29	32.22	9	10	32	35.56	90	100
3	Ability to operate machines	5	5.56	12	13.33	10	11.11	5	5.56	57	63.33	90	100

Source: Survey data

Approximately 77 per cent of the agropreneurs were aware of the technological developments in the field but around 36 per cent of them never received any training in the latest technologies and 63 per cent of them never operated any machine in the agricultural field. Hence a low level of technological empowerment was revealed.

FINDINGS

- The average age of fifty-two years and above with a standard deviation of more than twelve years obtained with regard to the sample respondents, clearly shows that youngsters are not taking up agropreneurial career.
- Another finding was that this sector is male dominated as female participation is only thirteen per cent. It was also found that they undertake agropreneurship more or less as a group venture.
- The maximum level of education attained by agropreneurs was limited to Higher secondary level.
- The land used for agropreneurship was owned by majority of agropreneurs even though most of them came under the category of small and marginal farmers.
- With regard to empowerment, the agropreneurs rated low for economic, social, political, technological as well as informational empowerment.
- Low level of economic empowerment was caused due to inability to meet expenses from income, insufficient income for expansion activities, lack of savings and investment etc.
- Lack of appreciation and respect from society, inability to be a member and leader in social organizations etc attributed to the low social status and empowerment among agropreneurs.
- The agropreneurs were not politically organized and hence did not have the confidence to protest against social evils.
- Lack of penetration of Information Technology lead to low level of informational empowerment.
- Lack of participation in technological trainings and practice was the core reason for low level of technological empowerment.
- Personal empowerment was high among agropreneurs due to factors like mental satisfaction, health benefits and their futuristic outlook toward expansion of their activities.

RECOMMENDATIONS/SUGGESTIONS

- Entrepreneurial training for improving managerial competancies in the area of finance, marketing and strategic management would help agropreneurs to achieve better economic and social empowerment.
- Inclusion of theoretical and practical aspects of agropreneurship in the education system would help in attracting youth into this sector and to change the mindset of people towards agropreneurs.
- Formation of Self Help Groups, Cooperative Societies, Producer Organisations etc exclusively for women agropreneurs would help in attracting and maintaining more women in this sector.
- Awareness programmes would be helpful in increasing domestic demand for locally produced goods and in drawing attention of educated youths towards agropreneurship.
- Agropreneurs must be encouraged to use Information Technology for searching latest information on the developments in their field as well as to reach out to their potential customers.

CONCLUSIONS

From the results of the survey, the researcher feels that entrepreneurship development among agropreneurs could lead to an improvement in their competencies which in turn would make them capable of exploring new opportunities and thereby become more empowered. The poor plight of agropreneurs require immediate attention of the Governments and the society in order to provide more entrepreneurial trainings and to create an entrepreneurial mindset among the traditional cultivators.

LIMITATIONS

The study is mainly based on the response received from the respondents. The doubtful attitude and fear of opening up may affect the accuracy of the study. The study covers only a limited geographical area. The study has excluded the processing sector and service sector of agropreneurship.

SCOPE FOR FURTHER RESEARCH

Agropreneurship offers wide scope for further research work in each of its segment like the processing sector, service sector etc.

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APPENDIX/ANNEXURE

INTERVIEW SCHEDULE

1. Name :
2. Address or Krishi Bhavan:
3. Gender : Male Female Others
4. Age : yrs
5. Religion : Hindu Muslim Christian
6. Community : FC OBC SC ST
7. Your highest educational level:

No formal education Primary level Secondary level
Higher Secondary level Degree level Post Graduation level

8. Your agropreneurship includes :

Agriculture	**Animal Husbandry**
a) Paddy and pulses	a) Cow
b) Vegetables	b) Goat
c) Fruits	c) Poultry
d) Flowers	d) Pig
e) Cash crops	e) Fish
f) Spices	f) Honey Bee
g) Any other (Specify).	

9. Agricultural land used: Own acres Lease acres
10. a) Last years' annual profit was ₹ _______________.
    b) Trend of profitability for the preceding years' was:

Increasing Decreasing Fluctuating Constant

11. Rate the following statements regarding the empowerment of farmers.

Sl. No.	Statements	Very High (5)	High (4)	Moderate (3)	Low (2)	Very Low(1)
A	**Economic Empowerment**					
1	I can meet all expenses from agropreneurship					
2	I can expand my business from the income from agropreneurship					
3	I can save money and make other investments					
4	I can easily access credit facilities					
5	I can afford to have my own house, vehicles and other modern amenities					
B	**Social Empowerment**					
1	I get appreciations in the form of awards					
2	The society respects me for what I am					
3	I have full support from my family					
4	I am a member in social organizations like clubs, samithis etc					
5	I have been entrusted leadership positions in such organizations					
C	**Political Empowerment**					
1	I participate in Grama Sabha meetings regularly					
2	I participate in protests					
3	I am regular at casting my votes					
4	I am confident in contesting in elections					
D	**Personal Empowerment**					
1	I am fully satisfied being an agropreneur					
2	My health is benefitted from agriculture					
3	I always dream to expand my business					
4	I am confident in conveying matters to government officials, bank officials etc					
5	I can deliver public speech without fear					
E	**Informational Empowerment**					
1	I know the legal requirements for setting up of a farm/taking land on lease					
2	I know the State Government policies & programmes in this field					
3	I use internet for acquiring latest information on agropreneurship					
4	I use mobile phones to access information and to contact customers					
F	**Technological Empowerment**					
1	I am aware of the latest technological developments in this field					
2	I am trained in most of the latest technologies					
3	I can operate the machines in the absence of skilled labourers					

PUBLIC INVESTMENT ON MAJOR AND MEDIUM IRRIGATION AND ITs REALIZATION

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ABSTRACT

Indian Agriculture is much dependent on monsoon which is highly uncertain, irregular and uneven. Rainfall controls our agriculture; this brings out the importance of irrigation for our agricultural productivity. Investment in irrigation constitute the single largest component of agricultural investment overall and particularly in the public sector. This paper looks into the trend of public expenditure on Irrigation and impact of public expenditure on Net Irrigated Area. In this paper I have tried to give some explanation of the divergence between public investment in Major Medium Irrigation (MMI) and net irrigated area by it.

KEYWORDS

irrigation, agriculture, Major Medium Irrigation (MMI), net irrigated area, public expenditure.

1.1. INTRODUCTION

Around 58% of the Indian workforce is engaged in the agricultural sector, while the share of the Sector in India's GDP is only 13.68% in 2012-13 (data.gov.in). Rainfall controls our agriculture. But the agriculture in India is much dependent on monsoon which is highly uncertain, irregular and uneven. So irrigation is essential for agriculture. About 80% of the rainfall occurs in 4 months, so it is essential to provide irrigation for crop production in rest of the 8 months. Also because the monsoon is very uncertain so it is important to provide irrigation to protect crops from drought. In rain deficit areas, irrigation is the major source of water for agriculture. For a populous country like India, in order to grow food crops and agricultural products in large quantities to feed the growing population, intensive farming and rotation of crops is important. Therefore, extensive irrigation is necessary for more production.

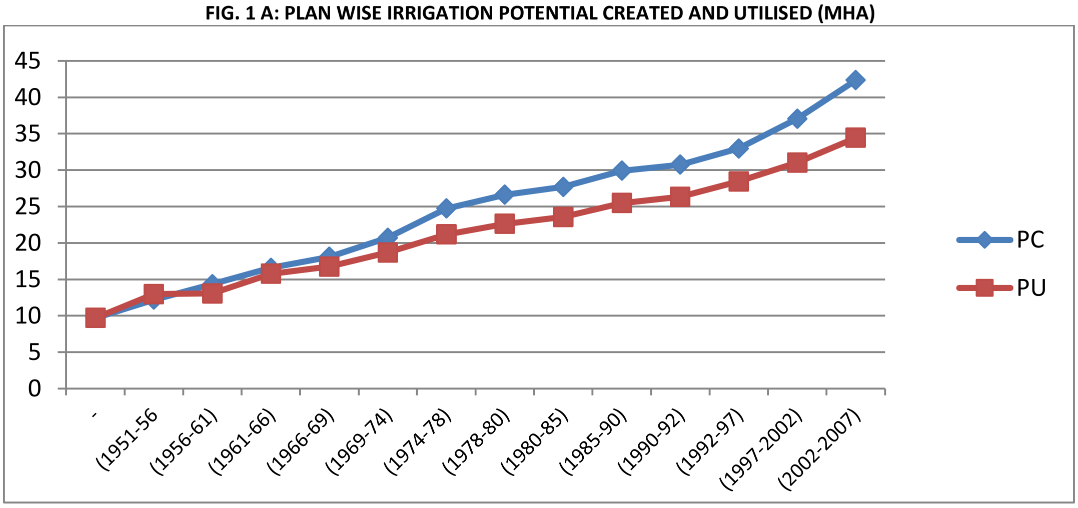
Irrigation Projects in India are classified into three categories viz. Major, Medium and Minor Irrigation. Projects which have a Cultivable Command Area (CCA) of more than 10,000 hector are termed as Major Projects, those Irrigation Projects which have a CCA of less than 10,000 hector but more than 2,000 hector are termed as Medium projects and those Irrigation Projects which have a CCA of 2,000 hector or less are known as Minor projects (Govt. of India, Ministry of Water Resources).

