

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

I
J
R
C
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar,

Open J-Gate, India [link of the same is duly available at Infilbnet of University Grants Commission (U.G.C.)],

The American Economic Association's electronic bibliography, EconLit, U.S.A.,

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 5220 Cities in 187 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	DOES EXECUTIVES COMPENSATION STIMULUS FIRM INNOVATION? THE CASE OF TAIWAN <i>DUNG PHUONG TONG & HOA VAN NGUYEN</i>	1
2.	CORPORATE GOVERNANCE MECHANISMS IN INDIA: A CASE STUDY OF SELECTED FIRMS FROM TEN SECTORS <i>R. C. NAGARAJU & DR. P. PARAMASHIVAIAH</i>	5
3.	HUMAN RESOURCE MANAGEMENT- RECRUITMENT REWARD AND RETENTION <i>SUMAIYA FATHIMA</i>	11
4.	INCREASING INFLUENCE OF PRIVATE LABEL BRANDS IN ORGANIZED RETAIL <i>SANDEEP NANDRAM DIVE & DR. VIJAY AMBADE</i>	14
5.	COURTS' JURISDICTION FOR TAKING COGNIZANCE OF CRIMINAL COMPLAINTS FILED UNDER SECTION 142 OF NEGOTIABLE INSTRUMENTS ACT 1881 - THE NEGOTIABLE INSTRUMENTS (AMENDMENT) ACT 2015 – IT'S CAUSE AND CURE <i>DR. I. FRANCIS GNANASEKAR & S. M. MOHAMED MISKEEN</i>	20
6.	A STUDY ON CONSUMER'S ATTITUDE TOWARDS ADVERTISEMENTS THROUGH SOCIAL MEDIA WITH SPECIAL REFERENCE TO FACEBOOK <i>DR. M. SUMATHY & VIPIN.K.P</i>	24
7.	ILLEGAL ECONOMY Vs. SOCIALIST SOCIETY <i>DR. PRAMILA CHOUDHARY</i>	28
8.	RISK AND RETURN ANALYSIS OF SELECT PSBs <i>K.V.RAMESH & DR. A. SUDHAKAR</i>	33
9.	INFLUENCE OF HUMAN RESOURCE MANAGEMENT PRACTICES ON ORGANISATIONAL CITIZENSHIP BEHAVIOUR <i>SEEMI AZAM & RASHMI KUMAR</i>	45
10.	WOMEN EMPOWERMENT IN INDIA THROUGH CORPORATE SOCIAL RESPONSIBILITY: POLICIES & CHALLENGES: A CASE STUDY OF NTPC LTD. <i>DR. AJAY AGRAWAL, DR. AMITABH PANDE & POORVA PANDE SHARMA</i>	50
11.	CONSUMERS' COGNIZANCE TOWARDS THE INDIAN POSTAL PRODUCTS AND SERVICES: A STUDY REPORT OF NORTH GOA DISTRICT <i>DR. GAJANAN MADIWAL</i>	53
12.	THE YOUNG SAUDI EMPLOYEE AND THE CURRENT LABOR MARKET DYNAMICS OF SAUDI ARABIA: A PARADIGM SHIFT <i>DR. DEEPANJANA VARSHNEY</i>	56
13.	MOBILE BANKING IN THE PRESENT SCENARIO <i>SEBIN GEORGE</i>	61
14.	A STUDY ON INVESTORS' SATISFACTION TOWARDS MUTUAL FUNDS RETURNS WITH SPECIAL REFERENCE TO CHITTOOR DISTRICT <i>DR. U. RAGHAVENDRA PRASAD</i>	64
15.	IMPACT OF GLOBALIZATION ON SELECTION PROCEDURE AND TRAINING PROGRAMMES IN BANKING SECTOR <i>ANAND T. DESHPANDE</i>	68
16.	RISK ATTITUDE: AN INVESTIGATION INTO RELATIONSHIP WITH PERSONALITY TYPE <i>AMIT KAPOOR</i>	73
17.	A STUDY ON CUSTOMER SATISFACTION OF HONDA ACTIVA AMONG WOMEN WITH REFERENCE TO KONNI TALUK, KERALA <i>SWATHY. P</i>	76
18.	THE FAVOURABLE DATA FOR THE IMPLEMENTATION AND DEVELOPMENT OF M-GOVERNANCE <i>BASAVARAJ NAGESH KADAMUDIMATHA</i>	80
19.	ROLE OF MICRO CREDIT PROGRAMME IN THE FINANCIAL AND SOCIAL EMPOWERMENT OF WOMEN ENTREPRENEURS <i>SANTHOSH KUMAR.K</i>	84
20.	IMPACT OF NATURAL DISASTER ON TOURISM IN JAMMU AND KASHMIR: A CASE STUDY OF FLOOD 2014 <i>NASEER AHMAD MAGRAY</i>	88
	REQUEST FOR FEEDBACK & DISCLAIMER	91

CHIEF PATRON

PROF. K. K. AGGARWAL

Chairman, Malaviya National Institute of Technology, Jaipur

(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)

Chancellor, K. R. Mangalam University, Gurgaon

Chancellor, Lingaya's University, Faridabad

Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi

Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

FOUNDER PATRON

LATE SH. RAM BHAJAN AGGARWAL

Former State Minister for Home & Tourism, Government of Haryana

Former Vice-President, Dadri Education Society, Charkhi Dadri

Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

FORMER CO-ORDINATOR

DR. S. GARG

Faculty, Shree Ram Institute of Business & Management, Urjani

ADVISORS

PROF. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

PROF. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

PROF. S. L. MAHANDRU

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR

PROF. R. K. SHARMA

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

CO-EDITOR

DR. BHAVET

Faculty, Shree Ram Institute of Engineering & Technology, Urjani

EDITORIAL ADVISORY BOARD

DR. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

PROF. SANJIV MITTAL

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

PROF. ANIL K. SAINI

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

DR. SAMBHAVNA

Faculty, I.I.T.M., Delhi

DR. MOHENDER KUMAR GUPTA

Associate Professor, P. J. L. N. Government College, Faridabad

DR. SHIVAKUMAR DEENE

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

ASSOCIATE EDITORS

PROF. NAWAB ALI KHAN

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

PROF. ABHAY BANSAL

Head, Department of I.T., Amity School of Engineering & Technology, Amity University, Noida

PROF. V. SELVAM

SSL, VIT University, Vellore

PROF. N. SUNDARAM

VIT University, Vellore

DR. PARDEEP AHLAWAT

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

DR. S. TABASSUM SULTANA

Associate Professor, Department of Business Management, Matrusri Institute of P.G. Studies, Hyderabad

DR. JASVEEN KAUR

Asst. Professor, University Business School, Guru Nanak Dev University, Amritsar

FORMER TECHNICAL ADVISOR

AMITA

Faculty, Government M. S., Mohali

FINANCIAL ADVISORS

DICKIN GOYAL

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to the recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** **anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR

IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF _____.

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript titled ' _____ ' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to inclusion of their names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR :
 Designation/Post* :
 Institution/College/University with full address & Pin Code :
 Residential address with Pin Code :
 Mobile Number (s) with country ISD code :
 Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No) :
 Landline Number (s) with country ISD code :
 E-mail Address :
 Alternate E-mail Address :
 Nationality :

* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation **etc.** **The qualification of author is not acceptable for the purpose.**

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

<http://ijrcm.org.in/>

NOTES:

- a) The whole manuscript has to be in **ONE MS WORD FILE** only, which will start from the covering letter, inside the manuscript. ***pdf. version is liable to be rejected without any consideration.***
 - b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail:**
New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)
 - c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.
 - d) The total size of the file containing the manuscript is expected to be below **1000 KB**.
 - e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.
 - f) **The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.
 - g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.
2. **MANUSCRIPT TITLE:** The title of the paper should be typed in **bold letters, centered and fully capitalised**.
 3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) name, designation, affiliation (s), address, mobile/landline number (s), and email/alternate email address should be given underneath the title.
 4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
 5. **ABSTRACT:** Abstract should be in **fully Italic printing**, ranging between **150 to 300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA. Abbreviations must be mentioned in full.**
 6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.
 7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aea-web.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.
 8. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER. It should be free from any errors i.e. grammatical, spelling or punctuation. It must be thoroughly edited at your end.**
 9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
 10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.
 11. **MAIN TEXT:**

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESIS (ES)****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****LIMITATIONS****SCOPE FOR FURTHER RESEARCH****REFERENCES****APPENDIX/ANNEXURE****The manuscript should preferably be in 2000 to 5000 WORDS, But the limits can vary depending on the nature of the manuscript.**

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR, centered, separately numbered** & self-explained, and the **titles must be above the table/figure. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.**
13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **REFERENCES:** The list of all references should be alphabetically arranged. **The author (s) should mention only the actually utilised references in the preparation of manuscript** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper.** The author (s) are supposed to follow the references as per the following:
- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parenthesis.
 - **Headers, footers, endnotes and footnotes should not be used in the document.** However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

DOES EXECUTIVES COMPENSATION STIMULUS FIRM INNOVATION? THE CASE OF TAIWAN

DUNG PHUONG TONG
RESEARCH SCHOLAR (Ph.D. IN BUSINESS PROGRAM)
COLLEGE OF MANAGEMENT
CHUNG YUAN CHRISTIAN UNIVERSITY
TAIWAN

HOA VAN NGUYEN
DEAN
BUSINESS ADMINISTRATION FACULTY
THANH TAY UNIVERSITY
VIETNAM

ABSTRACT

This paper investigates the relationship between executives compensation and innovation capability of publicly traded firms in Taiwan. Our dataset contains 1,968 non-financial companies from 2005 to 2015. Executive compensation is divided into two components: short-term (total salary and bonus) and long-term (the value restricted stock granted, value of current stock granted). We use R&D expenses to measure innovation capacity and some financial ratios are also included as control variables. Using quantile regression, we find that high salary and bonus play a significant and negative role in stimulating R&D spending. However, the relationship between long-term incentive and R&D expenses is non-linear. For low and medium innovating firms, R&D expenditure is increasing with long-term incentive whereas it is decreasing with long-term incentive in high innovating firms.

JEL CODES

G32, G30, O3.

KEYWORDS

innovation, executive compensation.

1. INTRODUCTION

Innovation plays a key role not only for firm survival but also for economic growth. Innovation is understood as the explorations and developments the products or processes to help firms gain and remain competitive advantages then ultimately increase profits. However, as a high-risk investment, innovation is not prospective based on managerial perspective (Manso, 2007). The asymmetric information of innovation may lead agency problem occurs more seriously. The risk aversions, a problem of agency theory, discourage managers to invest in long-term periods and high rates of failures like innovation. Moreover, managers tend to pursue their self-interests and prefer short-run return projects to secure their own wealth, which is attached tightly to firm value (Hunton and Rose, 2008). Therefore, shareholders need to offer manager strong incentives to assure the long-term commitments as well as the protections from failure (Holmstrom, 1989 and Manso, 2007). Consequently, manager compensation contracts are designed to solve the conflict problems by creating appropriate incentives for managers (Bebchuk and Fried, 2003). Numerous empirical literatures have demonstrated the association between compensation and innovation. Balkin et al.(2000) report that CEO compensation is aligned with R&D in high innovative firms rather than low innovative firms. Makri et al. (2006) document that CEO total pay has strong impacts on innovation performance for high-technology firms.

This study takes the initial step by addressing the gap of an emerging market as Taiwan. We investigate whether there is an association between incentive compensation for executives and R&D expenses in Taiwanese public listed companies. Regarding to Aboody and Lev (2000), CEOs should have better understanding of optimal R&D spending, they may make an adequate reduction in R&D expense or relocate funds for their other preferable investments; hence CEOs's incentives should have influence on innovation capabilities. Since R&D expenses is seen as investments in innovation, we follow Aghion, Reenen and Zingales (2009) to treat R&D as the measurement for innovation input. We split compensation into two components: long-term (the value restricted stock granted, value of current stock granted) and short-term (salary and bonus). We test the different compensation structure for managers and R&D using a large sample of Taiwanese firms during 2005 and 2015. Using quantile regression, our findings support that compensation of CEOs is significantly correlated with innovation but the relationship is distinct between two compensation components. The results suggest that short-term incentive reduces the expenses in R&D. However, the relationship between long-term incentive and innovation is non-linear; long-term incentive fosters innovation for low and medium innovating firms but destroys innovation for high innovating firms.

Though there are numerous of the studies work on it, the results are controversial. Most principally, Dechow and Sloan (1991) and Holthausen, Larcker and Sloan (1995) find the evidence that for firms offer their CEOs a higher proportion of long-term incentive in total compensation, those firms are seem to be more innovative. Recently, most of the researches agree that long-term incentive such as stock options promote innovation since they provide CEOs long-term commitments (Barros and Lazzaarini, 2012; Bereskin and Hsu, 2014). In contrast to these findings, based on crowding out theory, Lotfi and Rost (2014) suggest that both short and long-term incentives have negative impacts on radical innovation activities within US firms. Therefore, firstly, our study contributes to the extant controversial literature by providing empirical evidence on an emerging country. Secondly, instead of focusing only on CEO's payments (Francis et al, 2011), we also concern both the compensations of CEOs and top managers. Though CEOs is the decision-maker, we concern top executives as Chief Financial Executives (CFOs), Chief Operating Officer (COOs) since they are also the influential people within firms and their reactions should lead to any consequences for innovation strategy. Thirdly, we use the quantile regression to present the explanations for the inconsistent findings provide by conventional OLS. Finally, our study provides the suggestions for investors and corporate governances to increase their values.

The paper is structured as follows. The next section is the review of previous literature. Section 3 presents the data as well as describes the methodology and variables. We report the results in section 4 and conclude in section 5.

2. LITERATURE REVIEW

The idea of CEO compensation might have influence on the funding of R&D is based on the theory of agency problem (Jensen and Murphy, 1990). CEOs are believed as the main decision makers in guiding firms to an optimal level of innovation to fulfill their ultimate task and maximize shareholder wealth (Francis, 2011). However, the nature of innovation is high-risky while CEOs are averse to risk. It indicates that managers should offer incentives as well as rewards to motivate CEOs pursuit innovation investments. An early research of Jensen and Meckling (1976) point out that the particular compensation contracts might lessen the conflicts of interest and encourage managers to pursue the shareholder benefits. Specifically, Holmstrom (1989) suggests, not only compensation but also the design of compensation is essential to innovation.

Salary is the fixed payment to CEOs regarded to their individual performance so it is the least expected compensation and it does not motivate CEOs' efforts. Meanwhile, bonus is the payoff based on accounting measures to reward CEOs' short-term performance. Though it enhances the tie between CEOs and shareholder interest, it is just based on short-term results. Hence, CEOs only focus on short-term performance rather than long-term value creation as innovation investments (Werner, 2015). The CEOs risk-aversion is more serious when the cutting bonus for poor performance is higher than the rising bonus for good performance (Murphy and Jensen, 2011). Therefore, salary and bonus, which is short-term payoff, is likely to discourage CEOs in pursuing risky and long-term results like innovation.

In contrast to short-term payoff, long-term payoff is advantageous in align the interests between CEOs and shareholders (Hall and Liebman, 1998). By offering CEOs stock options, CEOs wealth ties more solid with shareholders wealth, which encourages CEOs to stay with their firms then prevents them to taking short-run investments (Kole, 1997). The empirical early relevant to our study of Francis and Smith (1995) suggest that stock options might create incentives for innovation for diffusely-held firms. Similarly, Eng and Shackell (2001) find the weak evidence that when the divisional CEOs get high proportion of long-term compensation, their divisions obtain high ratio of patents awards to sales. Lerner and Wulf (2007) analyze the sample of 300 US firms and indicate that stock options as compensation for R&D executives is positively related to innovation quality, measured by patent citations. Francis et al. (2001) find that the relationship holds for the use of total portfolio of long-term incentives in the form of options as CEOs compensation. Recently, Chang et al. (2015) point out that if all employees receive more stock options, firms are more innovative.

Other study (Lotfi and Rost, 2014) examines the effect of long-term incentives on incremental and radical innovation. They show that short and long-term incentives discourage CEOs to allocate fund to radical innovation but only short-term payoff encourages executives to engage in incremental innovation activities like rising R&D expenditure.

3. DATA AND METHODOLOGY

3.1 DATA

Our data is constructed from Taiwan Economic Journal database (TEJ) from 2005 to 2015. TEJ provides the financial data of Taiwanese firms as well as manager's compensation data. Starting with 1,168 non-financial firms, after deleting an un-creditable data, we obtain 9,248 year-firm observations of an effective sample.

3.2. METHODOLOGY

Our quantile regression is specified as follow:

$$\log RD_{it} = \beta_0 + \beta_1 LONG_PAY_{it} + \beta_2 SHORT_PAY_{it} + \beta_3 \log TA_{it} + \beta_4 LEVERAGE_{it} + \beta_5 TANGIBILITY_{it} + \beta_6 \log WC_{it} + \beta_7 \log SALES_{it} + \beta_8 CASH_R_{it} + \varepsilon_{it}$$

The measurement of innovation is R&D expenditures as in prior literature. These studies suggest that R&D is required to pursue innovation. In a competitive market, allocating funds into R&D is a crucial instrument for enhancing innovation (Kor, 2006). Accordingly, we measure innovation by the natural logarithm of R&D expenditures (logRD).

Short-term incentive (SHORT_PAY) is captured by natural logarithm of cash compensation such as salary and bonus (Hayes et al, 2012), then divide it by the natural logarithm of total compensation. Long-term incentive (LONG_PAY) is measured as the natural logarithm of sum of the value restricted stock granted, value of current stock granted and long-term incentives (Black and Scholes, 1973), then divide it by the natural logarithm of total compensation.

We also control for the effect of firm characteristics on innovation. In the early study of Schumpeter (1942), he hypothesizes that firm size has a strong impact on innovation capabilities of firms. Based on these hypotheses, Kamien and Schwartz (1975) find the consistent results on the size effect and innovation. Hence, to separate the effect of compensation components, we include the logarithm of total assets (logTA). In addition, firm with more tangible assets is more likely to be innovative (Atanasov et al., 2014) so we argue that tangible assets (TANGIBILITY), captured by the ratio of fixed assets to total assets, also have impact on R&D. The other control variable is firm performance, proxied by natural logarithm of sales (logSALES), since high-performance firms may perform high effort in innovation activities (Geroski et al., 1993). As demonstrated in the study of Fang et al. (2011) that low leveraged firms are likely more innovative, we hypothesize that leverage is correlated with R&D expenditures. We also include the indicators that reflect the available liquid resources as the natural logarithm of working capital (logWC), measured by the ratio of current assets and current liabilities. Lastly, I use the cash to total assets ratio (CASH_R) with regarding the different in funding R&D.

4. RESULTS

4.1 SAMPLE DESCRIPTION

The average and median summary statistics of the whole sample are reported in Table 1. The average log of R&D expenditure is 11.457, account for 0.6% of the total assets (RD_TA). This average is far below compared to developed countries such as 10.2-16% of US firms (Ho et al. 2006; Cui and Mak, 2002) and 2.0% of Japanese firms (Yu et al., 2008). The average of LONG_PAY and SHORT_PAY are 9.8% and 78.1% scaled by total compensation, respectively. It reveals that the main compensation of Taiwanese executives is salary and bonus while in US, most of executives compensation is from long-term payoff (Lotfi and Rost, 2014). The mean of log size is 15.08 indicating the huge capitalization. Tangible assets on average are 47.3% meaning that those firms are well-equipped. Those firms have the leverage of 40.7% averagely, lower than an extremely high of 59.6% of Japanese firms (Yu and Chen, 2008), implying that the sample firms are still in healthy financial leverage. Cash ratio, on average, is 6.8%, a little lower than US firms.

4.2 QUANTILE REGRESSION ESTIMATION

Quantile regression is introduced by Koenker and Bassett (1978). It is an extension of ordinary least squared, which implies the different coefficients in different quantiles. Quantile regression aims at estimating either the conditional median or other quantiles of the response variable. Compared to the ordinary least squares regression, quantile regression estimates are more robust to non-normal errors and outliers. Hence, the bias should be more smaller if using this median based estimator.

Let ε_i is the model prediction error of the conditional median function $Q_q = (y|x)$. Quantile parameter estimates the coefficients that minimize $\sum_i |e_i|$ as the following equation:

$$\sum_{e_i > 0} q|e_i| + \sum_{e_i \leq 0} (1 - q)|e_i|$$

That means it minimizes a sum that gives asymmetric penalties $(1 - q)|e_i|$ for over-prediction and $q|e_i|$ for under-prediction. As this methodology investigate the differences among vary quantiles, in this paper, we estimate the coefficients in 50%, 75% and 95% quantiles.

4.3 RESULTS OF QUANTILE REGRESSION

Our quantile estimates are based on 20 replications bootstrapping at a vary quantiles of 50%, 75% and 95%. Table 2 reveals the results of conventional OLS and quantile regression. Column 1 and 2 estimate the effect of explanatory variables on RD with and without control variables, respectively. In both two columns, LONG_PAY has strong effect on the R&D expenditure while SHORT_PAY is insignificant related to R&D expenditure and the sign is also contrasted to the expectation. However, the results in quantile regression in column (3)-(5) report that LONG_PAY has quantile effect on the spending on R&D. We find that for firm with high quantiles (q=50 and q=75), LONG_PAY is increasing with R&D expenses (positive coefficients of 3.338 and 2.688 at q=50 and q=75). However, for extremely high quantile (q=95), LONG_PAY is decreasing with R&D expenses as well as destroys innovation (negative coefficient of -3.648). Similarly, LEVERAGE also shows the opposite sign across q=75 and q=95. At q=75, LEVERAGE positively impacts R&D expense at the coefficient of 4.277 while LEVERAGE negatively impacts R&D

expenses at the coefficient of -2.351. These results might be explained by optimal capital structure, when firms are in heavy debt, means their risks increase; then they are not likely to fund high-risk activities like R&D.

SHORT_PAY negatively reflected R&D expenditures in all quantiles. The coefficients of SHORT_PAY do show significant relationship with lnRD while it is insignificant using conventional OLS q=50, q=75 and q=95.

LogTA and logSALES both have negative and significant effects on the amount of R&D at three quantiles, indicating that large and high-performance firms tend to spend less in innovation activities. Tangible assets and liquidity play vital role in innovation as TANGIBILITY and CASH_R affect R&D expenditures positively. The log of working capital (lnWC) also foster R&D expenses.

5. CONCLUSIONS

Using quantile regression, we find the evidences that the innovation capacity of Taiwanese firms is related to their executives' compensation compositions. Using R&D expenditure to magnitude innovation, we find that short-term incentives of top executives, which include salary and bonus, is negatively correlated with innovation. I also find a positive impact of long-term incentives on innovation for the low quantile firms but the negative relationship for the high quantile ones. We conclude that salary and bonus are likely to lower innovation capacity since they do not provide the commitments for executives to pursuit high-risk and long-term results investments like innovation. Meanwhile, long-term incentive might handle this problem by tightening the wealth of both shareholders and executives, encourage executives put more efforts to maximize firm value. However, long-term incentive is just helpful in low and medium innovative firms but for high innovative firms, long-term incentives may harm innovation. Within a high innovative firm, innovation is cover by multiple activities such as technical invention, new market entering, organizational and resources improvements, top executives need to engage with other managers then their contributions are less observable and quantifiable. While top executives are motivated to pursue innovation when they are intrinsically motivated by their work (Gilson and Madjar, 2011), engaging with many people discourages them to invest in innovation.

TABLE 1: SUMMARIZE STATISTICS

Variable	Obs	Mean	Median	Std.Dev	Min	Max
logRD	9,248	11.457	1.62	9.181	1	25.36
RD_TA	9,248	0.008	0.006	0.002	0	0.075
LONG_PAY	9,412	0.098	0.021	0.162	0	0.866
SHORT_PAY	10,117	0.781	0.906	0.234	0.134	0.9
TOTAL COMP	11,215	8.631	6.36	5.390	1.098	28.972
logTA	12,389	15.08	14.893	1.793	5.976	20.382
INTANGIBILITY	12,389	0.473	0.495	0.227	0	0.986
LEVERAGE	12,370	0.407	0.406	0.192	0	0.59
logWC	12,389	9.755	9.463	1.737	8	12.091
logSALES	12,389	14.415	14.289	2.054	3.496	20.016
CASH_R	12,389	0.068	0.046	0.074	0	0.974

TABLE 2: RESULTS OF OLS AND QUANTILE REGRESSIONS

Coefficient	(1) OLS	(2) OLS	(3) q50	(4) q75	(5) p95
LONG_PAY	13.308**	13.728**	3.338***	2.688**	-3.648***
SHORT_PAY	2.525	3.591	-0.869***	-3.553**	-1.01***
logTA		-2.639***	-1.968***	-2.759***	-3.754**
INTANGIBILITY		9.154**	0.7113*	1.605*	2.602**
LEVERAGE		1.474	0.784	4.277***	-2.351
logWC		2.593	2.374*	2.337	2.75*
logSALES		-2.951***	-1.784***	-1.929***	-4.34***
CASH_R		-3.045	6.241***	8.17***	8.44**
Constant	2.722	2.936*	4.346**	3.299*	11.61**
Obs					
Pseudo R-squared	0.007	0.007	0.002	0.004	

Standard error is parentheses, *** p<0.01, ** p<0.05, * p<0.1

REFERENCES

1. Aboody, D. and Lev, B. (2000), Information Asymmetry, R&D and Insider Gains, *The Journal of Finance*, 55, 2747-2766.
2. Aghion, P., Reenen, J. and Zingales, L. (2013), Innovation and Institutional Ownership, *American Economic Review*, 103, 277-304.
3. Atanassov, J., Nanda, V.K. and Seru, A. (2014), Finance and Innovation: The Case of Publicly Traded Firms, *Social Science Research Network*.
4. Balkin, D.B., Markman, G.D. and Gomez-Mejia, L.R. (2000), Is CEO Pay in High-tech Technology Firms Related to Innovation? *The Academy of Management Journal*, 43(6), 1118-1129.
5. Barros, H.M. and Lazzarini, S.G. (2012), Do Organizational Incentives Spur Innovation?, *BAR- Brazilian Administration Review*, 9(3), 308-328.
6. Bebchuk, L.A. and Fried, J.M. (2003), Executive Compensation as an Agency Problem, *Journal of Economics Perspective*, 17, 71-92.
7. Bereskin, F.L. and Hsu, P. (2014), Bringing in Changes: The Effect of New CEOs on Innovation, *Social Science Research Network*.
8. Black, F. and Scholes, M. (1973), The Pricing of Options and Corporate Liabilities, *The Journal of Political Economy*, 637-654.
9. Chang, X., Fu, K., Low, A. and Zhang, W. (2015), Non-executive Employee Stock Options and Corporate Innovation, *Journal of Financial Economics*, 115(1), 168-188.
10. Dechow, P.M. and Sloan, R.G. (1991), Executive Incentives and the Horizon Problem: An Empirical Investigation, *Journal of Accounting and Economics*, 14, 51-89.
11. Francis, B., Hasan, I. and Sharma, Z. (2011), Incentives and Innovation: Evidence from CEO Compensation Contracts, *SSRN Working Paper Series*.
12. Francis, J. and Smith, A. (1995), Agency Costs and Innovation: Some Empirical Evidence, *The Journal of Accounting and Economics*, 19, 383-409.
13. Geroski, P., Machin, S. and Reenen, J.V. (1993), The Profitability of Innovating Firms, *The RAND Journal of Economics*, 24(2), 198-211.
14. Gilson, L.L. and Madjar, N. (2011), Radical and Incremental Creativity: Antecedents and Processes, *Psychology of Aesthetics and the Arts*, 5(1), 21-28.
15. Hall, B.J. and Liebman, J.B. (1998), Are CEOs Really Paid Like Bureaucrats?, *Quarterly Journal of Economics*, 113, 653-691.
16. Holmstrom, B. (1989), Agency Costs and Innovation, *Journal of Economic Behavior and Organization*, 12(3), 305-327.
17. Holthausen, R.W., Larcker, D.F. and Sloan, R.G. (1995), Business Unit Innovation and the Structure of Executive Compensation, *Journal of Accounting and Economics*, 19(2), 279-313.
18. Hunton, J.E. and Rose, J.M. (2008), Can Directors' Self-interests Influence Accounting Choices? *Accounting, Organizations and Society*, 33(7), 783-800.
19. Jensen, M.C. and Meckling, W.H. (1976), Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure, *Journal of Financial Economics*, 3(4), 305-360.

20. Jensen, M.C. and Murphy, K. (1990), Performance Pay and Top Management Incentives, *Journal of Political Economy*, 98(2), 225-264.
21. Kamien, M. and Schwartz, N. (1975), Market Structure and Innovation: A Survey, *Journal of Economic Literature*, 13(1), 1-37.
22. Koenker, R. and Bassett, G. (1978), Regression Quantiles, *Econometrica*, 46, 33-50.
23. Kole, S. (1997), The Complexity of Compensation contracts, *The Journal of Financial Economics*, 43, 79-104.
24. Kor, Y. (2006), Direct and Interaction Effects of Top Management Team and Board Composition on R&D Investment Strategy, *Strategy Management Journal*, 27(11), 1081-1099.
25. Lerner, J. and Wulf, J. (2007), Innovation and Incentives: Evidence from Corporate R&D, *Review of Economics and Statistics*, 89, 634-644.
26. Lotfi, Z. and Rost, K. (2014), Pay-for-Performance for Top Managers and Innovation Activities in Firm, DRUID Society Conference, CBS, Copenhagen.
27. Makri, M., Lane, P.J. and Gomez-Mejia, L.R. (2006), CEO Incentives, Innovation and Performance in Technology-Intensive firms: A Reconciliation of Outcome and Behavior-Based Incentive Schemes, *Strategic Management Journal*, 27, 595-612.
28. Manso, G. (2007), Motivating Innovation, Working Paper, MIT Sloan School of Management.
29. Murphy, K. and Jensen, M. (2011), CEO Bonus Plans: and How to Fix Them, SSRN Working Paper Series.
30. Werner, T. (2015), The Influence of Executive Compensation on Innovation, Working Paper, Universidade Catolica Portuguesa.
31. Yu, H.C., Chen, C.S. and Hsieh, D.T. (2008), Keiretsu Style Main Bank Relationships, R&D Investment, Leverage and Firm Value: Quantile Regression Approach, *Handbook of Quantitative Finance and Risk Management*, (53), 829-841.

CORPORATE GOVERNANCE MECHANISMS IN INDIA: A CASE STUDY OF SELECTED FIRMS FROM TEN SECTORS

R. C. NAGARAJU
ASST. PROFESSOR OF COMMERCE
UNIVERSITY COLLEGE OF ARTS
TUMKUR UNIVERSITY
TUMKUR

DR. P. PARAMASHIVAIAH
PROFESSOR & CHAIRMAN
DEPARTMENT OF PG STUDIES & RESEARCH IN COMMERCE
TUMKUR UNIVERSITY
TUMKUR

ABSTRACT

In this research paper, an attempt is made to find out the existing position of corporate governance practices in India and keeping in mind this, an analysis of previous annual reports of (2013-14 and 2015-16) of 30 companies from ten diverse industry sectors is made. Governance practices are presently followed by the companies in India by complying with the binding and non-binding guidelines issued by SEBI in clause 49 of listing agreement regarding corporate governance, are pointed out by the outcome of the study. Yet, a lot of scope is there for up gradation for ideal state of governance in India for excellence. Besides, firms across different sectors have uniformity with respect to corporate governance practices followed.

KEYWORDS

Indian corporate governance, disclosure practices, listing agreement, mandatory and non-mandatory requirements, SEBI.

INTRODUCTION

Corporate governance is a multidisciplinary field of study it covers a wide range of disciplines – accounting, consulting, economics, ethics, finance, law, and management [1]. The main function of corporate governance is to make agreements that describe the privileges and tasks of shareholders and the organization. In case of disagreements because of conflict of interest, it is the responsibility of corporate governance to bring everyone together. It also has the function of setting standards against which corporations work can be managed and administered. One of the question that come to mind while thinking about corporate governance is - why do different countries follow or do not follow same corporate governance practices. The answer lies in the history of corporate governance, earlier the corporate governance theory was divided in two ways Anglo-American and Continental European. Anglo-American was characterized as short-term equity finance, dispersed ownership, strong shareholder rights, active markets for capital control, and flexible labor markets, where as Continental European was characterized as long-term debt financing, concentrated block holder ownership, weak shareholder rights, inactive markets for capital control and rigid labor markets. None of the countries around the world can follow either pure Anglo-American policies or pure Continental European system. It depends on various factors like globalization, world presence;

INDIA AND CORPORATE GOVERNANCE

Corporate governance has played a very important role in the present economic condition of India. India successfully started its move towards open and welcoming economy in 1991. From then onwards it has seen an amazing upward Corporate Governance —If India wants to attract more countries for foreign direct investments, Indian companies have to be more focused on transparency and „Shareholders value maximization“. Even though corporate governance practices can be backdated to as early as 1961 around the world, India was lagging behind. It was not until 1991 when liberalization took place and corporate governance established an international context. The most important initiative of 1992 was the reform of Securities and Exchange Board of India (SEBI). The main objective of SEBI was to supervise and standardize stock trading, but it gradually formed many corporate governance rules and regulations. The next major change was formation of Confederation of Indian Industry (CII) in 1996, which developed the set of laws for Indian companies as to initiate the act towards corporate governance. Then two committees Kumar Mangalam Birla and Narayan Murthy under Securities and Exchange Board of India started laying the groundwork for formalizing the best practices on corporate governance. Based on suggestions from these committees, Clause 49 was introduced as part of the listing contract for the companies listed on the Indian stock exchange. However, due to scandals like Enron, Satyam, WorldCom etc. forced the clause 49 to be reformed to incorporate and overcome the problems that caused these companies to collapse and shatter the economies of the respective countries. Clause 49 of the listing agreement of Indian stock exchange took effect from 2000 to 2003. It contained all the regulations and requirement of minimum number of independent directors, board members, different necessary committees, code of conduct, audit committee rules and limits, etc. Firms that were not following these principles were removed from the listing and were given financial penalties [7]. We can compare the Sarbanes-Oxley Act of 2002 and Clause 49. Clause 49 was based on the principles of Sarbanes-Oxley Act of 2002. It was developed for the companies listed on the US stock exchanges. As far as the responsibilities of management and number of directors were concerned, they are both the same. They also have same rules regarding insider trading, refusal of loans to directors and so on. The important difference between the two is under Sarbanes-Oxley legislation if fraud or annihilation of reports takes place up to 20 years of imprisonment can be charged, but in case of Clause 49, there is no such condition. Being the controller of the market SEBI can commence a criminal proceeding. If in case SEBI decides to give a severe punishment then it can commence a criminal proceeding or raise the fine for not agreeing with Clause 49, which automatically delists the company. Corporate governance affects corporations as well as countries in different ways such as firm's access to outside financing increases, which leads to more investment, better growth opportunities and that causes the job market to flourish. Capital cost is decreased and so the firms are valued at higher cost. Firms can be attracted by this, which directs it to growth and again to reduced unemployment. Wealth is generated by better distribution of resources and good management practices, which is because of better operational performance. Better corporate governance can be associated to reduce financial crises. As these crises, have devastating effects of any countries economy. If corporate governance practices are followed properly this creates better rapport with the stakeholders. We can further see what significant role does corporate governance plays in the investment process. As corporate governance provides property protection and safe modes of ownership registration, it automatically affects the firm's capital mobilization. For any firm to receive funds from the market effectively it has to be consistent and transparent in disclosing its details. Finally, to effectively handle the capital received, any company should have proper resource allocation, authority distribution, and well-planned incentive schemes as some of the necessary steps. Fraudulent behavior of companies has caused countries to go through financial crisis. Corporate governance hence became a critical issue for all the countries around the world. From Satyam Computer Limited of India to Enron of the U.S., pattern is more or less same. Failure of companies of these massive sizes created havoc in the industry and had caused the economic meltdown. The immediate action that the Indian authority took in response to the scandals reveal how government in emerging economies also feel the need to promote good corporate governance practices. Furthermore,

understanding corporate governance standards and issues is also important to executives of foreign multinationals planning to do business with India [6]. In this section, the study showed how in India corporate governance has become an inseparable entity; next, we will discuss some specific issues regarding corporate governance: ethics, internal governance, and selection of auditors and audit committee. In recent years, corporate governance has attained significance all over the world. Two important factors have led to rapid developments in the field, namely the integration and globalization of financial markets and a surge of corporate scandals such as Enron, World Com and others. Lately, Brazil, Russia, India and China (BRIC) countries have emerged as an influential economic power in the global economy. It is estimated that the combined GDP of the BRIC countries is likely to be higher than that of developed countries. Studies have projected that amongst the BRIC economies, India has the potential to grow the fastest over the next 30-50 years. The phenomenal growth has changed the nature and character of the world economy including the foreign investment flows. Foreign investments in India come directly and through secondary markets. There has also been a significant increase in cross border acquisitions and a number of firms list their shares in multiple exchanges. Foreign institutional investors have made substantial investments in the capital market.

Investors from developed countries are demanding that Indian Companies follow international best practices with an emphasis on corporate governance. A McKinsey survey conducted in 2002, found that investors were willing to pay a premium of up to 25% for a well governed company (Barton, Coombes, & Wong, 2004). The scandals related to the Indian markets (Goswami, 2002), the global financial crisis of 2008 and the more recent corporate fraud at Satyam has raised a lot of concerns about governance practices in India. Consequently, there has been an increasing effort around corporate governance structures and mechanisms by both regulators and corporations.

LITERATURE REVIEW

As far as corporate governance is referenced; many studies are existing recitation to the compliance status of companies with view to specific corporate governance guidelines. The corporate governance codes and their iterative development are similar in developing and developed countries, however, the degree of compliance is found different between the countries

Mishra S. and Mohanty P. (2014) in their study examined the corporate governance issues in India in order to establish the relationship between corporate governance and financial performance using a sample of 141 companies belonging to the A group stocks listed in the Bombay Stock Exchange of India covering 18 industries. They developed a composite measure of corporate governance comprising of three indicators-legal, board and proactive indicators. The results of the multiple regression performed step-wise using ROA as a proxy for firm performance revealed that the board indicators (CEO-duality, board size, board composition, number of board meetings, Frequency of attendance in the board meetings) and proactive indicators influence the firm performance significantly. The results concluded that composite corporate governance measure is a good predictor of firm performance.

Patel and Sondhi (2014) [8] consider the major changes anticipated by the Companies Bill, 2012 as comparing to the 1956 Act and observed during their study that the not all Indian listed companies comply with the provisions stated under the Company Bill, 2012 and many of them are yet to comply with these changed provisions.

Vithalani (2014) [12] studied corporate governance practices of seven Maharatna Companies in India and summarized that all the seven companies complied with the corporate governance disclosure practices with regards to guidelines given by SEBI under Clause 49 to a massive extent.

Sahu T. K. and Manna A. (2013) empirically investigated the effect of corporate board composition and board meetings on performance of 52 Indian manufacturing companies listed in Bombay Stock Exchange over a period of 5 years (2006-2011). They represented Board composition by board size, number of executive directors, board independence, and Chairman's identity. Corporate performance is measured through Net sales, Net Profit, Return on Capital Employed, Earning per share, Tobin's Q, Economic value added and Market value added. Multiple regression Ordinary Least Square model results indicated that board size and board meetings have a positive impact on corporate performance whereas the independence of the board and presence of non-executive chairman in the board has negative impact whereas the proportion of executive directors in the board was found insignificant.

Bijalwan J. G. and Madan Pankaj (2013) analyzed the relationship between board composition and firm performance for 121 firms listed on BSE for the year 2010-2011. Financial performance of the firm is measured with the financial ratios viz. Return on Capital employed, Return on the equity, Profit after tax and Return on assets. The study found that there exists a significant positive relationship between board composition and firm performance. Also board size and firm performance are significantly related but the strength of relationship is not strong. Larger boards are less effective than smaller boards except in case of PSUs in India. Also the standard board sizes vary according to the nature of the industry.

The efficacy of outside directors on the corporate boards of 157 non-financial Indian companies listed on BSE in the year 2008 was examined by Kumar N. and Singh J.P. (2012). Using Tobin's Q as a performance measure, it was found that outside directors have a negative effect on the firm value mainly due to non-executive non-independent directors, where as independent directors have a positive but insignificant effect. It was concluded that the companies with a greater proportion of independent directors have more market value. Thus independent directors require a greater representation on board in lieu of other non-executive outside directors.

Kota, H.B., and Tomar, S. (2010) examined the effect of corporate governance practices on the performance of 106 mid-sized firms in India between 2005 and 2007. When Tobin's Q was used as a measure of financial performance, it was found that the ratio of non-executive directors to total directors have no significant relationship with the performance. However, it was found that CEO duality structure contributes positively and significantly to the firm performance. A significant inverse relationship between board size and firm performance was also reported.

Arsoy and Crowther 2008) [1]. There exist inter-company differences in adherence to corporate governance norms, as different parameters are given importance by companies as per the level of Market capitalization and working laws pertaining to the industry.

Garg A. K. (2007) studied the data of 164 companies from the BSE 200 companies for six financial years from 1997-98 to 2002-03 to examine the relationship between board independence, board size and firm performance. He used Tobin's Q, Ratio of operating income to assets, ratio of assets to sales and Market-adjusted stock price returns as measures of firm financial performance. According to the findings of his study smaller boards are more efficient than the larger ones; the board size limit of six was suggested as ideal, as the study founded an inverse association between board size and firm performance. Also board independence was inversely related with firm performance and the study suggested that the proportion of independent directors should be between 50 and 60 percent. Board size and performance as also board independence were found to be inversely related which means that a bad performance leads to an increase in both size as well as board independence.

Ghosh Saibal (2006) examined the nexus between corporate performance and boards of 127 non-financial listed manufacturing firms for the year 2003 by using two accounting measures i.e. ROA and PERF (arithmetic mean of ROA, ROS, ROE) and market based method i.e. Tobin's Q. The results suggested that board size exerts a negative influence on corporate performance irrespective of accounting and market based measures. This means that larger boards tend to have a dampening influence on firm performance. Also there exists a positive association between the number of non-executive directors and firm performance. The study also found evidence to suggest that CEO compensation has a positive influence on corporate performance, judged in terms of accounting measures.

OBJECTIVE OF THE STUDY

This study is an effort to explore and examine the current corporate governance mechanisms in India.

DATA AND METHODOLOGY

With the purpose of the study, latest available annual reports (of 2013-14 or 2014-2015) of 30 companies from ten sectors, namely, automobiles, banks, FMCG, IT, oil & gas, pharmaceuticals, power, steel, telecommunication services and transport and logistics, are examined. Mandatory and non-mandatory needs precise under clause 49 of listing agreement are considered as standards to marks companies for revealing their corporate governance practices. For the purpose of analysis and interpretation, weight-age method is applied for assigning a suitable standard score to all the standards of checklist according to their magnitude, out

of which sampled firms get scores for their adoption to those parameters. Companies are scored out of 100 for their corporate governance practices and disclosures.

RESULTS AND DISCUSSION

The results for all the checklist parameters of corporate governance are discussed separately below:

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The first parameter for the assessment of corporate governance score is the declaration of the company's philosophy on code of governance with a weight -age of 1 on a scale of 100. All the 100 companies made satisfactory disclosure of the declaration of their philosophy on code of governance. So, all companies get a score of 1.

II. COMPOSITION OF THE BOARD AND BOD MEETINGS HELD

Composition of the board and BOD meetings held is the second parameter with a weight age of 5 points as score 1 for each point given in Table 1.

TABLE 1: COMPLIANCE/NON-COMPLIANCE OF FIRMS TO BOARD COMPOSITION AND MEETING REQUIREMENTS

Particulars	Number of Firms		
	Compliance	Non-compliance	Total
Not less than 50% of the Board of directors comprising of non-executive directors	28	02	30
In case of non-executive Chairman, at least one-third of Board comprise of independent directors and in case of an executive Chairman, at least half of Board comprise of independent directors	15	15	30
At least one woman director	17	13	30
At least four BOD meetings a year	27	01	30
Attendance record of BOD meetings	30	00	30

The table shows the number of companies which have complied and not complied with board composition and BOD meetings related requirements given under clause 49 of the listing agreement. The results disclose that 28 firms out of 30 sampled firms have a Board with atleast 50% of non-executive directors, so get the likely score of 1 & left over 2 firms scored 0 for non-compliance of this requirement. However, 15 of the 30 scored 1 by complying with the requirement of the lowest strength of independent directors and remaining 15 firms did not get any point. Further, 17 firms get 1 point as having atleast one woman director on their board, whereas other 13 get 0 for noncompliance of this requirement. Moreover, 27 firms score 1 as they held atleast four BOD meetings during the year under consideration and only one firm did not comply with this requirement. As well as, all the 30 firms disclose the attendance record of directors at BOD meetings and get 1 point for that.

III. CHAIRMAN & CEO DUALITY

Another important parameter is Chairman and CEO duality with a maximum score allotted is 5. Firms with non-executive autonomous directors are taken as ideal chairmanship and scored 5 for this parameter. Firms consisting non-promoter non-executive Chairman of their Board are scored 4 and firms with promoter non-executive chairman are scored with 3 marks. Then, firms with non-promoter executive Chairman and promoter executive Chairman has scored 2 and 1 respectively. Distribution of firms on the basis of this criterion is discussed below with the help of Figure 1.

FIG. 1: DISTRIBUTION OF FIRMS ON THE BASIS OF BOARD CHAIRMANSHIP

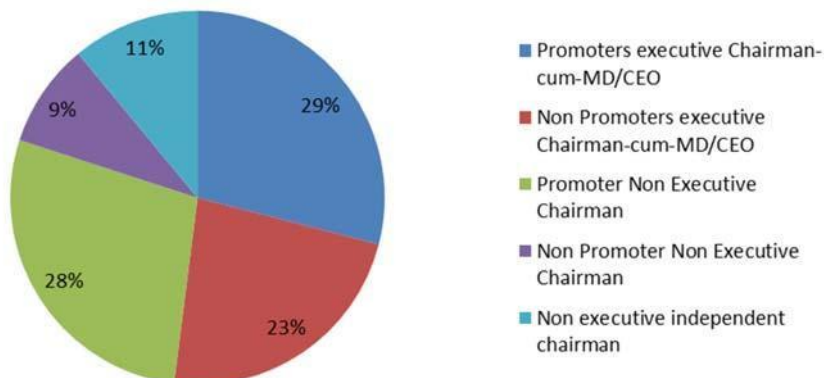


Figure 1, exhibiting different chairmanship wise distribution of sampled firms, reveals that the firms having a promoter executive Chairman of Board and having a promoter non-executive chairman are almost equally distributed as their percentages are 29 and 28 respectively. Out of the total, 23 percent firms have non-promoter executive Chairman and 11 percent firms have a non-executive independent Chairman of Board of members. On the other hand, merely 9 percent firms have non-promoter non-executive Chairman in their firms.

IV. DISCLOSURE OF TENURE OF DIRECTORS

The fourth checklist parameter of corporate governance, disclosing director's tenure, has weightage of 1. Results reveal that 29 firms out of 30 sampled firms get a score of 1, making adequate disclosure regarding the tenure of directors. Remaining 1 firms did not get any point for this parameter.

V. DISCLOSURES REGARDING DEFINITION, SEPARATE MEETINGS AND SELECTION CRITERIA FOR INDEPENDENT DIRECTORS

The fifth parameter is concerning disclosures regarding definition, separate meeting of independent directors and selection criteria for directors including independent directors, having a weightage of 3 points, one point for each.

TABLE 2: DISTRIBUTION OF FIRMS FOR DISCLOSURE/NON-DISCLOSURE OF ITEMS UNDER 5th PARAMETER

Particulars	Number of Companies		
	Disclose	Not-Disclose	Total
Definition of independent director	11	19	30
Separate meetings of the independent directors	06	24	30
Selection criteria for directors including independent Directors	03	27	30

In reference to Table 2 shows that 11 firms out of 30 sampled firms scored 1 as they disclosed the classification of independent directors in their annual reports and remaining 19 firms don't resort to this practice. In addition, 06 of 30 firms gets a score of 1 by disclosing the information regarding separate meetings of independent directors, while a majority of firms (24) did not get any point on this parameter. Further, only 03 firms get 1 point for making disclosure regarding selection criteria of independent directors whereas remaining 27 firms got 0 for non-disclosure for this parameter.

VI. BOARD MEETING FOLLOW-UP SYSTEM AND COMPLIANCE WITH THE BOARD PROCEDURE

Disclosure practice of about post Board meeting follow-up system and compliance with the Board procedure is the sixth important parameter having weight-age of 2 on a scale of 100. Out of all 30 sampled firms, 11 get a score of 2 by making appropriate disclosure regarding past Board meeting follow-up system and compliance with the Board procedure while remaining 19 firms did not get any point as they do not disclose the same.

VII. APPOINTMENT OF LEAD INDEPENDENT DIRECTOR

Seventh parameter with a weight-age of 2 points is in relation to the selection of lead independent director. Outcome revealed that only 03 firms out of 30 have formally selected a lead independent director and get a score of 2 in the case. Whereas, other 27 firms scored 0 for not entertaining the post of lead independent director in the company.

VIII. DIRECTORSHIPS AND COMMITTEES' MEMBERSHIP/CHAIRMANSHIP OF DIRECTORS ACROSS ALL COMPANIES

The eighth parameter of Corporate Governance is about revealing of directorships and committees' membership/Chairmanship of directors across all companies in which he/she is a director, having a weightage of 2 points. For this parameter all the 30 companies scored 2 points by making adequate disclosure.

IX. CODE OF CONDUCT

The ninth parameter to evaluate the companies CG score is about the code of conduct having weightage of 2 points and for that all the 30 companies scored 2 points as for making sufficient disclosure regarding code of conduct.

X. DISCLOSURE ABOUT BOARD COMMITTEES

The tenth parameter taken for the evaluation of CG score is disclosures regarding various board committees with the weightage of 23 points inclusive of 8 points for audit committee, 6 points for remuneration committee, and 3 points for the shareholders' grievance Redressal committee, 2 points for nomination committee where as 4 points for additional committees. Tables 3-4 illustrate the number of companies having disclosures and non-disclosure of the information regarding detailed points, scheduled in CG checklist.

A. AUDIT COMMITTEE: 7 points relating to audit committee are included in CG checklist to score companies on the upper limit of 8 on the range of 100. All the 7 points scheduled in Table 3 have an equivalent weight-age of 1 except the point 'information about the participation of head of finance, statutory auditor and chief internal auditor in the committee meeting' which have the weightage of 2.

TABLE 3: DISTRIBUTION OF FIRMS FOR DISCLOSURE/NON-DISCLOSURE ABOUT AUDIT COMMITTEE

Particulars	Number of Companies		
	Disclose	Not- Disclose	Total
Composition of audit committee	30	00	30
Compliance of minimum requirement of the number of independent directors on the committee	28	02	30
Compliance of minimum requirement of the number of meetings of the committee	29	01	30
Information about literacy and expertise of committee members	12	18	30
Information about participation of chief of finance, statutory auditor and chief internal auditor in the committee meeting	17	13	30
Audit committee charter/terms of reference	28	02	30
Publication of audit committee report	01	29	30

Table 3 illustrates the number of companies who have stated or have not stated the abovementioned seven points. The results denote that all the 30 firms produce lucidity in the composition of the audit committee and scored 1. An approximately equal number of companies (28 firms) scored full points for compliance of minimum requirement of the number of independent directors in the committee and disclosure of audit committee charter/terms of reference. Moreover, 29 firms get score 1 for complying with the minimum requirement of the number of meetings of the committee and 12 firms scored 1 for the disclosure of facts about education qualification and industrial expertise of committee members. In accumulation, 17 firms scored 2 for disclosing the fact regarding the participation of head of finance, statutory auditor and chief internal auditor in the committee meeting. Further, only 01 firm scored 1 point for publishing of the audit committee report in the annual report.

B. REMUNERATION COMMITTEE: 6 points associated to remuneration committee are incorporated in CG checklist to score companies on the ideal score of 6 on the scale of 100. All the 6 points as given in Table 4 have the same weight-age of 1.

TABLE 4: DISTRIBUTION OF FIRMS FOR DISCLOSURE/NON-DISCLOSURE ABOUT REMUNERATION COMMITTEE

Particulars	Number of Companies		
	Disclose	Not Disclose	Total
Formation of the committee	28	02	30
Information about number of committee meetings	25	05	30
Compliance with minimum requirements of the number of non-executive directors on the committee	26	04	30
Compliance of the provision of independent director as Chairman of the committee	26	04	30
Information about participation of all members in the committee meetings	21	07	30
Disclosure of sitting fees in Board & committee meeting	28	02	30

The table demonstrates the number of firms who have or have not disclosed the above mentioned information regarding remuneration committee. The result discloses that 28 firms have disclosed information regarding formation of the remuneration committee and get a score of 1. Out of which 25 firms get 1 additional point for disclosing the information about number of committee meetings held during the year. Further, 21 firms get a score of 1 for the disclosure of information about participation of all members in the committee meetings. Moreover, equal number of firms, i.e. 26, scored 1 point for observance of minimum requirements of the number of non-executive directors on the committee and 1 point for observance of the provision of independent director as Chairman of the committee. In addition, 28 firms get score 1 for disclosure of sitting fees in Board & committee meeting.

C. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE: There are three parameters associated with shareholders'/ investors grievance committee incorporated in CG checklist and shown in Table 5, to score firms on the total score of 3 on the range of 100, 1 point for every parameter.

TABLE 5: DISTRIBUTION OF FIRMS FOR DISCLOSURE/NON-DISCLOSURE ABOUT INVESTORS' GRIEVANCE COMMITTEE

Particulars	Number of Companies		
	Disclose	Not Disclose	Total
Transparency in composition of the committee	30	00	30
Information about the nature of complaints and queries received and disposed	29	01	30
Information about number of committee meetings	26	04	30

Table 5 depicts that all the 30 firms maintain transparency in the composition of shareholders'/ investors grievance committee and get a score of 1 each. Out of 30, 29 firms get 1 point for disclosing information about the nature of complaints and queries received and disposed. Moreover, 26 of 30 firms scored 1 for disclosing information about number of committee meetings.

D. NOMINATION COMMITTEE: Disclosures associated with nomination committee consist of 2 points weight-age that is equally divided into 2 points, formation of committee and publishing of committee charter/term of references.

TABLE 6: DISTRIBUTION OF FIRMS FOR DISCLOSURE/NON-DISCLOSURE ABOUT NOMINATION COMMITTEE

Particulars	Number of Companies		
	Disclose	Not Disclose	Total
Formation of committee	16	14	30
Publishing of committee charter/references	13	17	30

Table 6 states that the 1st point, i.e. formation of the committee, 16 firms scored of 1 as they disclosed the information very well regarding formation of the nomination committee and for the 2nd point, i.e. publishing of committee charter/term of references, 13 firms scored 1.

E. ADDITIONAL COMMITTEES: Additional committees of the Board have a weightage of 4 in corporate governance checklist for calculating CG score of companies. Each of 4 points, listed in Table 7 has weightage of 1 point each.

TABLE 7: DISTRIBUTION OF FIRMS FOR DISCLOSURE/NON-DISCLOSURE ABOUT OTHER ADDITIONAL COMMITTEES

Particulars	Number of Companies		
	Disclose	Not- Disclose	Total
Health, Safety and Environment Committee	03	27	30
CSR and Sustainable Development Committee	15	15	30
Investment Committee	06	24	30
Other Committee	17	13	30

The table exhibits that in all the sampled firms 03 firms include health, safety and environment committee (get score 1), 15 firms have CSR and sustainable development committee (get score 1), 08 firms have an investment committee (get score 1) and 17 firms have other committees of the Board (get score 1).

XI. DISCLOSURE AND TRANSPARENCY: Eleventh parameter for calculating company CG score is about disclosure practices and transparency having a weightage of 25 on a scale of 100. This factor consists of disclosure of 11 points in company's annual report as shown in Table 8. All these points have the same weight-age of 2 points excluding shareholders' information as it consists of a weight-age of 5 points.

TABLE 8: DISTRIBUTION OF FIRMS FOR DISCLOSURE AND NON-DISCLOSURE OF ITEMS UNDER ELEVENTH PARAMETER

Particulars	Number of Companies		
	Disclose	Not Disclose	Total
Significant related party transactions having potential conflicts with the interest of the company	30	00	30
Non-compliance related to capital market matters during last three years	30	00	30
Accounting treatment	30	00	30
Director's remuneration amount & policy	30	00	30
Risk Management	29	01	30
Management discussion and analysis	30	00	30
Shareholders' information	30	00	30
Shareholder rights	05	25	30
Audit qualification	22	08	30
Training of Board members	12	18	30
Evaluation of non-executive directors	11	19	30

The table depicts that almost all sampled firms by making proper disclosures regarding significant related party transactions, non-compliance related to capital market matters, accounting treatment, director's remuneration, risk management, management discussion & analysis and shareholders' information scored full for these points. The scores also reveal that just 05 firms of 30, in reference to shareholder rights scored 2 by specifying that they send the financial results to each shareholder electronically, however, remaining 25 firms get 1 point for giving a partial reference of shareholder rights. In addition, 22 firms are assigned a score of 2 by moving towards a regime of unqualified financial statements. Furthermore, 08 firms get 2 points for allocating training to their Board members and 11 firms scored 2 points for having a mechanism of evaluation of non-executive directors.

XII. GENERAL BODY MEETINGS: The twelfth parameter under consideration of this study is information about general body meetings carrying a weightage of 3 points on a scale of 100. All the points for this parameter as listed in Table 9 carry equal weightage of 1 point

TABLE 9: DISTRIBUTION OF FIRMS FOR DISCLOSURE OF INFORMATION REGARDING GENERAL BODY MEETINGS

Particulars	Number of Companies	
	Disclose	Not- Disclose
Location and time of general meetings held in last three years	30	30
Details of special resolution passed in the last three AGMs/EGMs	30	30
Details of resolution passed last year through postal ballot, including the name of conducting official and voting procedure	29	01

The table presents that all the 30 companies get the ideal score for disclosure regarding location & time of general meetings held in last three years and details of special resolution passed in the last three AGMs/EGMs. But out of all, 01 firms did not give any detail regarding resolution passed last year through postal ballot, so assigned 0 score for this point and remaining 29 firms get full score for the same.

Means of Communication and General Shareholder Information: For this parameter each and every company made a satisfactory disclosure of this information assigned with the ideal score of 2.

Whistle-blower policy: The results depict that 26 firms out of 30 sampled firms get a score of 2 by adopting a policy of the whistle blower, whereas, remaining 4 firms did not get any point for this parameter.

CEO/CFO Certification: For the fifteenth parameter all the 30 companies have the CEO/CFO certification for corporate governance and get the ideal score of 2 points on a scale of 100.

Compliance of Corporate Governance and Auditors' Certificate: This parameter consists of a weight-age of 5 points on the range of 100 and the results denoted that all the 30 companies have a clean certification from the auditor and scored full of 5.

Code for prevention of insider trading practices: Disclosure of code for prevention of insider trading practices with critical importance carries the weight age of 5 on the scale of 100 as seventeenth parameter. The results denote that 21 firms out of all sampled companies made a proper disclosure for having a code for prevention of insider trading practices. Subsequently, these 21 firms were given a score of 5 and remaining firms scored 0.

XVIII. DISCLOSURE OF STAKEHOLDERS' INTERESTS: The last parameter is about disclosure of the stake holder's interest with a weight age of 10 points on the scale of 10. Carrying 2 points apiece, environment/health/safety measures (EHS), human resource development (HRD) initiatives, corporate social responsibility (CSR), industrial relations (IR) and disclosure of policies on EHS, HRD, CSR and IR. It is observed that 28 firms disclose EHS (get 2 points), 29 firms make disclosure regarding HRD initiatives (get 2 points), and 26 firms make disclosures regarding CSR and IR (get 2 points for each). Moreover, none of the firms make disclosure of policies on all these issues, however, 07 firms make disclosure of policies on either of these issues. Therefore, these 8 firms are assigned 1 point for giving partial reference of this point. On the basis of above mentioned eighteen parameters CG score for each company is calculated separately.

EVALUATION OF CORPORATE GOVERNANCE STATUS

The quality and state of governance that the sampled companies have achieved is identified by observing their CG score on the corporate governance score card. Table 10 shows the allotment of sampled firms based on the scores obtained by them under different categories of the score range with their respective grade assigned.

TABLE 10: DISTRIBUTION OF FIRMS ON THE BASIS OF THEIR ACHIEVED GRADE ON CG SCORE CARD

Score Range	Grade	No. of Companies
100-85	A-Excellent	08
84-75	B- Very Good	13
74-65	C-Good	09
64-50	D-Average	03
Below 50	E-Poor	00

Table clearly shows that maximum number of firms (13), lies in the group of 84- 75 score range with B grade, which means 13 firms have a very good governance structure. 09 firms with C grade have good enough governance in their organisation. Besides, only 08 firms follow excellent governance mechanism with grade A. Furthermore, remaining 3 firms lies in the score range of 64-50 and thus attaining an average grade of governance with D. However, sample firms are having a grade range from A to D i.e. from excellent to average, with maximum 91 points and minimum 56 points obtaining an average score of 76 points. It concludes from the above preponderance of firms pursue very good/good governance and disclosure practices in India, but still there is a span for perfection towards excellence

INDUSTRY/SECTOR- WISE ANALYSIS OF CORPORATE GOVERNANCE PRACTICES IN INDIA

This section displays sector-wise differences of corporate governance practices in India with the help of Table 11.

TABLE 11: SECTOR-WISE STATISTICAL ANALYSIS

Industry/Sectors	No. of Companies	Min. CG Score	Max. CG Score	Mean CG Score	No. of Companies		
					Std. Dev.	CG Score > Mean	CG Score < Mean
Automobiles	03	62	90	75.70	9.19	05	05
Banks	03	56	83	76.30	8.04	06	04
FMCG	03	68	90	80.70	7.90	05	05
IT	03	70	91	81.00	6.60	04	04
Oil & Gas	03	65	88	78.00	7.15	05	03
Pharmaceuticals	03	56	91	72.90	9.64	05	05
Power	03	72	85	79.40	5.27	06	04
Steel	03	64	90	73.30	9.09	04	06
Telecommunications	03	65	88	75.60	8.00	05	05
Transport & Logistics	03	57	86	71.40	8.45	06	04

Table 11 shows IT sector with the highest mean (81) CG score shows better governance over other sectors, followed by FMCG sector with almost same mean score of 80.70. While, power sector has a mean score of 79.40 followed by oil & gas (78), banks (76.30), telecommunication sector (75.60), steel sector (73.30), pharmaceuticals (72.90) and transport & logistics (71.40) On the other hand, it is experienced that the mean score of all the sectors comes from the categories good or very good on evaluation score card. In order to test the significant differences in corporate governance practices across various sectors, one way ANOVA is used. It tests whether groups formed by the categories of independent variables are similar. Results of one-way ANOVA are shown in Table 12.

TABLE 12: ONE WAY ANOVA TO TEST SECTOR- WISE DIFFERENCES

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	989.400	9	109.933	1.715	.097
Within Groups	5770.600	90	64.118		
Total	6760.000	99			

The table reveals that there is no significant difference between governance practices of firms across various sectors at 5 % level of significance.

CONCLUSION

The present study is an endeavor to explore the existing corporate governance practices of Indian firms relying on the study of annual reports of 30 sampled firms from ten different sectors. It is inferred from the analysis that 13 firms out of 30 sampled firms, by following very good governance practices got B grade and 09 firms with C grade have enough good governance in their entities. Also, only 08 firms follow excellent governance mechanism with grade A, whereas, remaining 03 firms fall in score range of 64-50 and thus attain an average status of governance with D grade. From the results, it can be over and done with that firms in India are at present are following good quality governance practices as per mandatory and non-mandatory guidelines of clause 49 of the listing agreement, but at a halt there is a vast span for expansion towards an ideal state of governance in India for brilliance. Additionally, there are no momentous differences in corporate governance practices are followed by firms across different sectors.

REFERENCES

1. Arsoy AP, Crowther D. Corporate Governance in Turkey: Reform and Convergence Social Responsibility Journal. 2008; 4(3):407-421.
2. Bhardwaj N, Rao BR, Corporate Governance Practices in India: A Case Study Asia Pacific Journal of Research. 2014; 1(XIII):43-54.
3. Bhasin ML. Corporate Governance Disclosure Practices: The Portrait of a Developing Country" International Journal of Business and Management, 2010; 4(4):150-167.
4. Black BS, Khanna VS. Can Corporate Governance Reforms Increase Firms' Market values: Evidence from India 2006. <http://ssrn.com/abstract=914440>, retrieved on 16 August 2010.
5. Brahmabhatt M, Patel R, Patel S. An Empirical Investigation of Corporate Governance Scenario in public vs Private Banks in India" International Journal of Marketing, Financial Services & Management Research, 2012; 1(10):10-28.
6. Dessai SPS, Bhanumurthy. Corporate Governance and Disclosure Practices: A Study of Sensex companies 2010.http://mba.americaeconomia.com/system/files/sanjay_p._s._dessai.pdf, retrieved on 3 August 2014.
7. Gupta A, Parua A. An Enquiry into Compliance of Corporate Governance Codes by the PrivateSector Indian Companies 2006. http://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID962001_code551806.pdf?abstractid=962001&mirid=1, retrieved on 3 August 2014.
8. Patel FJ, Sondhi SJ. An Analysis of Footsteps of Corporate Governance in Companies Bill, 2012 <http://gtuelibrary.edu.in/documents/E-Book/CORPORATEGOVERNANCE/9.pdf>, retrieved on 3 August 2014.
9. Patel R, Patel S. Corporate Governance in Oil & Gas Sector: An Empirical Investigation International Journal of Research in Commerce, IT & Management, 2012; 2(8):92-100.
10. Sharma MK, Agarwal P, Ketola T. Hindu Philosophy: Bridging Corporate Governance and CSR Management of Environmental Quality: An International Journal, 2009; 20(3):299-310.
11. Sharma PK. Corporate Governance in Automobile Industry in India International Journal of Marketing, Financial Services & Management Research, 2013; 2(5):123-140.
12. Vithalani DV. An Analytical Study of Corporate Governance Disclosure Practices of Maharatna Companies in India, 2014. <http://gtuelibrary.edu.in/documents/E-Book/CORPORATE GOVERNANCE/3.pdf>, retrieved on 3 August 2014.

HUMAN RESOURCE MANAGEMENT- RECRUITMENT REWARD AND RETENTION

**SUMAIYA FATHIMA
PRINCIPAL
BET SADATHUNNISA COLLEGE
BISMILLAHNAGAR**

ABSTRACT

“We can’t stop employees from leaving unless we have a plan to make them stay” Building a high-performing workforce has always been essential to maintaining a competitive edge —companies are finding themselves in a race to recruit and hire the best candidates. Smart companies will have to take time to examine their recruiting and retention activities, to capture the best talent recruiting operations need to be efficient and streamlined, employee retention is beneficial for the employee as well as organization. The success of every business is only ever in the hands of its people. If the prevailing philosophy during the Internet boom was “hire as fast as possible,” now the pendulum has swung back to “retain the right workforce — as quickly as you can.” By fine-tuning strategies and operations today, one can position their respective companies to be the employer of choice tomorrow.

KEYWORDS

workforce, competitive edge, employee retention.

INTRODUCTION

It is a competitive recruitment market and projected to get even tougher. Not only concentration has to be done to recruit good employees but also retain the good employees that are there as retention of key talent — those employees who are the strongest performers, have high potential or are in critical jobs — is even more important during economic recoveries when organizations compete aggressively for market share and talent, with the right data we can size the workforce precisely to meet organization needs. A Human Resources Strategy will aim to create and maintain a workforce that is well motivated, appropriately trained, equitably rewarded and which performs effectively in pursuing the institution’s objectives. Today’s technology tools allow tracking productivity, predicting your needs, and assigning just the right number of employees to each activity

HUMAN RESOURCE MANAGEMENT CYCLE



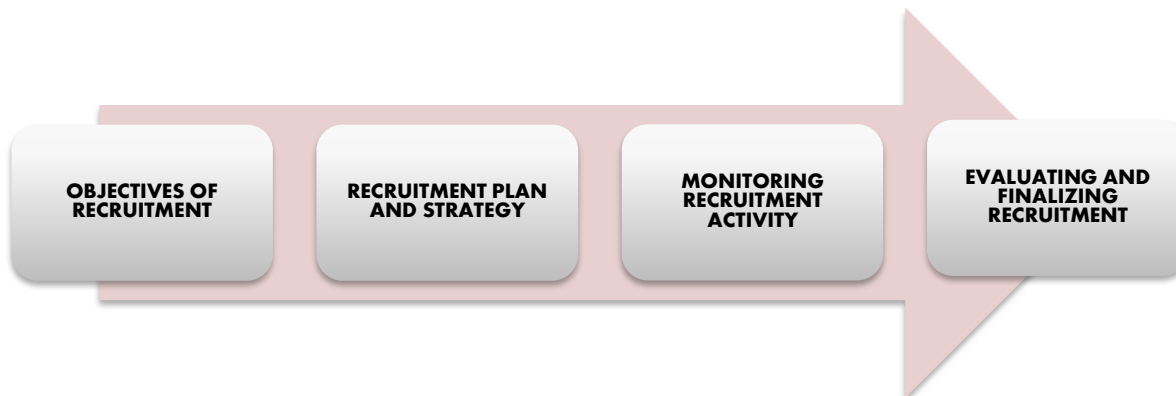
RECRUITMENT

Recruitment is a core function of human resource management through it is a costly exercise it is an essential part of any organization which links the employers with the employees and is the first step in staffing. Modern technique of recruiting is the new age solution that is designed to solve the problem of traditional method of recruitment which is known as E-Recruitment also called as online recruitment using the electronic resources particularly the internet in hiring the candidates by matching the candidate’s CVs with the job profile

IMPORTANCE OF RECRUITMENT

Recruitment is a critical activity, companies desirous of growing fast are always aware that it can only be achieved if they have perfect combination of employees and the employees whether they are asset or liability all depends on recruitment although recruiting is a costly exercise it is an essential part, if the right people are chosen desired results are achieved. In spite of having all the latest technology and the best resources if it does not have proper employees it will struggle to achieve the results it requires and for that it becomes a necessity that recruitment is done in a perfect manner, so that the right kind of candidates get selected for the job positions. Proper planning and evaluation of the need will lead to hiring the right person for the role and team.

MODEL OF RECRUITMENT PROCESS



Understanding your candidate market and profile is critical in today’s recruitment landscape. There are so many platforms and so much information that it’s easy to get lost when searching for the right people. Exerting our energy and budget should always be done carefully in the right places understanding right channels for the right target audience.

REWARDING

Rewarding good performance is just as important as managing, motivating and monitoring performance. They are separate from salary and mostly monetary in nature, although recognition may have a monetary value but money itself is not given to recognize the performance. Meaningful reward and recognition strategies can positively influence employee attitudes and behavior. A range of financial and non-financial rewards to attract and retain quality employees have to be considered. Rewards are a powerful method for encouraging good job performance. Good work may not be repeated and employees can upset customers when managers don't recognize, encourage, and reward them for job performance that meets or exceeds customers' expectations. But these rewards must be used effectively. While employees benefit from recognition programs, the organization's adopting them also tend to see increased worker productivity and performance, improved profitability, higher retention rates, and decreased costs associated with turnover.

RESEARCH ON RECOGNITION AND REWARDS

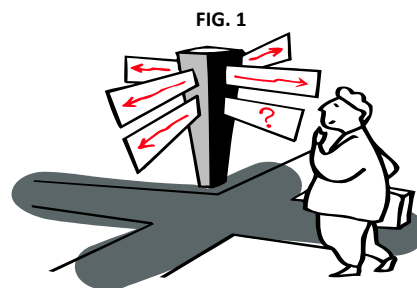
Giving recognition helps your employees to:

1. Take pride in their work and in their job responsibilities
2. Feel appreciated for their contributions
3. "Go the extra mile"
4. Heighten level of commitment to the organization
5. Improve relationships between coworkers
6. Be more open to constructive feedback
7. Strive to meet and/or exceed performance expectations
8. Support and promote a positive atmosphere in which praise prevails
9. Get more enjoyment out of the work they do

Recognition and appreciation in front of all co-workers will have a positive impact on the organization. Small tokens of appreciation given at the right moment not only provide well-deserved acknowledgement—motivating employees make them feel valued which will make the organization an edge in a competitive corporate climate

RETENTION TOOLS**WHAT DO EMPLOYEES WANT**

Employees want to know that they are valued and their problems are addressed rather than ignore.



Celebrate successes and recognize when milestones are reached. Potluck lunches, birthday parties, employee picnics and creative contests will help remind people why your company is a great place to work.

Encourage learning. Create opportunities for your technologists to grow and learn. Reimburse them for CE courses, seminars and professional meetings; discuss recent journal articles with them; ask them to research a new scheduling method for the department. Encourage every employee to learn at least one new thing every week, and you'll create a work force that is excited, motivated and committed.

Show your employees that you value them. Recognize outstanding achievements promptly and publicly, but also take time to comment on the many small contributions your staff makes every day to the organization's mission. Don't forget — these are the people who make you look good!

As businesses compete for talented employees, a business can be made to stand out as a sought after workplace by offering attractive conditions and competitive pay having good recruitment, induction training and development plans in place. Praise should be a part of normal day-to-day leadership action. Its contribution to employee development cannot be overstated. Recognition and rewards are most effective for reinforcing or improving work performance when the employee has confidence in the basis of that praise. To retain good staff and to encourage them to give of their best while at work requires attention to the financial and psychological and even physiological rewards offered by the organization as a continuous exercise

Employee retention is critically important for a second societal reason too. Over the next few years while Baby Boomers (age 40 to 58) retire, the upcoming Generation X population numbers 44 million people (ages 25-34), compared to 76 million Baby Boomers available for work.

Simply stated, there are a lot fewer people available to work. Recognition should be used to complement rewards. Positive reinforcement is the most powerful and effective behavior modifier known. Rewarding employees pays dividends, and can help your company attract, motivate and retain high-quality employees.

Finding and keeping the right talent is half science and half art, but it's really about forming relationships. The best companies have a genuine appreciation for their talent, and a genuine understanding of the importance of their talent to the business's operation and growth. Opportunities to develop and progress their career is a vital retention factor for employees, and is also recognised by employers,

Trust between organization and employee has become a crucial element in people retention. On the other hand, organizations are putting in place processes to manage ethics at work while others are placing trust at the core of their relationship by allowing their staff to manage their own work schedules. Punch in and punch out to clock a certain number of hours at work was a regular attendance monitoring system

Punching the clock" is an expression commonly used for working at a job that demands physical presence rather than emotional engagement. A punch clock in a workplace provides employers and employees with a degree of accuracy when measuring payroll hours; however, it reinforces a dynamic that can stifle creativity and lead workers to count the hours until it is time to go home.

LENOVO India Director (HR) Mr. Rohit Sandal in an attempt to make its company more millennial friendly have opted for flex at work system, wherein employees can decide for themselves what timings they wish to maintain as the company is interested in operating on the basis of trust, but punch in at work is still existing due to security basis.

IMPACT OF HUMAN RESOURCE MANAGEMENT ON ORGANIZATIONAL PERFORMANCE

HRM trains and controls the employees and organization through training which affects productivity, it also maintains work life, career planning, solves conflicts and motivates the worker to achieve organizational goals which in turn will be helpful in their personal goals. Job satisfaction plays an important role as a work attitude as it affects the behavior contributes to the worker wellbeing. The purpose is to make the employee feel at home and develop a sense of pride in the organization and commitment to the job.

CONCLUSION

'Always recognize that human individuals are ends, and do not use them as means to your end.'

Immanuel Kant 1724-1804, German Philosopher

Globalization has increased competition for both customers and jobs, this has enabled many businesses to expect higher performances. HRM in recent years include new management and operational theories like Total Quality Management (TQM) Ultimately, to recruit, reward, and retain the best employees, you need a well thought-out strategy backed by efficient operations. The two are inextricably linked: With efficient operations, you can gather the data you need to make strategic decisions. Once these strategies are fine-tuned they can be relied to get the work done.

REFERENCES

1. Armstrong, Michael. A Handbook of Human Resource Management Practice. Kogan Page Limited, 1999.
2. Burstiner, Irving. The Small Business Handbook. Prentice Hall, 1988.
3. Green, Paul C. Building Robust Competencies: Linking Human Resource Systems to Organizational Strategies. Jossey-Bass, 1999.
4. Gubman, Edward L. "The Gauntlet is Down." Journal of Business Strategy. November-December 1996.
5. "History of HR and the CIPD". Chartered Institute of Personnel and Development. Retrieved 2016-07-19.
6. <http://kalyan-city.blogspot.in/2011/07/internal-and-external-sources-of.html>
7. http://www.ripublication.com/gjfm-spl/gjfmv6n8_06.pdf
8. <http://www.yourarticlelibrary.com/hrm/objectives-and-importance-of-human-resource-management/28000/>
9. Human Resources Development and Management Author Biswanath Gosh ISBN Number 8125907817 Edition First Reprint
10. Johnston, John. "Time to Rebuild Human Resources." Business Quarterly. Winter 1996.
11. Mathis, Robert L., and John H. Jackson. Human Resource Management. Thomson South-Western, 2005.
12. Phillip, Harris. Managing the Knowledge Culture. Human Resource Development Press, March 2005.
13. Rossiter, Jill A. Human Resources: Mastering Your Small Business. Upstart Publishing, 1996.
14. Solomon, Charlene Marmer. "Working Smarter: How HR Can Help." Personnel Journal. June 1993.
15. Ulrich, Dave. Delivering Results: A New Mandate for HR Professionals. Harvard Business School Press, 1998.
16. www.slideshare.net/tutor2u/hrm-organisational-structure

INCREASING INFLUENCE OF PRIVATE LABEL BRANDS IN ORGANIZED RETAIL

SANDEEP NANDRAM DIVE

ASST. PROFESSOR

PUNE VIDYARTHI GRIHA'S INSTITUTE OF MANAGEMENT

NASIK

DR. VIJAY AMBADE

PROFESSOR

PRINCIPAL ARUNRAO KALODE MAHAVIDYALAY

NAGPUR

ABSTRACT

The business world has been experiencing a major economic change, consumer demand has shifted, and retailer's operating systems today are instilled with far more advanced technology than was the case ten years ago. While the world's largest developing markets still tempt the largest global retailers, and show no signs of slowing down, many smaller, untapped markets are providing new growth opportunities. Highly potential and dynamic business environment of India has influenced the Global Retail Giants and Industry Experts to rate Indian markets as the 'destination next' for retail sector only next to China. The organized Indian retail has responded positively to this rating, showing a phenomenal growth, despite the slump in the markets. 'Private Label Brands' refers to the brands that are owned by the retailers, and sold through a specific chain of stores. In the developed international retail markets private label brands are considered to be the key to success. The concept of PLBs in India is in its embryonic stage, it still promises a humongous potential to vitalize the Indian retail sector. This paper is an attempt to study the increasing influence of private label brands in the organized retailing. It is interesting to know how these newly born brands are competing with the giant standard brands – Not only competing but providing to be a better option to the retailers and to the consumers as well. The study will include only the private label brands offered by organized retailers.