Investment in irrigation constitute the single largest component of agricultural investment overall and particularly in the public sector. The irrigation sector accounts for a major portion of the public investment in the successive five-year plans of India. Irrigation will continue to get very high priority in strategies to increase food production and Labour absorption in agriculture.

1.2. MAJOR AND MEDIUM IRRIGATION

Irrigation projects which has a CCA of more than 2,000 hector comes under this category. Such projects require substantial financial outlay and are, therefore, constructed by the government or any other agency which may draw financial assistance from the government and financial institutions. Also given the fact that there is a huge gap between potential and net irrigated area there is a need to increase investment on major and medium irrigation. This increasing gap has been shown in the following graph.

FIG. 1 A: PLAN WISE IRRIGATION POTENTIAL CREATED AND UTILISED (MHA)

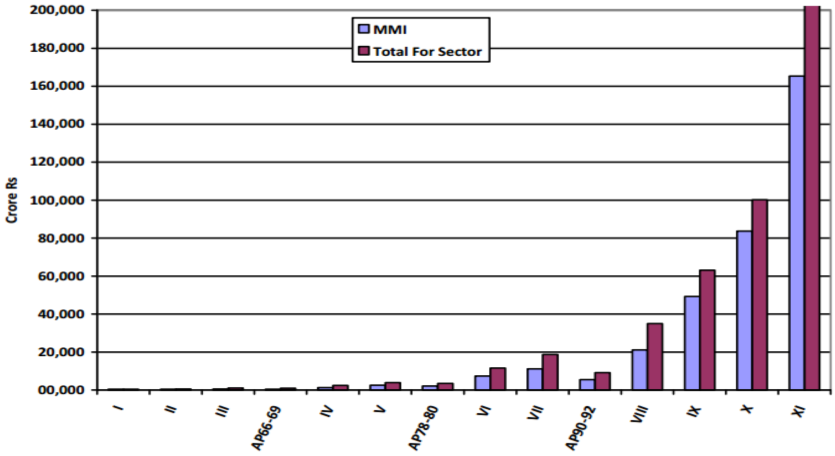


Source: Report of the working group on the water resources, Ministry of Water Resources

PC- potential created, PU- potential utilised

It is a well-known fact that public expenditure on agriculture as well as on major and medium irrigation (MMI) has been declining as a share of GDP particularly since liberalisation. But if we look at the public expenditure in real terms on MMI then it shows a clearly rising trend after liberalisation. Public investment was Rs. 6998.83 crore in 1990-91 which has increased to Rs. 26572.1 crore in 2009-10 (*This has been calculated based on data given in annual plan documents by planning commission*). While if we look at the impact of public investment in terms of net irrigated areas then we find that the net irrigated area remains stagnant or declined after liberalisation. Net irrigated area was 17453 (thousand hectares) in 1990-91 but it declined to 14978 (thousand hectares) in 2009-10 [Source: Directorate of Economics and Statistics, Ministry of Agriculture, government of India]. The diagram below shows the plan-wise expenditure on irrigation sector whole and on major and medium irrigation.

FIG. 1 B: PUBLIC INVESTMENT IN IRRIGATION



Source: Planning Commission

The year-wise break-up of public expenditure and net irrigated area by MMI is given in the following table.

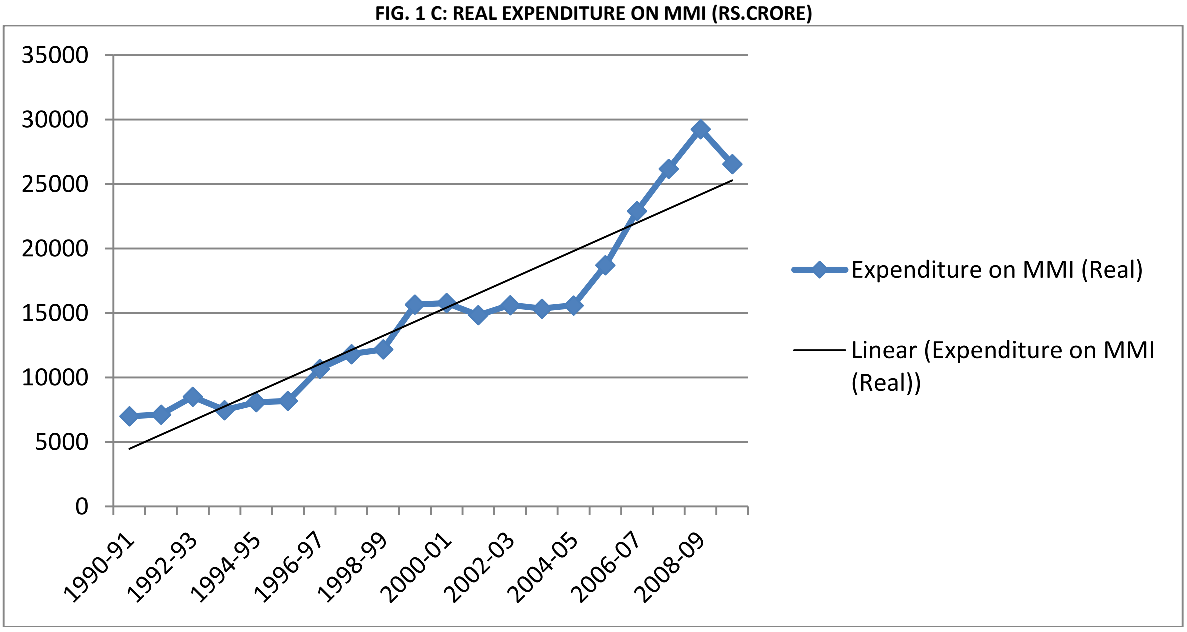
TABLE 1: PUBLIC INVESTMENT AND NET IRRIGATED AREA BY MMI

Year	Net irrigated area by MMI (thousand hectares)	Public expenditure on MMI (in real terms) in Rscrore
1990-1991	17453	6998.84
1991-92	17791	7138.19
1992-93	16986	8513.24
1993-94	17138	7483.47
1994-95	17279	8089.53
1995-96	17120	8192.65
1996-97	17109	10684.56
1997-98	17397	11829.07
1998-99	17311	12187.09
1999-00	17440	15658.21
2000-01	16012	15788.33
2001-02	15202	14838.50
2002-03	14073	15621.80
2003-04	14458	15351.06
2004-05	14766	15603.64
2005-06	16718	18716.82
2006-07	17027	22917.06
2007-08	16748	26190.32
2008-09	16881	29269.00
2009-10	14978	26572.07

Source: Various annual plan documents

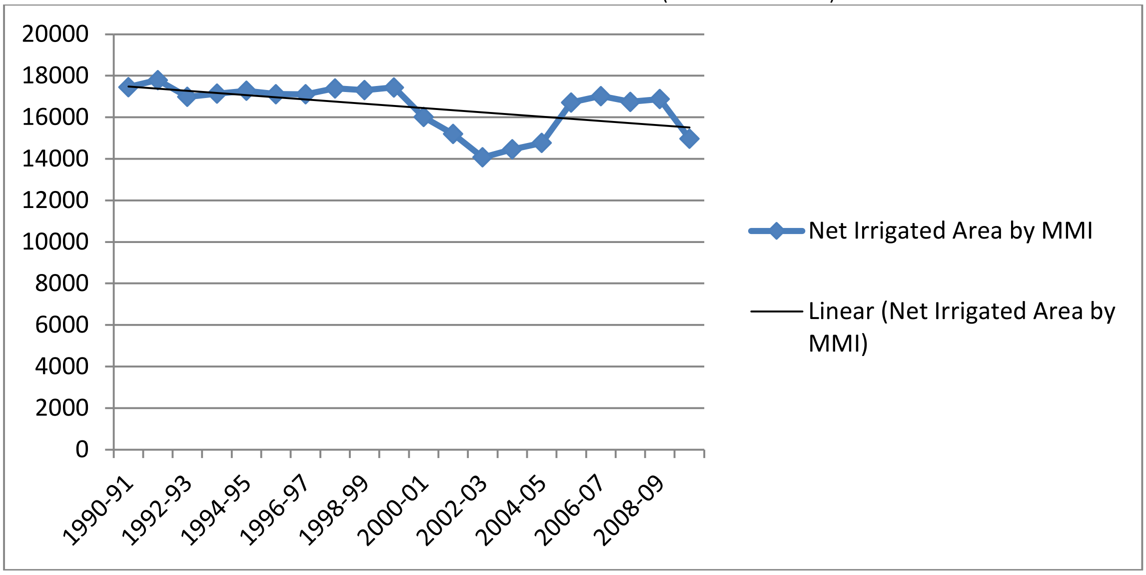
It can be seen from the table that public investment in major and medium irrigation has been increasing since 1991 but its impact in terms of net irrigated area has been very dismal i.e. net irrigated area has been more or less stable although declined to 14,978 thousand hectares in 2009-10 from 17,453 thousand hectare in 1990-91. This divergent trend between investment on major and medium irrigation and its realization in terms of net irrigated area can be seen clearly from the following diagrams.