KEYWORDS

consumer, organized retail, private label brands, unorganized retail, standard brands.

JEL CODE

M31

1.1 PRIVATE LABEL BRAND (PLB)

The presence of the retailers own brand often sharing shelf space with major standard bands is nowadays a common sight in many retail stores in India and abroad. When the retailers decide to sell products of a line or merchandise which is owned, controlled, merchandised and sold by the retailer in his own store/chain of stores, he is said to be selling own label/brand or a private label brand.

Private label brands are available in a multitude of formats. There are, essentially, three varieties of private label brands. The first being a representative brand, which is a private label brand that through its name and packaging announces that it is produced and solely owned by the retailer. The second being an exclusive private label brand, which is owned and produced by the retailer, yet this fact is not explicitly conveyed to the consumer through brand name and packaging. The last type is confined labels. In terms of branding, the general consensus appears to be that private label brands are considered "every bit as much a brand as national brand". There can be at least four tiers of private label brands. These include low quality generics; medium quality private labels; somewhat less expensive but comparable quality products; and premium quality private labels that are priced in excess of competitor manufacturer brands. Whilst the nature of a store's private label brand(s) should be guided, first and foremost, by its target market, the authors suggest that successful retailers will adopt more than one tier of private label brand if they are to achieve wide scale market coverage. (Pradhan, 2009)

It is said that most of the private label brands are copycat brands. These brands essentially attempt to imitate the packaging and content of first tier manufacturer brands. Retailers analyze the contents of leading brands, and then re-create the product, through a process known as reverse engineering (ibid). Thus, since there are minimal research and development costs, and the retailers have already recognized that there is a potentially lucrative market available, these products are more often than not successful. The retailers use in-store promotions to aggressively promote the brands, using a "me-too at a cheaper price" strategy. This type of strategy involves producing an almost identical product and offering it at a reduced price relative to competitors. Packaging of private label brands is nearly indistinguishable from competitor brands. The copycat strategy is not without complications – pursuing this approach may well result in legal tussles. Actions of trademark infringement and "passing off" because of consumer confusion, unfair misappropriation of brand owners' intellectual property can have legal implications. (Justin Beneke, 2010).

1.2. DEFINITIONS

1.2.1 NATIONAL BRAND: National Brands are also called as standard brands.

"Brand marketed throughout a national market. National brands are owned and promoted usually by large manufacturers."

www.businessdictionary.com accessed on 20 April 2016

"National brands are those product/service names that are promoted nationally, or even globally. Because national brands are generally owned by companies with significant resources, marketing of national brands typically focuses on brand differentiation rather than feature or price positioning."

<http://www.brandeo.drupalgardens.com/> accessed on 20 April 2016

1.2.2 THE PRIVATE LABEL BRAND

i) According to Private Label Marketing Association, "all merchandise sold under a retail store's private label. That label can be the store's own name or a name created exclusively by that store. In some cases, a store may belong to a wholesale buying group that own labels, which are available to the members of the group. These wholesaler-owned labels are referred to as a controlled label". (www.plma.com accessed on 20 April 2016)

ii) A private label brand (also called a reseller, store, house or distributor brand) is a brand that retailers and wholesalers develop. – Kotler, Keller, Koshy, Jha (Kotler, Keller, Koshy & Jha, 2009)

iii) Private label brands, also referred to as in-store brands, are products that are produced and marketed by retailers. – ICFAI, 2003

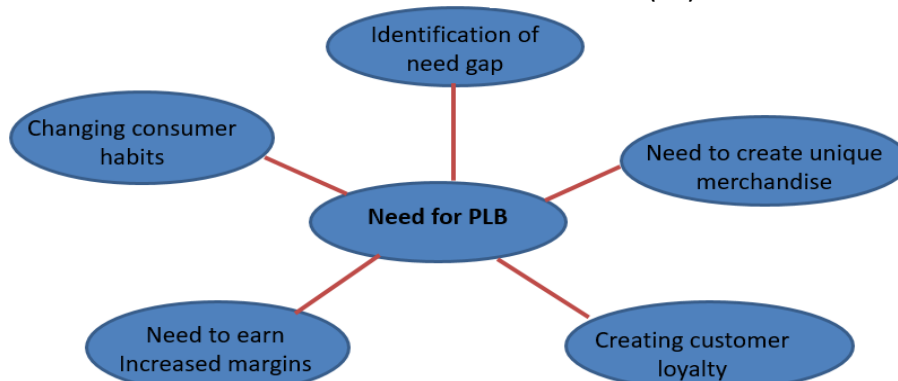
iv) "The concept of private label brands was popularized by large corporate supermarket chains which expanded their private label business at the expense of some heavily advertised national brands and items". - Louis W. Stern, (Ramkrishnan & Ravindran, 2012).

1.3. SIGNIFICANCE OF PRIVATE LABEL BRAND

Across the globe retailers become more sophisticated and competitive, the role of private labels in their stores, changes from that of a price – fighter to being a value – added marketing differentiator. This is indicated by the fact that the volume of private-label brands is starting to diversify their offering beyond the expected, enabling them to compete more effectively in existing product categories and foray into new and different product categories that have traditionally been dominated by national brand players (Pradhan, 2009).

Very often, there is a need to develop a private label brand by a retailer due to the reasons illustrated in the below figure:

FIG. 1: SIGNIFICANCE OF PRIVATE LABEL BRAND (PLB)



The changing consumer tastes and the need to fill a gap in the product offering is the key reasons for retailers to opt for offering a private label. This gap may be due to the non-availability of particular product / category. The most significant advantage that a private label allows a retailer is that of earning a level of margin which may be higher than what is offered on other brands that he chooses to retail. A private label basically involves the retailer doing the *designing, merchandising, sourcing and distribution*. Thus, his cost is under his control and spread across a limited range of activities. Promotions are mainly done in store and thus, his cost of goods sold is much lower compared to that of national brand. Finally, the retailer may also vary the offerings of the private label across geographical boundaries on the basis of the variation in consumer references or to seed a competitive advantage in a new geographical region.

1.4. EVOLUTION OF PRIVATE LABELS

Private labels were defined as generic product offerings that competed with their national brand counterparts by means of a price – value proposition. Often, the lower priced alternative to the real thing, private label or store brands carried the stigma of inferior quality and therefore, inspired less trust and confidence. In the developed markets, private labels started out of economic necessity – for providing a cheap alternative for low – emotion involvement goods such as butter, eggs, flour and sugar. Generics, which were products distinguishable by their plain and basic packaging, where the first type of private labels to appear on the horizon, largely associated with low price and low quality.

Following table shows the Evolution of Own Brands:

TABLE 1- THE EVOLUTION OF PRIVATE LABEL BRANDS

	1 st Generation	2 nd Generation	3 rd Generation	4 th Generation
Types of Brand	Generic	Quasi Brand	Own Brand	Own Brand Extended own brand, i.e. segmented own brand
	No Name	Own Label		
	Brand free			
	Unbranded			
Strategy	Generics	Cheapest price	Me-too	Value added
Objective	Increase margins	Increase margins	Enhance category margins	Increase and retain the client base
	Provide choice in pricing	Reduce manufacturer’s power by setting entry price	Expand product assortment	Enhance category margins
		Provide better value product	Build retailer’s image among customers	Improve image further
Product	Basic and functional products	One-off staple lines with a large volume	Big category products	Image forming product groups
				Large number of products with small volume (niches)
Technology	Simple production process and basic technology lagging behind market leader	Technology still lagging behind market leaders	Close to the brand leader	Innovative technology
Quality / Image	Lower image and inferior image compared to the manufacturer’s brands	Medium quality but still perceived as lower than leading manufacturer’s brands.	Comparable to market leaders	Same of better than brand leader
		Secondary brand, alongside the leading manufacturer’s brand		Innovative and different products from brand leaders
Approximate Pricing	20% or more below the brand leader	10 – 20 % below	5 – 10 % below	Equal or higher than known brand
Consumer’s Motivation to buy	Price	Price is still important	Both quality and price, i.e. value for money	Better and unique products
Supplier	National, not specialized	National, partly specializing for own label manufacturing	National, mostly specializing for own label manufacturing	International, manufacturing mostly own brands

(Source: H. Laaksonen and J. Reynolds, 1994, *Own brands in food retailing across Europe, The Journal of Brand Management*)

1.5. PRIVATE LABEL: INTERNATIONAL SCENARIO

PLBs have experienced enormous growth in recent years in many countries. Europe has been home of the most mature private label markets in the world and experience fast growth popularity (Tha Ha Nguyen & Aida Gizaw, 2014). Globally, private labels are winning acceptability and the loyalty of customers. Private labels posted market share gains in 15 countries tracked by Nielsen for PLMA’s 2007 International Private Label Yearbook. It further states that in Central and Eastern Europe, where modern retailing is rapidly taking root, retailer brands are making their biggest market share increases.

Private labels contribute 17% of retail sales with a growth of 5% per annum, globally. International retailers like Wal-Mart of USA and Tesco of UK have 40% and 55% private label brands representation in their stores respectively. Private label penetration in the United Kingdom is close to 37% currently, and is forecasted to exceed 40 per cent by 2011. (Satish Chandra, 2014)

Today, perceptions about private label are overwhelmingly favorable— almost three-quarters of global consumers (71%) say private-label quality has improved over time. A door once opened by economic necessity has widened to include a variety of private-label products that remain viable and trusted for many consumers worldwide.

To understand current consumer perceptions about private-label quality, value, assortment and packaging, Nielsen polled more than 30,000 online consumers in 60 countries. A few shared sentiments emerged around the world:

- Price is important to most consumers and is the primary driver of consumers’ purchase intent for private label. Sixty-nine percent of respondents globally feel it’s important to get the best price on a product. Moreover, 70% say they purchase private label to save money.
- Private label’s appeal goes beyond price. Consumers are seeking quality and value, and private label delivers on both of these attributes. Two-thirds (67%) believe private label offers extremely good value for money, and 62% say buying private label makes them feel like a smart shopper.

In terms of private-label development, the world can be divided into two distinct spheres: the developed world (Europe, North America and the Pacific) and the developing world (Latin America, Asia and Africa/Middle East). While value share is at or above 25% in developed, it is below 20% in most developing countries in the study. In fact, it is 5% in key markets, such as China and India. While learnings about private-label success in one market can help in another, there is no cookie-cutter approach for all. Private-label growth requires approaches that are tailored to each market. In this report, we highlight the current state of private-label development around the world, the drivers and obstacles to success and the impact these brands have on name-brand performance. (Neilson Report, 2014).

The data shows substantial growth for retailer brands in Western Europe. The share increase in the United Kingdom, up by more than a point to 41%. In France, the A-brand competition has not been able to stop the powerful trend towards private label in recent years. Market share in the country has now climbed to 28%, and would surely be higher if sales data from discounters were included. Even so, the private label’s high market share contrasts sharply with the situation in 1997, when it stood at only 21%.

Spain continues to be one of the biggest success stories for retailer brands. Market share there has surpassed the 40% mark for the first time ever and seems destined to reach 50% in the next few years. Private label maintains its significant position in Germany and Belgium. Market share in Germany approaches the 40% level, while it is over 42% in Belgium. In Austria, retail brands climbed more than one point and now account for one of every five products sold. Switzerland again had the highest volume share of any of the countries surveyed by Nielsen. Retailer brands now account for 53% of all products sold in the country and their market share is still climbing.

In Scandinavia private label’s share is at least 20% in each of countries – Denmark, Finland, Norway and Sweden. The biggest increase was posted in Denmark, where the share for retailer brands climbed more than two points to 27%. Market share has been climbing steadily in Sweden, up from 22% in 2003, to more than 28% in 2006. In the Netherlands, the share for retailer brands has now climbed to 22%. Private label continued its growth in Italy, marking substantial gains over the past eight years Market share for private label in Portugal climbed more than two points reaching 33%. (Monarch Joshi, 2014).

FIG. 2: MARKET SHARE OF PRIVATE LABEL BRANDS WORLDWIDE



(Source: <http://www.statista.com>)

1.6. PRIVATE LABEL BRAND INDIAN SCENARIO

Although India may represent one of the least developed modern retail markets globally, the story of private label retail has been secular, and holds much significant promise for the future. Moreover, this segment is now at a tipping point. Lessons from European countries indicate that private label growth in a country is likely to accelerate when market share enters a 5%-8% range. Indian private label penetration is nicely placed in this range.

The traditional definition of private label – a product sold by retailers exclusively in own stores – is no longer valid. Retailers are increasingly looking to omnichannel for brand play E.g. Future-Amazon tie-up. Innovative distribution channels are also being tapped E.g. Future group’s partnership with Rajasthan government to sell consumer goods to lower income groups through public distribution systems. Retailers have historically preferred private label as a ‘mandatory’ product category as it gives an additional 15-25% boost to gross margins. It is no surprise, therefore, that many M&A deals have been driven by investors towards this objective. E.g. Flipkart–Myntra, Zovi–Inkfruit and recently concluded Snapdeal–Exclusively.in (Vivek Gupta, 2015).

Consequently, it can be seen that with the increasing growth of the organised retail sector, private labels brands are also increasingly. The recession has significantly given a thrust to private labels, thus favourably affecting the private label sales of almost all major retailers like Reliance Retail, Future group, Aditya Birla Retail, Bharti Walmart Retail, Hyper City, Infiniti Retail, Trent, Shoppers Stop etc., offering private label in their merchandise mix.

The growth of private labels was seen across categories, growth in grocery was prominently seen in supermarkets at 15% and hypermarkets accounting for 30% of total value sales. Introduction of private labels in categories such as apparels and footwear, toys, electronics and appliances enable retailers to expand their offerings. Even Apollo Pharmacy and Guardian Pharmacy entered into their private labels in 2010 in health, beauty and personal care products. (MICA, 2014).

1.7. SHARE OF PRIVATE LABEL BRANDS IN INDIA

In India there is an increasing trend towards acceptance of private label brands and thus their penetration is on the rise in various segments. The growth of private labels is likely to continue in the current financial environment as 'cash-strapped' consumer's perception of the products as a 'cheaper option' changes. Part of private label growth in a recession is permanently sustainable. (MICA).

The private label market in India is currently estimated at Rs. 13 billion, which accounts for 10-12% of organised retail in India. Among the major Indian players, the degree of private label penetration was the highest in Trent with 90 per cent, followed by Reliance Retail (80 per cent), Pantaloon (75 per cent), Nilgiri's (38 per cent), Indiabulls/ Piramyd (30 per cent) and Food world (22 per cent). Aditya Birla Retail plans to increase the share of own brands in sales from the present 5% to 10% in the next 2-3 years.

TABLE 2: PRIVATE LABEL PENETRATION

Sr. No.	Company	Degree of Private Label Penetration
1	Trent	90%
2	Reliance Retail	80%
3	Pantaloon	75%
4	Nilgiris	38%
5	India Bulls/Piramyd	30%
6	Food World	22%
7	Aditya Birla	5%

(Source: www.indiareetailing.com)

In comparison, international retailers like the US-based Wal-Mart and Tesco of the UK have 40 per cent and 55 per cent own label brands representation in their stores, respectively. Among the reasons for the likely growth of private labels, most prominent are the higher margins, cheaper price and better bargaining power for the retailers.

According to industry estimates, private label margins for electronics goods are up to 20% higher compared with average national brands. This rises to 30-50% when it comes to clothing. Department stores tend to price their products at par with standard-priced products of some leading brands in India, while electronics and appliance specialist retailers, as well as health and beauty specialist retailers, generally price their products lower than the respective leading brands in order to generate volume sales. (MICA, 2014).

Citing the example of Future Group Retail Stores, we can categorically discuss the private label brands as follows;

- In Lifestyle and garment segment, private labels form 80% of apparel sales in Pantaloon as well Big Bazaar (Fashion@Big Bazaar). Some of the Private Label Brands are - John Miller, Lombard, BARE, Knight-Hood, DJ&G, RIG, Chalk, Honey, Scullers etc.
- In the Value format, Future Group has private label brands comprising of 30% of sales across Food, FMCG and Personal care categories. Some of the key private label brands in this space include Tasty Treat, Fresh & Pure, Clean Mate, Care Mate etc.
- Future Group's major initiative in enhancing the private brands portfolio was the launch of the Ektaa brand, offering community specific food products across the country. In the Electronics space, FG has Koryo Private Label (Value for Money) and Sensei (as the Premium Offering). FG is facing tremendous competition from LG, Samsung, and Sony.
- In case of Food Bazaar, in many categories, private labels are better than branded products. For instance, Food Bazaar's Care Mate hand wash has been a fast moving product. While as a category, hand wash hadn't grown much in the last few years, the company introduced Care Mate by offering a unique price proposition. Food Bazaar's hand wash, detergents and oral care products are priced 20% to 25% lower than market prices.
- The company also believes that when it comes to local tastes and preferences, private labels hold an edge over national brands. And this is extremely pronounced in food categories, as a national brand can only offer limited varieties. But a private label can be localized to a greater extent, for example Food Bazaar's Tasty Treat pickles not only use local ingredients but also the oil is suited for the local palate.
- In western India, pickles are prepared in groundnut oil, while it is cooked in sesame and mustard oil in south and east. The company introduced Tasty Treat Kasundi (mustard sauce) only for the eastern market as kasundi is a regional favorite; the product is now being rolled out nationally. It has also introduced 'Thankyou Aunty', an umbrella brand provided to self-help groups that make locally favorite snacks like murukku, chakli, thepla and chewda. Food Bazaar has also adopted labels like the insecticide spray Quite, manufactured by Asian ITG, a manufacturer for brands like Mortein, and Maniar's Khahra, for a year. All these adopted brands are now sold exclusively in Food Bazaar outlets.

One can assume that players are looking only at generic private label brands, given the nascence of retailing in India. Segmentation is already taking place even within own labels – from generic brands to the premium brands being retailed on the shelves. For instance, Big Bazaar has four different private label strategies – opening price point labels, promotional labels, trade – up labels and even deep – discount labels. This segmentation is created according to customers' preferences. Similarly, Spinach has tied up with small brands in jam and sauces, and retails these products after rebranding them. Aditya Birla Retail (ABRL) is aggressively pursuing the strategy of promoting Sales of private labels. Currently, the segment accounts for around 3 percent of its total sales. ABRL operating supermarket and hypermarket formats, under 'More for You' food and grocery chain, is targeting to increase private label sales to 10-15 percent in the next 2-3 years.

Bharti Retail, Walmart's joint venture partner in India, have bought eight private label in total including Great Value line of food (flour, dry fruits, spices, cereal, and tea), George Apparel. The Private Label lines are going into the Cash & Carry format (BestPrice Modern Wholesale) and discount convenience (Easyday). Equate, a brand for pharmacy and health and beauty items, has been introduced only in the handwash category as of now in Easyday stores. Other Wal-Mart private labels introduced in India include Home Trends (home furnishing), Mainstays (plastic containers, kitchen accessories), Kid Connection (toys, clothing), Faded Glory (footwear) and Athletic Works (athletic shoes, equipment). Astitva, is a line for Indian ethnic wear.

Overall, in India, private labels constitute 10-12 percent of the organized retail product mix. 23 Players like Shoppers Stop, Tata Trent, Pantaloon, Reliance, Spencer's, moved towards adopting private labels to address consumer needs and to increase profitability of their retail businesses. In India, very few players are into own manufacturing of private labels and are dependent on third parties, for example, Vishal Retail is increasingly shifting from manufacturing to third party sourcing primarily because of increase in categories for private labeling and volumes. Vishal Mega Mart offers salt and toothbrush under its 'V-need' brand.

For promotional activities, retailers, mostly rely on shelf space and signage's, and techniques like sampling and active merchandising at the prominent spots. We hardly see any special advertising created for own labels, except for the odd leaflet or two. The real challenge, however, will be for retailers to take own labels outside their stores and make them national brands. Following table lists few private labels of Indian retailers:

TABLE 3: LIST OF PRIVATE LABEL BRANDS AND THEIR INDIAN RETAILERS

Sr. No.	Company/Store Name	Brands	Category
1	Future Group	John Miller, Bare, DJ&C, Buffalo, Knighthood, RIG, Indigo Nation, Scullers, Urbana	Fashion & Lifestyle
		Tasty Treat, Care Mate, Clean Mate, Fresh n Pure	FMCG
		Dreamline	General Merchandise
		Koryo, Sensei, IQIP	Electronics & Consumer Durables
2	Reliance Retail	Reliance Select, Reliance Value	Staple & Food
		Dairy Pure	Dairy Products
3	Aditya Birla Retail	Maha Saver, Freya	Grocery
		Essential, Pebble Rock	Home Décor
		Big Feet	Foot ware
		Feasters, Kitchen Promise, Best of India	Food Brands
4	Spencer's	Enrich, Pestex, Paradise, Germex	Home & Personal Care
		Smart Choice	Daily Grocery, Processed Foods, Beverages, Home & Multipurpose Needs
		Iland Monks, Mark Nicholas, Scorez, Detailz, Asankhya, Puddles, Little Devils,	Fashion
		Maroon	Non Stick Cookware
		Live Smart	Modular Furniture
		College Studio	Stationary
		360 Degree	Luggage
		Great	Electronics & Electricals
5	Shoppers Stop	Kashish	Men's Ethnic Wear
		Life, Mario	Western Wear Men Women
		Zegnoti	Men's Casual Wear
		Acropolis	Men's Formal Wear
		Push & Shove	Eye Wear
		Vettorio Fratini	Premium Men's Wear

1.8. LONG-TERM GROWTH DRIVERS OF PRIVATE LABEL

The underlying drivers for private label growth are scattered over a number of trends/strategies. To complicate matters, there is a strong interdependency between the growth factors. The arguments for private label growth are summarized below:

1. Consumer acceptance levels for private label are rising, due to price sensitivity (economic recession or hard discount competition).
2. Continued industry consolidation in developed food retail markets (Western Europe, the US and Australia). Economies of scale in logistics, procurement, marketing, store opening strategies and private label will continue to fuel sector consolidation. Larger operating scale provides more opportunities to launch private label.
3. Adoptions of modern retail i.e. more professional and larger scaled procurement organizations in developing markets (Central and Eastern Europe, Russia and Turkey).
4. Growing share of hard discount due to increase price awareness, a consumer trend toward demand polarization (indulgence versus value for money) and ongoing expansion in developing countries.
5. Hard discount competition is driving value private-label growth. Service oriented supermarkets are expanding their value private-label offering, aiming to retain traffic and prevent customers defecting to hard discounters.
6. Need for diversification among service oriented supermarkets. The ongoing convergence of service and price-oriented business models is driving the need for service-oriented supermarkets to differentiate through premium private label.
7. More comprehensive private-label strategies of larger retailers. Many top three retailers in developed countries are still in the early stages of private label adoption and have only recently started to look at private label as one of the pillars for growth.
8. Increased professionalism of private-label suppliers. The emergence of specialist private-label suppliers is increasing professionalism and quality levels, thus improving the image of private label among retailers and consumers.
9. Consolidation among A-brands undermines retailers' negotiation positions. Larger A-brand suppliers drive the need for food retailers to reinforce their position at the negotiation table by expanding their private-label offering (*Sebastian Schreijen, 2011*).

1.9 CONCLUSION

The emergence of private label brands is one of the silver lining that has appeared in the retailing business. This study has attempted to gain more insight into the private label brands and its significance in the business of organised retailing. The planning and execution of PLB is crucial. Retailers need to understand that brands attract consumers to the retail store through advertising and promotion, thereby creating demand for the category. Private labels also benefit in the process as it gives them an opportunity to be picked up by consumers. If private labels are the only available products in the store and national brands are phased out, then it could alienate consumers from that store. The developed international organised retailers have recognized the potential of PLBs. They have a well-developed and sophisticated internal system to monitor the PLB business.

With the proliferation of Private Label Brands and its influence into the retailing business in context to Indian retailing sector, there is need for an intensive research into various aspects of Private Label Brands. This opens the door for further comprehensive research in fields of consumer behaviour, customer satisfaction, potential determination, labelling and packaging, procurement and distribution, etc.

REFERENCES

BOOKS

1. ICFAI, 2003, "Retail Management", ICFAI, Ref No. RM/A-052K333.
2. Philip Kotler, Kevin L. Keller, Abraham Koshy & Mithilesh Jha (2009), "Marketing Management", 13th edition, Pearson Education, Pg.- 442.
3. Swapna Pradhan (2009), "Retail Management – Text & Cases", 3rd edition, Tata McGraw Hill Education Pvt., Ltd (ISBN-978-0-07-015256), Pg.- 288-289,297.

JOURNALS & ARTICLES

4. Baltas, Ramkrishnan & Ravindran (2012), "A Study On Consumer Perception Towards Private Label Brands with Special Reference to Big Bazaar, Coimbatore, Tamil Nadu", *Journal of Arts, Science & Commerce*, E-ISSN 2229-4686, ISSN 2231-4172. Vol.- III, Issue -3(3), July 2012 [79].
5. H. Laaksonen and J. Reynolds (1994), "Own brands in food retailing across Europe", *The Journal of Brand Management* 2, Print ISSN- 1350-231X, Online ISSN 1479-1803, Palgrave Macmillan UK.

6. Justin Beneke (2010,) "Consumer perceptions of private label brands within the retail grocery sector of South Africa", *African Journal of Business Management*, Vol. 4(2), pp. 203-220, February, 2010, ISSN 1993-8233 © 2010 Academic Journals.
7. Satish Chandra (2014), "Private Label Goods - Brands in Their Own Right", *International Journal of Commerce, Business and Management*, ISSN: 2319-2828, Vol. 3, No. 4.
8. Vivek Gupta (2015), "Private label: The rising star of Indian retail", on *Economic Times*, 9 Sept 2015.

DISSERTATIONS

9. Monarch Joshi (2013), "A Study on Consumer's Attitude Towards Private Labels: A Special Focus on Retailers of Gujarat" (Thesis), *The Maharaja Sayajirao University of Baroda, Gujrat*.
10. Tha Ha Nguyen & Aida Gizaw, (2014), "Factors influence consumer purchase decisions of Private Label Food Products" (Thesis), *School of Business, Society and Engineering, Mälardalen University, Sweden*.

REPORTS

11. Neilson Report (2014), "The State of Private Label Brand Around the World", *Neilson Global Private Label Report*, Nov 2014.
12. Sebastiaan Schreijen (2011), "Private Label Vs. Brands", *Robobank International Food & Agribusiness Research & Advisory, 2011*.

WEBSITES

13. MICA (2014), www.indiaretailing.com/2014/01/13/retail/the-growth-of-private-labels-in-india/, accessed on 22 April 2016.
14. www.brandeo.drupalgardens.com/ accessed on 20 April 2016.
15. www.businessdictionary.com/ accessed on 20 April 2016.
16. www.plma.com accessed on 20 April 2016.
17. www.retail.economictimes.indiatimes.com, accessed on 22 April 2016.
18. www.statista.com, Market Share of Private Label Brands Worldwide, accessed on 21 April 2016.

COURTS' JURISDICTION FOR TAKING COGNIZANCE OF CRIMINAL COMPLAINTS FILED UNDER SECTION 142 OF NEGOTIABLE INSTRUMENTS ACT 1881 - THE NEGOTIABLE INSTRUMENTS (AMENDMENT) ACT 2015 – IT'S CAUSE AND CURE

**DR. I. FRANCIS GNANASEKAR
ASSOCIATE PROFESSOR IN COMMERCE
ST. JOSEPH COLLEGE (AUTONOMOUS)
TIRUCHIRAPALLI**

**S. M. MOHAMED MISKEEN
CHARTERED ACCOUNTANT
RESEARCH SCHOLAR & SECRETARY
RABIAMMAL AHAMED MAIDEEN COLLEGE FOR WOMEN
TIRUVARUR**

ABSTRACT

This paper attempts to describe the criminal liability for offence committed in cheque bouncing cases, the new chapter XVII containing sections 138 – 142 was inserted, in the Negotiable Instrument Act 1881, by amendment made by Act 66 of 1988 with effect from 01.04.1989. When the cheque presented for collection was returned unpaid by the drawee bank, for the reason "insufficient funds" in the drawer's account or that the cheque amount exceeded the amount arranged to be paid, the drawer of the cheque shall, notwithstanding any other provision in the Code of Criminal Procedure, be deemed to have committed a criminal offence warranting sentence of imprisonment which may extend to two years or fine which may extend to twice the cheque amount or both. Not infrequently, the complainants are faced with the dilemma to choose the court having territorial jurisdiction to file the complaint. The main objective of the study is to clear the ambiguity, on the point of courts' jurisdiction to take cognizance of the complaints in cheque bouncing cases. For this purpose, various inconsistent decisions of the courts and the amendment made in the N.I. Act in 2015 are analysed in this study. Firstly, the complaint is to be filed before the court where the branch of the bank is situated, where the payee or the holder in due course maintains his account and secondly when the cheque is presented for payment over the counter the complaint is to be filed before the Court where the drawer maintains his account.

KEYWORDS

concatenation, dishonour of cheque, negotiable instrument, offence, sine qua non.

INTRODUCTION

Dishonour of cheques, has become the cancer of economy that would cause incalculable damage destroying the morale, faith and confidence in business dealings. Proper and smooth functioning of business transactions, especially of cheques as negotiable instruments, primarily depends upon the credibility, sincerity and honesty of the persons involved. It is not unusual that in a large number of trading activities, it is found that cheques were issued even merely as a device not only to stall repayment of loan but even to defraud the creditors. Despite stringent criminal provisions are made applicable for offences committed under section 138 of N.I. Act, cheque bouncing cases continued to swell day by day. Dishonour of cheques not only causes fiscal stalemate and cripple the economic development of the nation, M.N.Cs, Banks, Financial institutions, Industries, corporate entities etc., but also causes trust deficit, injury and inconvenience to the entire credibility among the business community, both domestic and international.

Before the amendment, dishonour of cheques was considered only as a civil wrong. Under the Indian Penal Code dishonour of cheques becomes a criminal offence, only where dishonest or fraudulent intention or *mens rea* on the part of the drawer is established. India and many other countries, brought in amendments in the existing law relating to negotiable instruments, to user in a healthy commercial morality through the instrumentality of criminal law.

OBJECT OF AMENDMENT

The objective is to remove ambiguity on the point of law, relevant to territorial jurisdiction for filing a complaint against cheque bouncing case. This has been done to protect the interests of the complainant by clarifying the territorial jurisdiction for trying the cases for dishonour of cheques.

EVOLUTION OF AMENDMENTS IN NEGOTIABLE INSTRUMENTS ACT 1881

To curtail the abuse of cheque bouncing, Negotiable Instruments Act 1881, has been amended by the Act 66 of 1988 which added a new chapter XVII, inserting new sections 138 to 142. After this amendment, section 138 of the N.I. Act mandates that when a cheque issued for discharge of a valid debt or liability, was returned by the bank unpaid, the drawer of the dishonoured cheque shall be deemed to have committed an offence, punishable with a sentence of imprisonment for a term which may extend to two years or with a fine which may extend to twice the amount of the cheque amount or both. The drawer of the cheque has to face criminal liability, notwithstanding, any other provisions contained in the Code of Criminal Procedure. These newly inserted sections became operative with effect from 01.04.1989.

A First Class Judicial Magistrate, who is empowered to try a case for offence committed under section 138 of N.I. Act can pass a sentence of fine not exceeding Rs. 5000/- (section 29(2) of Criminal Procedure Code.)

In 2002 N.I. Act was again amended (Amendment Act 55 of 2002) inserting new sections 143 to 147 - with effect from 06.02.2003. The statement of objects and reasons claim "These provisions were incorporated with a view to encourage the culture of use of cheques and enhancing the credibility of the instrument. The existing provisions in the Negotiable Instruments Act, 1881, namely, Sections 138 to 142 in Chapter XVII have been found deficient in dealing with dishonour of cheques. Not only the punishment provided in the Act has proved to be inadequate, the procedure prescribed for the courts to deal with such matters has been found to be cumbersome. The courts are unable to dispose of such cases expeditiously in a time bound manner in view of the procedure contained in the Act."

In case of any conviction in a summary trial under this section, the first proviso to section 143 (as amended by Act 55 of 2002), empowers the Magistrate to pass a sentence for a term not exceeding one year and an amount of fine exceeding five thousand rupees.

Regarding the adequacy of punishment for offence under N.I. Act, it is apt to mention the observation of Hon'ble Supreme Court, "unlike that for other forms of crime, the punishment here in so far as a *means to ensure payment of money*. The complainant's interest lies primarily in recovering the money rather than seeing the drawer of the cheque in jail. *The threat of jail is only a mode to ensure recovery*. As against the accused who is willing to undergo a jail term, there is little available as remedy for the holder of the cheque". *Damodar S. Prabu v Syed Bapulal (2010) 5 SCC 663*.

TIME (WHEN) TO FILE A CRIMINAL COMPLAINT AGAINST THE DRAWER OF THE DISHONOURED CHEQUE

Under section 138 of N.I. Act, Cause of action, that gives legal right to file a criminal complaint against the drawer of the dishonoured cheque, will accrue to the payee/ holder only on the strict compliance of the following three steps:

- (i) The cheque should have been presented before the drawee bank within three months from the date of the cheque, for collection - proviso (a),
 - (ii) The payee/holder makes a demand, for the payment of the cheque amount, by giving a notice in writing, to the drawer within thirty (30) days of the receipt of information from the drawee bank, - proviso (b).
 - (iii) The drawer of the cheque fails to make the payment of the said amount within fifteen (15) days of receipt of the notice - proviso (c),
- Cause of action arises to the payee/holder, when the drawer fails to make the payment as per proviso (c).



The next step is to file a complaint, by the payee/holder in due course. The complaint should be filed in writing, within one month from the date on which the cause of action arises under clause (c) of the proviso to section 138 of N.I. Act, in the Metropolitan Magistrate Court or First Class Judicial Magistrate Court.

The Law Commission of India in its 213th Report has claimed that more than 38 lakhs cases involving dishonour of cheques are pending in Indian courts as of October 2008. More than five lakhs cases are pending in criminal courts in Delhi alone as of 01.06.2008. Similar situation prevails in all major cities in the country. The affected parties, multinationals, finance institutions, companies, other commercial entities and agencies have filed complaints u/s 142 of N.I. Act before courts situated in places from where the payee/holder issued statutory notices under section 138 proviso (b) of N. I. Act. Criminal courts found it difficult to take cognizance of complaints against defaulted drawers residing in different parts of the country.

Now the moot question is which Magistrate court is having jurisdiction to entertain a criminal case for the offence committed u/s 138 of N.I. Act. For example, a cheque was drawn by the debtor in Chennai on a bank in Chennai, made payable to the payee in New Delhi, towards discharge of a debt or liability. The payee deposited the cheque for collection within validity period through his bank account in New Delhi. The cheque was returned by the drawee bank unpaid for the reason "insufficient funds." The payee, in New Delhi issued notice in writing under proviso (b) to section 138 N.I. Act demanding the cheque payment within fifteen days time. The drawer of the cheque in Chennai did not pay the amount within the time. Thereupon the payee filed a criminal complaint in the Metropolitan Magistrate Court, New Delhi against the drawer residing in Chennai. The New Delhi Court however rejected the complaint stating that this court has no territorial jurisdiction over the drawer residing in Chennai. An unintended critical situation arises, to the payee/ holder who has already been deprived of his money, in finding the competent court to file the complaint against the drawer of the cheque.

Both the Hon'ble Supreme Court and High Courts are not consistent in their judgments regarding courts having territorial jurisdiction to entertain complaint under N.I. Act. Over eighteen lakhs cases are pending disposal in different courts, facing challenges upon territorial jurisdiction.

JUDGMENTS GIVEN IN CHEQUE BOUNCING CASES IN HIGH COURTS AND SUPREME COURT

1. This issue has been considered by the Hon'ble Supreme Court in the case *K.Bhaskaran V. Shankaran Vaidyan Balan and Another (1999) Supp (3) SCR 271 judgment dated 29.09.1999*. This is a strange case between two brothers in Kerala, the cheque bounced was to pay one lakh rupees. The cheque was presented for collection on 29.01.1993. The question of jurisdiction of court to try the case was the main issue before the trial court. Hon'ble Kerala High Court has confirmed the sentence of imprisonment (six months) and a fine of one lakh, imposed on the defaulter of the cheque. S.L.P. has been filed before the apex court challenging the High court order. The Hon'ble Supreme court granted time to settle the matter by both the brothers, but in vain. In this case the Hon'ble apex court has given a very peculiar and impracticable judgment. The court in its judgment has held, "the offence under the act can be completed only with the concatenation of a number of acts. Following are the acts which are components of the said offence: (1) Drawing of the cheque, (2) Presentation of the cheque to the bank, (3) Returning the cheque unpaid by the drawee bank, (4) Giving notice in writing to the drawer of the cheque demanding payment of the cheque amount, (5) Failure of the drawer to make payment within 15 days of the receipt of the notice.

It is not necessary that all the above five acts should have been perpetrated at the same locality. It is possible that each of those five acts could be done at 5 different localities. But concatenation of all the above five is a *sine qua non* for the completion of the offence under Section 138 of the Code.

2. The judgment in *K. Baskaran*, confers the right to choose the territorial jurisdiction of the court to file the complaint on, the payee/ holder in due course. Suppose the drawer issued five cheques to the creditor; and all the five cheques were bounced, the creditor at his discretion could file the complaint in five different places. This would cause an honest business man, unintended harassment to face the trial in five different places.
3. However, the Hon'ble apex court in *Harman Electronics (P) Ltd and another v. National Panasonic India Private Ltd., (2009) 1 SCC 720, judgment dated 12.12. 2008*, had diluted the five places theory given in *K. Baskaran's* case. In this case the drawer of the cheque was carrying on business in Chandigarh. The payee has a branch at Chandigarh although its head office was at New Delhi. A cheque was issued by the drawer at Chandigarh favouring the payee i.e. National Panasonic India (P) Ltd., The cheque was presented at Chandigarh and it was dishonoured at Chandigarh with the remarks "Payment stopped by the drawer". However a notice was issued in terms of section 138 of the N.I.Act, from the payee's head office at New Delhi demanding the drawer to pay the amount. The notice was served on the drawer at Chandigarh. Despite the notice the drawer did not pay the amount within fifteen days from the date of receipt of the notice. There upon the payee's head office at New Delhi filed a complaint in the court of Addl. Sessions Judge, New Delhi. Cognizance of offence was taken by the court in New Delhi against the drawer living in Chandigarh. The drawer contended that himself and the payee were carrying on business at Chandigarh and further the cheque was presented with the bankers at Chandigarh, that the cheque was dishonoured at Chandigarh, but only notice was issued from New Delhi where payee's head office functions. It was contended that the New Delhi court has no jurisdiction over the drawer who lives in Chandigarh on the only ground that notice was issued from New Delhi. But the New Delhi court has dismissed the contention of the accused. The accused filed appeal before the Hon'ble Supreme court against this decision.
4. The Hon'ble Supreme Court has held "we cannot as things stand to-day, be oblivious of the fact that a banking institution holding several cheques signed by the same borrower can, not only present the cheque for its encashment at four different places but may also serve notices from four different places so as to enable it to file four complaint cases at four different places. This only causes harassment to the accused. It is therefore necessary in a case of this nature to strike a balance between the right of the complainant and the right of the accused vis-a-vis the provisions of the Code of Criminal Procedure." Accordingly, it was held that the Delhi High Court has no jurisdiction to try this case and directed that the case be transferred to the Chandigarh Court."
5. The Hon'ble Supreme court in the landmark case *Dashrath Rupsing Rathod v. State of Maharashtra and another (2014) 9 SCC, 129 judgment dated 01.08.2014*, has overruled *K. Baskaran's* ruling, which has been followed by courts in the past fifteen years. This judgment, made abundantly clear that (i) the place of issuance of statutory notice, or (ii) the place of deposit of cheque in a bank by the payee or (iii) the place of receipt of notice by the accused demanding payment, would not confer jurisdiction upon courts of the place.
6. In this case, the Hon'ble Supreme Court has held that prosecution can be launched against the drawer of the cheque only before the court within whose jurisdiction the dishonour takes place.
7. Reading of section 178 and 179 of the Criminal Procedure Code it becomes obvious that every offence shall ordinarily be inquired into and tried by a court within whose local jurisdiction the offence was committed.

INGREDIENTS TO FILE A COMPLAINT UNDER SECTION 142 OF NEGOTIABLE INSTRUMENT ACT

For filing the criminal complaint under section 142 of N.I. Act, the following ingredients shall be strictly complied with: viz.

- (i) The cheque should have been presented with drawee bank for collection within three months from the date of issue.
- (ii) When the cheque was returned, the payee/holder in due course issued a notice in writing within thirty days of receipt of information, to the drawer, demanding payment of the cheque amount.
- (iii) The drawer failed to pay the amount within fifteen days of receipt of the notice.

WHERE TO FILE THE COMPLAINT

The payee/holder in due course, shall file the criminal complaint in writing before the Metropolitan Magistrate Court or First Class Judicial Magistrate Court, having territorial jurisdiction to entertain the complaint. Now the complainant before filing the complaint is faced with the dilemma to choose the court having territorial jurisdiction to entertain the complaint. After nearly fifteen years the Hon'ble Supreme court in a landmark case *Dashrath Rupsing Rathod v. State of Maharashtra and another (2014) 9 SCC, 129 judgment dated 01.08.2014*, has overruled *K. Baskaran's* ruling. This judgment made abundantly clear that "prosecution can be launched against the drawer of the cheque only before the court within whose jurisdiction the dishonour takes place."

REASONS OF THE N.I. (AMENDMENT) ACT, 2015

To address the difficulties faced by the payees of such cheques or the lenders of the money in filing cases under N.I. Act, when large number of cases are stuck, facing challenges of jurisdiction to try such cases, the Government found it necessary to bring in amendment in the N. I. Act to overcome the ruling given in *Dashrath Rupsing Rathod* case. This amendment act had the effect of overruling the judgment of the Supreme Court in *Devendra Kishanlal Dagalga v. Dwarkesh Diamonds Pvt. Ltd and Others (2014) 2 SCC 246 judgement dt. 25.11.2013*.

NEGOTIABLE INSTRUMENTS (AMENDMENT) ACT, 2015

Government of India in order to overcome the hurdles faced by criminal courts, found necessary to bring an Ordinance to remove the ambiguity in this matter. Parliament has passed the Negotiable Instruments (Amendment) Act, 2015 which was approved by the President on 15.12.2015., the amendment takes effect retrospectively from 15.06.2015. Under the amendment a new section 142 (2) has been inserted in chapter XVII of N. I. Act that reads "the offence under section 138 shall be inquired in to and tried only by a court with whose local jurisdiction, -(a) *If the cheque is delivered for collection through an account, the branch of the bank where the payee or holder in due course, as the case may be, maintains the account, is situated; or (b) If the cheque is presented for payment by the payee or holder in due course, otherwise through an account, the branch of the drawee bank where the drawer maintains the account, is situated.*

Explanation: – For the purposes of Clause (a), where a cheque is delivered for collection at any branch of the bank of the payee or holder in due course, then, the cheque shall be deemed to have been delivered to the branch of the bank in which the payee or holder in due course, as the case may be, maintains the account.

NEW SECTION 142 A WAS INSERTED BY AMENDMENT ACT 2015 that reads: Validation for transfer of pending cases. –

- (i) "Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974) or any judgement, decree, order or direction of any court, all cases transferred to the court having jurisdiction under sub – section (2) of section 142, as amended by the Negotiable Instruments (Amendment) Ordinance, 2015, shall be deemed to have been transferred under this Act, as if that sub – section had been in force at all material times.
- (ii) "Notwithstanding anything contained in sub – section (2) of section 142 or sub – section (1), where the payee or the holder in due course, as the case may be, has filed a complaint against the drawer of a cheque in the court having jurisdiction under sub – section (2) of section 142 or the case has been transferred to that court under sub – section (1) and such complaint is pending in that court, all subsequent complaints arising out of section 138 against the same drawer shall be filed before the same court irrespective of whether those cheques were delivered for collection or presented for payment within the territorial jurisdiction of that court.
- (iii) "If, on the date of the commencement of the Negotiable Instruments (Amendment) Act, 2015, more than one prosecution filed by the same payee or holder in due course, as the case may be, against the same drawer of cheques is pending before different courts, upon the said fact having been brought to the notice of the court, such court shall transfer the case to the court having jurisdiction under sub – section (2) of section 142, as amended by the Negotiable Instruments (Amendment) Ordinance, 2015, before which the first case was filed and is pending, as if that sub – section had been in force at all material times."

SUGGESTION

The Negotiable Instruments (Amendment) Act, 2015, is a laudable forward step taken by the central government, to reduce the large number of cases pending before various courts in the country holding millions of rupees in abeyance. The amendment act would benefit the payee/ holder in due course, to file the criminal complaint having territorial jurisdiction as per the amended law. Special fast track courts may be formulated by the Government specifically to try cases filed under section 142 of N.I. Act, summararily. Under the existing provisions the courts trying cases filed under section 142 of N.I. Act, have no power to direct the accused to pay the cheque amount., courts can only impose sentence of imprisonment or fine or both for the offence committed. Courts should be empowered to make the accused to pay 50% of the cheque amount, when the question of jurisdiction of court was only raised by the accused.

REFERENCES

1. K. Krishnamurthi Aiyar, 12th Edition, (2014), The Negotiable Instruments Act 1881, published by Universal Law Publishing Co., New Delhi, - Page No.I – IV, 620.
2. Bashyam & Adiga's, 19th Edition, (2012), The Negotiable Instruments Act 1881, published by Bharat Law House, New Delhi, - Page No.733.
3. S. Krishnamurthi Aiyar, 11th Edition, (2012) The Negotiable Instruments Act 1881, published by Universal Law Publishing Co., New Delhi, - Page No. 617.
4. Supreme Court Cases, Eastern Book Company, Lucknow, - Volumes: (1999)3, (2009) 2, (2013) 10, (2010) 5, (2014) 1, 2, & 9.,
5. Company Cases - Company Law Institute, Chennai, volumes No.191, Page No.118 & 194, Page No.41
6. Dishonour of Cheques, Eastern Book Company, Lucknow,

A STUDY ON CONSUMER'S ATTITUDE TOWARDS ADVERTISEMENTS THROUGH SOCIAL MEDIA WITH SPECIAL REFERENCE TO FACEBOOK

DR. M. SUMATHY
PROFESSOR & HEAD
SCHOOL OF COMMERCE
BHARATHIAR UNIVERSITY
COIMBATORE

VIPIN.K.P
PH.D. RESEARCH SCHOLAR (JRF)
SCHOOL OF COMMERCE
BHARATHIAR UNIVERSITY
COIMBATORE

ABSTRACT

Over the past few years, social media has become popular and account for a major portion of the time of internet users spend online. With the increase in the number of online users, advertisers are interested to explore and exploit the social media as a new platform for advertisement delivery. There are number of social networking sites like Facebook, Twitter, Youtube etc. Facebook is popular among the social media. The current study is focused on Consumer's attitude towards advertisements through social media with special reference to Facebook. For the purpose of study, a convenient sampling survey was conducted among 100 respondents in Malappuram District with the help of interview schedule. The tools used for this study are Percentage analysis; one way Anova etc. Study reveals that consumers have positive attitude towards advertisements through Facebook.

KEYWORDS

advertisement, social media, facebook, consumer behaviour.

INTRODUCTION

Human beings are considered as social animals, they want to communicate among the individuals, groups, social institutions etc. In the highly globalised era, the plat form for this kind of human communication has shifted to virtual world. Now a day due to technological development especially in internet world, communication becomes social. There are number of social networking sites are emerged to connect people through internet for sharing their ideas, values beliefs etc. Facebook, LinkedIn, Myspace, Twitter, Google plus etc. are the popular social media sites in the world. These are also termed as web 2.0. Facebook have a dominant role among these social media sites. Facebook is a for-profit corporation and online social media and social networking service situated in Menlo Park, California, United States. The Facebook website was started on February 4, 2004, by Mark Zuckerberg. Now social media's are act as a powerful medium for marketing communication. Advertising actually is a form of communication that created to convince the audience, readers, and listeners to buy or try of the products, ideas or some services. This process is including products or services that may be give benefit to consumers that to buy a particular brand. Consumers may have varied interest on advertisements on facebook because the response level, exposure, attention and reaction towards these advertisements may vary.

REVIEW OF LITERATURE

Bibhas Chandra, Shubham Goswami and Vineet Chouhan (2012) reveal through their study investigating attitude towards online advertising on social media that, online advertising helps in purchase decision and results in lower price. The frequent browsers have strong positive attitude towards advertisements through social media and they trusted on it.

Uchenna Cyril Eze, Chai Har Lee (2012) the study found that television is most effective medium for advertisements. It reveals that negative belief towards consumer manipulation would result in an increase in negative attitude towards advertisements. It also states that; economic conditions have a positive influence on attitude towards advertisements.

Simona Vinerean, Iuliana Cetina, Luigi Dumitrescu, Mihai Tichindelean (2013) has conducted a study with the following purpose to determining the students' underlying characteristics in terms of social media engagement. The study reveals expressers and informers, engagers, networkers, watchers and listeners represent the basis for an understanding of the students' activities on social media sites. The study recommends the managers to identify the targeted customers through segmentation in social media by considering their interest.

Elisabeta Ioanas, Ivona Stoica (2014) states that social networking sites have a great role in influencing the behaviour of consumers in the virtual environment. There is a relationship between income and attitude towards assess the information regarding advertisements through online. The study also found that young people purchase products through online especially women.

Otugo, Nkiru Esther et al., (2015) based up on their study they investigate the level of awareness, attitude and responses to Facebook advertisements on the part of Nigerian youths who are believed to be active social media users. The study found that Facebook users highly aware about online advertisements and they believe that these advertisements are useful to them. Even though they are not purchasing anything they like to visit web page and "Like" their products and services the study also recommends that social media advertisers make their advertisements more attractive, eye catchy, and make more positioned among the viewers.

Henry Boateng Abednego Feehi Okoe, (2015) study on Consumers' attitude towards social media advertising and their behavioural response indicates that there is a significant relationship between consumers' attitude toward social media advertising and their behavioural responses Hierarchical multiple regression was used to examine the moderation effects of corporate reputation and consumers' attitude toward social media advertising and it is inference that corporate reputation moderates this relationship.

STATEMENT OF THE PROBLEM

In the virtual world we cannot think about routine life without connecting people. Facebook is the one of the most popular social media with 195.16 million users in india. People spend lion part of their daily hours in Facebook. It is one of the powerful plat forms for online advertisements. There are 3 million advertisers in facebook. Online advertising is one of the growing industries. User's attitude towards advertisements may vary according to their personal characteristics. Their attitude is one of the dominant variable in consumer behaviour. So the current study tries to understand the attitude of the customers towards advertisements through Facebook.

OBJECTIVES

Following are the main objectives of the study.

1. To assess the attitude of customers towards advertisements on Facebook.
2. To study the socio-economic characteristics of consumers and its relation with attitude towards advertisements through Facebook.

HYPOTHESIS

H₀₁: There is no relationship between education of the respondents and attitude towards advertisements through facebook.

H₀₂: There is no relationship between income of the respondents and attitude towards advertisements through facebook.

RESEARCH METHODOLOGY

The current study is descriptive in nature and it has made an attempt to understand customer's attitude towards advertisements through facebook. In order to attain the objective of the study, the following methodology has been made use of: A sample of 100 consumers of Malappuram district has been taken for the study. The respondents are selected by using convenient sampling technique. The data required for the study were collected by using of interview schedule. The secondary data for the study was compiled from websites, journals, magazines and books. For analysis purpose percentage and one way Anova were used. For presentation purpose pie chart is used.

ANALYSIS AND INTERPRETATION**TABLE 1: CONSUMER DEMOGRAPHIC FACTORS**

Gender of the respondents		
Variable	Frequency	Percentage
Male	55	55.0
Female	45	45.0
Total	100	100.0
Age of the respondents		
Variable	Frequency	Percentage
Below 20	20	20
20-30	51	51
30-50	16	16
Above 50	13	13
Total	100	100.0
Occupation of the respondents		
Variable	Frequency	Percentage
Agriculture	10	10.0
Business	25	25.0
Profession	17	17.0
Government employee	36	36.0
Others	12	12.0
Total	100	100.0
Income of the respondents		
Variable	Frequency	Percentage
Below Rs.10000	24	24.0
Rs.10000-25000	38	38.0
Rs.25000-50000	27	27.0
Above Rs.50000	11	11.0
Total	100	100.0
Education of the respondents		
Variable	Frequency	Percentage
Primary level	7	7
Higher level	13	13
Diploma	17	17
Under graduate	26	26
Post graduate	23	23
Professional course	14	14
Total	100	100

Source: - Primary data

From table 1 it is observed that 55% of the respondents are male and rest of the 45% were female. 20% of the respondents were fall under the age below 20, 51% of the respondents are in the age group of 20-30, 16% of the respondents were fall under the age group 30-50 and rest of the 13% fall in the age group of above 50. Another inference from the table is that 10% respondents are doing agricultural activities, 25% doing business, 36% govt. employed 17% doing profession and 12% doing other works. From this information we can conclude that majority of the respondents were govt. employees. The table also reveals that 24% of the respondents fall in the income of Rs. 10,000, 38% of the respondents was fall under the income group of Rs. 10,000-25,000, 27% of the respondents were consist in the group of income Rs. 25,000-50,000. Only 11% were in the income group of above Rs. 50000. Another demographic factor of the respondents is educational qualification. Here we can also observe that 7% of the customers have primary level education, 13% of the customers have higher level education, 17% are diploma holders, 26% have under graduation qualification, 23% have post-graduation and rest of 14% have professional qualification. So we can infer that majority of the customers have higher than matriculation education.

TABLE 2: TIME SPENT ON FACEBOOK

Time	Frequency	Percentage
less than 1 hour	33	33.0
1-3 hour	49	49.0
3-5 hour	15	15.0
more than 5 hour	3	3.0
Total	100	100.0

Source: Primary data

FIGURE 1

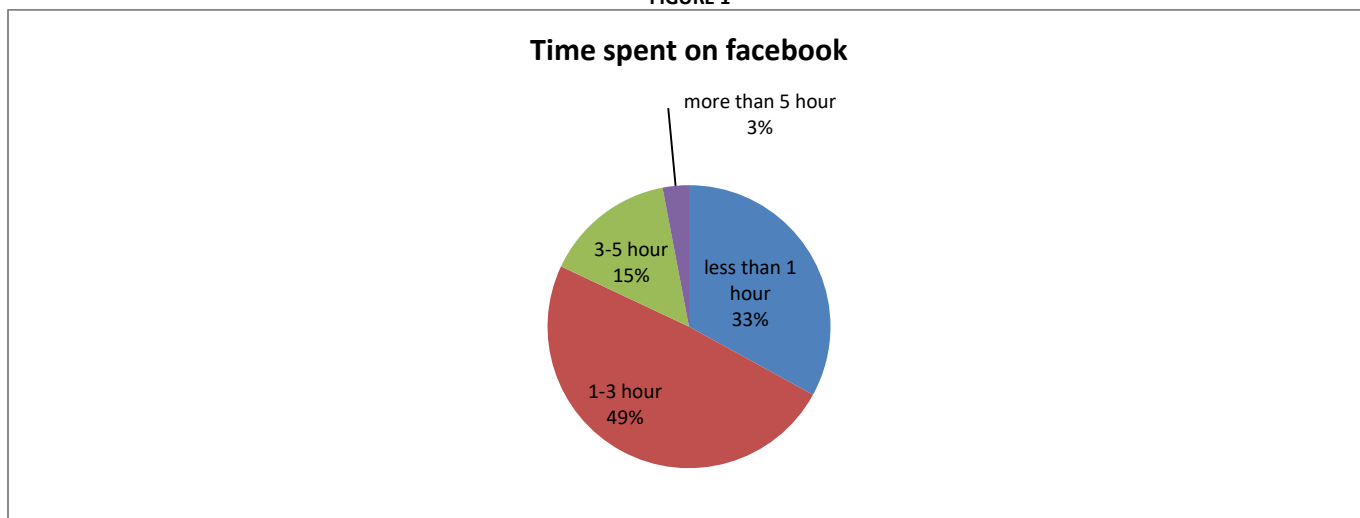


Table 2 and Figure 1 shows that people response towards time spent on Facebook. There are 33% of the respondents are spent less than one an hour on facebook. 49% of the respondents are spent their one to three hour time on facebook. 15% of the people spent their three to five hours per day on facebook and only 3% of the respondents use facebook more than five hours. It is infer that majority of the respondents were using facebook in between one to three hours.

TABLE 3: YEARS OF USING FACEBOOK

Year of usage	Frequency	Percentage
less than 1 year	33	33.0
1-2 year	35	35.0
2-5 year	21	21.0
above 5 year	11	11.0
Total	100	100.0

Source: - Primary data

FIGURE 2

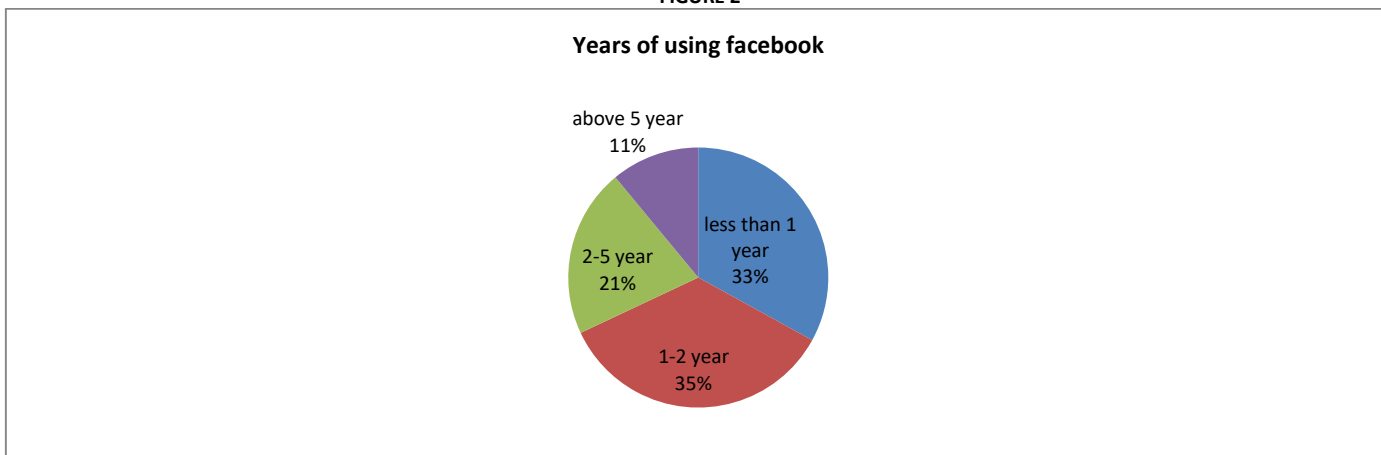


Table 3 and figure 2 shows respondents years of using facebook. There are 33% of the respondents of using facebook for less than one year, 35% of the people using facebook 1-2 year, 21% use facebook 2-5 years and 11 % of the respondents use facebook more than five years. So it is found that popularity and number of users of facebook is increased for the last two years.

H₀₁:-There is no relationship between education of the respondents and attitude towards advertisements through Facebook

TABLE 4: EDUCATION AND ATTITUDE TOWARDS ADVERTISEMENTS THROUGH FACEBOOK

Statements	Sources of Variation	Sum of Squares	df	Mean Square	F	Sig.
Facebook advertisements helps in purchase decision	Between Groups	5.461	5	1.092	.889	.492
	Within Groups	115.499	94	1.229		
	Total	120.960	99			
Facebook advertisement leads to lower price	Between Groups	6.359	5	1.272	.930	.465
	Within Groups	128.551	94	1.368		
	Total	134.910	99			
Entertainment value	Between Groups	11.984	5	2.397	2.290	.052
	Within Groups	98.376	94	1.047		
	Total	110.360	99			
Facebook advertisements makes disturbance	Between Groups	6.207	5	1.241	.812	.544
	Within Groups	143.793	94	1.530		
	Total	150.000	99			
facebook advertisements are trustworthy	Between Groups	22.575	5	4.515	2.980	.015
	Within Groups	142.415	94	1.515		
	Total	164.990	99			

The above table shows that significant value for all statement is greater than 0.05(Except on the statement facebook advertisements are trustworthy) at 5% level of significance, so the null hypothesis is accepted. Hence we can state that there is no relationship between education of the respondents and their attitude towards advertising on facebook.

H₀₂:- There is no relationship between income of the respondents and attitude towards advertisements through facebook

TABLE 5: INCOME OF THE RESPONDENTS AND ATTITUDE TOWARDS ADVERTISEMENTS THROUGH FACEBOOK

Statements	Sources of Variation	Sum of Squares	df	Mean Square	F	Sig.
Facebook advertisements helps in purchase decision	Between Groups	5.445	3	1.815	1.508	.217
	Within Groups	115.515	96	1.203		
	Total	120.960	99			
Facebook advertisement leads to lower price	Between Groups	.963	3	.321	.230	.875
	Within Groups	133.947	96	1.395		
	Total	134.910	99			
Entertainment value	Between Groups	5.240	3	1.747	1.595	.196
	Within Groups	105.120	96	1.095		
	Total	110.360	99			
Facebook advertisements makes disturbance	Between Groups	2.589	3	.863	.562	.641
	Within Groups	147.411	96	1.536		
	Total	150.000	99			
Facebook advertisements are trustworthy	Between Groups	4.940	3	1.647	.988	.402
	Within Groups	160.050	96	1.667		
	Total	164.990	99			

The above table shows that significant value for all statement is greater than 0.05at 5% level of significance, so the null hypothesis is accepted. Hence we can state that there is no relationship between income of the respondents and their attitude towards advertising on facebook.

FINDINGS

The study tries to find out the consumer's attitude towards advertisements through social media with special reference to facebook. Following are the important findings derived from the study.

1. The demographic factors shows that majority of the respondents are male, majority of the respondents were fall in the age category of 20-30, 36% of the respondents are government employees, the income of the respondent shows that 38% of the consumers have average income of between Rs.10,000 - 25,000 and finally majority of the respondents have higher than matriculation education.
2. It is inferred that majority of the respondents (49%) were using facebook in between one to three hours.
3. It is found that popularity and number of users of facebook is increased for the last two years.
4. There is no relationship between education of the respondents and their attitude towards advertising on facebook.
5. That there is no relationship between income of the respondents and their attitude towards advertising on facebook

DISCUSSION AND CONCLUSION

Promotion is one of the integral parts of marketing mix. Advertisements are considered as the most glamorous element in the promotion mix. In the digital marketing era companies cannot sustain only with traditional media's of promotion. As a part of worldwide change, due to technological development now companies are competing with each other. Social media is one of the popular vehicles to deliver online promotion. Facebook influenced much more in the socio-cultural life of human beings. The attitude towards advertisements is the sum total of human characteristics. As per the current study advertisements through facebook are helpful for purchase decision. It gives the ground for online comparison of goods and services. Online advertisements possess high entertainment value and eye catchy in nature. Sometimes users feel disturbance while encountering with online advertisements.

REFERENCES

1. Bibhas Chandra, Shubham Goswami, Vineet Chouhan (2012) "Investigating Attitude Towards Online Advertising On Social Media - An Empirical Study" management insight Vol. VIII, No. 1; June 2012, pp 1-13
2. Elisabeta Ioană, Ivona Stoica (2014) "Social Media and its Impact on Consumers Behavior" International Journal of Economic Practices and Theories, Vol. 4, No. 2, 2014, Special issue on Marketing and Business Development.
3. Henry Boateng Abednego Feehi Okoe, (2015),"Consumers' attitude towards social media advertising and their behavioural response", Journal of Research in Interactive Marketing, Vol. 9 Iss 4 pp. 299 -312
4. <http://www.socialmediakerala.com/facebook-users-in-kerala/>
5. <https://en.wikipedia.org/w/index.php?search=facebook&title=Special:Search&fulltext=Search&searchToken=317w0ugiidce3fprn99g2vw2>
6. Otugo, Nkiru Esther, Uzuegbunam, Chikezie Emmanuel, Obikeze, Chinedu Okey (2015) "Social Media Advertising/Marketing: A Study of Awareness, Attitude and Responsiveness by Nigerian Youths" International Conference on Communication, Media, Technology and Design 16 - 18 May 2015 Dubai – United Arab Emirates pp.435-451
7. Simona Vinerean, Iuliana Cetina, Luigi Dumitrescu & Mihai Tichindelean (2013) "The Effects of Social Media Marketing on Online Consumer Behavior" International Journal of Business and Management; Vol. 8, No. 14; 2013 pp.66-79
8. Uchenna Cyril Eze, Chai Har Lee (2012) "Consumers' Attitude towards Advertising" International Journal of Business and Management; Vol. 7, No. 13; 2012 pp.94-108.

ILLEGAL ECONOMY Vs. SOCIALIST SOCIETY

DR. PRAMILA CHOUDHARY
HEAD
DEPARTMENT OF COMMERCE
S.S.L.N.T. MAHILA COLLEGE
DHANBAD

ABSTRACT

*“Black Money” is a global issue, but for India, it is a bigger challenge to the existence of our socio-economic society. During transition period from under-developed stage to present developing stage there were rampant increase of Black Money with galloping speed. The volume of Indian Black Money in India and in other Tax Heaven Countries is so vicious that a “Parallel Economy” stage is created in India. Among Reasons for its cancerous growth in India, huge Public Expenditure in Five Year Plans, Tax Evasion, Real Estate, Control and licencing system, Existence of Tax Heaven Countries, Political Donations, Bribes, Corruptions and wrong Invoicing of Import, Export Bills, are important reasons for our Parallel Economy. Its impact is adverse on our Socio-Economic Society. Rich have become more richer. Honest-Tax Payers are over burdened with tax structure. Government’s popularity is also affected. So in order to meet this **National Challenge** and **Save Socialist Society**’ strong political will, effective, speedy and forceful emphasis on execution of various laws to minimize corruption and unearth black money are immediate need of the hour. However, the door of more research and suggestions to eradicate this National menace is always left open.*


KEYWORDS

black- rich, subidha shulk, tax heavens, material – welfare, public – exchequer.

ABBREVIATION

G.N.P. :	Gross National Product	N.I.P.F.P. :	National Institute of Public Finance and Policy
I.P.O. :	Initial Public Offer	V.D.S. :	Voluntary Discloser Scheme
G.S.T. :	Goods and Service Tax.	T.J.N. :	Tax Justice Net work
A.C.B. :	Anti Corruption Bureau	C.B.D.T. :	Central Board of Direct Taxes.

INTRODUCTION

 Existence of Black Money and its temptation to have has corrupted the whole society. It poses an Economic Threat to the Govt. Elections are won or lost on the issue of Black Money though black money is used in Elections from Grass root to Parliamentary Elections. Hence reasons for its accumulation and steps for its control with further suggestion, more research papers will always be a welcome stage.

OBJECTIVES OF THE PAPER

In India “Democratic Socialist Society” was adopted with the long term objectives of full employment and removal of disparities of income and wealth providing equality of opportunity to all. It is irony of fact that in our Mixed Economy during the last 70 years of our independence rich became more richer. In the words of **D. K. Rangnekar** black incomes are accentuating the inequalities in income and wealth and breeding a new class of **Black Rich** in society. The gap between haves and have-nots are more widened because of speedy generation of “Black Money and Parallel Economy” in India. The volume of Indian Black Money in India and in other Tax Heaven countries is so vicious that we also call it by – Illegitimate Economy, Parallel Economy, Underground Economy. Unrestricted Economy and Unaccounted Economy.

Undoubtedly black money is a global issue, but India is its one of the major victims due to larger corruption and weak political will for some vested reasons. Out of three “M” factors (Men, Muscle, Money) black and unaccounted money play dominant role in elections right from grass-root to Parliament. Indians are returned to the age of Father of Economics – Adam Smith who advocated Money is all, be all and end all. People are accumulating wealth by any means fair or foul. National welfare and social welfare at Macro Level are ignored. The temptation of Black money forcing people in their **Micro Material Welfare** only. The objective of the paper is to highlight some important Cancerous reasons for Parallel Economy, its impact on the socialist society with constructive suggestions for its eradication.

HISTORICAL PERSPECTIVE

India got independence in 1947 behind this nationalism and nationalist feelings among the Leadership and people were the pivotal factors. At that time the slogan of freedom fighters was “**Do what I do**”. Now after 70 years of independence the slogan of political Leaders is changed to- ‘**Do what I say in place of do what I do**’ Before Independence the concept of Black Money was almost foreign to the masses of India. Our Economy was underdeveloped and India lived as an agricultural country. But, with the start of Five Year Plans from 1st April 1951, Money started taking its “Black Culture”. Weak Institutional Policy and Weak Political will have led to rampant increase in corruptions. Dr. Ram Manohar Lohia, the senior most and vocal Socialist Leader had thundered in the Parliament on the point of accumulation of black money. **Indira Gandhi** had to take a scapegoat saying – “**Corruption is global**” Rajiv Gandhi as a Prime minister had once said “Only 13 paise in a rupee of Public Expenditure reaches the people. Many nationalist leaders and elderly citizens time without number tried to make aware the Govt. and public on the galloping speed of increasing trend of unreported economy in India. Presently the oppositions outside and inside Parliament attack the B.J.P. Govt. to act on the promise made to unearth black money during its Parliamentary election campaign 2014.

It will not be an exaggeration to say that creation of parallel economy is the result of huge public expenditure on taking India from underdeveloped country to a developing Country through Five year plans without a strong check on generation of Black Income. It also added fire to the fuel by Illegitimate economic activities not permissible under law like crimes, drug trade, trade- based money laundering, I.P.O. manipulation and option of converting Black Money to Gold etc. Rich became richer with paper slogan by political Leaders – “**Garibi Hatao**”. The objective of Socialist Society started receding, because of faster growth rate of black money generation than the real growth rate of Gross National Product.

REASONS

1. PUBLIC EXPENDITURE

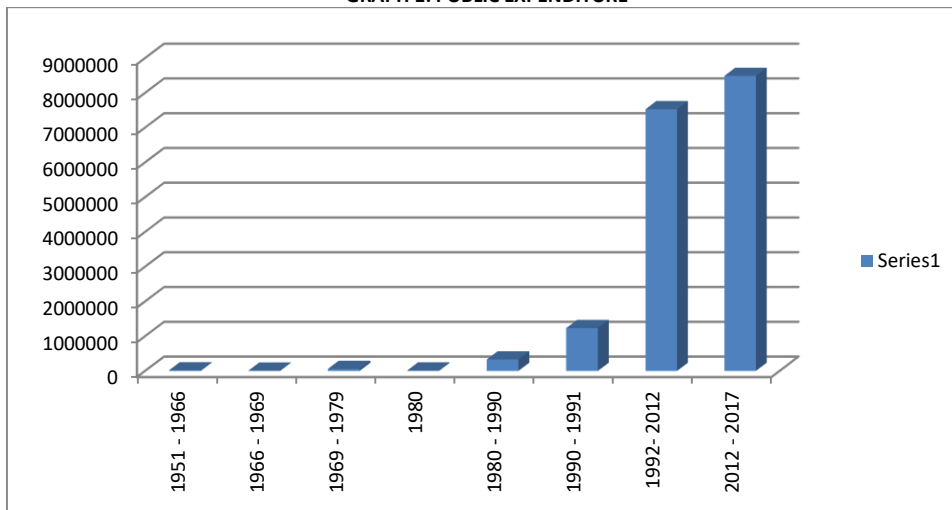
On the eve of independence India was an underdeveloped economy. Our Nationalist Government adopted Socialist pattern of Five Year Plans’ for sustainable development which started from 1951. During the 1st 62 years of Economic Planning there were huge Public Expenditure to achieve Socialist Goal:

TABLE 1: PUBLIC EXPENDITURE 1951- 2017

Plan	Period	(In Rs. Crore)
1 st , 2 nd , 3 rd	1951 to 1966	15209
Three one Year Plan	1966 to 1969	6625
4 th & 5 th Plan	1969 to 1979	55205
One Year Plan	1980	12177
6 th & 7 th Plan	1980 to 1990	328022
Two one year Plan	1990- 1991	1231121
8 th ,9 th & 10 th Plan	1992- 2012	7527232
12 th Plan	2012 to 2017	8486226 (Proposed)

Source: Five Year Plan Documents

GRAPH 1: PUBLIC EXPENDITURE



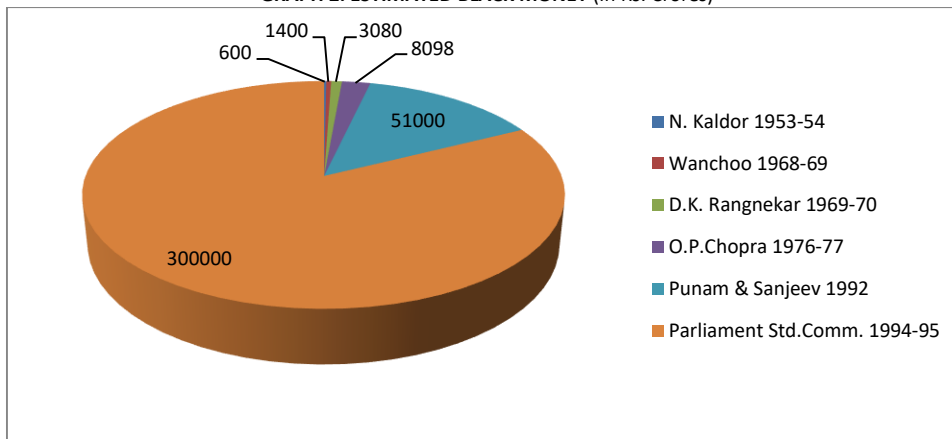
If closely analysed the above public expenditure with actual ground realities and achievements, the hard core truth is – riches became richer giving rise to a new class “Black Rich” Unemployment remained at increasing trend and Tax Heaven Countries became flooded with Indian Black Money: Goods and Services were not produced to the extent required by public expenditure. The pace of growth rate was far and far behind because of speedy generation of unaccounted and underground money and ‘Political Loot’. Various Agencies and Persons Estimated Black Money:

TABLE 2: ESTIMATED BLACK MONEY

Name	Year	Estimated (In Rs. Crores)
N. Kaldor ¹	1953-54	600
Wanchoo Committee ²	1961-62	700
	1965-66	1000
	1968-69	1400
Dr. D. K. Rangnekar ²	1961-62	1150
	1965-66	2350
	1968-69	2833
	1969-70	3080
O.P. Chopra ³	1974-75	8611
	1975-76	7292
	1976-77	8098
Punam Gupta & Sanjeev Gupta ⁴	1992	51000
Parliamentary Standing Committee	1994-95	300000

Sources: 1. N.Kaldor: Indian Tax Reform; 2. Wanchoo Committee - Dr. Rangnekar, Direct Taxes Enquiry Committee – 1971, 3. O. P. Chopra: Unaccounted Income some Estimates – Economic and Political weekly. April - May 1982; 4. Punam Gupta & Sajejev Gupta: Estimate of unreported Economy in India

GRAPH 2: ESTIMATED BLACK MONEY (In Rs. Crores)



The above figures said to be not only estimated figures but also under estimated which excludes black incomes generated by illegal activities like Smuggling, Black Marketing, Bribes and Kickbacks. Agricultural output incomes are also not covered. **The estimated figures though differ with each other but with one unanimity that generation of black money went on increasing in geometric progression like population of India.** Black income which was less than 10% of G.N.P. up to 75-76 reached to 18-21 percent of G. N.P. by 1983-84 as estimated by N.I. P.F.P. amounting 4,68,67 Crores which has now reached to 23-26 percent of National G.D.P. approx. The Quantum of black money in India never receded rather appreciated under the umbrella of rampant corruption. Globalisation and liberalization of trade added fire to the fuel of black money accumulation.

2. TAX EVASION

Direct Taxes Enquiry Committee in its final report Dec 1971 quoted – “Black Money and Tax Evasion go hand in hand”. There can be no two opinions on the point that tax evasion in India is one of the major causes of Black money. The level and structure of taxation is highly responsible for the parallel economy. Multiple system of taxation on Goods and Services, Stamp Duty on transfer of property and Excise Duty have been a flood-gate for accumulation of unreported incomes. On G. S. T. Act, it will be too early to predict.

As regard Direct Taxes particularly Income Tax the Govt. had not been fair to masses. There was a time when Income Tax slab rate exceeded 80%, but now it is up to 30% only Salaried class people are penalized but small or big Business Houses, Industrialists, Capitalists, all Professionals like –Doctors, Lawyers, Actors, Builders & Political Persons are resting in their Home Heavens or in any “Tax Heaven Country.”

Black Income is the aggregate of income which are taxable but are not reported to Tax Authorities. It is beyond arguments that except service holders majority of earners enjoy tax evasion by keeping their savings in Cash, Gold, Silver and Bullions which are unreported to tax authority. Black liquidity is in abundance leading to black economy as a threat to price stability and survival of inflation. With the object of reducing tax evasion and unearthing unreported incomes the Govt. of India time to time announced ‘Voluntary Discloser Scheme’ to make Black Money to white Income.

TABLE 3: DECLARATION UNDER V.D.S. SCHEMES

Year	Income Declaration (In ₹)	Tax Collected (In ₹)
VDS 1951	70.2 Crores	10.9 Crores
VDS 1965	52.11 Crores	29.0 Crores
VDS 1976	746.1 Crores	249.0 Crores
VDS 1985	2940.4 Crores	388.0 Crores
VDS 1997	33695 Crores	10500.00 Crores
V.D.S. 2016	65250 Crores	30000.00 Crores approx

Source – Ministry of Finance Govt. of India

Voluntary Discloser Scheme is very simple to understand. In one sentence disclose unreported liquid cash, Securities or assets held in India or abroad to make them white by paying 30-35 percent income tax. 30% was for individuals and 35% for Corporate which increased to 45% in V.D.S. of 2016. The Govt has declared total immunity from all penalties and prosecution under Income Tax, Wealth Tax and FERA with utmost secrecy of identity of individuals or corporate. The above V.D.S. figures are simply an indicator that only a tip of the iceberg could be unearthed out of estimated Black money Rs. 3,00,000 Crores by “**Parliamentary Standing Committee on Finance and Black Money**” The discloser made also included the names of minors, ladies and benamidars. **Mr. Hasmukh Adhia Union Revenue Secretary** Stated that – During 2014-15 and 2015-16 Income Tax Department unearthed undisclosed income of Rs. 43000 Crores. Rs. 13000 crores have also been discovered in Foreign Bank Accounts which may be taxed at the rate of 120 percent.