FIG. 1 C: REAL EXPENDITURE ON MMI (RS.CRORE)



Source: Various annual plan documents.

FIG. 1 D: NET IRRIGATED AREA BY MMI (thousand hectares)



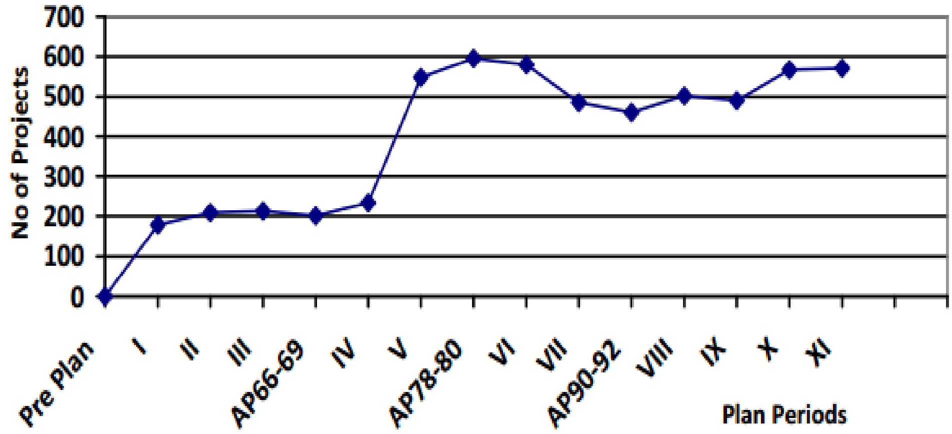
Source: Directorate of Economics and Statistics, Ministry of Agriculture.

1.3. POSSIBLE REASONS FOR DIVERGENCE

In this paper I have tried to give some explanation of the divergence between public investment in MMI and net irrigated area by it.

a) Delays in the ongoing projects- delays in the completion of these projects are one of the reasons why we are not able to achieve the potential irrigated area. If we look at the statistics provided by planning commission which shows that huge number of MMI projects are awaiting completion at the end of each plan period. This also explains the increasing gap between potential created and potential utilized.

FIG. 1 E: NO OF PROJECTS AWAITING COMPLETION



Source: Report of the Working group on MMI and CAD, Planning Commission

The figure shows the number of projects which are awaiting completion at the end of each plan period. As we can see the number of projects awaiting completion increased from around 200 in fourth plan period to more than 500 in the fifth plan period and remained thereafter between 500 and 600. So by implementing new projects we are just creating irrigation potential but we are not able to realize it because are not able to complete these projects even after 40 years and in some cases more than 50 years has been taken to compete the projects. Creation of irrigation potential doesn't mean that the water will reach to the fields of the farmers. Setting up of new dams before the canal network is completed, lack of maintenance of canal systems are some of the reasons why the potential created may not actually be realized as reported by the task force report on irrigation headed by Kirti Parekh.

b) Escalation in the costs of the projects- this explains the upward trend in the public expenditure. Report of the working group on MMI and CAD (command area development) shows that out of 151 major irrigation projects, 24 shows escalation in the cost to as high as 1000% and more and these projects were started before 1980. Rest of the projects costs increase on an average by 200%. All of these projects were taken up in 1980s.

In case of medium projects, out of 132 ongoing projects, for 24 projects costs increases by 500% or more. Escalation in the costs of the rest of the projects varies between 0 to 500%.

Examples of delays and escalation in costs

1) **Kosikhurd irrigation project**- this project was started on Wainganga River in Maharastra. It was started in 1988 and has not yet completed. It was expected to irrigate 2.5 lakh hectares of land and by 2011 the area irrigated by this project was only 34,056 hectares. The original cost of this project was Rs. 372 crores, while Rs 6073 has already been spent by government on this project and there are estimates that the actual cost will reach around Rs 13,739 crores (PTI, April 2013).

2) **Upper Krishna projects**- this was started in 1984 and it was expected to finish by 1994 but it gets completed by 2006 only. The initial estimation of the cost was Rs 120 crore but to complete this project government actually spent Rs 9,479 crores (The Hindu, Aug 2006).

1.3.1 ACCELERATED IRRIGATION BENEFIT PROGRAMME (AIBP)

It was launched in 1995-96 by the government. The main aim of this programme was to give loan assistance to states to help them to finish some of the pending projects which are in their final stage of completion and to create some additional irrigation potential. According to new guidelines the eligibility criteria for the inclusion of major/mediun irrigation projects are as follows:

a) Projects having investment clearance of Planning Commission.

b) Projects which are in advanced stage of construction and can be completed in the next four financial years can be considered for inclusion.

But the number of unapproved projects i.e projects which do not have investment clearance from the planning commission are as high as 300.

TABLE 2: UNAPPROVED MAJOR, MEDIUM AND ERM (EXTENSION, RENOVATION AND MAINTENANCE) PROJECTS

	Number of unapproved (U.A) projects	Latest estimated cost	Expenditure up to X Plan	Ultimate Potential	Potential created up to X Plan
		(Rs. in crore)			(th.ha)
Major projects	90	100017.85	31004.66	5960.58	930.85
Medium projects	136	12947.09	5943.78	809.82	153.16
ERM	74	9095.30	4234.31	1177.07	135.10
Total	**300**	**122060.24**	**41127.75**	**7947.47**	**1219.11**

1.4. CONCLUSION

As we have seen above the main causes of divergence between declining trend of net irrigated by MMI and increasing trend in public investment on MMI is mainly due to delays in the completion of the ongoing projects and escalation in the costs of these projects. Some other possible reasons can be inadequate funds due to thin circulation of funds over many projects, change in the scope of the work, opposition by the people due to displacement which led to protest in some cases causing delays in the construction of the projects and misuse of funds as many cases of corruption has been reported by media in Maharastraand Andhra Pradesh. So we can increase the net irrigated area by completing the ongoing projects in a given timeframe rather to carry out construction of new projects. In this manner the gap between potential and actual irrigated area can also be reduced.

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AN ECONOMIC ANALYSIS OF STREET FOOD VENDORS WITH SPECIAL REFERENCE TO DURGIGUDI STREET, SHIVAMOGGA CITY

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SHIMOGA

ABSTRACT

There is a substantial increase in the number of street vendors in the major Asian cities. In India, the National Policy for Urban Street Vendors/Hawkers notes that street vendors constitute approximately 2 per cent of the population of a metropolis. Street vendors have an important role in the informal economy by making a significant contribution. Due to the inception capacity of the modern organized sector to provide employment for the rapidly expanding labor force a large number of persons try to create or find income opportunities. Our 25% of the workers globally operate in the informal sector. Due to constant influx of people from the rural areas, the informal economic activities mobilize 30% to 80% of the workforce especially in the urban regions of the devolving countries. The shortage of productive employment opportunities in the informal sector and the employment growth which takes place at a far lower rate compared to the growth in the informal sector is largely attributed to divergence between the growth in urban population and employment growth in-formal economy. The increasing urban population with limited to meet the needs of housing, food and clothing of themselves and their families generates a significant which can be supplied by informal sector vendors.

KEYWORDS
food street vendors, economics analysis, informal work, socio-economic condition.

INTRODUCTION

Informal work is a universal phenomenon. It has been on rise since 1970.The factors contributing for such expansion are low investment, high profit, no procedural steps either to start or exit, cross-border and rural urban migration, unemployment and poverty in rural areas resulted in the migration of people to cities in search of a better existence. These migrants do not possess proper education and skills to find secure employment in the formal sector. Some of them are workers who were earlier employed in the formal sector, after losing their jobs due to closures, downsizing or mergers in the companies they were working had to seek low paid work in the informal sector in order to survive.

A street vendor is broadly defined as a person who offers goods for sale to the public without having a permanent built-up structure from which to sell. Street vendors may be stationary in the sense that they occupy space on the pavements or other public/private spaces or, they may be mobile in the sense they move from place to place by carrying their wares on push carts or in baskets on their heads. In this essay, the term 'street vendor' includes stationary as well as mobile vendors and it incorporates all other local/region specific terms used to describe them. In this study, the terms 'street vendor' and 'hawker' have the same meaning and they are often interchanged.

There is a substantial increase in the number of street vendors in the major Asian cities. In India, the National Policy for Urban Street Vendors/Hawkers notes that street vendors constitute approximately 2 per cent of the population of a metropolis. The total number of street vendors in the country is estimated at around 10 million. This number is likely to increase even further. The reports from the Asian countries show that there was a jump in the number of street vendors after the financial crisis of 1998. This crisis had affected the Asian Tigers the most and one does find that that there was a sharp rise in street vendors in Thailand, Singapore and Philippines. Thus we can see that many of the workers who lose their jobs in the formal sector take to street vending as an option that allows them to make a living.