However, it is very difficult to estimate the amount of black money held by Indians within India and in other parts of World either banked or held in assets as stated by Sri Arun Jaitli, Finance Minister of India. Senior Economist R. Baidhnatham has estimated 7,280,000 Crores as black money where as FICCI in its Twelve point Programme estimated 45 lakh crores as black money deposited in Foreign Banks which is nearly 50 percent of our G.D.P. **Swiss National Bank in its White Paper Published in 2012** estimated that the total amount of deposits in all Swiss banks at the end of 2010 by Citizens of India were CHF 1.95 Billion (INR 92.95 Billion, USD 2.1 Billion)

3. TAX HEAVENS

A Research by **Global Financial Integrity** brought out the fact that there was huge outflow of illicit monies from developing nations to Tax Heaven countries who impose very low or nil taxation for foreigners with utmost full proof secrecy regarding their wealth and accounts. Such countries have very liberal regulatory authority within whose jurisdiction any business unit can be registered or incorporated only for the name sake, even without a genuine corporate house. Such opaque deposit environment attracted Indians (Tax evaders) to take millions of crores of rupees to such countries unaccounted and untaxed through various “**Black Routes**”. There are as many as 80 Tax Heaven Countries in the World.

Global N.G.O. Tax Justice Network (T.J.N.) highlighted that developed nations like U. S. and U. K. offer secrecy which make non-citizens of those countries to keep their illicit money in cash form and also as investments or stashed away off shores in tax heavens which laundered back as genuine investments in various nations. In India there is inflow of black money from Tax Heavens in the form of investment which again attracts tax concessions from Govt. in various forms. Our own black money coming back to India as investment with prestige.

4. REAL ESTATE

Due to heavy rise in urban population and increased demand for houses or apartments, India developed “**Builder Culture**” To-day even small cities are flooded with builders engaged in constructing multistory apartments or working on re-development schemes. Such builders get various subsidies on building materials by Govt. but they sale flats on high price mostly taking money in 60-40 ratio. That is 40% in black and 60% in white. It benefits both ways builders of real estate earn black money and the buyers save a lot in the form of stamp duty and other legal charges. Black money at the hands of buyers shifts to the hands of builders Transaction price of real estate properties are seldom truly recorded. Over 90% properties are undervalued on papers to save taxes and to hide black money. Real Estate Industry is in reality playing a bigger role as Black Money Heavens.

5. CONTROL AND LICENCING SYSTEM

After 2nd world war Control, Permit, Licencing and Quota like systems were adopted for control on production and distribution of commodities in India giving rise to **Inspector Raj** Which became a good source of generation of Black Money. Thanks to the present Govt. scenario that control, licencing and Inspector Raj are abolished.

6. POLITICAL DONATIONS

Basically no political party in India is clean on the point of political Fund and Donations. Elections are fought with money power. Such huge political donations and funds are from persons having plenty of Black Incomes earned by undue favour under the shell of their political God- Father. Political Parties never account actual election expenses before Election Commission. Black Money became black donations spent on voting blackmailers. Black money is virtually life-blood of political survival.

7. SMUGGLINGS

Dr. Suraj Gupta speaks of smuggling as a “**Growth Industry**” in India. It is a major direct source of black income and evasion of custom duties, Sales tax and black gains through Hawala transactions. Smuggling of Gold in crores are detected and thousand crores go undetected in India.

8. BRIBE / SUBIDHA SHULK

Bribe is for doing undue favour or for doing illegal work where as subidha shulk is for both doing actual duty or for undue favour without loss of time and harassments. Inflation has reduced the purchasing power at the hands of fixed income group who are forced to accept “Subidha Shulk.” Higher the Post bigger is the amount of Bribe. Various reports of C.B.I. and A.C.B. establishes the history of collection of bribe in Crores which has become a part of our parallel economy. The practice of coercing people for bribe and subidha shulk by police personnel in India is not at all a hidden fact.

9. WRONG INVOICING OF EXPORTS / IMPORTS

Black money is also generated by grossly under invoicing traditional exports and over invoicing of imports and also by mis-invoicing of non- traditional exports. A study assures a minimum of 10 percent of F.O.B. value of traditional export to be the amount of black income generated. Through the play of under and over invoicing of export and import there were **Capital Flights** which affected foreign exchange reserves of India adversely and created "Black Money Deposits" in Tax Heavens of the World.

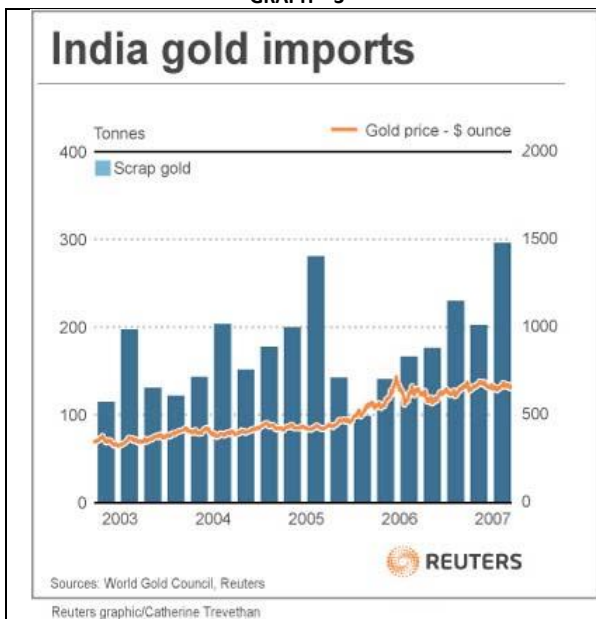
10. OTHER FACTORS

Besides above, black money generation in India was also caused in the sale of immovable property, purchase of defence equipments, under reporting of output in public sector units, agricultural income, kickbacks from contractors and suppliers, tax evasion at the hands of upper middle class rich people, misuse and manipulation of funds by non- profit organizations, unbanked and under banked areas contribute to large cash economy in India. Hawala transaction also account for significant volume of Parallel Economy in India.

IMPACT ON SOCIETY

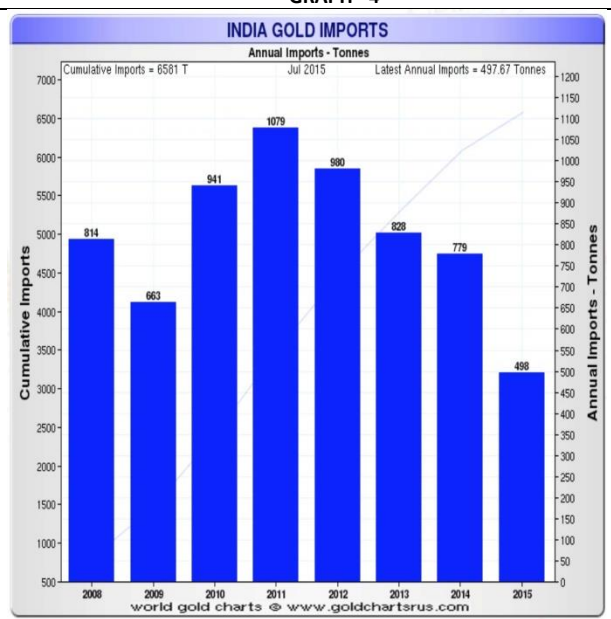
Black money operates as a bridge between Law- Makers, Law Keepers and Law Breakers The impact of this unholy nexus has very serious adverse effect on society at large. Growing proliferation of black money in every sector of economy has caused economic inequalities and concentration of wealth in the hands of a few. There are huge losses to Public Exchequer due to tax evasion. Equity concept of taxation is also lost. Honest tax payers are more and more burdened by tax over tax developments. In order to meet increased expenditure, Govt. resort to revise tax structure and dishonest tax payers are left free to roam in parallel economy. Black money also distorts investment in economy by spending in high end and in Luxury goods. It breeds corruption which corrupt A to Z in the society. Morality, Nationality and even Peace Mentality of people are at stake. Black money is used to operate terror networks. Black money is also used in hoarding of food grains. This man made scarcity of food not only create price- rise but also many evils and immoral acts in the society. It is detrimental to social and economic health of the nation. India is said to be world's second largest consumer of gold, next only to China. For centuries Gold fascinated Indians particularly for Jewellery purposes. During last a few decades the demand for Gold increased tremendously for easy store of value. As it is easily monetize-able and is available in reasonably small unit sizes having big values. Black money holders in India preferred to invest in gold as a hedge against currency depreciation. Indians have managed to accumulate 22000 tons of gold directly or indirectly which has negatively impacted country's economy.

GRAPH - 3



Source: World Gold Council Reuters

GRAPH - 4



Source : World Gold Charts@www.goldchartsurs.com

However, in recent past import of gold has decreased due to punitive governmental steps on black money.

Indians spent nearly ₹ 18 lakh crores on buying gold last decade, mostly consumed by retail buyers for Hoarding & Jewellery – indicate that a vicious gap is created in between Haves and Have-nots in the society which is against national objectives of socialist society. Therefore, all efforts should be made at all levels from P to P (Public to Prime Minister) to control future generation of black money and unearth generated and kept black money inside and outside India.

CONCLUSION WITH SUGGESTIONS

Black money is a global issue but it has become a National Challenge in India. Corruption, the mother of black money, is deeply penetrated in all walks of life with difference in degree. It appears that corruption has corrupted us all. It cannot be rooted out, but steps can effectively be taken to minimize. Under legislative frame work India enacted various stringent Laws like Prevention of Money Laundering Act 2002, Benami Transaction Prohibition Act, 1988 Lokpal and Lokayukta Act & Prevention of Corruption Act 1988 with institutions like C.B.D.T. (Central Board of Direct Taxes) Enforcement Directorate, NIA, C.B.I., A.C.B. and Police Authorities but they failed to do total justice particularly with big fishes. Black money in parallel economy is proving a huge hurdle in the way of India attaining greater economic prosperity for masses. Thanks to awareness of Public that after more than half a century a Govt. with strong Political will and sincere motive to unearth Black Money and minimize corruption is elected at Centre. Generation of Black Money in lakhs through corrupt practices is morally and somewhat economically bad but its generation in thousands of crores are certainly a matter of great concern to all. It spoils the whole economic fabrics of society. Therefore, Government must now speedily and forcefully emphasis the executions of laws to curb black money – with more power to CBDT, CBI and ACB. It is a welcome step that in 2015 the Parliament has passed the "Undisclosed Foreign Income and Asset Bill. Our Government has entered into agreements with other countries for the exchange of information, recovery of tax and avoidance of double taxation. Following Switzerland has made key changes in its local laws governing assistance to foreign Nations in their pursuit of black money. Switzerland has also disclosed certain names of Bank account holders to Indian Authorities. Besides the Govt. has appointed "Special Investigation Team" (SIT) in 2014 on the direction of the Supreme Court on black money. The N.D.A. Govt. has appointed a "Lokayukta to deal with corruption and corrupt practitioner" The office of the Prime Minister is also within his Jurisdiction. Every member of parliament, and legislators must mandatorily declare their assets & liabilities every year. All government servants, Personnel of Public Sectors, Contractors, Suppliers, Professionals, Private Educational Institutions must report correctly, their financial status every year failing which penalties be imposed. Launching of sovereign Gold Bonds and imposition of extra tax on purchase of Jewellery are welcome steps.

In orders to limit the scope of corruption in Public Procurement, appropriate legislative steps be taken, cash less transaction be activated & motivated in large perspective. Whistle blowers be given more protection and secret reward. Minimum Income slab for Income Tax be increased to Five lakhs for motivating even

lower middle class earners to happily joining Income tax net. Income Tax slab for higher income groups be more on higher progressive side so that honest tax payers don't feel cheated at the time of Voluntary Discloser Scheme. The **Direct Taxes Inquiry Committee** had categorically opposed to V.D.S. quoting "It places a premium on fraud and unfair to honest tax payers" V.D.S. be not made practice for unearthing black money, because it lead to a general feeling among tax evaders that non compliances of tax law will be one day rewarded with immunity by getting cleared through V.D.S. For Real Estate Handlers and Brokers appropriate laws be legislated and strictly executed.

All National Political Parties have to come on one stage and pledge firmly with equal passion to up-root the menace of black money. Domestic Black Money is easier to unearth provided conventional, timid, ineffective and inadequate steps are avoided. Govt. may go to the extent of partial or full demonetization of currency. Strict measures be taken to stop generation of black money by the ordinary citizens of India in their day-to-day life. The retail usually bills on purchase are not genuinely given to hide profits on sales. This hidden profit figure in crores of rupees every day resulting in black money.

The financial activities of all Private Schools, Coaching Centres, Colleges, Medical Colleges, Engineering Colleges, Charitable Trusts and Doctors who roll in black money be checked without any political or financial vested interests. Resolute approach of political parties, Iron hand of Govt. and Public Pressure will certainly lead the campaign against black money to a Logical end. **At this stage of inflation pension upto Six Lakhs be exempt from Income Tax for Senior Citizens so that they can live a moderate living being ignored by their own 'Nuclear family' member. People of India must be made aware of the hard core truth that whatever black money is unearthed cannot be directly gifted in cash to the citizens, but certainly this will increase the fund with Public Exchequer which ultimately reduce the tax burden of tax payers and the amount spent on welfare schemes for poor and masses at Macro level will create workable infrastructure to achieve the goal of real socialist society.**

SCOPE FOR FURTHER RESEARCH

Corruption is the mother of Black Money accumulation. There can be no denial from the fact that corruption is deeply penetrated to the soul and body of our society. Hence there exist scope for further and further research till it is completely routed out.

REFERENCES

1. Amit Bhaduri - "Menace of Black Money" Times of India, 12th Aug, 1981
2. Direct Taxes Enquiry Committee - Final Report 1971
3. Global Financial Integrity - Reports
4. K. Sundram and V. Pandit - "On Black Money" Indian Economic Review Oct., 1976
5. N. Kaldor - Indian Tax Reform
6. N.I.P.F.P. - Aspects of Black Money in India, 1985
7. Prem Shankar Jha - "Black Money and Crime" Times of India, 9th Dec, 1981
8. R. B. I. Reports on Currency and Finance 1980-81
9. Ruddra Datt - The Parallel Economy in India
10. Suraj B. Gupta - Black Income in India, 1972
11. V. L. Mehta - Unemployment Inequality, Parallel Economy - 'A Solution'

RISK AND RETURN ANALYSIS OF SELECT PSBs

K.V.RAMESH
RESEARCH SCHOLAR
RAYALASEEMA UNIVERSITY
KURNOOL

DR. A. SUDHAKAR
PROFESSOR
DEPARTMENT OF COMMERCE
DR. B. R. AMBEDKAR OPEN UNIVERSITY
HYDERABAD

ABSTRACT

The paper makes an attempt to find the risk and return analysis of the selected banks Canara Bank and State Bank of India during the period under consideration. Risk and return are most important concepts in analysis of valuation of assets or securities. The term risk is the variability of actual return from the expected return associated with a given asset. The greater the variability, the riskier the security is. In other words, risk is the variability of returns from those that are expected. The more certain the return from an asset, the less the variability and therefore lower the risk. The concept of return refers to the actual income received plus any change in market price of an asset / investment. In selected study the market price and income received of the State Bank of India and Canara Bank. It is observed that Canara Bank has proven the general phenomenon of higher the risk, higher the return than that of State Bank India and it can be concluded that Canara Bank's return was not only higher than that of State Bank of India but also more consistent throughout the study period. The study on the performance of banks in the stock market in India covers performance evaluation of them quoted at the Indian Stock Exchanges in stock market through risk and return analysis adopting Capital Asset Pricing Model framework. This is done on a yearly basis for better understanding and adjudging the performance of companies quoted at the Bombay Stock Exchange for the period 1995-2015.

KEYWORDS

capital asset pricing model, risk, return.

INTRODUCTION

Risk concerns the expected value of one or more results of one or more future events. Technically, the value of those results may be positive or negative. The term risk may be traced back to classical Greek rizikon (Greek ριζα, riza), meaning root, later used in Latin for "cliff". The term is used in Homer's Rhapsody M of Odyssey "Sirens, Scylla, Charybdee and the bulls of Helios (Sun)" Odysseus tried to save himself from Charybdee at the cliffs of Scylla, where his ship was destroyed by heavy seas generated by Zeus as a punishment for his crew killing before the bulls of Helios (the god of the sun), by grasping the roots of a wild fig tree.

Scenario analysis matured during Cold War confrontations between major powers, notably the United States and the Soviet Union. It became widespread in insurance circles in the 1970s when major oil tanker disasters forced a more comprehensive foresight. The scientific approach to risk entered finance in the 1980s when financial derivatives proliferated. It reached general professions in the 1990s when the power of personal computing allowed for widespread data collection and numbers crunching.

There are many formal methods used to assess or to "measure" risk, considered as one of the critical indicators important for human decision making. In statistics, risk is often mapped to the probability of some event which is seen as undesirable. Usually, the probability of that event and some assessment of its expected harm must be combined into a believable scenario an outcome, which combines the set of risk, regret and reward probabilities into an expected value for that outcome. Thus, in statistical decision theory, the risk function of an estimator $\delta(x)$ for a parameter θ , calculated from some observables x , is defined as the expectation value of the loss function L .

In Information security, a risk is written as an asset, the threats to the asset and the vulnerability that can be exploited by the threats to impact the asset - an example being: Our desktop computers (asset) can be compromised by malware (threat) entering the environment as an email attachment (vulnerability).

CAPM decomposes a portfolio's risk into systematic and specific risk. **Systematic risk** is the risk of holding the market portfolio. As the market moves, each individual asset is more or less affected. To the extent that any asset participates in such general market moves, that asset entails systematic risk. **Specific risk** is the risk which is unique to an individual asset. It represents the component of an asset's return which is uncorrelated with general market moves.

According to CAPM, the marketplace compensates investors for taking systematic risk but not for taking specific risk. This is because specific risk can be diversified away. When an investor holds the market portfolio, each individual asset in that portfolio entails specific risk, but through diversification, the investor's net exposure is just the systematic risk of the market portfolio.

Systematic risk can be measured using beta. According to CAPM, the expected return of a stock equals the risk-free rate plus the portfolio's beta multiplied by the expected excess return of the market portfolio. Specifically, let Z_s and Z_m be random variables for the simple returns of the stock and the market over some specified period. Let z_f be the known risk-free rate, also expressed as a simple return, and let β be the stock's beta. Then

$$E(Z_s) = z_f + \beta[E(Z_m) - z_f] \quad (1)$$

Where E denotes an expectation

Stated another way, the stock's excess expected return over the risk-free rate equals its beta times the market's expected excess return over the risk free rate.

For example, suppose a stock has a beta of 0.8. The market has an expected annual return of 0.12 (that is 12%) and the risk-free rate is 0.02 (2%). Then the stock has an expected one-year return of

$$E(Z_s) = 0.02 + 0.8[0.12 - 0.02] = 0.10 \quad (2)$$

Because [1] is linear, it generalizes to portfolios. Let Z_p be a portfolio's simple return, and let β now denote the portfolio's beta. We obtain

$$E(Z_p) = z_f + \beta[E(Z_m) - z_f] \quad (3)$$

Formula [1] is the essential conclusion of CAPM. It states that a stock's or portfolio's excess expected return depends on its beta and not its volatility. Stated another way, excess return depends upon systematic risk and not on total risk.

We call CAPM a "capital asset pricing model" because, given a beta and an expected return for an asset, investors will bid its current price up or down and adjusted that expected return so that it satisfies formula [1]. Accordingly, the CAPM predicts the equilibrium price of an asset. This works because the model assumes that

all investors agree on the beta and expected return of any asset. In practice, this assumption is unreasonable, so the CAPM is largely of theoretical value. It is the most famous example of an equilibrium pricing model.

OBJECTIVES OF THE STUDY

The objective is to study examine whether the Bank scrip's are overvalued or undervalued using CAPM Model and whether the actual return from the market is equal to the CAPM return under the calculated or not i.e. whether CAPM is able to predict the stock returns in the case of selected PSBs in India.

SAMPLE AND DATA SOURCES

The sample consists of 2 Public Sector Banks quoted at the Bombay Stock Exchange over the period 1995-96 to 2014-2015.

This study uses only the secondary data collected from research work on the topic, working papers, NSE and BSE websites and directories, CMIE data base-Prowess, Capital Market's Data Base, Capital Line, balance sheets of the select banks, public enterprise survey reports and RBI bulletins. Data thus collected is tabulated, processed analyzed, and presented in an understandable manner.

RESEARCH METHODOLOGY

The research methodology for the various aspects of the study is explained here under:

Building on the Markowitz framework, Sharpe (1964), Lintner (1965) and Mossin (1966) independently developed what has come to be known as the Capital Asset Pricing Model (CAPM).

$$(R_i) = R_f + \beta_j [R_m - R_f]$$

Where, R_f = Treasury bill rate

R_m = Return from the market of individual security

β_j = Unsystematic risk / diversifiable risk of individual security

For the calculation of R_m , daily log returns are computed for the period of 1995-2010 for taking April 1st to 31st March as a period of one year.

$$((\log p_1 - \log p_0) / (\log p_0)) * 100$$

Further, daily log returns are annualized using $r_1 + r_2 + r_3 + \dots + r_n$

These annualized returns are taken as R_m and Treasury bill rate as R_f . For the purpose of calculation of β (slope of the regression line), BSE Sensex Return is taken as independent and individual security return as dependent variables. Slope can be subjected to descriptive statistics.

The risk free rate for each year is obtained by averaging the monthly T-bill rates for each year. This risk free rate therefore varies from year to year.

TABLE 1: AVERAGE DAILY RETURNS

Year	Canara Bank	SBI	B S E Sensex
1995-96	-	0.024	0.001
1996-97	-	0.008	0.000
1997-98	-	0.010	0.007
1998-99	-	-0.019	-0.002
1999-00	-	-0.002	0.014
2000-01	-	0.487	-0.015
2001-02	-	0.008	-0.002
2002-03	0.140	0.015	-0.006
2003-04	0.064	0.054	0.029
2004-05	0.027	0.006	0.007
2005-06	0.023	0.023	0.025
2006-07	-0.023	0.002	0.006
2007-08	0.013	0.027	0.008
2008-09	-0.022	-0.022	-0.020
2009-10	0.068	0.038	0.026
2010-11	0.004	0.027	0.015
2011-12	-0.004	-0.004	-0.004
2012-13	0.003	-0.013	0.000
2013-14	0.007	-0.024	-0.004
2014-15	0.009	0.025	-0.103

Source: Calculated from daily stock prices

From the analysis above table it is observed that BSE Sensex returns are varying between -0.0020 and 0.029 whereas the Canara bank returns are varying between -0.022 and 0.14 and State Bank is varying between -0.022 to 0.487 which shows that the returns generated by State Bank are more consistent and they are more than the market and the Canara Bank.

TABLE 2: AVERAGE DAILY RISK

Year	Canara Bank	SBI	B S E Sensex
1995-96	-	0.407	0.162
1996-97	-	0.533	0.215
1997-98	-	0.368	0.171
1998-99	-	0.587	0.239
1999-00	-	0.674	0.232
2000-01	-	0.001	0.257
2001-02	-	0.496	0.186
2002-03	0.951	0.269	0.126
2003-04	0.064	0.054	0.029
2004-05	0.651	0.420	0.174
2005-06	0.451	0.242	0.114
2006-07	0.580	0.330	0.187
2007-08	0.594	0.371	0.198
2008-09	0.639	0.511	0.301
2009-10	0.484	0.370	0.196
2010-11	0.113	0.484	0.370
2011-12	0.132	0.132	0.132
2012-13	0.081	0.356	0.233
2013-14	0.111	0.553	0.267
2014-15	0.085	0.468	1.860

Source: Calculated from daily stock prices

From the analysis of above table: 2 it is observed that the average daily risk of Canara Bank has varied between 0.064 to 0.951, market proxy between 0.029 to 0.370 which indicates that the market has borne less risk than the Canara bank for the said period. The State Bank of India's risk has varied between 0.001 and 0.674 indicating that the return of SBI is on a lower side compared to the Canara Bank and market proxy i.e., BSE sensex and risk is more than market proxy and less than Canara Bank for the entire study period.

TABLE 3: COMPARISON OF CANARA BANK WITH CAPM RETURNS OF SBI AND CANARA BANK AND BSE SENSEX RETURN

Year	B S E Sensex	AMR Canara Bank	AMR SBI	CAPM Canara Bank	CAPM SBI
1995-96	0.001	-	0.024	-	-5.372
1996-97	0.000	-	0.008	-	-12.603
1997-98	0.007	-	0.010	-	-7.358
1998-99	-0.002	-	-0.019	-	-7.021
1999-00	0.014	-	-0.002	-	-7.223
2000-01	-0.015	-	0.487	-	-1.932
2001-02	-0.002	-	0.008	-	5.939
2002-03	-0.006	0.140	0.015	-26.882	-0.893
2003-04	0.029	0.064	0.054	-14.029	-5.398
2004-05	0.007	0.027	0.006	-6.345	-5.115
2005-06	0.025	0.023	0.023	-3.958	-1.655
2006-07	0.006	-0.023	0.002	-7.087	-1.386
2007-08	0.008	0.013	0.027	-6.060	-2.621
2008-09	-0.020	-0.022	-0.022	-2.404	-2.980
2009-10	0.026	0.068	0.038	-3.720	-3.825
2010-11	0.168	0.370	0.157	-4.263	-4.560
2011-12	0.896	-0.830	0.724	-3.960	-5.230
2012-13	0.814	-3.288	-0.073	-5.724	-17.877
2013-14	1.755	-6.116	-0.930	-1.532	-37.276
2014-15	2.203	6.022	-25.032	-4.741	2.310

Source: Calculated from daily stock prices

From the analysis of above Table: 3, and Figure 1 below where the annual daily average return of SBI, Canara Bank and BSE Sensex with that of the CAPM returns of the SBI and Canara Bank. It is observed that the returns obtained from the model are negative which have ranged from -1.532 to -26.882 for Canara Bank and for SBI was at -0.893 to 2.310. This shows that the banks have generated more returns compared to the CAPM model returns other than the periods 2006-07, 2008-09 for Canara bank which was reported at -0.023 and -0.022. The State Bank of India has reported Annual average negative returns for the period of 1998-99, 1999-00 and 2008-09 at the rate of -0.019, -0.002 and -0.022. This shows that the shares of SBI and Canara Bank were over priced during the study period compared to the CAPM model returns.

FIGURE 1: COMPARISON OF CANARA BANK WITH CAPM RETURNS OF SBI AND CANARA BANK AND BSE SENSEX RETURN

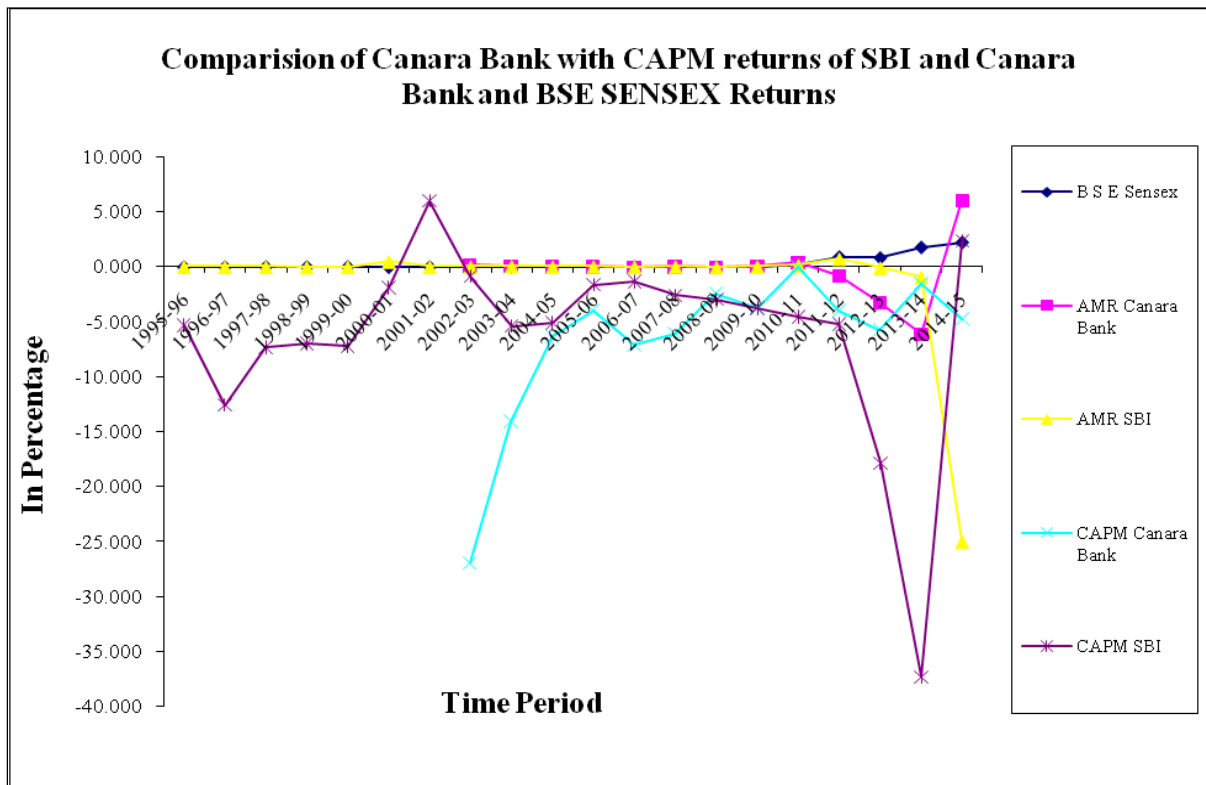


TABLE 4: ANNUAL HOLDING PERIOD RETURNS

Annual Return	B S E Sensex	Canara Bank	SBI
1995-96	0.215		5.626
1996-97	0.034		1.966
1997-98	1.829		2.440
1998-99	-0.417		-4.650
1999-00	3.539		-0.545
2000-01	-3.838		0.206
2001-02	-0.425		2.047
2002-03	-1.578	9.393	3.828
2003-04	7.320	16.157	13.651
2004-05	1.757	6.891	1.483
2005-06	6.119	5.518	5.877
2006-07	1.611	-5.393	0.503
2007-08	1.927	3.164	6.849
2008-09	-4.957	-5.310	-5.327
2009-10	6.284	16.602	9.310
2010-11	1.072	6.937	3.716
2011-12	-1.107	-1.107	-1.107
2012-13	0.814	-3.288	-0.072
2013-14	1.754	-6.116	-0.930
2014-15	2.203	6.022	-25.032

Source: Calculated from daily stock prices

From the analysis of above table 4, it is observed that the BSE sensex annual return varied between -4.957 to 7.320, whereas Canara bank between -5.393 and 16.602. Further it is observed that SBI's return was varying between -25.032 to 13.651. It can be concluded that Canara bank's return was the highest and more consistent throughout the study period without much inconsistencies. SBI has shown highest negative return in the year 2014-15 during the period of study under consideration because of the impact of increase in loss assets.

TABLE 5: ANNUAL HOLDING PERIOD RISK

Annual Risk	B S E Sensex	Canara Bank	SBI
1995-96	0.163		0.549
1996-97	0.215		0.533
1997-98	0.171		0.368
1998-99	0.239		0.587
1999-00	0.232		0.674
2000-01	0.257		0.478
2001-02	0.186		0.497
2002-03	0.126	0.951	0.269
2003-04	0.160	0.788	0.355
2004-05	0.174	0.651	0.420
2005-06	0.114	0.450	0.241
2006-07	0.187	0.580	0.330
2007-08	0.198	0.594	0.371
2008-09	0.301	0.640	0.512
2009-10	0.196	0.484	0.370
2010-11	0.113	0.344	0.242
2011-12	0.132	0.381	0.292
2012-13	0.081	0.356	0.233
2013-14	0.111	0.553	0.267
2014-15	0.085	0.468	1.860

Source: Calculated from daily stock prices

The table 5 represents Annual holding period risk of BSE Sensex, Canara bank and SBI for the period of 1995-96 to 2014-15. It is observed from the analysis that the BSE Sensex varied between 0.081 to 0.301. The Canara bank between 0.344 and 0.951 while State Bank of India varied in between 0.233 to 1.860. From the above tables 5.4 and 5.5 it can be concluded that the general phenomenon of higher the risk, higher the return holds well in case of Canara bank.

TABLE 6: MEAN HALF YEARLY RETURNS

Time Period	B S E Sensex	Canara Bank	SBI
1995-96 -I	0.002		0.025
1995-96-II	-0.006		0.013
1996-97 - I	-0.005		0.000
1996-97 - II	0.006		0.015
1997-98-I	0.026		0.008
1997-98-II	0.001		0.025
1998-99 -I	-0.025		-0.051
1998-99 -II	0.026		0.033
1999-00 -I	0.029		0.023
1999-00 -II	0.012		-0.014
2000-01 -I	-0.013		-0.015
2000-01 -II	-0.014		0.023
2001-02 -I	-0.025		-0.028
2001-02 -II	0.024		0.040
2002-03 -I	-0.015		-0.002
2002-03 -II	0.004	0.140	0.024
2003-04 -I	0.035	0.085	0.067
2003-04 -II	0.019	0.029	0.037
2004-05 -I	0.218	0.744	0.492
2004-05 -II	0.111	0.546	0.331
2005-06 -I	0.024	0.018	0.041
2005-06 -II	0.114	0.451	0.241
2006-07 -I	0.006	0.008	0.004
2006-07 -II	0.213	0.674	0.332
2007-08 -I	0.129	0.495	0.317
2007-08 -II	0.245	0.677	0.409
2008-09 -I	0.231	0.583	0.455
2008-09 -II	0.363	0.697	0.573
2009-10 I	0.249	0.573	0.458
2009-10 II	0.116	0.535	0.245
2010-11 I	0.011	0.045	0.044
2010-11 II	-0.002	0.010	-0.015
2011-12 I	-0.014	-0.044	-0.038
2011-12 II	0.005	0.010	0.010
2012-13 I	0.006	-0.012	0.007
2012-13 II	0.000	-0.015	-0.008
2013-14 I	0.002	-0.075	-0.026
2013-14 II	0.012	0.027	0.019
2014-15 I	0.014	0.042	0.026
2014-15 II	0.004	0.008	-0.235

Source: Calculated from daily stock prices

Table 6 represents the half yearly average daily return of BSE Sensex, Canara bank and SBI. The feature which can be observed from analysis here is that if there is decline in the return, this return is being continued at least for the next half year also. For instance, Canara bank's return declined from 0.744 to 0.546 in 2004-

05 during first half year to the second half year of 2004-05 and consequently in the next half on 2005-06. The same declining trend has been observed in the case of SBI also and in the second half of 2014-15 SBI has shown a negative return.

TABLE 7: HALF YEARLY HOLDING PERIOD RETURN

Sum	B S E Sensex	Canara Bank	SBI
1995-96 -I	0.649		4.026
1995-96-II	-0.435		1.600
1996-97 -I	-0.458		1.237
1996-97 -II	0.492		0.729
1997-98-I	1.836		0.330
1997-98-II	-0.008		2.110
1998-99 -I	-2.745		-6.098
1998-99 -II	2.329		1.448
1999-00 -I	2.933		0.678
1999-00 -II	0.606		-1.223
2000-01 -I	-2.336		-2.294
2000-01 -II	-1.502		2.500
2001-02 -I	-3.053		-3.599
2001-02 -II	2.628		5.646
2002-03 -I	-1.823		0.871
2002-03 -II	0.244	9.393	2.957
2003-04 -I	4.630	12.421	8.868
2003-04 -II	2.690	3.736	4.783
2004-05 -I	0.016	1.735	-3.947
2004-05 -II	1.741	5.156	5.430
2005-06 -I	3.204	2.801	5.388
2005-06 -II	6.119	5.518	5.877
2006-07 -I	1.087	1.375	0.946
2006-07 -II	1.611	-5.393	0.503
2007-08 -I	2.920	6.711	9.407
2007-08 -II	-0.994	-3.547	-2.558
2008-09 -I	-2.017	-3.099	-1.059
2008-09 -II	-2.939	-2.211	-4.268
2009-10 I	6.039	12.389	9.987
2009-10 II	0.245	4.213	-0.677
2010-11 I	1.147	5.346	5.287
2010-11 II	-0.512	1.164	-1.986
2011-12 I	-1.829	-5.801	-4.721
2011-12 II	0.964	1.865	2.167
2012-13 I	0.659	-1.387	0.438
2012-13II	-0.015	-1.996	-1.304
2013-14 I	0.190	-10.406	-3.683
2013-14 II	1.185	2.237	1.969
2014-15 I	1.649	4.215	3.083
2014-15 II	0.614	0.979	-27.83

Source: Calculated from daily stock prices

Table 7 represents the Holding period return for every 6 months for study period 1995-96 to 2014-15. It is observed from the analysis that the returns have increased as the holding period has increased compared to half yearly daily return. The rate of fluctuations in the returns has drastically reduced and there is a reversal of the trend that the decrease is being followed for consecutive half yearly. Example: Canara bank in 2004-05 first half was 1.735 and second half year was 5.156 and followed by a decrease to 2.801. On analysis it has been found that Canara Bank has shown highest holding period return of 12.421 during the first half of 2003-04 and lowest return in the first half of 2013-14 -10.406. While SBI has also shown the same trend however reported in 2014-15 second half a negative holding period return of 27.83 and highest holding returns in the first half of 2003-04 being 8.868. The remaining period they are showing a fluctuating trend throughout the study period.

TABLE 8: DAILY AVERAGE QUARTERLY RETURN

Daily Average	B S E Sensex	Canara Bank	SBI
1995-96 I	-0.013		-0.001
1995-96 II	0.022		0.062
1995-96 III	-0.031		-0.051
1995-96 IV	0.019		0.080
1996-97 I	0.024		0.056
1996-97 II	-0.030		-0.048
1996-97 III	-0.008		-0.032
1996-97 IV	0.009		0.039
1997-98 I	0.039		0.066
1997-98 II	-0.021		-0.066
1997-98 III	-0.023		-0.006
1997-98 IV	0.010		0.038
1998-99 I	-0.044		-0.093
1998-99 II	-0.005		-0.007
1998-99 III	0.007		-0.114
1998-99 IV	0.039		0.095
1999-00 I	0.035		0.078

1999-00 II	0.024		-0.042
1999-00 III	0.015		0.024
1999-00 IV	-0.018		-0.076
2000-01 I	0.003		0.046
2000-01 II	-2.101		-5.118
2000-01 III	-0.009		0.033
2000-01 IV	-0.021		-0.008
2001-02 I	-0.008		0.033
2001-02 II	-0.033		-0.089
2001-02 III	0.037		0.021
2001-02 IV	0.012		0.050
2002-03 I	-0.015		0.010
2002-03 II	-0.019		-0.014
2002-03 III	0.029	0.053	0.062
2002-03 IV	-1.219	9.439	-1.118
2003-04 I	0.030	0.085	0.094
2003-04 II	0.041	0.080	0.040
2003-04 III	0.046	0.035	0.043
2003-04 IV	-0.014	0.012	0.018
2004-05 I	-0.036	-0.079	-0.094
2004-05 II	0.025	0.069	0.013
2004-05 III	0.025	0.103	0.079
2004-05 IV	-0.005	-0.037	0.003
2005-06 I	0.015	0.008	0.006
2005-06 II	0.031	0.019	0.068
2005-06 III	0.012	0.003	-0.013
2005-06 IV	0.031	0.033	0.015
2006-07 I	-0.016	-0.088	-0.076
2006-07 II	0.027	0.096	0.074
2006-07 III	0.022	-0.006	0.049
2006-07 IV	-0.012	-0.121	-0.059
2007-08 I	0.026	0.120	0.118
2007-08 II	0.026	0.002	0.046
2007-08 III	0.022	0.045	0.047
2007-08 IV	-0.045	-0.161	-0.090
2008-09 I	-0.028	-0.081	-0.093
2008-09 II	-0.010	0.018	0.071
2008-09 III	-0.048	0.011	-0.032
2008-09 IV	-0.004	-0.054	-0.054
2009-10 I	0.063	0.155	0.103
2009-10 II	0.026	0.050	0.048
2009-10 III	0.006	0.061	0.014
2009-10 IV	-0.002	0.004	-0.022
2010-11 I	0.002	0.024	0.021
2010-11 II	0.020	0.065	0.066
2010-11 III	0.003	0.031	-0.027
2010-11 IV	-0.009	-0.012	-0.003
2011-12 I	-0.005	-0.045	-0.028
2011-12 II	-0.022	-0.042	-0.047
2011-12 III	-0.011	-0.055	-0.036
2011-12 IV	0.019	0.070	0.054
2012-13 I	0.000	-0.036	0.007
2012-13 - II	0.012	0.012	0.008
2012-13 - III	0.006	0.038	0.014
2012-13 - IV	-0.005	-0.067	-0.029
2013-14 I	0.005	-0.016	-0.012
2013-14 II	0.014	0.073	0.020
2013-14 III	0.009	-0.018	0.018
2014-15 I	0.021	0.161	0.073
2014-15 II	0.007	-0.073	-0.019
2014-15 III	0.005	0.072	-0.440
2014-15 IV	0.003	-0.053	-0.044

Source: Calculated from daily stock prices

From the table 8 where daily average quarterly return is given, it is observed from the analysis that the returns in the consecutive quarters have same trends as that of the early quarters. It is also observed that the returns are lower than that of half yearly returns.

TABLE 9: AVERAGE DAILY QUARTERLY RISK

Daily Risk	B S E Sensex	Canara Bank	SBI
1995-96 I	0.157		0.362
1995-96 II	0.117		0.278
1995-96 III	0.160		0.501
1995-96 IV	0.200		0.458
1996-97 I	0.166		0.472
1996-97 II	0.171		0.434
1996-97 III	0.215		0.478
1996-97 IV	0.276		0.680
1997-98 I	0.132		0.350
1997-98 II	0.209		0.536
1997-98 III	0.174		0.422
1997-98 IV	0.202		0.372
1998-99 I	0.285		0.517
1998-99 II	0.218		0.521
1998-99 III	0.202		0.548
1998-99 IV	0.217		0.720
1999-00 I	0.283		0.834
1999-00 II	0.164		0.466
1999-00 III	0.209		0.552
1999-00 IV	0.242		0.782
2000-01 I	0.346		0.531
2000-01 II	0.227		0.384
2000-01 III	0.190		0.421
2000-01 IV	0.252		0.551
2001-02 I	0.199		0.436
2001-02 II	0.220		0.506
2001-02 III	0.165		0.436
2001-02 IV	0.154		0.579
2002-03 I	0.156		0.256
2002-03 II	0.120		0.209
2002-03 III	0.106	0.553	0.256
2002-03 IV	0.110	0.986	0.312
2003-04 I	0.129	0.949	0.279
2003-04 II	0.166	0.713	0.375
2003-04 III	0.147	0.608	0.280
2003-04 IV	0.193	0.880	0.459
2004-05 I	0.291	0.952	0.624
2004-05 II	0.105	0.470	0.312
2004-05 III	0.089	0.489	0.319
2004-05 IV	0.129	0.598	0.342
2005-06 I	0.107	0.343	0.224
2005-06 II	0.111	0.362	0.226
2005-06 III	0.137	0.505	0.293
2005-06 IV	0.101	0.572	0.207
2006-07 I	0.283	0.769	0.382
2006-07 II	0.143	0.492	0.269
2006-07 III	0.110	0.460	0.294
2006-07 IV	0.168	0.557	0.356
2007-08 I	0.101	0.541	0.305
2007-08 II	0.153	0.444	0.328
2007-08 III	0.194	0.494	0.399
2007-08 IV	0.287	0.814	0.411
2008-09 I	0.173	0.461	0.323
2008-09 II	0.272	0.694	0.524
2008-09 III	0.435	0.713	0.670
2008-09 IV	0.275	0.686	0.459
2009-10 I	0.311	0.654	0.565
2009-10 II	0.181	0.487	0.348
2009-10 III	0.130	0.453	0.288
2009-10 IV	0.101	0.287	0.187
2010-11 I	0.124	0.281	0.227
2010-11 II	0.071	0.248	0.203
2010-11 III	0.109	0.416	0.269
2010-11 IV	0.138	0.413	0.264
2011-12 I	0.107	0.268	0.253
2011-12 II	0.144	0.337	0.252
2011-12 III	0.153	0.395	0.334
2011-12 IV	0.119	0.491	0.320
2012-13 I	0.103	0.337	0.278
2012-13 II	0.083	0.393	0.252

2012 -13 III	0.066	0.325	0.200
2012-13 IV	0.070	0.365	0.195
2013-14 I	0.114	0.431	0.245
2013-14 II	0.153	0.710	0.340
2013-14 III	0.093	0.575	0.248
2013-14 IV	0.074	0.431	0.220
2014-15 I	0.089	0.658	0.298
2014-15 II	0.078	0.404	0.220
2014-15 III	0.076	0.378	3.807
2014-15 IV	0.099	0.355	0.363

Source: Calculated from daily stock prices

From analysis of the table 9 where quarterly risk is given it is observed that the risk in the quarterly is more when compared to the half yearly and the risk bearing capacity of the individual is not spread over a period of time in case of daily risk. The common phenomena of higher the returns, higher the risk cannot be ruled out, when all the quarters are taken into account.

TABLE 10: QUARTERLY HOLDING PERIOD RETURN

Daily Return	B S E Sensex	Canara Bank	SBI
1995-96 I	-0.253		1.086
1995-96 II	0.903		2.940
1995-96 III	-1.425		-2.520
1995-96 IV	1.147		5.039
1996-97 I	1.372		3.328
1996-97 II	-1.986		-3.009
1996-97 III	-0.593		-2.792
1996-97 IV	1.085		3.520
1997-98 I	2.873		3.907
1997-98 II	-1.036		-3.577
1997-98 III	-0.772		-0.604
1997-98 IV	0.764		2.715
1998-99 I	-2.181		-5.172
1998-99 II	-0.565		-0.926
1998-99 III	-0.173		-4.582
1998-99 IV	2.502		6.031
1999-00 I	1.254		2.137
1999-00 II	1.679		-1.458
1999-00 III	0.595		0.657
1999-00 IV	0.011		-1.880
2000-01 I	-0.574		2.295
2000-01 II	-1.762		-4.589
2000-01 III	-0.342		1.649
2000-01 IV	-1.160		0.850
2001-02 I	-0.500		1.844
2001-02 II	-2.553		-5.443
2001-02 III	1.863		2.041
2001-02 IV	0.765		3.605
2002-03 I	-0.817		1.683
2002-03 II	-1.006		-0.812
2002-03 III	1.508	0.266	3.749
2002-03 IV	-1.264	9.127	-0.792
2003-04 I	2.080	6.898	6.143
2003-04 II	2.549	5.523	2.725
2003-04 III	3.181	2.319	2.864
2003-04 IV	-0.491	1.417	1.919
2004-05 I	-1.767	-3.394	-5.349
2004-05 II	1.783	5.129	1.401
2004-05 III	1.927	6.159	5.290
2004-05 IV	-0.186	-1.003	0.140
2005-06 I	1.165	0.997	0.581
2005-06 II	2.039	1.804	4.807
2005-06 III	0.936	0.743	-0.468
2005-06 IV	1.979	1.975	0.957
2006-07 I	-0.634	-5.045	-4.199
2006-07 II	1.722	6.421	5.145
2006-07 III	1.076	-0.440	2.757
2006-07 IV	-0.552	-6.329	-3.199
2007-08 I	1.200	6.093	6.072
2007-08 II	1.720	0.617	3.335
2007-08 III	1.636	3.171	2.593
2007-08 IV	-2.630	-6.718	-5.150
2008-09 I	-1.559	-4.373	-5.021
2008-09 II	-0.458	1.274	3.962
2008-09 III	-3.030	0.049	-1.657
2008-09 IV	0.091	-2.260	-2.611

2009-10 I	4.301	8.722	6.895
2009-10 II	1.738	3.667	3.093
2009-10 III	0.205	3.372	0.453
2009-10 IV	0.040	0.841	-1.130
2010-11 I	-0.130	1.141	0.978
2010-11 II	1.417	4.177	4.517
2010-11 III	0.020	1.936	-1.812
2010-11 IV	-0.527	-0.499	0.178
2011-12 I	-0.447	-3.137	-1.739
2011-12 II	-1.365	-3.131	-3.128
2011-12 III	-0.264	-2.598	-1.290
2011-12 IV	0.909	3.516	2.750
2012-13 I	-0.095	-2.170	-0.047
2012-13 II	0.756	0.485	0.336
2012-13 III	0.296	2.135	0.498
2012-13 IV	-0.461	-4.973	-2.144
2013-14 I	0.191	-1.933	-1.178
2013-14 II	-0.037	-9.069	-2.755
2012-13 III	0.625	3.342	0.850
2013-14 IV	0.695	-0.398	1.294
2014-15 I	1.187	8.788	4.279
2014-15 II	0.297	-4.470	-1.268
2014-15 III	0.449	4.249	-25.132
2014-15 IV	0.027	-3.276	-2.890

Source: Calculated from daily stock prices

From analysis of the table 10 where quarterly holding period return is given it is observed that the BSE sensex varied between -3.030 and 4.301. While Canara bank is varying between -9.069 to 9.127 in the quarters second of 2013-14 and fourth quarter of 2012-13 and SBI was varying between -25.132 (2014-15 third quarter) and 6.895 (2009-10 first quarter). The best performer is Canara bank when compared to SBI in quarterly holding period return since it is showing highest quarterly holding period returns during the study period.

TABLE 11: DAILY HALF YEARLY RISK

Time period	B S E Sensex	Canara Bank	SBI
1995-96 -I	0.140		0.326
1995-96-II	0.183		0.478
1996-97 - I	0.170		0.451
1996-97 - II	0.255		0.606
1997-98-I	0.153		0.336
1997-98-II	0.188		0.396
1998-99 -I	0.250		0.518
1998-99 -II	0.208		0.638
1999-00 -I	0.228		0.669
1999-00 -II	0.237		0.684
2000-01 -I	0.291		0.463
2000-01 -II	0.221		0.487
2001-02 -I	0.209		0.474
2001-02 -II	0.159		0.510
2002-03 -I	0.139		0.232
2002-03 -II	0.110	0.951	0.286
2003-04 -I	0.148	0.830	0.330
2003-04 -II	0.172	0.751	0.381
2004-05 -I	-0.002	0.009	-0.033
2004-05 -II	0.013	0.042	0.041
2005-06 -I	0.109	0.353	0.230
2005-06 -II	0.024	0.020	0.022
2006-07 -I	0.223	0.646	0.337
2006-07 -II	0.005	-0.022	0.001
2007-08 -I	0.027	0.063	0.083
2007-08 -II	-0.008	-0.031	-0.017
2008-09 -I	-0.016	-0.020	-0.010
2008-09 -II	-0.026	-0.018	-0.039
2009-10 I	0.048	0.104	0.081
2009-10 II	0.002	0.038	-0.006
2010-11-I	0.101	0.264	0.216
2010-11-II	0.123	0.412	0.265
2011-12-I	0.127	0.303	0.251
2011-12-II	0.136	0.447	0.327
2012-13-I	0.093	0.364	0.263
2012-13-II	0.068	0.352	0.198
2013-14-I	0.134	0.596	0.297
2013-14 -II	0.083	0.506	0.232
2014- 15 -I	0.083	0.552	0.263
2014- 15 -II	0.088	0.368	2.643

Source: Calculated from daily stock prices

From analysis of the table 11 where half yearly risk is given it is observed that BSE sensex varied between -0.002 and 0.291 while Canara bank varied between -0.018 to 0.951 and SBI was varying between -0.006 and 2.643. The analysis of the above table reveals that the risk of Canara bank is the highest when compared to that of SBI.

TABLE 12: HPR FIVE YEARS RETURN

HPR	B S E Sensex	Canara Bank	SBI
1995-2000	5.200		4.837
2000-2005	3.236	32.440	21.215
2005-2010	10.984	14.581	17.213
2010-2015	4.502	-1.057	-26.117

Source: Calculated from daily stock prices

TABLE 13: STANDARD DEVIATION FIVE YEARS

STDEV	B S E Sensex	Canara Bank	SBI
1995-2000	0.206		0.528
2000-2005	0.186	0.752	0.412
2005-2010	0.208	0.554	0.374
2010-2015	0.106	0.428	0.853

Source: Calculated from daily stock prices

From the analysis of tables 12 and 13 it is observed that Sensex 5 years yearly return was highest in 2005-2010 and it has the highest risk of 0.208 compared to the last three 5 years i.e., 1995-2000, 2000-2005 and 2010-2015. In case of Canara bank the common phenomenon of higher risk higher return is applicable the risk in 2000-2005 is 0.752 and the return is highest at 32.440 while it reported negative return during the five year 2010-2015 wherein the deviation being the lowest for the same period. The exception to the rule is that of SBI it reported highest risk of 0.853 with a lowest negative return at 26.117 percent during 2010-15. Whereas in the other three 5 years period/ terms the common phenomenon of higher the risk, greater the return holds valid.

TABLE 14: AVERAGE DAILY FIVE YEARS RETURNS

Average	B S E Sensex	Canara Bank	SBI
1995-2000	0.008		0.007
2000-2005	0.005	0.113	0.033
2005-2010	0.018	0.023	0.028
2010-2015	0.004	-0.001	-0.021

Source: Calculated from daily stock prices

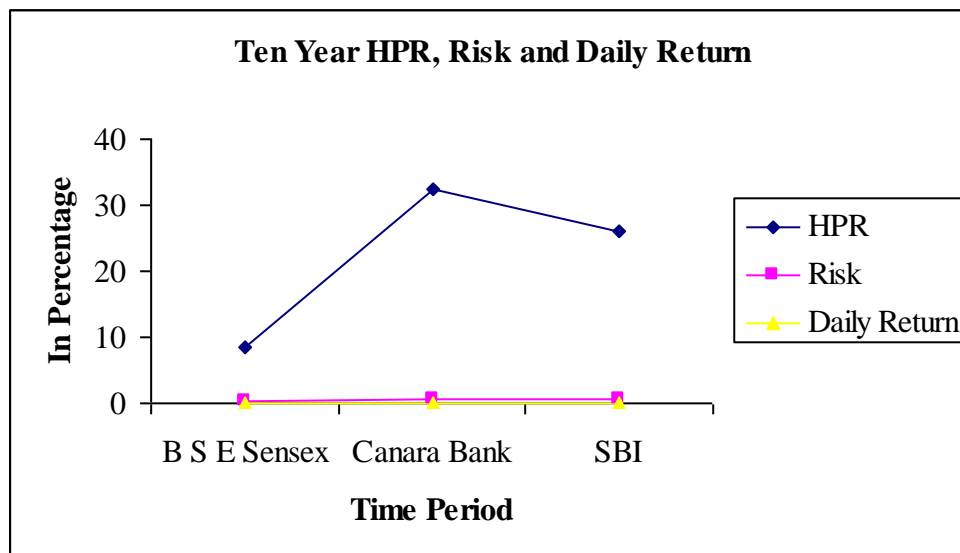
The Average daily returns for 5 years is represented in table 14 which is showing that during the period 1995-2000 the market was yielding good returns whereas SBI was not yielding good returns. The phase of 2000-2005 and 2005-2010 was good for both Canara bank and SBI in terms of Average daily 5 year returns, while the five year period of 2010-2015 has found to be yielding a negative return in case of both Canara bank and SBI.

TABLE 15: TEN YEARS

Year (1995-2005)	B S E Sensex	Canara Bank	SBI
HPR	8.436	32.440	26.052
STDEV	0.196	0.752	0.472
Average Daily Return	0.007	0.113	0.021
Year (2005- 2015)	B S E Sensex	Canara Bank	SBI
HPR	15.722	13.886	-8.541
STDEV	0.165	0.495	0.660
Average Daily Return	0.006	0.005	-0.004

Source: Calculated from daily stock prices

FIGURE 2: TEN YEAR HPR, RISK AND DAILY RETURN



From the analysis of table 15 and figure 2 it is observed that Average daily return and Average daily risk are touching the X axis and they are lying between 0.006 and 0.752. The 10 year holding period for Canara bank was highest at 32.440. It yielded better than SBI and total market. During the period 2005-2015 SBI performance as to the returns to the holding period has found to be negative.

TABLE 16: COMPLETE STUDY PERIOD (1995-2015)

Particulars	B S E Sensex	Canara Bank	SBI
SUM	24.158	46.326	17.021
STDEV	0.005	0.015	0.003
AVG.	0.181	0.552	0.574

Source: Calculated from daily stock prices

From the table 16 it is observed that the Canara bank yield was the highest at 46.326 and the risk was also highest at 0.015.

CONCLUSIONS

It can be concluded that Canara bank follows the common phenomenon that higher the risk higher the return. Canara Bank's return was not only higher than that of SBI but also more consistent throughout the study period. The other observation made from the analysis which is very important is that the equity shares are not for speculation but for investment in the long run holds good.

LIMITATIONS

1. Complete and comprehensive data is not assured, as it is collected from secondary sources as defined in the sample and data sources.
2. It is assumed that various effects of multiplicity of factors or triggers affecting stock prices are embedded in the return and risk aggregates and their movements. In spite of this an attempt is made to study the return's yearly averages.
3. The sample for the study is a mixed sample of institutions, which vary in their fundamentals and may be at different stages in their life cycle, size or profitability.
4. Application of log transformation of the return would return positive skewness of the return distribution. Such transformation will control the real distribution pattern and the chances of observing the real behavior of the investors is less.
5. In the case of Canara bank the data were available from November, 2002 only and hence analysis was carried out only for that period i.e., 2002 to 2015.

REFERENCES

1. Agariya, Arun Kumar, Singh, Deepali. (2012), "CRM scale development & validation in Indian Banking Sector", Journal of Internet Banking & Commerce, Vol. 17 Issue 1, Special section pp.1-21.
2. Andrew F Perold, (2009), "Capital Asset Pricing Model", The Journal of Economic Perspectives, Vol.18, No.3, pp.3-24.
3. Balakrishnan, Lalitha, Srividya Prathiba, C.S (2012), "A Study on Challenges Faced by Private Sector Banks in the Globalised Economy", SIES Journal of Management, Vol. 8 Issue 2, pp.14-20.
4. Bodla, B. S.; Verma, Richa. (2006), "Determinants of Profitability of Banks in India: A Multivariate Analysis", Journal of Services Research., Vol. 6 Issue 2, pp.75-89.
5. Brunie D.A., (1990), "An Empirical evaluation of the Friedman Hypothesis of Inflation on Capital Asset Pricing", Financial Review, Vol.25, pp.297-319.
6. Deb, Joyeeta. Pranjana. (2010), "Income Diversification in Banking: A Branch Level study in North East India", The Journal of Management Awareness Vol. 13 Issue 1, pp.98-104.
7. Enrico De Giorgi and Thierry Post. (2008), "Reward- Risk Portfolio Selection, and the CAPM", Journal of Financial and Quantitative Analysis Vol. 43, No. 2, pp. 525-546.
8. Mahajan, Poonam; Bhatia, Aparna; Chander, Subhash. (2012), "ROA Performance of Public Sector Banks in India", IUP Journal of Bank Management, Vol. 11 Issue 3, pp.22-35.
9. Obaidullah.M, (1994), "Indian Stock Market: Theories and Evidence", ICFAI Journal of Finance, Vol.2, pp.48-56.
10. Sen, Kakoli (2013) "Occupational role stress- An Exploratory Study in the Indian Public Sector Banks", Journal of Services Research., Vol. 12 Issue 2, pp.173-192.
11. Singh, Manjit; Kaushal, Robin (2012), "Factor Analysis Approach to Customers' Assessment of Electronic Payment and Clearing System in Indian Banking Sector", IUP Journal of Bank Management, Vol. 11 Issue 3, pp.64-75.
12. Siraj., K. K.; Pillai, P. Sudarsanan. (2011), "Asset Quality and Profitability of Indian Scheduled Commercial Banks during Global Financial Crisis", International Research Journal of Finance & Economics, Issue 80, pp.55-65.
13. Suryanarayan and Mohapatra. (2011), "Outsourcing Practices in the Indian Banking Sector: Benefits and Risks", Advances in Management, Vol. 4 Issue 12, pp.21-26.
14. T Manjunatha and T Mallikarjunappa, (2009), "Bivariate Analysis of Capital, Asset Pricing Model in Indian Capital Market", Vikalpa • Vol. 34 • No 1 • pp.47-59.
15. Yalwar Y.B. (1988), "Bombay Stock Exchange: Rates of Return and Efficiency", IIM, Bangalore, India, pp. 68-121.

INFLUENCE OF HUMAN RESOURCE MANAGEMENT PRACTICES ON ORGANISATIONAL CITIZENSHIP BEHAVIOUR

SEEMI AZAM

**PH. D. RESEARCH SCHOLAR
DEPARTMENT OF PSYCHOLOGY
UNIVERSITY OF ALLAHABAD
ALLAHABAD**

RASHMI KUMAR

**PROFESSOR
DEPARTMENT OF PSYCHOLOGY
UNIVERSITY OF ALLAHABAD
ALLAHABAD**


ABSTRACT

Literature suggests that certain Human Resource Management practices have the potential to promote Organisational Citizenship Behaviour. The purpose of this study was to investigate the relationship between Human Resource Management practices (Recognition, Empowerment, Fair rewards, Competence development and Information-sharing practices) and Organisational citizenship behaviour. Precisely, it addressed two research questions: What is the relationship between Human Resource Management practices and Organisational Citizenship Behaviour and, whether Organisational commitment mediates the relationship between Human Resource Management practices and Organisational Citizenship Behaviour. It was hypothesized that Human Resource Management practices would have a positive correlation with Organisational Citizenship Behaviour and would predict it as well. Secondly, Organisational commitment would mediate the relationship between the two. Data from 295 respondents belonging to three different sectors – bank, construction company and school was collected by survey method. All of the Human Resource Management scales but one (Recognition, Empowerment, Fair rewards and Competence development) were developed by Tremblay, Rondeau and Lemelin (1998). Information-sharing practices were measured using a scale developed by Lawler, Mohrman and Ledford (1992). Organisational Citizenship Behaviour scale comprising of five dimensions- Helping, Compliance, Loyalty, Initiative and Sportsmanship was developed by the researcher. Organisational commitment was measured using an 18-item scale developed by Meyer, Allen and Smith (1993). Correlation, regression and mediation analysis were performed. Results indicated positive correlation among all variables taken in the study and that Human Resource practices significantly predicted Organisational Citizenship Behaviour. However, Organisational commitment was found to mediate only a few Human Resource Management practices and Organisational Citizenship Behaviour relationship.

KEYWORDS

human resource management practices, mediation, organisational citizenship behaviour, organisational commitment, prediction.

INTRODUCTION

 Successful organisations are those the employees of which do more than just their usual job duties and give out performance that is above expectations. Perhaps this is the reason why organisational citizenship behaviour has been the focus of organisational behaviour researchers (George and Battenhausen, 1990; Organ and Ryan 1995; Organ 1997; Podsakoff, MacKenzie, Paine and Bachrach, 2000). It has been the most extensively studied topic in Organisational Behaviour research (Chahal & Mehta, 2011, Lievson & Anseel, 2004;) owing to its importance and its implications in the organisations. These researchers also proposed that OCB could positively influence individual and organisational performance. All this lead researchers to engage in studies to find out the antecedents of citizenship behaviour. Hence, this piece of research plans to study the determinants of OCB, particularly organisational level factors. In order to do this, we must first understand the concept of OCB.

The term Organisational Citizenship Behaviour was coined by Organ in 1988. He defined OCB as "Individual behaviour that is discretionary, not directly or explicitly recognized by the formal reward system and that in the aggregate promotes the effective functioning of the organization. By discretionary, we mean that the behavior is not an enforceable requirement of the role of the job description, that is, the clearly specifiable terms of the person's employment contract with the organization; the behaviour is rather a matter of personal choice, such that its omission is not generally understood as punishment" (Organ, 1988).

Hence, we can understand OCB as behaviours which are not a part of an individual's job profile, neither do their presence guarantee rewards nor their absence ensure punishment. However, they help to improve the overall performance of the organisation.

Scholars hold different views with respect to the dimensionality of OCB. Smith, Organ, and Near (1983) conceptualized OCB with two dimensions: altruism (behaviour targeted specifically at helping individuals) and generalized compliance (behaviour reflecting compliance with general rules, norms, and expectations). Later Organ (1988) identified five dimensions belonging to OCB: Altruism, Courtesy, Civic Virtue, Conscientiousness and Sportsmanship.

A factor considered to be an important determinant of OCB in some studies is Human Resource Management practices. HRM practices are the measures taken by the organizational authorities to manage their human resources in a better way so as to enhance their potentials and increase their productivity. There are various kinds HRM practices adopted by organisations, for example; recognition (giving recognition to its employees apart from monetary rewards), empowerment (enhancing the responsibilities and decision making power), competence development (through training, mentoring, etc.), work-life policies (cooperating with employees to manage work with personal life), etc. Some of the HRM practices are high on involvement while others are low on it.

Another variable of interest over here, which is also considered to be an important determinant of OCB is Organisational Commitment. It is conceptualized as the psychological attachment of the employee to the organisation. Scholl (1981) suggested that commitment helps in maintaining behavioural direction in the absence of rewards. Thus, employees who are committed to the organization are likely to be eager to contribute to the organization's goals and are more likely than others to extend their efforts beyond their required task performance to enhance the effectiveness of the organization. Mayer and Allen (1984), proposed a three-component conceptualization of organizational commitment: affective commitment (AC), continuance commitment (CC) and normative commitment (NC)

REVIEW OF LITERATURE

The way an organization manages its human resources, determines the employees-employer relationship. Employee favouring work practices may convey to employees that their organization promotes humanistic values, cares about their well-being and is willing to trust them. On the basis of reciprocity norms, employees will be inclined to increase their personal contributions and efforts and ultimately their extra-role behaviour (Tsui, Pearce, Porter, & Tripoli, 1997). The positive association between high-involvement HR practices and citizenship behaviours is also supported by Organ (1990).

Empirical research supports a strong positive relationship between commitment and OCB also. Organisational commitment has been regarded as an important predictor of OCB since long (Meyer, Stanley, Herscovitch & Topolnytsky, 2002). Scholl (1981) argued that organisational commitment is responsible for behaviour

that is not primarily reinforcement or punishment driven. Thus, OCB which represents a personal involvement in the life of organisation is also assumed to be influenced by commitment.

Organisational commitment not only shares a strong relationship with OCB, it also has a relationship with organisational factors of culture, structure and HRM practices. A number of studies have shown that individual or a group of HRM practices play a positive role in developing employees' attachment to the organisation (e.g. Gaerten & Nollen, 1989; Gould-Williams, 2003; Meyer & Smith, 2000).

NEED/IMPORTANCE OF THE STUDY

As stated above, OCB holds importance because of its ability to influence organisational performance. Certain other reasons make this study worthwhile and important. Firstly, not many attempts have been made to study OCB in India. Secondly, Podsakoff et al (2000) opined that the relationship between organisational characteristics (one of which are HRM practices) and OCB is not very clear. However, some studies hint that certain HRM practices may help in building the employee-employer relationship from a humanistic and social exchange perspective. Such a relationship promotes extra-role behaviour like OCB. However, this relationship may be mediated by organisational commitment. This study may provide useful insights into the dynamics of organizational citizenship behaviour.

STATEMENT OF THE PROBLEM

This study will attempt to find out what relation HRM practices share with OCB and whether organisational commitment mediates the relationship between these two variables.

OBJECTIVES

1. To study the relationship between HRM practices of Empowerment, Competence Development, Information sharing, Recognition, Fair Rewards and OCB
2. To assess the mediating role of Organisational Commitment in the relationship between HRM practices and OCB

HYPOTHESES

HRM practices of Empowerment, Competence Development, Information sharing, Recognition and Fair Rewards would be significantly positively related to OCB such that, higher the degree of perception of HRM practices in the organisation by the employees, higher will be their level of OCB

Organisational Commitment will mediate the relationship between HRM practices of Empowerment, Competence Development, Information sharing, Recognition and Fair Rewards and OCB. HRM practices would contribute significantly to Organisational Commitment, which in turn would contribute significantly to OCB

RESEARCH METHODOLOGY

SAMPLE

295 employees belonging to three different types of organisations— bank, construction company and school, from both government and private sectors participated in the survey.

MEASURES

HRM PRACTICES

All of the HRM scales but one (Recognition, Empowerment, Fair rewards and Competence development) were developed by Tremblay, Rondeau and Lemelin (1998). Information-sharing practices were measured using a scale developed by Lawler, Mohrman and Ledford (1992). The HRM practices measure had a total of 27 items. Following is the way these practices were conceptualized-

Recognition, which has been conceptualized in this study as the non-monetary rewards, appreciation and feedback given to employees by organisation for their valuable contributions, efforts and their quality work

Empowerment which is the process by which the employees of an organisation become capable enough to be in charge of their own growth and development and solve their problems on their own

Fair rewards which refer to the perceived fairness of job outcomes for the employees, such as compensation, promotion job assignments, performance evaluations, etc.

Competence development which had been described as employees' skill enhancement

Information sharing which refers to sharing of information by the organisation with the employees on future policies and programmes, profit, loss costs, output, customer feedback, etc.

ORGANISATIONAL COMMITMENT

Organisational Commitment was measured using the scales developed by Mayer, Allen and Smith (1993). It measured three dimensions of organisational commitment- Affective, Normative and Continuance commitment. It had a total of 18 items. The three kinds of commitment were conceptualized as-

Affective commitment-members remained in the organisation because they want to

Normative commitment- members remain with the organisation because they feel they ought to do so

Continuance commitment- members remain with the organisation because they need to remain with the organisation

OCB

This scale comprising of five dimensions- Helping, Compliance, Loyalty, Initiative and Sportsmanship was developed by the researcher. It had a total of 23 items. These dimensions were conceptualized as-

Helping- discretionary behavior by employees, aimed at helping, supporting or favouring a specific other- coworker or client in the context of organization

Compliance- discretionary behavior on the part of the employee that go beyond the minimum role requirement of the employee including putting extra effort in completing tasks and obeying rules and regulations even when no one is watching.

Loyalty-includes concern for organisation's objectives, staying with the organization during hard times, representing the organization favourably to others, attempts to protect and conserve organizational resources

Initiative-includes voluntary acts of creativity and innovation designed to improve one's task or organisation's performance, volunteering to take on extra responsibilities and attempts to enhance growth of the organization.

Sportsmanship-willingness to tolerate the inevitable inconveniences and impositions of work without complaining; also maintaining a positive attitude when things don't go ones way

PROCEDURE

First of all, the organisations where data collection was to be conducted were identified. Then the permission of the heads of these organisations was taken for conducting the surveys. The respondents were personally contacted and after their informed consent to participate in the study was taken, they were explained how the questionnaire was to be filled out. They were allowed to take their own time to complete the questionnaires. After they returned the questionnaire, they were thanked for their co-operation.

RESULTS AND DISCUSSION

The data obtained were in the form of responses made on Likert scales which were entered into SPSS software, cleaned and prepared for analysis. Presented here are the findings after analysing the data and hypotheses were tested sequentially. In order to test the first hypothesis, i.e. "HRM practices of Empowerment, Competence Development, Information sharing, Recognition and Fair Rewards would be significantly positively related to OCB such that, higher the degree of

perception of HRM practices in the organisation by the employees, higher will be their level of OCB”, zero order correlations were found between OCB dimensions and HRM practices.

TABLE 1: ZERO-ORDER CORRELATION BETWEEN OCB AND HRM PRACTICES

	RECOGNITION	EMPOWERMENT	FAIR REWARDS	COMPETENCE DEVELOPMENT	INFORMATION SHARING
HELPING	.4108**	.475**	.092	.479**	.210*
COMPLIANCE	-.072	.056	.533**	.439**	.458**
LOYALTY	.237**	.317**	.170**	.448**	.278**
INITIATIVE	.237**	-.169*	.345**	.124*	.285**
SPORTSMANSHIP	-.203**	-.078	.358**	.232**	.231**

**value is significant at 0.01 level, * value is significant at 0.05 level

To further test this hypothesis, i.e. to see if HRM practices predict OCB, regression analysis was carried out.

TABLE 2: SHOWING HRM PRACTICES AS PREDICTOR OF OCB

	RECOGNITION	EMPOWERMENT	FAIR REWARDS	COMPETENCE DEVELOPMENT	INFORMATION SHARING	ADJUSTED R ²	F
HELPING	.4108**	.238**	-.053	.433***	-.105	.312	27.631***
COMPLIANCE	-.383***	.166*	.338***	.303***	.115	.392	38.985***
LOYALTY	-.093	.203*	-.025	.393***	.022	.207	16.340***
INITIATIVE	-.393***	.080	.205**	-.004	.253**	.215	17.149***
SPORTSMANSHIP	-.379***	.062	.286***	.282***	-.053	.214	17.051***

Note: Cell values are Beta coefficients, except for adjusted R² and F ;***value is significant at .001 level, **value is significant at 0.01 level, * value is significant at 0.05 level

In the end mediation analysis was conducted using the method of Preacher & Hayes (2008). Here, HRM Practices (Recognition, Empowerment, Fair rewards and Competence development and Information sharing) were taken as Independent Variables. Organisational Citizenship Behaviour (Helping, Compliance, Loyalty, Initiative and Sportsmanship) was taken as the Dependent Variable and Organisational Commitment (Affective, Normative and Continuance commitment) was taken as the Mediating Variable.

Only those set of Independent, Dependent and Mediating Variable which could significantly predict each other (as per mediation analysis method) were chosen for testing mediation.

MEDIATION ANALYSIS

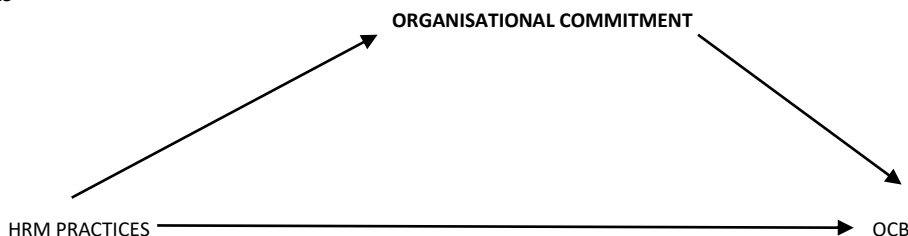


TABLE 3 (A & B): SHOWING THE RELEVANT VALUES DERIVED FROM THE PROCESS OF MEDIATION ANALYSIS

A

MEDIATOR ↓	FAIR REWARDS		
	COMPLIANCE	INITIATIVE	SPORTSMANSHIP
NORMATIVE COMMITMENT	Beta=.3168*** R ² =.5225 F=159.7458***	Beta=.2065*** R ² =.3548 F=80.2998***	Beta=.2181*** R ² =.3434 F=76.3730***
IE(SE) (LL,UL)	.1132(.0253) (.0650,.1647)	.1131(.0319) (.0584,.1815)	.1099(.0284) (.0570,.1688)

B

MEDIATORS ↓	COMPETENCE DEVELOPMENT			
	HELPING	COMPLIANCE	LOYALTY	SPORTSMANSHIP
NORMATIVE COMMITMENT		Beta=.3020*** R ² =.5011 F=146.6263***	Beta=.3028*** R ² =.3914 F=93.9038***	Beta=.1629*** R ² =.3244 F=70.1019***
IE(SE) (LL,UL)		.1004(.0249) (.0501,.1497)	.0775(.0199) (.0408,.1192)	.0963(.0264) (.0463,.1512)
CONTINUANCE COMMITMENT	Beta=.3151*** R ² =.2776 F=56.1111***		Beta=.3028*** R ² =.2382 F=45.6803***	
IE(SE) (LL,UL)	.0493(.0216) (.0161,.1059)		.0445(.0212) (.0109,.0995)	

It can be seen in table no. 1 that the overall pattern of correlation between HRM practices and OCB shows positive relationship between the two. The result of Regression analysis also shows that all the values of F are highly significant. This implies that the HRM practices taken in the study, together strongly predict Organisational citizenship behaviour. HRM practices explain 20.7% to 39.2% of variance in citizenship behavior.

However, certain exceptions were also observed. Some practices do not contribute significantly in prediction of OCB. For example, Empowerment does not contribute significantly in predicting Initiative dimension of OCB. Another point of difference here, is that some beta values in table no. 2 are in negative direction. This denotes that though those HRM practices predict OCB, these citizenship behaviour tend to decrease with the increase in perception of HRM practices in the organization.

However, after looking at results of correlation and regression analysis, it may be concluded that Hypothesis 1 has been accepted; i.e. “HRM practices of Empowerment, Competence Development, Information sharing, Recognition and Fair Rewards would be significantly positively related to OCB such that, higher the degree of perception of HRM practices in the organisation by the employees, higher will be their level of OCB”

Coming to mediation analysis, it can be seen in table no. 3A and B that normative commitment mediates the relationship between Fair Rewards and OCB dimensions of Compliance, Initiative and Sportsmanship. On the other hand, both Normative and Continuance Commitment mediate the relationship between Competence Development and OCB dimensions of Helping, Compliance, Loyalty and Sportsmanship. Hence, it may be said that organisational commitment did mediate

the relationship HRM practices and OCB, but only for two of the HRM practices-Fair Rewards and Competence Development. It may be concluded that hypotheses no. 2 "Organisational Commitment will mediate the relationship between HRM practices of Empowerment, Competence Development, Information sharing, Recognition and Fair Rewards and OCB. HRM practices would contribute significantly to Organisational Commitment, which in turn would contribute significantly to OCB", was partially accepted.

Such findings were well expected in advance. HRM practices indeed have been considered important for eliciting OCB (Morrison, 1996). They help in building employee-employer relationship and employee trust in the organisation. In Huselid's (1995) opinion, HRM practices shape the attitude and behaviour of the employees. Gupta & Singh (2010) also state that HRM practices are potential antecedents of OCB. It is indeed logical that if an organisation pays attention to the employees, invests time and resources in them, the employees would certainly develop positive feelings and attitude towards the organisation and would be driven to engage in activities beneficial to the organisation often in the form of citizenship behaviour.

This relationship of antecedents and consequents (HRM practices and OCB here) may not be direct always. As seen in the result of mediation analysis, organisation commitment mediates between the two.

A number of studies have shown that individual or a group of HRM practices play a positive role in developing employee's attachment to the organisation e.g. Gaetren & Nollen, 1989; Gould-Williams, 2003; Meyer & Smith, 2000). Shah Nawaz & Juyal (2006) also conducted a study on two different types of organisation. The results of regression analysis show that HRM practices significantly predict organisation commitment. Organisation commitment in turn manifests itself in the form of Organisational citizenship behaviour.

Employee training and development practices have been found to have significantly positive relationship with OCB (Ahmad, 2011; Noor, 2009). These studies support the findings of this study.

A surprising finding here is that Affective commitment played no role as a mediator. This is opposite to the popular belief and general finding that Affective commitment holds substantial importance in mediating the relationship between HRM practice and OCB. It points to the possibility that the role of emotions has decreased in organisation. However, further study is needed to understand this change.

FINDINGS

Overall significantly positive correlation between all three variables taken in the study, i.e., HRM practices, OCB and Organisational commitment.

Except for a few correlations, there is an overall significantly positive relationship between HRM practices and OCB.

Overall, HRM practices significantly predicted OCB as well as Organisational commitment; and Organisational commitment significantly predicted OCB.

The indirect effect of Fair rewards and Competence development HRM practices through normative and continuance commitment (mediator), accounted for the significant variation in OCB (helping, compliance, loyalty, initiative, sportsmanship).

Contrary to previous findings, affective commitment was not found to mediate the HRM practices-OCB relationship.

RECOMMENDATIONS/SUGGESTIONS

More HRM practices could be included in studying as antecedents of OCB. Also, organisations may be differentiated on the basis of HRM practices first, and then it may be seen how OCB differs in them.