At the same time, it should be noted that street vending survives not merely because it is an important source of employment but also because of the services it provides to the urban population. For the urban poor, street vendors provide goods, including food, at low prices. Hence we find that one section of the urban poor, namely, street vendors, subsidises the existence of the other sections of the urban poor by providing them cheap goods, including food. Middle-income groups too benefit from street vending because of the affordable prices offered. These aspects are unfortunately ignored by the Urban Local Bodies (ULBs) and the police because more often than not, street vending is con-sidered an illegal activity and street vendors are treated as criminals. In fact, the studies and reports quoted in this study show that in almost all the Asian countries, street vendors have no legal status to conduct their business and they are constantly harassed by the authorities. Yet they are popular because they provide the urban population with much needed services that neither the municipalities nor the larger retailing outlets can provide. In the following sections we shall discuss the status of street vendors based on reports and studies conducted in the different countries.

DEFINITION

According to the Draft National Policy for Street Vendor, a street vendor is broadly defined as a person who offers goods for sale to the public without having a permanent build up structure but with a temporary static structure or mobile stall (or head load). Street vendors may be stationary by occupying space on the pavements or other public/private areas, or may be mobile in the sense that they move from place to place carrying their wares on push carts or in cycle or baskets on their heads or may sell their wares in moving trains, bus etc. In this policy document, the term urban vendors is inclusive of both traders and service providers, stationary as well as mobile vendors and incorporates all other local/region specific terms used to describe them, such as, hawker, pheriwalla, rehri-patri walla, footpath dukandars, sidewalk traders etc.

STREET FOOD VENDORS IN INDIA

Studies of food vendors have been conducted by the FAO in some of the cities. These include Pune, Hyderabad, Mumbai, Bangalore, and Kolkata. The Kolkata study, conducted by the National Institute of Public Health and Hygiene, was the most important one conducted to date. It looked into all aspects of street food vending situation of the city, namely, type of vendors and consumers; timing of operation, cost and profits, nutritive value, physical, chemical and detailed micro-biological analysis of all varieties of foods and water.26 One of its significant findings was that street foods in the city were both cheap and nutritious. A bowl of hot Chinese soup cost Rs 5 and provided 1,000 calories, the cheapest form of calories.

Moreover, the study found that cooking in the open (in front of the consumers) ensured that the food was fresh and unadulterated. There are a few other studies that deal with important aspects of street food vending. Mini Bhattacharyya Thakur's27 doctoral dissertation on street food vendors in Guwahati in north-east India highlights their role in providing cheap food to the people and their employment potential. She notes that the food vendors face the problem of capital. They depend mainly on loans from friends, family or moneylenders to run their business. Even those that are licensed rarely approach banks because of the huge paper work involved in getting loans.

STREET FOOD VENDORS IN KARNATAKA

Looking at the history of our country, street vending has been a part of our culture and tradition. Traditionally, during the times of the Vijayanagar Empire, street vending mostly in the form of selling of gold and silver ware. The folk tales told to children also speak of vending on streets in one form or the other. More recently, street vending includes selling of eatables, to vegetables, to even carpets. Street vendors form an important part of the socio-cultural and economic life since time immemorial. Traditionally, these vendors have been a part of our lives, which till date continues. And nowhere in history have they been considered as obstructions to public spaces till colonial rule entered the country.

The study looked at the socio-economic background of the vendors, further highlighting the problems they face in their day to day life. There are many different reasons that have made people leave their homeland and come to the city to try their luck in making a fortune. While most of the street vendors have come to Bengaluru looking for better prospects and standard of living, a few have come because they were left with little choice due to less employment opportunities. This was especially prominent in physically challenged, who were not given jobs in their villages cause of handicap. Others lost their land in villages to big dam projects or to highway development projects. A few took debts with enormous interest rates and lost their land cause of inability to pay their debts. While a few have been able to create some savings, most are barely able to make their ends meet.

In Karnataka Bengaluru is the main commercial city for street vending, because of Industries and tourism places. Main places for Street vending is Industrial areas like Peenya, Yashwanthpur, Yekahanka, Hebbala. Other places are KR Market, Majestic, MG Road, Brigade road, Avenue road, Lalbagh etc. Mysore city will takes second place in Karnataka in street vending business. As pre the recent survey there are nearly 6500 street vendors are in Mysore city. Other main commercial districts for street vending are Davanagere, Hubli-Darvad etc.

STUDY AREA PROFILE (DURGIGUDI, SHIMOGA)

Durgigudi is comes under Mahanagara Pakike (Muncipal council) of Shivamogga and its ward No. is 20. One old Durgamma temple is comes under this area so called Durgigudi. It contains 9 major circles.

Durgigudi is one of the main commercial area in Shivamogga city, according to Akhila Karnatata Street Vendor Association (AKSVA) there are 1300 Street venders this area. There are 7000 voters in this area and it contains Hotels, Hospitals, Theatres, Schools and colleges, banks, Malls and also Commercial complexes named as India Gandi, Devaraj Arus, J H Patel and Subhash Chandra bose.

There are 12000 students studying in this area and main schools / colleges are named below:

- Kamala Neharu Girls Degree College.
- Govt. First Grade Girls Degree College.
- Kasthura Baa Girls PU College.
- Mahathma Gandi English Medium Primary School.
- Durgigudi English Medium School.
- Urdu and Tamil Schools.

There are two major Food courts (46 Street Food Vendors) near Mallikarjuna Theatre and it comes under Durgigudi area

1. Vegetarian Food Court: 28 Street Vendors.
2. Non – Vegetarian Food Court: 18 Street Vendors.

Before establishing these two Food court those vendors are done vending business near Kamala Neharu and Kasthura Baa Girls College. Then under the instruction of Mr. Ponnuraj District Commissioner of Shivamogga in March 2011 these two Food Courts are established and also “Title deed” issued for all Street Food Vendors. They are registered vendors and have license for vending.

STATEMENT OF PROBLEM

The proposed study is focused on an economic analysis of Street Food Vendors with special reference to Durgigudi Street, Shivamogga City. Many researchers have been done or taken on economic status of Hotels and Restaurants in Shivamogga City but study concerning on economic status and problems of Street Food Vendors has not been done. For this reason, I am concentrating on Street Food Vendors particularly of Durgigudi Street.

OBJECTIVES

The major objective of the study is to analyze the socio-economic position of Street Vendors Durgigudi Street, Shivamogga City.

- To make a detailed study on socio-economic condition of Street Food Vendors.
- To study the problems of Street Food Vendors.
- To analyze the infrastructure facilities of Street Food Vendors.
- To know about the standard of living of Street Food Vendors.

HYPOTHESIS

- Significantly Street Food Vendors have been carrying better conditioned life style in their Socio-Economic life.
- Regularly, un-official roll-call and basic required water problems are the main difficulties appears as problems in Street Food Vendors.
- Infrastructure facilities are obstacle for income of Street Food Vendors.

METHODOLOGY OF DATA COLLECTION

Data are facts, figures and other relevant information, past and present servicing as bases for the study and analysis. The data services as the basis for analysis Data is collected from primary and secondary sources for this Study.

SOURCES OF DATA

a) **Primary data:** Survey on the sample basis was conducted to ascertain the information about the economy of street vendors. For this purpose street food vendors were selected as sample and they were interviewed with the help of questionnaires and personal interviews to elicit the valuable information from them.

b) **Secondary data:** Secondary data is the data which was earlier collected, analyzed and published in the form of statistical statements, reports, publications, journals and magazines. Secondary data may be used for current study based on suitability of time period, geographical area, suitable sectors, population size and other situations with some limitations. The major sources of secondary data are books, journals, magazines, news papers, annual reports, publications and also information from websites.

SCOPE OF THE STUDY

The scope of the study is limited to street vendors of food court Durgigudi Street, Shivamogga City. The study is related to analysis of income of street vendors, their standard of living, it also includes making of necessary arrangements for the problems faced by the vendors by reporting it to the higher authority, Akhila Karnataka Street Vendors Associations (AKSVA).

LIMITATIONS OF THE STUDY

- This study is limited to street vendors of food court Durgigudi Street, Shivamogga City.
- Here we cannot contact all types of street vendors because of time constraint.
- This study is limited to economic analysis of Street Food Vendors.
- Lack of support and response by some of the vendors during survey.

NEED FOR THE STUDY

This study focuses on some substantial needs, those are mentioned below:

- ❖ It helps to understand the social, economic conditions of Street Food Vendors.
- ❖ It helps to understand the problems faced by the Street Food Vendors.
- ❖ It helps to understand the standard of living of Street Food Vendors.
- ❖ It helps us to study about their past and present status of Street Food Vendors.

DATA AND INTERPRETATION

Informal sector is divided into two categories based on their previous work history. The first category namely low skilled rural migrants exist in Asia and are more prevalent in the poorer countries such as India, Bangladesh, Nepal, Cambodia and Vietnam. These countries do not have a strong industrial base. The second category namely workers who were earlier in the formal sector, exists in countries such as Philippines, South Korea, Thailand, Malaysia, Indonesia and India. The reason is large scale unemployment in these countries due to closure of several industries.

SHARE OF NON-AGRICULTURAL EMPLOYMENT IN INFORMAL WORKFORCE

Informal workforce can be subdivided into agricultural employment and non agricultural employment. The data pertaining to the share of non-agricultural employment and agricultural employment in informal workforce is presented in Table 1.

TABLE 1: SHARE OF NON-AGRICULTURAL EMPLOYMENT IN INFORMAL WORKFORCE

Region	Agricultural employment	Non-Agricultural employment
Africa	22%	78%
Latin America	43%	57%
Asia	55-15%	45-85%

Source: Kristina flodman becker, Fact finding study, Sida, March 2004, info@sida.se

It is evident from the table 1 that the non agricultural employment share of the informal workforce is 78 percent in Africa, 57 percent in Latin America and 45-85 percent in Asia.

SHARE OF SELF-EMPLOYMENT IN INFORMAL WORKFORCE

The activities in the informal sector can be categorized into two sections, the self-employed and casual (non-permanent) labor /salaried. The data related to the Share of self-employment in informal workforce is presented in table 2.

TABLE 2: SHARE OF SELF-EMPLOYMENT IN INFORMAL WORKFORCE

Region	Self-employment	Salaried
Sub Saharan Africa	70%	30%
North Africa	62%	38%
Latin America	60%	40%
Asia	59%	41%

Source: Kristina flodman becker, Fact finding study, Sida, March 2004, info@sida.se,

The data shows that in all developing countries, self-employment comprises a greater share of informal employment than wage employment. Table 2 reveals that specifically self-employment represents 70 percent of informal employment in Sub Saharan Africa, 62 percent in North Africa, 60 percent in Latin America and 59 percent in Asia. Therefore, appropriate policy framework and strategies aimed at the informal economy must be developed for job creation and economic growth.

GROWTH OF THE INFORMAL SECTOR AND STREET VENDING

A street vendor is broadly defined as a person who offers goods for sale to the public without having a permanent built-up structure from which to sell. Street vendors may be stationary in the sense that they occupy space on the pavements or other public/private spaces or, they may be mobile in the sense they move from place to place by carrying their wares on push carts or in baskets on their heads. In this essay, the term 'street vendor' includes stationary as well as mobile vendors and it incorporates all other local/region specific terms used to describe them. In this study, the terms 'street vendor' and 'hawker' have the same meaning and they are often interchanged. In India, the National Policy for Urban Street Vendors/Hawkers notes that street vendors constitute approximately 2 per cent of the population of a metropolis. The total number of street vendors in the country is estimated at around 10 million. This number is likely to increase even further. Thus we can see that many of the workers who lose their jobs in the formal sector take to street vending as an option that allows them to make a living.

SURVEY ANALYSIS AND INTERPRETATION

1. AGE WISE DISTRIBUTION OF RESPONDENTS

S. No.	Age Group	No. of Respondents	Percentage
1	18 - 30 Years	4	16%
2	31 - 40 Years	4	16%
3	41 - 50 Years	9	36%
4	Above 50 Years	8	32%
	Total	**25**	**100%**

Source: Collected through primary data.

Analysis and Interpretation

Age factor is an important especially in the adoption of innovation and the ability to vending business. The X-Axis represents the street vendors ages in years. The above table and graph shows the 16% (4) of Street vendors are in aged between 18 – 30 Years, 16% (4) are aged between 31 – 40 Years, 41% (9) are aged between 41 – 51 Years and 32% (8) are aged between above 50 Years. So finally we can conclude from this graph is maximum number of street vendors are above 40 years (nearly 70%).

2. GENDER WISE DISTRIBUTION OF RESPONDENTS

S. No.	Gender	No. of Respondents	Percentage
1	Male	23	92%
2	Female	2	8%
	Total	**25**	**100%**

Source: Collected through primary data.

Analysis and Interpretation

The above table and pie chart shows the 92% (23) of street vendors are male and 8% (only 2) of street vendors are female. So we can finally conclude from this chart is males are shows more interest than females.

3. EDUCATION LEVEL OF RESPONDENTS

S. No.	Education Level	No. of Respondents	Percentage
1	Primary	8	32%
2	High School	10	40%
3	PUC	4	16%
4	Graduation	3	12%
	Total	**25**	**100%**
Source: Collected through primary data.			

Analysis and Interpretation

Education is an important especially in the adoption of innovation and the ability to vending business. The X-Axis represents the street vendor's education level. The above table and graph shows the 32% (8) of Street vendors are have Primary level, 40% (10) are having High school level, 16% (4) are having PUC level and 12% (3) are having Graduation level. So finally we can conclude from this graph is maximum number of street vendors are having School level (Primary and High school) education (nearly 70%).

4. ANNUAL INCOME OF RESPONDENTS

S. No.	Annual Income INR	No. of Respondents	Percentage
1	Below 50,000	1	4%
2	50,000 - 1,00,000	2	8%
3	1,00,000 - 2,00,000	13	52%
4	Above 2,00,000	9	36%
	Total	**25**	**100%**
Source: Collected through primary data.			

Analysis and Interpretation

The above table and graph shows the 4% (1) of street vendor earning annual income of below 50,000INR, 8% (2) of street vendors are earning annual income of 50,000 to 1,00,000 INR, 52% (2) of street vendors are earning annual income of 1,00,000 to 2,00,000 INR and 36% (2) of street vendors are earning annual income of above 2,00,000 INR. So we can finally conclude from this chart is 85% of street vendors are earning good annual income level.

5. NUMBER OF FAMILY MEMBERS OF RESPONDENTS

S. No.	No. of Family Members	No. of Respondents	Percentage
1	3	5	20%
2	4	13	52%
3	5	6	24%
4	More than 5	1	4%
	Total	**25**	**100%**
Source: Collected through primary data.			

Analysis and Interpretation

This is the main factor for the Socio-economic condition for the street vendors so it will affect directly to Annual Saving. The above table and graph X- Axis represents the no. of family members of the respondents. In this 20% (5) of street vendors are having 3 members in family, 52% (13) of street vendors are having 4 members in family, 24% (6) of street vendors are having 5 members in family and 4% (1) of street vendors are having more than 5 members in family.

6. FOOD WISE DISTRIBUTION OF RESPONDENTS

S. No.	Type of Food	No. of Respondents	Percentage
1	Vegetarian	13	52%
2	Non - Vegetarian	12	48%
	Total	**25**	**100%**
Source: Collected through primary data.			

Analysis and Interpretation

The above table and pie chart shows the 52% (13) of street vendors are doing Vegetarian and 48% (12) of street vendors doing Non-Vegetarian business.

7. RATION CARD WISE DISTRIBUTION OF RESPONDENTS

S. No.	Ration Card	No. of Respondents	Percentage
1	APL	6	24%
2	BPL	17	68%
3	Do Not Have	2	8%
	Total	**25**	**100%**
Source: Collected through primary data.			

Analysis and Interpretation

The above table and graph shows the 24% (6) of street vendors are holding APL card, 65% (17) of street vendors are holding BPL card and 8% (2) street vendors are did not have ration cards. So finally we can conclude from this graph is almost 90% of street vendors are having ration cart and 65% of street vendors are having BPL card facility.

8. BENEFITS FROM SELF-HELP GROUPS

S. No.	Benefits from Self-Help Group	No. of Respondents	Percentage
1	Yes	18	72%
2	No	7	28%
	Total	**25**	**100%**
Source: Collected through primary data.			

Analysis and Interpretation

The above table and pie chart shows the 72% (18) of street vendors are having memberships in self-help groups and gaining knowledge, suggestions and financial help from them. 28% (7) of street vendors did not having membership in any of the Self-help groups.

9. SOCIO - ECONOMIC CONDITION OF RESPONDENTS

S. No.	Socio - Economic Condition	No. of Respondents	Percentage
1	Excellent	9	36%
2	Good	13	52%
3	Satisfactory	2	8%
4	Poor	1	4%
	Total	**25**	**100%**
Source: Collected through primary data.			

Analysis and Interpretation

Socio-Economic condition is an important especially in the adoption of innovation and the ability to vending business. The X-Axis represents the street vendor's socio-economic condition levels. The above table and graph shows the 36% (9) of Street vendors are have Excellent, 52% (13) are having High good, 8% (2) are having Satisfactory and 4% (1) are having Poor level. So finally we can conclude from this graph is maximum number of street vendors (nearly 90%) are having good Socio-Economic condition.

10. EFFECTIVE PLACE FOR BUSINESS

S. No.	Effective Place For Business	No. of Respondents	Percentage
1	Previous Place	5	20%
2	Present Place	20	80%
	Total	**25**	**100%**
Source: Collected through primary data.			