CONCLUSION

There is a significant positive relationship between HRM practices and OCB.

HRM practices significantly predict OCB.

Normative and continuance commitment mediate the fair rewards and competence development HRM practices and OCB relationship, which implies that Fair rewards and competence development practices increases normative and continuance commitment which in turn elicits OCB.

LIMITATIONS

Like every other research this study also had certain limitations. The self-developed OCB scale had not gone through factor analysis hence, was not a very valid measure. Also, as commitment and OCB scales were self-report measures, social desirability element could have entered the data.

SCOPE FOR FURTHER RESEARCH

Organisational factors other than HRM practices may also be taken in relation to OCB like organisational culture, organisational structure, etc. Role of normative and continuance commitment may be further probed in promoting OCB as these were considered to be less important till now. Also, the role of affective commitment may be revisited in relation to OCB.

REFERENCES

- Ahmad, K.Z., 2011. The association between training and organisational citizenship behaviour in the digital world communication of the IBIMA, pp:1-17.
- Chahal, H & Mehta, S. (2011). Antecedents and consequences of organizational citizenship behavior: A conceptual framework in reference to health care sector, *Journal of services research*, 10, 25-44.
- Gaertner, K., & Nollen, S. (1989). Career experiences, perception of employee practices, and psychological commitment to the organization. *Human Relations*, 42, 975-991.
- George, J., & Bettenhausen, K. (1990). Understanding prosocial behavior, sales performance, and turnover: A group level analysis in a service context. *Journal of Applied Psychology*, 75, 698-7
- Gould-Williams, J. (2003). The importance of HR practices and workplace trust in achieving superior performance: A study of public-sector organisations. *International Journal of Human Resource Management*, 14(1), 28-54.
- Gupta, V.& Singh, S. (2010) Developing a set of high performance HRM practices and exploring its relationship with OCB and organisational justice.
- Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38, 635-662.
- Lievens, F., & Anseel, F. (2004). Confirmatory Factor Analysis and Invariance of an organizational citizenship behaviour measure across samples in a Dutch-Speaking Context. *Journal of Occupational and Organizational Psychology*, 77, 299-306.
- Meyer, J. P., & Smith, C. A. (2000). HRM practices and organizational commitment: Test of a mediation model. *Canadian Journal of Administrative Sciences*, 17, 319-331.
- Meyer, J. P., Allen, N. J., & Smith, C. A. (1993). Commitment to organizations and occupations: Extension and test of a three-component conceptualization. *Journal of Applied Psychology*, 78, 538-551.
- Meyer, J. P., Stanley, D.J., Herscovitch, L. & Topolnytsky, L. (2002), 'Affective Continuance, and Normative Commitment to the Organisational: A Meta-Analysis of Antecedents, Correlates, and Consequences', *Journal of Vocational Behaviour*, Vol. 61, No. 1, pp. 20-52.
- Morrison, E. W. (1996). OCB as a critical link between HR practices and service quality. *Human Resource Management*, 35, 493-512.
- Noor, A., 2009. Examining organisational citizenship behaviour as the outcome of organisational commitment. A study of university teachers of Pakistan. *Proceedings 2nd CBR, Lahore, Pakistan, November, 14*.
- Organ, D. W. (1988). *Organizational citizenship behavior: The good soldier syndrome*. Lexington, MA: Lexington Books.

15. Organ, D. W. (1990). The motivational basis of organizational citizenship behavior. In B. M. Staw & L. L. Cummings (Eds.), *Research in organizational behavior* (pp. 43-72). Greenwich, CT: JAI.
16. Organ, D. W., & Ryan, K. 1995. A meta-analytic review of attitudinal and dispositional predictors of organizational citizenship behavior. *Personnel Psychology*, 48: 775–802.
17. Organ, D. W. (1997). Organizational citizenship behavior: It's construct clean-up time. *Human Performance*, 10(2), 85-97.
18. Podsakoff, P. M., MacKenzie, S. B., Paine, J. B., & Bachrach, D. G. (2000). Organizational citizenship behaviors: A critical review of the theoretical and empirical literature and suggestions for future research. *Journal of Management*, 26, 513-563.
19. Scholl, R.W. (1981) 'Differentiating Organisational Commitment from Expectancy as a Motivating Force', *Academy of Management Review*, Vol. 6, No. 4, pp. 589-599.
20. Tsui, A. S., Pearce, J. L., Porter, L. W., & Tripoli, A. M. (1997). Alternative approaches to the employee-organization relationship: Does investment in employees pay off? *Academy of Management Journal*, 40, 1089-1121.

WOMEN EMPOWERMENT IN INDIA THROUGH CORPORATE SOCIAL RESPONSIBILITY: POLICIES & CHALLENGES: A CASE STUDY OF NTPC LTD.

DR. AJAY AGRAWAL
PROFESSOR OF COMMERCE
OSD DEPARTMENT OF HIGHER EDUCATION
BHOPAL

DR. AMITABH PANDE
PROFESSOR
DEPARTMENT OF COMMERCE
GOVERNMENT AUTONOMOUS P. G. COLLEGE
CHHINDWARA

POORVA PANDE SHARMA
RESEARCH SCHOLAR
BARKATULLAH UNIVERSITY
BHOPAL

ABSTRACT

Women plays vital role in the development of the society. Women empowerment is a way to make women life better, by making them socially, financially and economically independent. Government and corporates with the help of NGO's work for women empowerment through corporate social responsibility policies. The key initiatives taken by corporate under corporate social responsibility are women and girl education, vocational training, self-helped groups, wage employment, health and sanitation. There are few challenges faced by the corporate in implementation of these policies. The women in rural area are not educated; they don't have knowledge about corporate social responsibility policies. This paper is deals with the policies of corporate social responsibility for women empowerment and the challenges faced by the corporate in its implementation.

KEYWORDS

women empowerment, corporate social responsibility, corporate, NGO.

INTRODUCTION

Empowerment means giving power to somebody. Women empowerment means to give power to women to make their lives better by becoming financially independent. Through women empowerment initiatives they increase the capacity of women to make their own choices and to transform these choices into desired actions and results. In India after 1990's various models are adopted to empower the women. The Government and corporates with the help of NGO's work for empowerment of women through both economic and social ways. The main aim of women empowerment is to enhance the capability of women in the local community and to make them self-reliant. The Government of India also takes various initiatives for women empowerment; one of its initiatives was to declare year 2001 as the year of women empowerment (Swashakti) and launched the national policy for empowerment of women as progressive public policy.

With globalisation, Corporate Social responsibility is also growing. Now a days it is not only for a tool to build brand image and to provide better transparency and accountability but to increase the involvement of major stakeholder in the organisations for doing the betterment of the society. Corporate Social responsibility activities are critically examined by the and analysed that the funds were utilised for the purposes it is granted and its benefits were received to the stakeholders and beneficiaries.

In India the term corporate social responsibility might be new but the concept is not. This concept was there from the earliest times when the religious scriptures prescribe for donating a part of one's earning for the benefit of poor and the development of the society. After the new companies act 2012 public sector units and private companies that have a turnover of over 10 billion rupees or have a net worth of 5 billion rupees or recorded net profit of 50 million rupees and above are expected to spend 2 per cent of their average net profits in the preceding three financial years towards corporate social responsibility. The main motive of government for this is to provide advantage to socially and economically disadvantaged sector of the society.

OBJECTIVES OF STUDY

1. To study the policies of women empowerment through corporate social responsibility.
2. To study the major challenges in women empowerment.

RESEARCH METHODOLOGY

Research methodology used for the study is descriptive in nature. The data and information is obtained from secondary source. The secondary data are collected from various reports, publications and bulletin, Ministry of Commerce & Industry, books, magazines, newspapers, research articles, research journals, e-journals and internet etc.

REVIEW OF LITERATURE

Gro Harlem Brundtland in the World Conference on Women, Beijing, 2006 said 'There isn't single country in the world-not one-where men and women enjoy completely equal opportunity that is why we must change attitudes and policies. The aim must be to give each and every human being greater freedom to make choices about their own lives'.

Keller and Mbewe defines "empowerment is a process whereby women become able to organize themselves to increase their own, self reliance to assert their independent right to make choices and to control resources which will assists in challenges and eliminating their own subordination

According to Carroll, "Corporate social responsibility encompasses the economic, legal, ethical and discretionary expectations at a given point in time. Corporate Social Responsibility can be defined as the good citizen activities perform by the organisation that has a significant impact on the society.

According to Bowen, "Corporate Social Responsibility refers to the obligations of businessmen to pursue those policies, to make those decisions or to follow those lines of relations which are desirable in term of the objectives and values of our society.

Bebbington (2008) use the term corporate social responsibility reporting, which highlights the link between the reporting and function and the organizational functions and operations that are concerned with, and impacted by, activities associated with corporate social responsibility.

Council for Sustainable Development defined Corporate Social Responsibility as the continuing commitment by business to behave ethically and contribute to the economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

H. Subrahmanyam (2011) compares women education in India at present and past. He explained that there has a good progress in overall enrolment of girl students in schools. The term empowers means to give lawful power or authority to act. It is the process of acquiring some activities of women.

M. Bhavani Sankara Rao (2011) has highlighted that health of women members of SHG have certainly taken a turn to better. It clearly shows that health of women members discuss among themselves about health related problems of other members and their children and make them aware of various Government provisions specially meant for them.

Doepke M. Tertilt M. (2011) raise the question that the Female Empowerment Promote Economic Development? In her empirical analysis, the study suggesting that money in the hands of mothers benefits children.

POLICIES

Women empowerment was the core activity in Corporate Social Responsibility for many companies. For the holistic empowerment of the women the policies should be in all areas i.e social, economic and political. Women empowerment includes providing education, vocational training, and opportunities of self employment or wage employment and making them capable to earn for their livelihood. The two major areas through which women can be empowered are economic and social. Economic includes monetary help by way of self helped groups or wage employment. Self helped groups are a model to empower women at grassroot level. NGO's in association with the government formed various self helped groups. Self helped groups is an informal association consist of 10-20 women of same locality with the same economic background who collected funds out of their small saving on regular basis and start up their business. Social includes providing the education and vocational training. Every company have their own interest in the areas of corporate social responsibility. Few companies contribute towards the development of the society; few give emphasis to environment and education. For empowering women the policies are focused on the girl child and women livelihood and equipping them with skills for a secure future.

AREAS OF CORPORATE SOCIAL RESPONSIBILITY ACTIVITY

FIGURE 3.1



NTPC LTD.

NTPC Ltd. was the India's largest conglomerate incorporate in 1975 to accelerate power development in India. NTPC become a Maharatna company in May 2010. NTPC is not only the foremost power generator; it is also among the great place to work. The company is guided by the "people before the plant load factor" mantra which is template for all its human resource related policies. NTPC believes that the transformation of the country into a world of power house is linked to the employment of our workfolk. NTPC has a bouquet of courses and projects specially designed for ladies. The company focus on empowering women, knowing that when the backbone of the family is strong and economically independent the rest of the family will flourish. The key initiatives taken by the company for empowering women are:-

- Adult education programmes for underprivileged women.
- Distribution of bicycle to school going girls.
- Vocational training programmes
- Tailoring/ Cutting/ Stitching/ Dress designing/ Embroidery
- Providing sewing machine
- Beautician training
- Handicraft preparation training
- Food/ Preparation training
- Computer Education

CHALLENGES

The key challenges facing by the companies in implementation of women empowerment programmes are:-

- **Education:** Education is the most important and indispensable tool for women empowerment. It makes women aware of their rights and responsibilities. Educational achievements of a woman can have ripple effects for the family and across generations. The literacy rate of women in India is low in comparison with the men. While 82.14% of adult men are educated, only 65.46% of adult women are educated. The same condition is in the girl education, the society is more biased in favor of male child in respect of education, nutrition and other opportunities.
- **Lack of knowledge:** Women have little or no knowledge about Corporate Social Responsibility activities within the local communities as no serious efforts have been made to spread awareness about CSR and instil confidence in the local communities about such initiatives. The situation is further aggravated by a lack of communication between the company and the community at the grassroots.
- **Lack of interest and participation:** Most of the women from rural areas does not show enough interest in participation in development programmes. They are not willing to make any contribution from their side.
- **Lack of clear guidelines:** There are specific guidelines or policy directives to give a definitive direction to women empowerment CSR initiatives of companies. It is found that the scale of CSR initiatives of companies should depend upon their business size and profile and the areas of their interest. With the new companies act the amount of CSR spending is fixed but the areas are not specified.
- **Health and Safety:** Women living in rural areas often suffer from reproductive health problems due to a plethora of socio-cultural and biological reasons. Unequal access to resources, lack of awareness, illiteracy and low decision-making authority are just some of the contributing factors health centers, drinking water, sanitation and hygiene facilities hinders a large section of women, inhibiting their social and economic development
- **Low mobility:** Contrary to common perception, a large percentage of women in India are working but the mobility for employment is very low. Even though women are highly qualified and competent but they have to depend on the family decision to take up any career before marriage as well as after marriage.
- **Gender Discrimination:** In India, discriminatory attitude towards men and women have existed for generations and affect the lives of both genders. Although the constitution of India has granted men and women equal rights, gender disparity still remains.
- **Inadequate trained personnel:** There is lack of qualified and trained personnel who have adequate knowledge and experience in this field.

CONCLUSION

Empowerment of women is all about upliftment of economic, social and political status of women. Government and corporates work together for the betterment of women in the society through corporate social responsibility. Women empowerment is the core of corporate social responsibility activity for many corporate. NTPC Ltd. formed many policies for empowering women e.g. vocational training, women and girl education, supply of study material and bicycles, self-helped grouped and wage employment. In implementation of these policies the corporate faced many challenges which need to be overcome.

REFERENCES

1. Bowen, HR (1953), Social Responsibilities of the Businessman, New York: Harper & Row.
2. Carroll, AB (1979). "A three-dimensional conceptual model of corporate social performance, Academy of Management Review, vol. 4, pp. 497-505.
3. Dimple Tresa Abraham, Corporate Social Responsibility & Empowerment of women: The way forward, AIMA Journal of Management & Research, Feb 2013, Vol 7, Issue ¼, ISSN 0974-497
4. Dr. Rajeshwari M. Shettar, A study on issue and challenges of women empowerment in India, IOSR Journal of Business & Management, e-ISSN: 2278-487X, P-ISSN 23197668, Vol 17, Issue 4, Ver I (April 2015) PP13-19
5. Jatin Maniktala, LC Punjabi, Corporate Social Responsibility: Perspectives and Challenges in Rural India, ISSN- 2319-7668
6. Lina Rani Pradhan, Dr. Swarnamayee Tripathi, (2013), Corporate & Women Empowerment in Odisha, Odisha Review,
7. Nilesh R. Berad, Corporate Social Responsibility – Issues and Challenges, International Conference on Technology & business Management, March 28-30,2011
8. Renu Jatang, D Crowther, Corporate Social Responsibility and the Empowerment of Women: An Indian perspective, ISSN; 1747-1117
9. Richa Gautam & Anju Singh, (2010) Corporate Social Responsibility Practices in India; A study of Top 500 companies, Global Business & Management Research: An International Journal, Vol 2.
10. Supriya Motwani, Communicating CSR is more challenging than paying CSR, ISSN:2319-5479, Vol 1, Issue-1,2012
11. www.ntpc.co.in

CONSUMERS' COGNIZANCE TOWARDS THE INDIAN POSTAL PRODUCTS AND SERVICES: A STUDY REPORT OF NORTH GOA DISTRICT

DR. GAJANAN MADIWAL
HEAD
DEPARTMENT OF COMMERCE
SSA GOVERNMENT COLLEGE OF ARTS & COMMERCE
VIRNODA

ABSTRACT

The postal history of India has started its foot prints prior to independence. It is the outcome of joint venture of the British, one of the colonial rulers and segregated efforts of several princely states. The postal service was opened for public on 1st April 1774. Indian Postal Department is 242 years old organisation, has a network of 1,55,837 Post Offices of which, 1,39,280 are located in Rural Areas. On an average, a Post office serves an area of 21.17 Sq. Km. and 6613 people. Though Indian Postal Department has wide coverage and network all over the country, it is observed that the department has not done required amount of advertisements to sell its products and services. The present study is conducted to find out the degree of knowledge of postal products and services in the minds of customers and the consumers' perceptions towards the Indian Postal services at rural and urban areas in North Goa district of Goa State. The survey revealed that most of the common products and services are not known or less known by the public. Twenty per cent of Government servants do not know about the postal life insurance product and majority of them are not interested to buy due to lack of information, which is one of the cheapest and most beneficial life insurance products as compared to other insurance product available in the market. The study concluded with a remark that the giant institution yet to put up its giant efforts to get giant gain.

KEYWORDS

awareness, Goa, postal, product, service.

INTRODUCTION

HISTORY OF INDIAN POSTAL SYSTEM

The postal history of India has started its foot prints prior to independence. It is the outcome of joint venture of the British, one of the colonial rulers and segregated efforts of several princely states. The postal service was opened for public on 1st April 1774. Since then the Indian Postal Department has completed 242 years. During British era, there were three postal circles servicing in the country which were situated in Bengal, Bombay and Madras. The first usage of stamps started on 1st July 1852 in Scinde, Sindh district with the use of an embossed on paper or wax. The shape of the first stamp was circular. The stamps were issued by the East India Company during those days. All were designed and printed in Calcutta. The stamps were containing the Queen Victoria's face and inscribed "EAST INDIA POSTAGE" which was printed by De La Rue in England and made available to the public in 1855. Money order system was introduced in 1880, saving bank in 1882, railway mail service in 1907 and air mail service in 1911.

ADMINISTRATION OF INDIAN POSTAL SYSTEM TODAY

The postal service comes under the department of posts, which is part of the ministry of communications and information technology under the Government of India. The apex body of the department is the Postal Service Board. The board consists of a chairman and three members who hold the portfolios of operation and marketing, development and personnel. India has been divided into 22 postal circles. The chief postmaster general heads each circle. Each circle is further divided into regions comprising field units, called divisions, headed by a postmaster general. The postal service is noted for its wide coverage. The department also involved in providing minor banking and financial services including small savings.

ACHIEVEMENTS OF INDIAN POSTAL DEPARTMENT

At the time of independence there were 23,344 post offices, today, in our country there are 1,55,837 post offices of which, 1,39,280 are in rural area in about 638,000 villages. On an average, a Post office serves for 6613 people and covers an area of 21.17 Sq. Km. India occupies 2.41 per cent of the world's land area but supports over 18 per cent of the world's population. As per census 72.2 per cent of the population living in villages and the remaining 27.8 per cent settled in more than 5,100 towns and over 380 urban agglomerations. Indian postal service functioning under the brand name 'Indian Post' which is a government operated postal system in India. India has the largest postal network in the world. There are about six lac employees working in Indian postal department. Today, the department is capable to handle approximately 1000 cores pieces of mails per year. The postal office saving bank has customers of 16 cores Account Holders with annual deposits exceeding Rs. 78,000 cores and network of 1, 54,000 branches under national saving scheme. The pin code zones introduce in 1972 to recognize the area, the entire country has been divided into 8 zones for this purpose.

FUNCTIONS, PRODUCTS AND SERVICES OF INDIAN POSTAL DEPARTMENT

The primary functions of the Post Offices are collecting, processing, transmission and delivery of mail. All postal articles can be classified as mail which includes Letters, Postcards, Inland Letter Cards, Packets, Registered, Insured, Value Payable articles and Speed Post. Mail is further classified as the first class and the second class mails. The first class mail gets free air transmission within India; whereas the second class mail gets air lift only if prepaid with air surcharge.

The Indian Postal Department has been offering premium products through its large network of post offices to the customers. The more popular products are Speed Post, Express Parcel, Media Post, Greeting Post, Logistics Post, Mail Products, Letter, Inland Letter, Post Card, Book Packet, Registered Newspaper, Parcel, Registration, Insurance and Value Payable Post.

The Indian Postal Department has developed several tools for the benefit of customers, such as track your consignment, compare services, calculate postage, find pin code, locate a post office, booking process, addressing tips, size and weight measurement, packaging tips, surface air lifted, information on customs matters. The Indian Postal Department also provides financial services to the customers such as postal banking for customers, postal banking for agents, postal life insurance for customers, postal life insurance for agents, money remittance services, money order and instant money order.

Though Indian Postal Department has wide coverage and network, it is observed that the department has not done required amount of advertisements to promote its products and services. The present study is conducted to find out the degree of awareness of postal products and services in the minds of postal product users and the consumers' perceptions towards the Indian Postal Services at rural and urban areas in North Goa district of Goa State.

REVIEW OF LITERATURE

The research scholars in India have not done a sizable quantum of research in the field of Indian Postal Service. In order to support research problem and find out the research gap, a few research works, done on Indian postal service have been referred. Two of them are given below.

(i) G. Tangapanli (2013), examined the demographic profile of consumers, variety of function performed by the Indian post offices, and perceptions of postal service users.

(ii) Raghunathan (2005), focused on the challenges before the Indian Postal Department that the department likely to face in future.

NEED/IMPORTANCE OF THE STUDY

It is observed that most of the studies done on Indian Postal System based on its working, demography of postal service users. But today, the department must study the customers' satisfaction to attract new customers and maintain them forever and face challenges from competitors.

STATEMENT OF THE PROBLEM

The Indian Postal Network is one the largest communication network in the world. Due to large army of employees and poor management the organisation is poorly managed in various places. The mobile SMS and internet e-mails reduced the burden on Indian postal system and network but at the same time reduced the revenue. To maintain the large army of employees, today, Indian Postal Organisation is in need of feedback to improve its business and services, which is made in this study. With this back ground a survey was conducted in the North Goa district of Goa State.

DESCRIPTION OF THE STUDY AREA

THE STATE OF GOA

Goa is a small and beautiful state on the western coast of India. Goa, the 25th youngest state of the Indian Union was formed in the year 1987. *Panaji* is the capital city of the state. Prior to the formation of the state, Goa was a major district of the former Union Territory of Goa, Daman and Diu. Goa attained the full-fledged statehood on 30th May 1987 under the Goa, Daman and Diu reorganization Act 1987. Tourism is the major revenue earning avenue of goan people and the Government of Goa. Agriculture and production sectors in Goa also contribute substantially towards the Government exchequer.

Goa placed in the map of nature on the Western Coast of Indian peninsula between the parallels of 15° - 47° -59° and 14° -53° -57° of Latitude North and between meridians of 73° -40° -54° and 74° -21° -11° of Longitude East of Greenwich. Its length from North to South measures 105 kms., and width from East to West measures 62 kms. The altitudes of the state range between 20 and 62 meters above the sea level. The total geographical area of the state according to the Surveyor General of India is 3702 sq. kms.

The state of Goa has two districts viz., North Goa and South Goa. The state comprises of eleven *talukas* with 15 towns and 429 revenue villages. The capital city *Panjim* is on bank of *Mandovi* River. There are 183 *panchayats* at a village level. Urban areas governed by *Municipality*. *Pernem* is one of the eleven *talukas* situated at extreme in the North District of Goa. There are 215 post offices in Goa out of which 114 in North Goa and 101 in South Goa district.

OBJECTIVES

- (i) To ascertain the degree of knowledge acquired by the customers about the basic postal products and services in North Goa district.
- (ii) To find out degree of satisfaction gained after using products and services of post offices in study area during the study period 2016.

HYPOTHESES

- (i) The large number of postal consumers has a high degree of knowledge about basic products available in the post offices at their residential areas.
- (ii) The Government servants prefer to purchase Postal Life Insurance products available in post office rather than other Life Insurance products available in the market.

RESEARCH METHODOLOGY

The present study is based on primary data collected through pre-tested questionnaire, issued to the customers during their visit to post offices situated in North Goa district. The feedbacks from post office staff also have taken for consideration. The secondary data is collected from books and web site of Indian Post to give introduction to research study.

RESULTS & DISCUSSION

- (i) Sex distribution of postal product and service users ratio is 7:3 (Male : Female).
- (ii) Age group distribution of very young respondents represented by 32 percent (15-25 years); young 52 percent (26-35 years); middle age 10 percent (36-50 years) and old age 6 percent who are 50 and above.
- (iii) Occupational distribution of indicates that 23 per cent represented by the student community; 14 per cent by housewives; 13 per cent by self-employed; 26 per cent respondents are employees of private sector and the rest 24 per cent visitors are Govt. employees.
- (iv) So far the educational qualification of respondents is concerned, 31 per cent studied up to Xth or less; 32 per cent up XIIth, 27 per cent finished their graduation and the rest 10 per cent belongs to post graduation and others.
- (v) So far the degree of awareness of the basic products and basic services available in the post office are concerned; about 96 per cent know about Post Card, Double Card (26%), Meghdoot Card (26%), Inland (65%), Envelop (98%), Stamps (99%), Speed Post (56%), Registered Post (76%), Registered AD (46%), Insurance For Articles (22%), Revenue Stamps (53%), Postal Life Insurance (42%), National Savings Certificate (38%), Value Payable Post (18%), Greeting Cards (55%), Railway Ticket Booking (18%), Postal Banking (19%) and Book Post (26%).

FINDINGS

- (i) The customers prefer to use more number of envelopes as compared to the post cards, double cards, meghdoot cards and inland letters.
- (ii) The service tax levied on Postal Life Insurance, which made the product little more unpopular.
- (iii) The average degree of knowledge about the basic products observed to be less than 50 per cent.
- (iv) Though the large number of villagers felt that the post office in their villages providing good services, a few of them complain as 'bad'. The post office authority must take care of negative remarks.
- (v) The Post offices situated at *taluka* centres are overcrowded and the average waiting time for any service is more than 30 minutes.
- (vi) The survey revealed that most of the common products and services are not known by public. Twenty per cent of Government servants do not know Postal Life Insurance Product and majority of them are not interested to buy the postal life insurance product due to lack of information and knowledge, which is one of the cheapest and most beneficial life insurance products as compared to other insurance product available in the market.
- (vii) The giant institution yet to put up its giant efforts to get giant gain.

RECOMMENDATIONS/SUGGESTIONS

- (i) The postal authority must start 'Consumer Awareness Programme' for the people of India particularly people of rural areas to make them aware of the products available and services rendered by the postal department.
- (ii) The post authority should introduce a few lessons on postal product in the primary school syllabus to make the students aware of various products available in post office.
- (iii) The postal authority must take care of middle age and old age people also. It is right time to make aware of the various schemes of savings and retirement benefits for them.

(iv) Since a larger amount of population resides in rural area the awareness programme about postal products and services should be concentrated in rural areas through village post offices.

(v) The Postal Life Insurance scheme is not known by many Govt. employees. It is recommended that the Postal Life Insurance development officers should take note of it.

(vi) A clear-cut instructions to be displayed in every post office, which informs weights and the value of stamp to be fixed.

(vii) Postal life insurance service should also extend to the people other than government employees. The postal department can accumulate a huge amount of fund, like other life insurance companies.

(viii) It is advised to the people of Goa find out the deficiency of services, bring them to the notices of the authorities and get good service for which you are entitled.

(ix) The negative remarks made by the customers may hamper the good will of postal department in due course, hence need to look into their grievances.

(x) Since few people know about 'Postal Forum' and 'Customer Care Centres'. It is advised that the postal department should make more awareness of these two caretakers of the postal products and services.

CONCLUSIONS

The set hypotheses after doing pilot study and put for test proved negatively.

(i) The large number of postal product consumers has a high degree of knowledge about basic products available in the post offices at their residential areas observed to have proved negatively.

(ii) The Government servants prefer to purchase Postal Life Insurance products available in post office rather than other Life Insurance products available in the market also proved negatively.

LIMITATIONS

(i) Since the study is conducted with limited sample size, the opinions of postal products consumers and service users cannot be generalised.

(ii) Since the sample size is selected at random and area covered is limited, the conclusions arrived cannot be considered as the opinions of consumers, either the State of Goa or entire community of postal product users of our country.

SCOPE FOR FURTHER RESEARCH

Further research can be taken up at national level which may give concrete conclusions so that Indian Government can make policy decisions on them.

REFERENCES

JOURNALS

1. G. Tangapanli (2013), *Consumers' Attitude Towards Indian Postal Services*, Asia Pacific Journal of Research Vol. I Issue XI, November, 2013.
2. Raghunathan (2005), *Indian Postal System: Challenges Ahead*, Indian Postal System Published by Indian Institute of Management, Bangaluru Vol. 17, December, 2005

GOVERNMENT PUBLICATIONS

3. Goa Diary 2015 Published by Govt. of Goa

WEBSITE

4. www.indiapost.gov.in

THE YOUNG SAUDI EMPLOYEE AND THE CURRENT LABOR MARKET DYNAMICS OF SAUDI ARABIA: A PARADIGM SHIFT

DR. DEEPANJANA VARSHNEY
ASSOCIATE PROFESSOR-HRM
FACULTY OF ECONOMICS & ADMINISTRATION
KING ABDULAZIZ UNIVERSITY
JEDDAH

ABSTRACT

Saudi Arabia is today in a transition stage as it is aiming to move away from the traditional oil-based economy to a diversified, knowledge-based economy. In this context, the responsibility of the private sector and educational institutions are becoming immensely important as they have the capabilities to train and develop young Saudi nationals to eventually build the nation. The recent downturn of the economy with the sudden fall in oil prices have resulted in an adverse situation in the country calling for austere reforms. There is a gradual, subtle shift in the Saudi youth mind-set post oil debacle and a prevailing volatile situation. Furthermore, the inherent perception of the private sector regarding Saudi youth's competencies and the latter's perception of private sector employment were also discussed in details. In relation to this, recent nationalization measures, its impact on economy, its shortcomings, futuristic approach and some of its key dimensions affecting the current perspective of the labour-market dynamics were evaluated.

KEYWORDS

education, labour, perception, private sector, quota, Saudi youth, unemployment.

INTRODUCTION

The Saudi Arabian economy has been one of the fastest expanding economies over the passage of time due to excess oil reserves and the government had implemented the far-reaching development programs and consequently the infrastructure with the support of expatriate employees to compensate the shortcomings of the local employees. Research shows that employing expatriate employees have drawn displeasure and some researchers had even discussed the detrimental effects on the local workers (Al-Dosary & Rahman, 2005; Mashood et al., 2009). The country has been referred to as a Rentier State, that is relies on external rent (Beblawi & Luciani, 1987) and (Ali & Abdelatif, 2013) with oil accounting for 90 percent of exports and 45.8 per cent of GDP (World Bank, 2014). It is a highly difficult job to come out from the rentier state phenomenon because this model has been endowing the economy with various advantages and posing constraints for stimulating income growth. Hence the unemployment situation of the country is a by-product of the rentier state economy, which is greatly structural and not an economic issue (Kabli, 2014).

With the coming years, the policy-makers realized the significance of employment of local workforce participation and problems of over-dependence on foreign workers. As a result, several government initiatives were launched from time to time over the years.

The policy-makers had well-realized at the early stages that the growth of the non-oil sectors would eventually foster development and economic prosperity of the kingdom. The result of it, for the past two decades, continuous thrust was given to education, training and development and healthcare, but still, there is a considerable inequity between demand and supply between the outputs of these measures and the requirements of the labor market. Unfortunately, this has resulted in structural unemployment among the Saudi citizens. Regarding the labor force and employment, the total labor force is forecasted to grow at an average annual rate of 3% increasing from about 7.74 million workers in 2004 to about 13.81 million in 2024 (Varshney, 2016).

In this research, I have given an exposition of the different labour market dimensions and the recent initiatives undertaken by the policy-makers, debating on the effectiveness of the initiatives and the shifting perceptual dynamics of the various players in the labour market. The Nationalization or the Saudization program have been upgraded from time to time, but unfortunately, it shows that unemployment problem has not been eradicated and failed to come out with satisfactory results and has also been aggravated by the increase of the Saudi labor force at an equal rate that equals the rate of employment of the nationals. Fakeeh (2009) had described the Saudization program as a policy with shortcomings and is a blind one. Infact, he has rightly said that Saudization as a policy focuses on the symptom (unemployment) rather than concentrating on the employability perspective.

PAST RESEARCH

The Saudi labour market is divided into public and private sectors as well as nationals and non-nationals or foreign worker. This categorisation has a profound impact on the differences in wage and non-wage advantages between the public and private sector. The local workforce and the expatriates have similar qualifications and experience, though their career paths are different. Sadi & Alburaey (2009) had aptly stated that there is a constraint in firing a national which stimulates the tendency to hire foreign workers on well-defined contracts.

Now, I will elaborate on the previous research related to the perception of the Saudi youths and the private sector about jobs and employability. The country has a young population with over 40% of its population below the age of 20 and has been referred by experts as the youth bulge.

SAUDI YOUTH'S EMPLOYMENT RELATED PERCEPTION

In Saudi Arabia, certain occupations and designations have been disliked by the Saudis due to cultural and social barriers (Al-Dosary & Rahman, 2005). Early research reflects that the Saudi youths prefer employment in the public sector in comparison to the industry. The reasons cited are higher wages at the lower and middle-level positions, more stability in jobs, better-working conditions in the public sector, the esteem factor associated with government jobs and more scope for advancement (Al-Ajaji, 1995).

The above notion has been aptly highlighted by the host of a popular weekly television program telecast in the country. Based on his interaction with many Saudi youths, the program host Mohsin Shaikh Al-Hassan of the popular television program, "Jobs on Air", which has helped the Saudi young males and females find around 8,500 jobs, had rightly presented some major reasons for the young Saudis refusing blue-collar jobs. Al-Hassan had described that one reason why young Saudis refuse to accept menial jobs is that of the family. He further clarified, "Saudi families did not train their children while small to do chores at home. They provided everything the child needed. That's why children don't want to accept menial jobs when they grow up". This fear is also associated with the bleak chances of matrimony in case the individual is doing menial jobs. He had also added that in the Saudi heritage, young Saudi males preferred to work in the government instead of the private sector and many young Saudis believe that work in the private sector is not stable. He had further stated, "That's why many young Saudis transfer from one company to another" (Estimo Jr, 2015, Arab News).

As mentioned by Jawhar (2014), a positive sign is observed from a recent survey, it was found that 33 percent of Saudis preferred a government job still, while 29 percent wanted a position in the oil, gas and the petroleum sector, 26 percent preferred banking and finance. According to Jawhar (2014), if this survey were conducted a decade ago, the gap between demanding a government job over a private sector job would be much wider.

There have been welcoming gestures from Saudi industrial heads in recent times beckoning the young Saudi nationals to build up the nation. The chairman of the industrial committee of the Jeddah Chamber of Commerce and industry, Ibrahim Batterjee had described the acute need of Saudis in the industry and commercial sectors:

"Saudis have to have a sense of belonging in the workplace and feel that they are important for the improvement and development of the company they work for. Our youth should not view themselves as merely fulfilling Saudization requirements. They have to prove themselves," he stressed while suggesting regular meetings between people in business and Saudi young people to discuss the obstacles young job seekers face. (Al Misbahi, 2016).

THE IMPACT OF OIL PRICES AND THE SAUDI YOUTH

Over the past few months, there have been more footfalls of Saudi youths in the various job fairs held within few weeks in the capital and other cities. Insecurity about the future is evident regarding the falling prices and cascading career prospects. The generous benefits (in the form of free medical, education, energy subsidies and government jobs) that were once lavished on the citizens are found to be dwindling now. The shifting change is already vibrating in the economy today, for instance, government projects being delayed, spending limits being imposed on ministries and proposed measures to implement taxes and sell shares of Saudi Aramco (one of the most valued oil companies of the Kingdom). The golden oil boom over the years had resulted in a poorly structured economy with 90% of the government revenues were from oil, 70 % of the Saudi employees were employed by the government, and even the private sector depended heavily on the government spending (Hubbard, 2016). The progress and development did not create an enriched, intellectual, professional class nor did it infuse a culture of hard work. Most of the country's engineers and health care workers are foreigners, and many government employees vacate their offices mid-afternoon, or earlier.

Now the young Nationals face a bleak future for the first time. Today it is indeed hard to get the public sector jobs as the government have been curtailing costs and pushing the Saudis towards the private sector. A deep source of concern also emerges as each year at least 250,000 young Saudis enter the job market.

I have taken a suitable example cited by Hubbard (2016) in his enlightening article which I believe will highlight the sense of helplessness and dilemma among the Saudi youth today.

-A Saudi lady had recently earned a Ph.D. in a medicine-related field in the USA. Her father had been in a good position in the military, and when her mother finished her degree in Arabic, she had immediately got a job near her house and a lump sum cash bonus for just graduating. Today the daughter has struggled to find work with her much higher academic credentials and her husband, also educated in the USA is still unemployed. She had regretfully said:

"My parents had great opportunities..... They provided well, and we had a comfortable life, so I always thought it would be the same for us".

PRIVATE SECTOR PERCEPTION

Initially, Saudi employees have not been the most preferred choice by the organizations because the latter were skeptical about the match between the qualifications and the work requirements in the market (Achoui, 2009). Aldosary (2006) further reasoned that there was a scarcity of competent Saudi workers, dislike for long hours, and more faith in the job stability and security in the public sector.

Shah (2006), examined the problems associated with employing the local workforce, the visa buying and selling market for local sponsors, the disinterest of the locals to do foreigners' jobs. Here the author had pointed out about small attitudinal changes were being observed. Additionally, the Saudis considered public sector jobs as their inherent right as a citizen. Also, Al-Hassan (1988) explained that companies preferred expatriates over Saudi employees because they considered expatriates to be more educated, less costly and having practical and professional courses unlike the academic subjects did by the Saudi students.

QUOTA SYSTEM (NITAQAT)

Nitaqat was a strategic tool to phase out the previous Saudization program. This program requires that the private sector companies achieve particular quotas for employing Saudi workers (Fakeih, 2012). The main thrust is to create Saudi employment by deporting or minimizing most of the foreign workers despite the fact that Saudis do not desire to work for such jobs. There are however changes that are reflected in Saudis accepting low profile jobs now such as cashiers, waiters, and transport staff, etc.

In the course of 2011, the Saudi government started putting into action the Nitaqat or the quota system that implies specific employment targets. However, there has been much debate about this job quota system. Al Gosaibi (2008) emphasized that this should be implemented at the cost of the productivity of the nation's economy and there should be a simultaneous system of enriched education, training, and development to meet the demands of the labor market. The policy-makers have the objective to create 3.5 million jobs for Saudi nationals by 2025 with the help of Nitaqat and two other initiatives, namely the Hafiz and Labour Market Observatory. The Nitaqat (Quota) system is being administered alongside Hafiz, which is another initiative of the Ministry of Labour. Hafiz is an unemployment benefit which grants a certain monthly allowance to the unemployed Saudi young men and women. It also assists the Saudi jobseekers to find jobs and imparts training programs. Besides, the government has launched the Liqaat programs, and job fairs are under its fold whereby there are interviews arranged between the employers and the job seekers.

The initial response has been positive as the demand for local workers had shot up and also had a positive impact on the wages for Saudi nationals. The Nitaqat (Quota) system has been in recent time's streamlined processes both for the Saudi nationals to a large extent and the expatriates to a certain extent despite the bottlenecks.

The recent analysis of the performance of Nitaqat's effect on increasing the Saudi national's employment in the private sector is disturbing (Hertog, 2014) as it demonstrated that there had been a medium increase in the national workforce employment rate. Even the process of putting the Nitaqat into action has been an uphill task, and till date, the program had an average performance (IMF country report, 2013).

The system had ushered in considerable high cost and barriers that hamper the competitive, market-driven principles of development. A quota system like this calls for continuous and consistent controlling acumen that is an extremely complex and challenging task. Ironically, they breed false employment, exploitation, manipulation and corrupt practices.