Analysis and Interpretation

The above table and pie chart shows the 80% (20) of street vendors opinion is present place (Durgigudi Street) is the best place for vending and 20% (5) of street vendors opinion is previous place (near Kasthura Baa and Kamala Neharu College) is the best place for vending.

11. OWN HOUSE HOLDING WISE DISTRIBUTION OF RESPONDENTS

S. No.	Own House Holdings	No. of Respondents	Percentage
1	Yes	14	56%
2	No	11	44%
	Total	**25**	**100%**
Source: Collected through primary data.			

Analysis and Interpretation

This is the main factor for the Socio-economic condition for the street vendors so it will affect directly to Annual Income. The above table and pie chart shows the 56% (14) of street vendors are having own house and 44% (11) of street vendors are having rented house.

12. OTHER PROPERTY WISE DISTRIBUTION OF RESPONDENTS

S. No.	Other Properties	No. of Respondents	Percentage
1	Yes	16	64%
2	No	9	36%
	Total	**25**	**100%**
Source: Collected through primary data.			

Analysis and Interpretation

This is the main factor for the Socio-economic condition for the street vendors so it will affect directly to Annual Income. The above table and graph shows the 64% (16) of street vendors are having other properties and 36% (9) of street vendors are depending on this business only.

13. SERIOUSNESS OF THE PROBLEMS AT VENDING STREET

S. No.	Seriousness of Problem	No. of Respondents	Percentage
1	Extreme	1	4%
2	Much	2	8%
3	Little Better	16	64%
4	No	6	24%
	Total	**25**	**100%**
Source: Collected through primary data.			

Analysis and Interpretation

The above table and graph shows the 4% (1) of street vendors opinion is extreme problems facing at vending street, 8% (2) of street vendors opinion is much problems facing at vending street, 64% (16) of street vendors opinion is little better problems facing at vending street and 24% (6) of street vendors opinion is no problems facing at vending street.

FINDINGS

1. In the study area 56% of Street Food Vendors are having own house, 52% of Street Food Vendors earning annual income of 1Lakh to 2Lakhs and 36% of Street Food Vendors earning annual income of above 2Lakhs. 64% of Street Food Vendors have other properties. From these analyses we can found that the better socio-economic status of the Street Food Vendors.
2. In the study are regularly, un-official roll-call and basic required water problems (only 1 hour in a day) and timings (4 PM to 10 PM) are the main difficulties for the Street Food Vendors.
3. The 80% of the Street Food Vendors have an average opinion about infrastructure facility. So it leads to attract only few customers to the shop.
4. In the study area, the women participation in Food Street Vending is lower than male participation.
5. Age factor is an important especially in the adoption of innovation and the ability to vending business. In the Study area maximum number of street vendors is above 40 years (nearly 70%). This shows only a very low percentage of youngsters are involving in Food Street Vending.
6. The education level is relatively very low, 32% of Street Food Vendors are having primary level of education and 40 % of Street Food Vendors have high school level of education.
7. In the study area 52% of Street Food Vendors have a small family not exceeding 4 members. This shows the awareness of the family planning has grown among the minds of the Street Food Vendors.
8. In the study area almost equal no. of Vegetarian (52%) and Non-Vegetarian (48%) Street Food Vendors are doing their business.

9. 72% of respondents are having membership in Sri Dharmasthala Self-help group, Women's self-help groups and gaining knowledge, Suggestions and loan facilities from them.
10. The 80% of the Street Food Vendors have better opinion for effective business in the study area. This shows the self satisfaction level of the Street Food Vendors.
11. Lack of knowledge about Govt. scheme like National Alliance of Street Vendors of India (NASVI).

SUGGESTIONS

In the light of the foregoing analysis and findings the following suggestions can be made to improve the conditions of the Street Food Vendors.

1. Sustained and continuous efforts are needed to improve the education, health and employment conditions of the Street Food Vendors. The government can create a separate ministry or a special cell under the Ministry of Labor to look after the welfare of the workers in the unorganized sector under which the street vending falls.
2. Street Food Vendors can be trained in food preservation methods. And they can be provided with a common chilling warehousing to preserve their unsold articles.
3. The government can assist them financially for their business activities at free rate of interest. And government can extend the subsidy to the Street Food Vendors.
4. A market place can be allotted specially for street vending where the Street Food Vendors may be charged a very nominal rent.
5. Government can provide a job in government sector to at least only one member from the vendor's family.
6. The state run housing board can allocate low cost houses to Street Food Vendors with proper toilet, water and drainage facilities.
7. Awareness programmes on environment and waste disposal management can be given to the Street Food Vendors.

CONCLUSION

The increasing urban population with limited to meet the needs of housing, food and clothing of themselves and their families generates a significant which can be supplied by informal sector vendors. Food Street vending is a part of the informal economy. It is a growing share of the informal workforce in developed and developing countries. Street vendors include all those selling goods or services in public spaces with a temporary built up structure. In developing countries millions of people depend on street vendors for their daily requirement as the goods are more economical than those available in the formal sector. It is difficult to estimate the exact number of people employed as street vendors, due to their high mobility and the marked seasonal variation in work. Recent study by the official labor force statistics states that there are about 10 million street vendors. The informal economy can no longer be considered as a temporary phenomenon. It is clear that the informal economy has a significant job and income generation potential. Therefore, in order to intervene in the best way to stimulate sustainable economic growth and job creation, the informal economy needs to be better understood both by governments and the other stakeholders.

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INCLUSIVE GROWTH WITH INDIAN SCENARIO

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ABSTRACT
This paper presents an empirical study of inclusive growth for Indian scenario. Inclusive growth is a concept that advances equitable opportunities for economic participants during economic growth with benefits incurred by every section of society. The definition of inclusive growth implies direct links between the macroeconomic and microeconomic determinants of the economy and economic growth. The microeconomic dimension captures the importance of structural transformation for economic diversification and competition, while the macro dimension refers to changes in economic aggregates such as the country's gross national product (GNP) or gross domestic product (GDP), total factor productivity, and aggregate factor inputs[1]. Sustainable economic growth requires inclusive growth. Maintaining this is sometimes difficult because economic growth may give rise to negative externalities, such as a rise in corruption, which is a major problem in developing countries. Nonetheless, an emphasis on inclusiveness—especially on equality of opportunity in terms of access to markets, resources, and an unbiased regulatory environment—is an essential ingredient of successful growth. The inclusive growth approach takes a longer-term perspective, as the focus is on productive employment as a means of increasing the incomes of poor and excluded groups and raising their standards of living.[2] The term "inclusive" is being widely used by policy makers, there is not a clear definition of the word. It would appear that it is a synonym for "equitable" – antonymous for "inequitable" – but with an emphasis on job creation and creating an enabling environment for the private sector.[3]

KEYWORDS
economic growth, GNP, GDP, inclusive growth.

INCLUSIVE GROWTH: DEFINITIONS
For the **OECD**: Inclusive growth is where the gap between the rich and the poor is less pronounced and the "growth dividend"[4] is shared in a fairer way that results in "improvements in living standards and outcomes that matter for people's quality of life (e.g. good health, jobs and skills, clean environment, community support)."[5]

The **World Bank**: defines inclusive growth by its pace and pattern – growth that is sufficient to lift large numbers out of poverty and growth that includes the largest part of the country's labour force in the economy.[6]

The **International Policy Centre for Inclusive Growth** (IPC-IG)[7] places its emphasis on participation – so that in addition to sharing in the benefits of growth, people actively participate in the wealth process and have a say in the orientation of that process.[8]

For the **ADB**[9], tackling discrimination of the most marginalised groups is an intrinsic part of the inclusive growth process, as well as a key outcome. Groups that have suffered discrimination are those that have been left behind in poverty reduction and economic development efforts – helping these groups to participate in and benefit from economic activities is a cornerstone of inclusive growth.

Institutions, governments, donors, and NGOs are increasingly talking about 'inclusive growth'. This focus is in some ways an attempt to address the deficiencies of prioritising solely economic growth, and an attempt to ensure instead that the benefits of growth are more broadly experienced. The inclusive growth debate introduces the idea that while efforts to tackle inequality and poverty and promote growth can be mutually reinforcing, this link is not automatic. These debates are happening alongside parallel discussions on sustainability and the co-benefits and trade-offs of sustainable and inclusive growth.[10]

Based on this review we make the following recommendations to governments and donors who want their approaches to growth to be inclusive and able to tackle poverty, unemployment and inequality:

1. Have clear definitions of what is meant by inclusive growth
2. Focus on broader sustainable human development objectives rather than just increasing incomes and GDP
3. Develop proactive strategies to ensure growth is inclusive
4. Develop clear guidelines, objectives and indicators on how inclusive growth will be achieved and measured
5. Prioritise small businesses in inclusive growth strategies. Given they provide most of the employment opportunities for poor people, they play a key role in making growth more inclusive.

WHY INCLUSIVE GROWTH AND WHY NOW?
Inclusive growth is a buzz-word in policy circles nowadays, among developed and developing countries alike, as well as in international institutions. Its importance is increasingly being recognised and highlighted in work plans and strategies of the International Monetary Fund (IMF), G20, European Commission and the UK's Department for International Development for example.[11] As a concept, it has been included as a proposed goal by the Open Working Group on Sustainable Development Goals as a part of the post-2015 development agenda.[12]

In a report on inclusive growth, the Organisation for Economic Cooperation and Development (OECD) (2012) identifies three problems that even the record levels of growth of the 1990s and decade of 2000s failed to tackle: poverty, unemployment and inequality. These highlighted the need to address the quality of growth, in particular to improve its inclusiveness.

THREE CHALLENGES THAT RECORD LEVELS OF GROWTH HAVE FAILED TO TACKLE[17]
POVERTY
Not all growth is equally effective in reducing poverty.[13] Despite good progress in tackling extreme poverty and good growth rates globally and within many developing countries, persisting poverty remains a pressing issue. In 2011, 1.2 billion people were living on less than $1.25 per day, equivalent to 24% of the world's population.[14]

UNEMPLOYMENT
Economic growth is often tied unequivocally to a correlating improvement in employment levels.[15] Over recent decades however, increases in growth have not resulted in expected comparable increases in numbers of jobs. Felipe and Hasan (2006) estimated that in the 1980s it took 3% GDP growth to generate a 1% increase in employment, but in the 1990s this changed significantly and it then took an 8% cent increase in GDP to get the same result.

INEQUALITIES
As the OECD explains, recent decades of growth have not benefited all groups equally and have been characterised by widening inequality: "Today, the gap between rich and poor is widening almost everywhere. Within OECD countries, it is now the widest in 30 years."[16]

Recent Oxfam (2014) analysis found that the richest 85 people in the world own the same amount of wealth as the bottom half of the world's population (3.5 billion people).

IMPORTANT FACTORS FOR ACHIEVING INCLUSIVE GROWTH

Some recipes for inclusive growth contain many familiar elements from standard growth strategies such as macroeconomic stability and economic openness. This is not surprising when some institutions and government see achieving high growth rates as the major contributing factor and prerequisite for achieving inclusive growth.[17]

However, CAFOD[18] would encourage governments and donors to think outside the box and consider some of the wider factors contributing to inclusive growth. In fact, the inclusive growth debate challenges many of these old orthodoxies and has thrown up some new priorities and characteristic approaches.

KEY INGREDIENTS IN AN INCLUSIVE GROWTH STRATEGY[17]

Some of the key ingredients for inclusive growth that are generally agreed upon include:

- Investment in human capital
- Job creation
- Progressive tax policies
- Social protection
- Non-discrimination, social inclusion and participation
- Strong institutions

Governments or donors wishing to pursue inclusive growth goals need to have explicit strategies around these areas. 'Growth-first' agendas hoping that these outcomes will trickle down to developmental outcomes are not enough. Below we explore some of these key ingredients in more detail.

INVESTMENT IN HUMAN CAPITAL

Investment in human capital is universally recognised as a key pillar of achieving inclusive growth. Investments in health and education have been statistically linked to better economic development outcomes and to how inclusive growth is in practice.[19] As labour is their main asset, a good level of health and education enables poor men and women both to participate in and benefit from economic growth.

JOB CREATION

"Whether they are subsistence farmers, salaried workers or self-employed entrepreneurs, poor people derive most of their income from work. This basic fact means that the level of employment, the quality of jobs and the access which the poor have to decent earnings opportunities will be crucial determinants of poverty reduction."[20]

PROGRESSIVE TAX POLICIES

Tax policy has an obvious role in direct redistribution. However, its importance in inclusive growth extends beyond this. Taxation is essential to generate revenue for investments in human capital, social transfers and infrastructure necessary for pro-poor growth. Taxation can provide incentives and support for particular sectors or types of businesses, as well as barriers. How taxation systems are structured can make economies more or less pro-poor.

SOCIAL PROTECTION

Social protection is also a prominent policy area in the inclusive growth literature. Whilst also being a tool for promoting greater equality and poverty reduction through direct transfers and redistribution, it also has a more dynamic role to play in achieving inclusive growth.

Social protection, if properly designed, can also contribute to higher incomes for the poor entrepreneurs, by helping to overcome what the United Nations Conference on Trade and Development (UNCTAD, 2006) refers to as "all pervasive economic insecurity at the household level associated with generalised poverty [which] adversely affects entrepreneurship as it leads to short-termism and limits risk-taking." Social protection can also prevent households coping with shocks by selling productive assets, reducing consumption or sending their children to work,[21] all of which undermine economic prospects of the household in the longer term.

NON-DISCRIMINATION, SOCIAL INCLUSION AND PARTICIPATION

Although social exclusion is not the same as inequality, it is clear that systematic discrimination against marginalised groups has an impact on economic opportunities and outcomes, as well as prospects for poverty eradication and improving well-being. It is clear that if bolder inclusive growth ambitions benefiting all groups are to be met, then policies need to address the fact that the same groups are persistently left behind in growth and poverty eradication efforts.

Conversely, tackling social inclusion and ensuring participation of marginalised groups can have dynamic and multiple benefits. For example, education of women is not only desirable in its own right, but leads to better education and livelihoods prospects for their children, breaking intergenerational cycles of poverty.[22]

INSTITUTIONS

An inclusive economy requires an inclusive society that has the institutions, structures and processes that empower local communities so they can hold their governments accountable. It also requires the participation of all groups in society in decision-making processes.[23] This would require proactive policies for the participation of marginalised groups, such as those highly dependent on land or natural resources, who may otherwise disproportionately bear the costs of particular development decisions.

Governments also need to be efficient and capable, for example of financing and providing essential services to all. Governments need to be able to overcome corruption which acts as a barrier to employment creation and firm productivity.[24] "Successful cases share a further characteristic: an increasingly capable, credible and committed government."[25] As has already been noted, it is not enough for governments to leave it to markets, governments need to be proactively and publicly committed to developing, implementing and monitoring inclusive growth strategies over the long term.

CONCLUSION AND RECOMMENDATIONS[17]

Inclusive growth is a distinct concept from standard economic growth and is accompanied by a unique set of policy recommendations. It is often, however, included in donor approaches without much clarity about how an inclusive approach differs from the standard approaches.

Based on this analysis our recommendations to donors and governments wishing to pursue inclusive growth are to:

- **Develop clear definitions of what is meant by inclusive growth.** Definitions matter because they clarify and set the objectives that will determine policy and spending choices.
- **Ensure that the objectives for inclusive growth are explicitly defined.** These should focus on broader sustainable human development objectives than increasing incomes or GDP, such as gains in human development, poverty and inequality reduction, increased economic participation and promotion of the sustainable use of natural resources and climate protection.
- **Develop proactive strategies to ensure growth that is inclusive** – this does not happen automatically. Proposed work should have key factors to consider for achieving inclusive growth which are supported by evidence. In addition, economic policy-makers should proactively aim to maximize social and environmental co-benefits.
- **Develop clear guidelines, objectives and indicators on how inclusive growth will be achieved and measured.** This includes clearly articulating the methodology for implementation and theory of change behind a proposed approach.

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16. This would be the UK's current position for example – see http://bit.ly/1fq7Mt9
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18. Ravallion (2004)
19. Hull (2009)
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22. World Bank(2013d), Acemoglu & Robinson (2012)
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24. Commission on Growth and Development (2008)

FINANCIAL INCLUSION: PMJDY

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ABSTRACT

Indian banking sector has created golden path in the development of Indian economy and in generating wealth to the economy. Banks play a vital role in the economic development of a country. They accumulate the idle savings of the people and make them available for investment. They also create new demand for deposits in the process of granting loans and purchasing investment securities. They facilitate trade both inside and outside the country by accepting and discounting of bills of exchange. Banks also increase the mobility of capital. Commercial banks are the most effective way to generate the credit flow of money in markets. There is severe shortage of capital in India. The banks can play an important role in promoting capital formation, in controlling speculation in maintaining a balance between requirements and availabilities and in direct physical resources into desired channels. Commercial banks play an important and active role in the economic development of a country, if the banking system in a country is effective, efficient and disciplined; it brings about a rapid growth in the various sectors of the economy. The rural population in India plays a major role in the entire population. So by educating the rural people about financial planning and habit of savings we can protect the money of uneducated rural people and extends the flow of money into economy. The Pradhan Mantri Jhan Dhan Yojana is a wonderful scheme which is undertaken by the central government. The objective of this paper is to make review of the success of the scheme and challenges in future.

KEYWORDS

commercial banks, economic development, PMJDY.

INTRODUCTION

PMJDY is a National Mission on Financial Inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of all the households in the country. The plan envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension facility. In addition, the beneficiaries would get RuPay Debit card having inbuilt accident insurance covers of ₹ 1 lakh. The plan also envisages channeling all Government benefits (from Centre / State / Local Body) to the beneficiaries' accounts and pushing the Direct Benefits Transfer (DBT) scheme of the Union Government. The technological issues like poor connectivity, on-line transactions will be addressed. Mobile transactions through telecom operators and their established Centers as Cash Out Points are also planned to be used for Financial Inclusion under the Scheme. Also an effort is being made to reach out to the youth of this country to participate in this Mission Mode Programme.

Objective of **"Pradhan Mantri Jan-Dhan Yojana (PMJDY)"** is ensuring access to various financial services like availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections i.e. weaker sections & low income groups. This deep penetration at affordable cost is possible only with effective use of technology.

SCHEME DETAILS

Pradhan Mantri Jan-Dhan Yojana (PMJDY) is National Mission for Financial Inclusion to ensure access to financial services, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner.

Account can be opened in any bank branch or Business Correspondent (Bank Mitr) outlet. PMJDY accounts are being opened with Zero balance. However, if the account-holder wishes to get cheque book, he/she will have to fulfill minimum balance criteria.

DOCUMENTS REQUIRED

1. If Aadhaar Card/Aadhaar Number is available, then no other documents are required. If address has changed, then a self-certification of current address is sufficient.
2. If Aadhaar Card is not available, then any one of the following Officially Valid Documents (OVD) is required: Voter ID Card, Driving License, PAN Card, Passport & NREGA Card. If these documents also contain your address, it can serve both as "Proof of Identity and Address".
3. If a person does not have any of the "officially valid documents" mentioned above, but it is categorized as 'low risk' by the banks, then he/she can open a bank account by submitting any one of the following documents:

a. Identity Card with applicant's photograph issued by Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks and Public Financial Institutions;
b. Letter issued by a gazette officer, with a duly attested photograph of the person.

SPECIAL BENEFITS UNDER PMJDY SCHEME

a. Interest on deposit.
b. Accidental insurance cover of Rs.1.00 lac
c. No minimum balance required.
d. Life insurance cover of Rs. 30,000/-
e. Easy Transfer of money across India

f. Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts.
g. After satisfactory operation of the account for 6 months, an overdraft facility will be permitted
h. Access to Pension, insurance products.
i. Accidental Insurance Cover, RuPay Debit Card must be used at least once in 45 days.
j. Overdraft facility upto Rs.5000/- is available in only one account per household, preferably lady of the household.

TABLE 1: PRADHAN MANTRI JAN - DHAN YOJANA (ACCOUNTS OPENED AS ON 13.04.2016) (IN CRORES)

S.No	Category of Banks	No of Accounts			No Of Rupay Debit Cards	Balance In Accounts	% of zero balance accounts
		Rural	Urban	Total			
1	Public Sector Banks	9.48	7.48	16.96	14.36	28905.01	26.81
2	Regional Rural Banks	3.28	0.54	3.82	2.70	6246.59	22.73
3	Private Banks	0.49	0.31	0.80	0.75	1392.34	26.56
	Total	13.24	8.32	21.56	17.81	36724.03	21.45

Source: http://www.pmjdy.gov.in

The above statistics clearly shows the tremendous response from the public. The national mission was started on 28th Aug. 2014. The mission was planned to conduct in two phases i.e., from 15th Aug. 2014 to 14th Aug. 2015 as phase I and from 15th Aug 2015 to 14th Aug. 2018. In the short span of five plus months the mission reached a high of opening 1254.73 lacs of accounts in the country. The mission PMJDY flow a capital of 36724.03 crores of rupees into the Indian economy. The major challenge of the scheme is accounts with zero balances. As on 21.45% of accounts are with zero balance accounts. But the same is 67.32% (zero balance accounts) as on 31st March 2015.

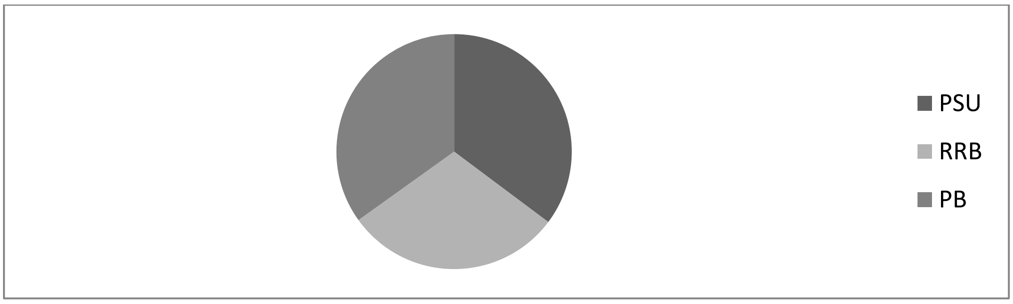
The mission also received the GUINNESS WORLD RECORD of "The most bank accounts opened in 1 week as a part of financial inclusion campaign is 18,096,130 and was achieved by Department of Financial Services, Government of India (India) from 23 to 29th Aug 2014". The following are the details of sector wise performance i.e., Public Sector Banks, Regional Rural Banks and Private Banks.

TABLE 2: COMPARATIVE STATEMENT OF NO. OF ACCOUNTS TO ZERO BALANCE A/C

Sl.No.	Category	% of No. of accounts	% of Zero balance A/c
1	PSU	78.66	26.81
2	RRB	17.71	22.73
3	PB	3.72	26.56

CALCULATED STATISTICS

FIGURE 1: PIE CHART FOR ZERO BALANCE ACCOUNTS



The comparative statement shows the proportion of zero balance accounts from each category of banks. The proportion of zero balance accounts is more in the case of Public Sector Banks with a difference of 4.08 from Regional rural banks. In case of private banks, the proportion of zero balance accounts is less than the proportion of share in the total accounts. The reason is the advantage of location. 21.45% accounts are zero balance accounts. It runs to only 1/5th of total accounts, whereas the same is 2/3rd on 31st March 2015. The amounts of deposits collected by the banks are 36724.03 Crores as on 13.04.2016, which are only 10500 crore on 31st March 2015. The statistics shows that deposits doubled in only one year i.e., from March 2015 to March 2016. If the banks are able to educate and motivate the remaining account holders, industry can attract huge amount of funds into the financial system.

TABLE 3: NO OF ACCOUNTS OPENED UNDER PMJDY AS ON 13.04.2016 (SUMMARY)

Category of Bank	Rural	Urban	No. of Accounts	No. of Rupay debit cards	Balance in A/c's (in Crore)	No. of accounts with zero balance	Aadhar seeding
Public Sector Banks	94752404	74776531	169528935	143589325	28905.10	45447057	81008476
Regional Rural Banks	32759343	5382006	38141349	27035937	6426.59	8669302	11807975
Private Banks	4903147	3061823	7964970	7514184	1392.34	3162963	3020498
Grand Total	132414894	83220360	215635254	178139446	36724.03	57279322	95836949

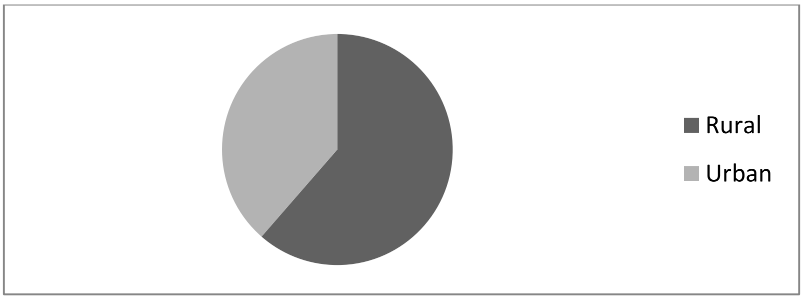
Source: http://www.pmjdy.gov.in/ArchiveFile/2016/4/06.04.2016.pdf

TABLE 4: STATEMENT OF RURAL & URBAN CONTRIBUTION

Sl.No.	Area	Share
1	Rural	61.41%
2	Urban	38.59%

CALCULATED VALUES

FIGURE 2: PIE CHART FOR BANKS CONTRIBUTION



The public sector banks are the major group in the success of mission. They contributed with 78.66% in the total no. of newly opened accounts; The Regional Rural Banks are with 17.71% new accounts and Private Banks with only 3.72% of new accounts. Because of the size and no. of branches, existing customers, extended network, with huge no. of ATMs dominated the progress of the mission by the Public Sector Banks. The State Bank of India leads the program of PMJDY by opening 23361588 new accounts as on 123-04-2016. This mission entered into the roots of Indian economy by opening accounts in the rural with a size of 13.24 crores of accounts and in urban with a size of 8.32 crores of accounts.

The role of banks is not come to an end with the creation of accounts. It will face the following challenges with the new customers. The bank should undertake different educating and regulating activities to ensure safety of the accounts.

CHALLENGES

- The major challenge is to retain the new account holders
- Maintaining the zero balance accounts
- Account operation by un educators
- Proper usage of bank technology by the account holders.
- Proper utilization of financial instruments like cheque, ATM card etc.

CONCLUSION

The progress of the mission is very high and definitely it will achieve its objective. There are many challenges to the banking sector like usage of technology by illiterates, retaining the customer, educating account holder, designing the program for customer education etc., the banks should prepare programs to overcome these challenges and be sure of reaching the objective of the programme. The statistics shows the success of the mission.

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