EDUCATION AND UNEMPLOYMENT

A scrutiny of the education sector reveals that the Saudi government had been invested exorbitant amounts for the construction of schools, universities, and technical colleges. The total expenditure on the education sector has increased over the years: in 2004, it was around 18 billion USD which soared to around 56 billion USD in 2014 (Kabli, 2014). However, such investments reflect a strategic thrust that will reap in results in the long-term and will not have much impact on alleviating the present unemployment problem. This immediate problem has been further elaborated by Baqadir, Patrick, and Burns (2011), in their research. They had drawn attention to the existing skill gap between the Saudis and the non-Saudis, particularly in the area of vocational training. In a way, the professional education had failed, and the gap prevailed around work ethics, specialized knowledge, and generic skills.

There have been some bodies and agencies established additionally to support the nationalization programs. The Centennial Fund was established in 2004 with Saudi Arabian General Investment Authority (SAGIA) to promote job creation through the SMEs. Also, the Human Resources Development Fund (HRDF) was set up in 1999 to subsidize salaries of trainees and fresh graduates on the completion of their training programs. The HRDF supplies the private sector with 50 percent and 75 percent of the salary and training costs of Saudis for two years (Sadi & Al- Buraey, 2009).

A recent survey was conducted in collaboration with Injaz Al-Arab, Bayt.com (Job website) and YouGov (market researcher). It was a part of the Al-Arab "Expand Your Horizon" initiative and had tried to tackle the high percentage of youth unemployment in the Middle East and North Africa (MENA) region as per Saudi Gazette (2016, February 2).

The salient findings of the survey have been presented below:

- Many young people had never considered alternative sectors such as hospitality, aviation, and media as career options.
- In choosing careers, the Arab youth suffer due to lack of knowledge and information about the breadth of opportunities. (2/3rd of respondents shared this feedback).

- A deep need for counseling and awareness campaign about the various lucrative, non-traditional career choices needs to be implemented at a systematic level.
- 80% of fresh graduates claim that college did not help them identify or apply for suitable job opportunities
- The majority of the respondents still believed that traditional sectors (construction, gas/energy, petroleum) provide the best employment prospects.

CURRENT INITIATIVES

Recent initiatives have been aggressive in curbing unemployment. A commission for Job Generation and Anti-Unemployment has been recently established to address the decline in oil prices as well as the youth unemployment rate. This has been considered as a welcome initiative as the country has the responsibility to place 1.9 million Saudi youths in the next ten years. This backdrop has given fundamental challenges to the decision-makers to create a knowledge economy and increase employment opportunities.

REVAMPING THE SAUDIZATION OR LOCALIZATION PROGRAM

A new Saudization program referred to as "Guided Localization" has been launched recently under the Labor Minister, Mufrej Al-Haqbani's direct supervision. The main aim of the program is to overcome the challenges in achieving Saudization and achieving total or partial Saudization in some sectors, especially the retail sector. There are four stages of this program. The first stage involves sectoral planning under which the ministry will work in close coordination with the targeted sectors and impart training with the focus to replace foreign workers with Saudis in skilled and semi-skilled jobs in the industry.

The second phase is the regional intervention, which focuses on building up the work with the provincial governorates to support Saudization program for each province. The third stage is the total Saudization of some trades in association with other ministries and would begin with Saudization of the sale and maintenance sector of mobile phones. The fourth or the final one is linking the Balanced Nitaqat Program (to be launched by the Ministry shortly) with the Guided Localization Program (Saudi Gazette, March 2016)

INITIATIVES IN COORDINATION WITH HUMAN RESOURCES DEVELOPMENT FUND (HRDF) AND OTHER ASSOCIATIONS

There have been jobs fair organized by the Jeddah Chamber of Commerce (JCCI) and other organizations like the HRDF specified (Khan, 2015).

The Ministries of Health and Education in collaboration with the different universities launched a program to help the Saudi youth to find jobs. A memorandum of understanding was signed in Riyadh between Labor Minister Mufarej bin Saad Al-Haqbani and Education Minister Dr. Azzam Al-Dakhil in the presence of chancellors from 28 universities, Technical and Vocational Training Corp. (TVTC) Gov. Ali Al-Ghafis and Human Resources Development Fund (HRDF) Director General Ibrahim Al-Mouaikel. This program has been rolled off after an extended agreement, whereby the key figures would develop an elaborate scheme to provide education as well as vocational guidance to the Saudi students to enable them to have better person-job fit in organizations. The program would connect the contents and output of education curriculum to help the students with the training needs to suit the private sector enterprises with enhanced skills to fit into various cadres of employment.

In a similar note, Al-Dakhil had an agreement with the Saudi Arabian Monetary Agency (SAMA) under which 5,000 Saudi students will be granted scholarship and jobs in the insurance and financial sectors. The program was a new scheme in which the ministry will grant scholarships to Saudi students based on market needs and then employ them when they return home after completing their courses (Rasooldeen, 2015).

A paradigm change is needed. However one has to remember that the Saudis are not habitual to the radical changes because in the past there have been incremental changes done.

A Saudi executive in the construction industry had remarked that moving too fast would jeopardize the business and the economy in the long run: "It has to be done and I am with it, but you can't change decades' worth of problems in a few years". (Hubbard, 2016).

DISCUSSION & SUGGESTIONS

The results of the Nationalisation policies have been not much impressive, and this may be because the program could not handle the deeper issues effectively. The central paradox lies in two distinct areas: the creation of pressure on the private sector to recruit Saudis with proper understanding the mindset of the Saudi nationals and providing proper encouragement. The widening wage gap is another area which still makes public sector jobs a major attraction for the youths (Alsheikh & Erbus, 2013). Moreover, there seems to be a disconnect between the policies and the strategic objectives of the government. A meticulous administrative framework can only make Nitaqat (Quota) system a viable model in the labour market. Only superficially modifying the number of Saudi and non-Saudi workers does not eradicate the deeper malaise. Another contradiction lies in the wage revision domain, the introduction of the minimum wage to compensate the perceived low wage cannot be a long-term solution to the problem. Hay Group (2012) had found that nationals are paid 13 percent more than average market wages, and there has been pressure on the private sector to conform to this requirement.

As a result of the wage gap between the national and non-national labour, some organizations had started practicing fake Saudization- that is hiring unskilled and unqualified Saudi nationals to fill up the quotas artificially but not giving them real work to do. This is a dark side of the Nationalization policy's effects and may have far-reaching negative results in future. The topic of the contemporary Nationalization programs has been argued by Alhamad (2014) as the way to increase the wages, but at the same time, there is the growing risk of contracting foreign workforce leading to lower productivity and work quality. Hertog (2012), have presented the real, dark side of the quota system and prohibitions. Companies in desperation to avoid rules have started practicing illegal activities instead of actual national employment. The labour market segmentation has resulted in unachievable large-scale job creation. This is also increased by the big wage differentials between citizens and non-nationals, the frequent national labour movement and their defined rights of the national labour which make them less viable for employment. The significant influence of prices rather than administrative involvement in charting out labour market strategy can coordinate the disconnected public-private sectors, enhance expatriate labour prices as well as the private, national workforce.

Saudi Arabia has been spending enormous amounts on education, especially higher education in recent years. Some of the Saudi institutions are developing into research universities.

Altbach (2014) had discussed in details the essential structural and organizational problems related to the Saudi academic context. The highly structured, inflexible Civil Service arrangements which govern the academic appointments. This grants every Saudi citizen appointed immediate tenure. Salary increases are usually linked to the length of service, not by ranking the performance, so the meritorious employees are not rewarded for their productivity. The issue of foreign academics (constituting 42% of the total workforce in Saudi Arabian public universities) is a vital facilitating factor too. These faculty members are appointed on renewable term contracts and not given tenured posts or even long-term contracts, despite contributing a lot to quality research and development. Many of them spend more than half of their lives in the kingdom, and the incentives are high for them to renew their contracts. Unfortunately, there is little or no incentive to develop their loyalty for the Saudi University/ Institution or to be involved as an employee in the top decision-making levels. Like universities in other countries, Saudi Arabia can dissociate from the Civil Service system to a considerable extent –give more independence to the Universities in recruitments, evaluation of the academic staff and related academic – administrative decisions. The academic profession in Saudi Arabia has a real potential for excelling in research, development and preparing students for a better future provided the bureaucratic and administrative structures be removed/ reduced.

Ali Al-Zaid, Director of Human resources in Takamul Economical Solution Company, had emphasized on the lack of relevant training to train and develop them for the Industrial sector. There is a dire need for colleges and universities to work on revising and developing suitable curriculum and blend it with practical workshops shortly. Economists and political analysts have reiterated on the immediate measures to absorb the young Saudi population into the workforce, besides around 185,000 students have been studying abroad and has been corroborated by Alzu'be (2012) who had stressed the need to reform curriculums and teaching methods and investing in student training.

There is also the affirmative response of the Saudi youth in recent times in the research of National Centre of Youth Research at King Saud University that found 90 percent of the youth (male and female) work with devotion and enthusiasm. The sample size was 6156, which is indeed a large one. Al-Jasser said that the study revealed that 54.4 percent of Saudi youths, male and female, actively and eagerly approach their jobs, while 2.6 percent of youths are different. Of these youths, 35.8 percent work longer hours without getting bored. Most of the male and female youths have a sense of seriousness and responsibility toward their work and want to perform better (Arab News, 2016).

This finding along with other areas of Saudi youth's feedback regarding the employment, jobs and the turbulent times indicate that the Saudi youth is metamorphosing with a deep sense of maturity, insight, and responsibility to oneself and the nation.

It is still very evident that Saudi Arabia will continue to rely on foreign labor. What makes it worse is the refusal of Saudi citizens to take on occupations that every modern economy requires which include unskilled menial positions. Recent surveys show that much unemployed Saudi youths are frustrated because they are being offered menial jobs done by expatriates which they feel limit their social mobility. Omar Al-Ubaydli, program director at the Derasat economic and political research center, told Al-Arabiya News that any Gulf Arab country, not just Saudi Arabia, should change the attitudes regarding what some consider unsociable jobs (Naar, 2015). The government should now concentrate on providing the right incentives for people to go into the private sector. Nevertheless, the kingdom's survival in the long-term is subject to its capacity to break away from the shackles of oil-reliance and develop a diversified knowledge-based economy. We witness in recent times that the policy-makers are concentrating the movement towards a knowledge-based economy, especially in the Ninth development plan. The key aspects of the Tenth Development Plan also reveal two major thrusts: diversification from the oil economy and the creation of jobs for the Saudi citizens. Although Saudi Arabia presents a highly closed and conservative context, it is a rapidly developing nation (Varshney, 2016).

Finally, Economists also assert that the development of SMEs can offer hope for the unemployed. They urge continued facilitation of SMEs' access to finance and other forms of support to further the development of this sector. Among the current initiatives that need extra support and more efficient implementation are the Kafala Program (initiated in 2006), which provides SMEs with access to credit (credit guarantees); the Saudi Credit and Saving Bank, which extends loans to SMEs; the establishment of specialized SME units within banks; and the setting up of SIMAH, the Saudi Credit Bureau (Fatany, 2016).

The thrust should be to develop the Saudis for high-skilled jobs. In doing so the organizations have to oversee professional collaborations between Saudis and the expatriates in the organizations. Hence instead of radically removing expatriate employees from the system, sufficient time should be devoted to take their professional support to hone the Saudi employees' skills and then phase them off with a good note (Varshney, 2016).

REFERENCES

1. Achoui, M. M. (2009), "Human resource development in Gulf countries: an analysis of the trends and challenges facing Saudi Arabia", Human Resource Development International, Vol. 12, No. 1, pp. 35-46.
2. Al Ajaji, A. (1995), "Obstacles to employment of male Saudi university graduates by the private sector in Saudi Arabia", Unpublished Ph.D. dissertation, George Washington University.
3. Al Dosary, A., & Rahman, S. M. (2005), "Saudization (localization) – A critical review", Journal of Human Resource Development International, Vol. 8, No. 4, pp. 495-502.
4. Al Gosaibi, G. (2008), "Building human capital Training", Speech given at the Jeddah Economic Forum 2008 Value Creation through Alliances & Partnerships.
5. Al Hassan, A. (1988): "Field research on reasons for the increase of foreign labor compared with national labor in job sectors", A research paper, Hofuf, King Faisal University.
6. Al Misbahi, A. (2016, January 22): "Case for young Saudis to enter the industrial sector", Saudi Gazette. Retrieved from <http://saudigazette.com.sa/saudi-arabia/case-for-young-saudis-to-enter-the-industrial-sector/>
7. Aldosary, A. (2006), "The nationalization of the labor force in Saudi Arabia: Logistical consideration and practical strategies", King Fahd University for Petroleum and Mineral Journal, Vol. 1, No. 2.
8. Alhamad, H. S. (2014), "The High Cost of Living in Saudi Arabia: Growth and Inflation in a Macroeconomic Perspective" Student Pulse, Vol. 6, No. 09. Retrieved from <http://www.studentpulse.com/a?id=918>
9. Ali, H., & Abdelatif, O. (2013): "Military Spending and Natural Resource: Evidence from Rentier States in Middle East and North Africa", Defense and Peace Economics.
10. Alsheikh, H., & Erbus (2013), "Labor Income and Oil Wealth: A Border Sustainability Framework for Saudi Arabia", Middle East Development Journal, Vol. 5, No. 2.
11. Altbach, P. (2014, May 22): "How Saudi Arabia can create an academic oasis", Times Higher Education. Retrieved from <https://www.timeshighereducation.com/comment/opinion/how-saudi-arabia-can-create-an-academic-oasis/2013409.article>
12. Alzu'be, A. F. (2012), The Quality of Saudi Graduates and the Needs of Saudi Labor Market, Research on Humanities and Social Sciences, Vol. 2, No. 9, pp. 140-148. Retrieved from <http://www.iiste.org/Journals/index.php/RHSS/article/viewFile/3136/3177>.
13. Arab News (2016, March 27): " Study finds 90% of Saudi youths working on jobs with enthusiasm", Arab News. Retrieved from <http://www.arab-news.com/saudi-arabia/news/901436>
14. Baqadir, A., Patrick, F., & Burns, G. (2011), " Addressing the skills gap in Saudi Arabia: does vocational education address the needs of private sector employers?", Journal of Vocational Education and Training, Vol. 63, No. 4, pp. 551-561.
15. Beblawi, H., & Luciani, G. (1987), "The Rentier State" New York: Croom Helm.
16. Fakeeh, M. S. (2009): "Saudization as a Solution for Unemployment: The Case of Jeddah Western Region", Doctorate Thesis, University of Glasgow Business School.
17. Fakeih, A. (2012): "Unemployment in Saudi Arabia", Global Competitiveness Forum, Jeddah, Saudi Arabia.
18. Fatany, S. (2016): "Can the private sector solve the Saudi unemployment problem?", Saudi Gazette. Retrieved from <http://saudigazette.com.sa/opinion/can-the-private-sector-solve-the-saudi-unemployment-problem/>
19. Hay Group. (2012): "Nitaqat in the Spotlight", Hay Group. Retrieved from http://www.haygroup.com/downloads/uae/Nitaqat_in_the_Spotlight_-_Copy.pdf
20. Hertog, S. (2014): "Arab Gulf States: An Assessment of Nationalization Policies", Gulf Labor Markets and Migration - GLMM, European University Institute & Gulf Research Center.
21. Hertog, s. (2012), "A comparative assessment of labor market nationalization policies in the GCC", In S. Hertog (ed.) National employment, migration and education in the GCC (pp.4). The gulf region: economic development and diversification, Gerlach Press, Berlin: Germany. Retrieved from <http://eprints.lse.ac.uk/46746/1/A%20comparative%20assessment%20of%20labor%20market%20nationalization%20policies%20in%20the%20GCC%20sero.pdf>
22. Hubbard. (2016, February 17): " Young Saudis see cushy jobs vanish along with Saudi Arabia's oil-wealth", New York Times. Retrieved from <http://economictimes.indiatimes.com/news/international/business/young-saudis-see-cushy-jobs-vanish-along-with-saudi-arabias-oil-wealth/articleshow/51024818.cms>
23. International Monetary Fund (2013): "Saudi Arabia, Selected Issues", IMF Country Report No. 13/230. Retrieved from <https://www.imf.org/external/pubs/ft/scr/2013/cr13230.pdf>
24. Jawhar, S.S. (2014, January 20): "Employment preferences are changing among youths", Arab News. Retrieved from <http://www.arab-news.com/news/511921>
25. Kabli, S.A. (2014): "Unemployment in Saudi Arabia: Assessment of the Saudization Program and the imperatives leading to youth unemployment", Master's thesis, The American University, Cairo). Retrieved from <Http://Dar.Aucegypt.Edu/Bitstream/Handle/10526/4273/Saud%20Kabli%20-%20The-sis.Pdf?Sequence=1>
26. Khan, F. (2015, October 15): "Youth inundate Jeddah jobs fair" Arab News. Retrieved from <http://www.arabnews.com/saudi-arabia/news/820536>.

27. Mashood, N., Verhoeven, H., & Chansarkar, B. (2009): "Emiratization, Omanisation and Saudization—common causes: Common solutions?", The 10th International Business Research Conference, Dubai, UAE, 16th-17th April.
28. Naar, I. (2015, October 15): "Saudi Arabia launches committee to tackle unemployment", Al Arabiya News. Retrieved from <http://english.alarabiya.net/en/business/economy/2015/10/15/Saudi-Arabia-launches-committee-to-tackle-unemployment.html>
29. Rasooldeen, M. (2015, July 29): "Ministries launch program to help youths find employment", Arab News. Retrieved from <http://www.arabnews.com/saudi-arabia/news/783371>
30. Rodolfo, C.E.Jr. (2015, April, 26): "Why young Saudi turn down blue-collar jobs", Arab News. Retrieved from <http://www.arabnews.com/saudi-arabia/news/737901>
31. Sadi, M. A., & Al-Buraey, M. A. (2009), "A Framework of the Implementation Process: The Case of Saudization", International Management Review, Vol. 5, No. 1, pp. 70-106.
32. Saudi Gazette report (2016, February 2), "Fresh MENA graduates not ready to work yet", Saudi Gazette. Retrieved from <http://saudigazette.com.sa/business/fresh-mena-graduates-not-ready-to-work-yet/>
33. Saudi Gazette Report (2016, March 8): "New Saudization program unveiled", Saudi Gazette. Retrieved from <http://saudigazette.com.sa/saudi-arabia/new-saudization-program-unveiled/>.
34. Shah, N.M. (2006): "Restrictive labour immigration policies in the oil-rich gulf: effectiveness and implications for sending Asian Countries", United Nations Expert Group meeting on international migration and development in the Arab Region, Beirut, 15-17 May.
35. Varshney, D. (2016), "Exploring Recent Saudi Human Capital Development Initiatives: An Evaluation", Human Resource Management Research, Vol. 6, No. 1, pp. 1-5. DOI:10.5923/j.hrmr.20160601.01
36. World Bank. (2014): "Oil Rents percentage of GDP", Retrieved from World Development Indicators: <http://data.worldbank.org/indicator/NY.GDP.PETR.RT.ZS>

MOBILE BANKING IN THE PRESENT SCENARIO

SEBIN GEORGE
ASST. PROFESSOR
MAHATMA GANDHI COLLEGE
IRITTY

ABSTRACT

In the present scenario the use of mobile banking has increased considerably. Government and banks urging the customers to use mobile banking instead of going to banks as well as for purchasing. As per the study Balance enquiry and account information are the most commonly used service in mobile banking. Majority of customer feel that service charges on mobile banking are reasonable. Customers feel that banking transactions are safe through mobile banking. It can be observed that customers feel that it's not too difficult to use. As the study suggest that most of the bank needs to improve on mobile banking. Mobile banking is most commonly adopted by professionals. Most of them are satisfied with mobile banking application. Among the different service provided by the bank, ATM and mobile banking are the most commonly used service compared to others. A minority of people do not prefer mobile banking because of security fears.

KEYWORDS

mobile banking, ATM.

INTRODUCTION

Banking in India in the modern sense originated in the last decades of the 18th century. The first banks were Bank of Hindustan, which established in 1770 and liquidated in 1829 – 1832; and General Bank of India, established 1786, but failed in 1791.

The Indian banking sector is broadly classified into scheduled banks and non-scheduled banks. The scheduled banks are those which defined under the 2nd schedule of the Reserve Bank of India Act, 1934. The scheduled banks are further classified into: nationalized banks; State Bank of and its associates; Regional Rural Banks (RRBs); foreign banks; and other Indian private sector banks. The term commercial banks refer to both scheduled and non-scheduled commercial banks which are regulated under the banking Regulation act, 1949.

Generally banking in India was fairly mature in terms of supply, product range and reach – even though reach in rural India and to the poor still remains a challenge. The government has developed initiatives through the state Bank of India expanding its branch network and the National Bank for Agriculture and Rural Development with things like Microfinance.

MOBILE BANKING

Mobile banking is a service provided by a bank or other financial institution that allow its customers to conduct some financial transaction remotely using a mobile device such as mobile phone or tablet, and using software usually called an app provided by the financial institution for the purpose. Mobile banking is usually available on a 24 hours' basis. Some financial institutions have restricted on which accounts may be accessed through mobile banking as well as a limit on the amount that's can be transacted. The facilities available via mobile banking are as follows:

- Checking account balance
- Fund transfer
- Bill payments
- Balance enquiry
- Cheque book request
- E-commerce (shopping) on mobile

Check your account statements, shops, pay bills, transfer or send request for a new cheque book. You can now access all these functions with registration to use Mobile Banking in addition, if you opt for SMS alerts, you will be update instantly about your balance, upcoming bill payment (if you have set up one), and any other transaction so that you are constantly aware of what happening in your account.

STATEMENT OF THE PROBLEM

Mobile banking would as into new era. Established practices and procedures have undergone changes drastically. This is bound to change the nature of relationships of banks with their customers. Customers would no longer be dependent on dedicated systems for each banking relationship. This would be increasing access to low cost electronic service and close integration of bank with web-based service. For performing transactions, mobile phones are most convenient due to lower switching cost, low price that eliminate geographic boundaries.

It would be offer the opportunity of a new paradigm to the customers both corporate and retail.

OBJECTIVES

1. To know the various mobile banking services offered by Banks
2. To know the factors that leads to mobile banking than conventional banking
3. To understand the concept of mobile banking
4. To identify the problems and difficulties faced by mobile banking

RESEARCH METHODOLOGY

This study uses primary data and secondary data. Mainly data is collected through primary source in this study.

Secondary source is collected from various sources such as:

- Internet
- Books

ANALYSIS**INTEREST OF RESPONDENTS USING MOBILE BANKING****TABLE 1**

CRITERIA	NO OF RESPONDENTS	PERCENTAGE
YES	64	80%
NO	16	20%
TOTAL	80	100%

Source: Primary Data

80% respondents using mobile banking are interest and 20% respondents are using m-banking are not interest.

MOBILE BANKING FACILITIES USED BY RESPONDENTS

TABLE 2

CRITERIA	NO OF RESPONDENTS	PERCENTAGE
BALANCE ENQUIRY	32	40%
FUND TRANSFER	16	20%
PAYMENT	16	20%
OTHERS	16	20%
TOTAL	80	100%

Source: Primary Data

It is clear that most of the respondents are using mobile banking for balance enquiry.

SAFETY OF MOBILE BANKING

TABLE 3

CRITERIA	NO OF RESPONDENTS	PERCENTAGE
YES	64	80%
NO	16	20%
TOTAL	80	100%

Source: Primary Data

It can be observed that 80% of respondents feel that their banking transactions are safe in m-banking. While rest of 20% feel that transactions are not secured.

DIFFICULTY TO TRANSACT USING MOBILE BANKING

TABLE 4

CRITERIA	NO OF RESPONDENTS	PERCENTAGE
EXTREMELY DIFFICULT	8	10%
DIFFICULT	16	20%
NOT AT ALL DIFFICULT	8	10%
MODERATE	48	60%
TOTAL	80	100%

Source: Primary Data

From the above table it is clear that 60% respondents as moderate, 20% find difficult, 10% responded as extremely difficult and rest of 10% responded as not at all difficult.

NEEDS OF IMPROVEMENT ON MOBILE BANKING

TABLE 5

CRITERIA	NO OF RESPONDENTS	PERCENTAGE
YES	56	70%
NO	24	30%
TOTAL	80	100%

Source: Primary Data

From the above table it is clear that 70% of respondents feels that their bank needs to improve on mobile banking and rest 30% needs no improvement.

CONFIDENCE IN MAKING FUND TRANSFER AND PAYMENT

TABLE 6

CRITERIA	NO OF RESPONDENTS	PERCENTAGE
CONFIDENT	40	50%
VERY CONFIDENT	3	4%
LESS CONFIDENT	24	30%
NOT AT ALL CONFIDENT	13	16%
TOTAL	80	100%

Source: Primary Data

From the above table it is clear that 50% of respondents are confident in making fund transfer and payment through m-banking while 30% respondents are less confident, 16% are not at all confident and rest 4% are very confident.

USAGE OF MOBILE BANKING FACILITIES

TABLE 7

CRITERIA	USAGE				TOTAL
	DAILY	WEEKLY	MONTHLY	RARELY	
BALANCE ENQUIRY	5	50	10	15	80
FUND TRANSFER			20	60	80
ACCOUNT INFO		10		70	80
PAYMENT		40	25	15	80
DEMAT SERVICE			10	70	80

Source: Primary Data

From the above table it is clear that out of 80, 5 respondents use balance enquiry daily, 50 use weekly, 10 use monthly, 15 use rarely. Fund transfer is used mostly by 20 respondents monthly and 60 use rarely. Account information is used weekly by 10 respondents and rarely by 70 respondents. Payment services are used weekly by 40 respondents, monthly by 25 respondents and rarely by 15 respondents. Demat service are used monthly by 10 respondents and rarely by 70 respondents.

REASONABLE SERVICE CHARGES

TABLE 8

CRITERIA	NO OF RESPONDENTS	PERCENTAGE
YES	64	80%
NO	16	20%
TOTAL	80	100%

Source: Primary Data

From the above table it is clear that 80% of respondents are of the opinion that service charges on mobile banking are reasonable, while rest of 20% feel that service charges are not reasonable.

REASON FOR USING MOBILE BANKING

TABLE 9

CRITERIA	NO OF RESPONDENTS	PERCENTAGE
EASE	24	30%
CONVENIENCE	40	50%
SECURITY	0	0%
LESS TIME OF OPERATION	16	20%
TOTAL	80	100%

Source: Primary Data

From the above table it is clear that 50% of respondents choose mobile banking for convenience, 30% due to ease, 20% due to save time.

COMPARISON OF MOBILE BANKING WITH OTHER BANKING SERVICES

TABLE 10

CRITERIA	RATE OF USAGE				TOTAL
	HIGH	MEDIUM	RARELY	NOT USED	
ATM	55	15	7	3	80
MICR CHEQUE			5	75	80
EFT		10	45	25	80
MOBILE BANKING	40	20	15	5	80
CREDIT CARD			75	5	80

Source: Primary Data

From the above table it is clear that out of 80 respondents rate of ATM is high for 55 respondents, medium for 15 respondents, rarely for 7 respondents, not used by 3. MICR CHEQUE is rarely by 5 and not used by 75. EFT IS medium for 10 respondents, rarely used by 45 and not used by 25. M-BANKING is high for 40 respondents, medium for 20, rarely used by 15 and not used by 5. CREDIT CARD is rarely used by 75 and not used by 5.

RATE THE EASE OF USING THE APPLICATION

TABLE 11

CRITERIA	NO OF RESPONDENTS	PERCENTAGE
EXTREMELY SATISFIED	0	0%
SATISFIED	64	80%
DISSATISFIED	16	20%
EXTREMELY DISSATISFIED	0	0%
TOTAL	80	100%

Source: Primary Data

From the above table it is clear that 80% of respondents are satisfied with application, 20% are dissatisfied with application.

SUGGESTIONS

1. Banking operations through Mobile Banking should be cost effective
2. Authenticity and safety of operation should be ensured by Bank.
3. Proper guidelines should be given to the customers regarding usage of Mobile Banking
4. The banks must ensure to update the software and more services through Mobile Banking.

CONCLUSION

In the present scenario the use of mobile banking has increased considerably. Government and banks urging the customers to use mobile banking instead of going to banks as well as for purchasing. As per the study Balance enquiry and account information are the most commonly used service in mobile banking. Majority of customer feel that service charges on mobile banking are reasonable. Customers feel that banking transactions are safe through mobile banking. It can be observed that customers feel that it's not too difficult to use. As the study suggest that most of the bank needs to improve on mobile banking. Mobile banking is most commonly adopted by professionals. Most of them are satisfied with mobile banking application. Among the different service provided by the bank, ATM and mobile banking are the most commonly used service compared to others. A minority of people do not prefer mobile banking because of security fears.

REFERENCES

1. Co-operative banking - Indian Institute of Banking and Finance
2. Modern banking –Dr. Sunny Kutty Thomas, Bobby Simon
3. The Evolution of Banking - Robert Harrison.

A STUDY ON INVESTORS' SATISFACTION TOWARDS MUTUAL FUNDS RETURNS WITH SPECIAL REFERENCE TO CHITTOOR DISTRICT

DR. U. RAGHAVENDRA PRASAD
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT STUDIES
MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE (UGC-AUTONOMOUS)
MADANAPALLE

ABSTRACT

Mutual funds are a vehicle to mobilize moneys from investors, to invest in different markets and securities, in line with the investment objectives agreed upon, between the mutual fund and the investors. The main focus of the study is to explore the socio-economic profile of the mutual funds investors and their satisfaction level towards mutual funds returns.

KEYWORDS

investor, mutual fund, return, risk.

INTRODUCTION

A mutual fund is a trust that pools the savings of a number of investors who share a common financial goal and investments may be in shares, debt securities, money-market securities or a combination of these. Those securities are professionally managed on behalf of the unit holders and each investor holds a pro-rata share of the portfolio, that is, entitled to profits as well as losses. Income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. A mutual fund is the most suitable investment scope for common people as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively lower cost.

REVIEW OF LITERATURE

Pandey, S. (2016). Examined financial planning, the impact of various variables on investors in making their investment decision and try to develop conceptual framework based on it.

KARTHIKEYAN, V., & RAHMATHULLAH, M. (2016) made an attempts to analyze the investor preference, influencing factor and awareness in the selected city by using Chi – Square Test on nine most trusted mutual funds irrespective of their size; they are Reliance AMC, ICICI Prudential AMC, Franklin Templeton, UTI AMC, HDFC AMC, Birla Sunlife AMC, Kotak AMC, JM Finance AMC, and SBI AMC.

Khitoliya, P. (2014) made an attempt to investigate investors' awareness and perception towards mutual fund with special reference to selective area of Delhi only.

Jani, D. J., & Jain, R. (2014) examined the Investor buying behavior of rural investors for financial assets specifically focused on mutual fund. The paper also concentrates on how demographical factors affects the decision making process of investors.

Kaur, S., Batra, G. S., & Anjum, B. (2013) made an attempt to know the investors perception towards selection of mutual funds. Moreover, this study is also attempted to give suggestions to investors for making investment in mutual funds. Both primary and secondary data has been used in the study. 200 investors have been taken for survey. The study has suggested that investors should consider long historical data, size and age of the fund, fund charges and some measure to analysis the funds for investments.

Sharma, N. (2012). The paper explored three factors named as fund/scheme related attributes, monetary benefits and sponsor's related attributes (having respectively six, four and four variables) which may be offered to investors for securing their patronage. The results are expected to provide fruitful insight to mutual fund companies for tailoring their offers suitable to cater the needs and expectations of Indian investors.

Ranganathan, Kavitha (2006) made an attempt to examine the related aspects of the fund selection behaviour of individual investors towards Mutual funds, in the city of Mumbai.

OBJECTIVES OF THE STUDY

The objectives of the study are to explore the socio-economic profile of the mutual funds investors and their satisfaction level towards mutual funds returns.

METHODOLOGY OF STUDY

The study is based on primary and secondary data. The primary data has been collected through structured questionnaire from 100 mutual funds investors of Chittoor district in Andhra Pradesh. Secondary data was collected from books, journals and websites. Convenience sampling method is used for this study. The collected data has been summarized with frequencies, mean values and inferences have been derived from Chi-square and ANOVA test. The study has been conducted in July and August 2016.

LIMITATIONS OF THE STUDY

Geographically the study is confined to Chittoor District of Andhra Pradesh. Functionally it is confined to mutual funds satisfaction.

HYPOTHESES OF THE STUDY

The hypothesis formulated for the study is given below.

H₀₁: There is no significant difference between age and investors' risk perception in mutual funds investment.

H₀₂: There is no significant difference between income and investors' risk perception in mutual funds investment.

H₀₃: There is no significant difference between age and investors' satisfaction towards mutual funds returns.

H₀₄: There is no significant difference between income and investors' satisfaction towards mutual funds returns.

DATA ANALYSIS AND INTERPRETATION

TABLE 1: DESCRIPTIVE STATISTICS

Variables	Category	No. of Respondents
Gender	Male	81
	Female	19
Age	Below 30 years	22
	30 to 40	29
	41 to 50	30
	Above 50	19
Qualification	Below Graduation	28
	Graduation and Above	72
Occupation	Public Sector	23
	Private Sector Service	29
	Business	26
	Others (Professional, Retired, Housewives, Students, Etc.,)	22
Annual income per annum	Less than 2.5 lakhs	30
	2,50,000 lakhs-5 lakhs	37
	5,00,001-10 lakhs	24
	Above 10 lakhs	9
Investors' perception about risk in mutual fund investment	Low	31
	Moderate	40
	High	29

Source: Primary Data.

The sample size chosen for the study was 100 mutual fund investors from Chittoor district in Andhra Pradesh. Eighty-one percent of the total samples are males and nineteen percent are females. Thirty sample respondents have age 40 to 50 years followed by twenty nine percent of total sample have age 30 to 40 years. Seventy two of the total respondents are having qualification of Graduation and above and twenty eight percent of respondents are having educational qualification of less than graduation. Twenty nine respondents are private sector employees followed by twenty six are business people. Thirty seven percent annual income of the investor range between 2.5 lakh to 5 lakh followed by thirty percent below 2.5 lakh. Forty percent of investors' perception about the risk in mutual funds investment is moderate.

TABLE 2: RELATIONSHIP BETWEEN AGE AND INVESTORS' RISK PERCEPTION IN MUTUAL FUNDS INVESTMENT

investors' risk perception in mutual funds investment	Age					Total
	Below 30	30-40	41-50	Above 50		
Low	5 (6.82)	9 (8.99)	10 (9.30)	7 (5.89)	31	
Moderate	8 (8.80)	12 (11.6)	13 (12.0)	7 (7.60)	40	
High	9 (6.38)	8 (8.41)	07 (8.70)	5 (5.51)	29	
Total	22	29	30	19	100	
Chi-square Test	Calculated value	Degree of freedom	Table value (5%)	Decision		
	2.44	6	5.99	H ₀₁ Accepted		

Inference: Hypothesis has been tested with the help of independent chi-square test. The results are furnished in the Table-2. A cursory look at the Table reveals that, there is no significant association between age and risk in mutual fund investment. This is so because the calculated value of χ^2 is 2.44, which is less than that of its critical value (5.99) at 5 per cent level of significance. Therefore, null hypothesis is accepted and alternative hypothesis is rejected.

TABLE 3: RELATIONSHIP BETWEEN INCOME AND INVESTORS' RISK PERCEPTION IN MUTUAL FUNDS INVESTMENT

investors' risk perception in mutual funds investment	income				Total
	Below 2.5 lakh	2.5-5.00 lakh	5.00001-10.00 lakh	Above 10.00 lakh	
Low	11 (9.30)	11 (11.50)	7 (7.44)	2 (2.79)	31
Moderate	13 (12.00)	14 (14.8)	9 (9.60)	4 (3.60)	40
High	6 (8.70)	12 (10.7)	8 (6.96)	3 (2.61)	29
Total	30	37	24	9	100
Chi-square Test	Calculated value	Degree of freedom	Table value (5%)	Decision	
	1.99	6	5.99	H ₀₂ Accepted	

Inference: Hypothesis has been tested with the help of independent chi-square test. The results are furnished in the Table-3. A cursory look at the Table reveals that, there is no significant association between income and risk in mutual fund investment. This is so because the calculated value of χ^2 is 1.99, which is less than that of its critical value (5.99) at 5 per cent level of significance. Therefore, null hypothesis is accepted and alternative hypothesis is rejected.

TABLE 4: INVESTORS' LEVEL OF SATISFACTION TOWARDS MUTUAL FUNDS RETURNS

(1= Highly Dissatisfied, 2= Dissatisfied, 3= Average, 4= Satisfied, 5= Highly Satisfied)

Investors' level of satisfaction towards mutual funds return				
		Frequency	Percent	Mean
Valid	Highly Dissatisfied	4	4.0	3.57
	Dissatisfied	13	13.0	
	Average	20	20.0	
	Satisfied	48	48.0	
	Highly satisfied	15	15.0	
	Total	100	100.0	

Inference: Investors' level of satisfaction towards mutual funds returns is furnished in the Table-4. A perusal of the Table reveals that out of 100 mutual fund investors 48(48.0 per cent) are satisfied, 15 (15.00 per cent) are highly satisfied, 20 (20.00 per cent) are average, 13 (13 per cent) are dissatisfied and 4 (4.00) percent investors are highly dissatisfied. 63 per cent of investors are either strongly or merely satisfied to mutual funds returns. Rests of the investors are highly dissatisfied, dissatisfied and average to mutual funds returns. As a whole, weighted average score for Investors' satisfaction is 3.57 hence we can conclude that investors are satisfied with mutual funds returns. Further, hypothesis is formulated to explore the satisfaction differences among age groups of investors.

TABLE 5: INVESTORS' SATISFACTION DIFFERENCES WITH AGE GROUPS

Test of Homogeneity of Variances						
Levene Statistic		df1	df2		Sig.	
2.271		3	96		.085	
ANOVA						
	Sum of Squares	df	Mean Square	F	Sig.	
Between Groups	9.005	3	3.002	3.017	.034	
Within Groups	95.505	96	.995			
Total	104.510	99				
POST-HOC						
Tukey HSD						
(I) age	(J) age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Below 30	30-40	.328	.282	.652	-.41	1.06
	41-50	-.233	.280	.838	-.97	.50
	Above 50	-.500	.312	.383	-1.32	.32
30-40	Below 30	-.328	.282	.652	-1.06	.41
	41-50	-.561	.260	.142	-1.24	.12
	Above 50	-.828*	.294	.030	-1.60	-.06
41-50	Below 30	.233	.280	.838	-.50	.97
	30-40	.561	.260	.142	-.12	1.24
	Above 50	-.267	.292	.799	-1.03	.50
Above 50	Below 30	.500	.312	.383	-.32	1.32
	30-40	.828*	.294	.030	.06	1.60
	41-50	.267	.292	.799	-.50	1.03

*. The mean difference is significant at the 0.05 level.

Inference: A one way between groups' analysis of variance was conducted to explore the significance differences between investors' age and satisfaction towards mutual funds returns. Participants were divided into four groups according to their age levels (Group1: Below 30; Group2: 30-40; Group3: 41-50; Group4: Above 50). There was a statistically significant difference between groups as determined by one-way ANOVA ($F(3, 96) = 3.017, p = .034$). Hence, null hypothesis is rejected and alternative hypothesis is accepted so there is a statistical significant difference between age and investors' satisfaction towards mutual funds returns. Further, Post-hoc test with Tukey HSD has been conducted. The test revealed statistical differences between the age group of 30-40 years and Above 50 years.

TABLE 6: INVESTORS' SATISFACTION DIFFERENCES WITH INCOME GROUPS

Test of Homogeneity of Variances					
Levene Statistic		df1	df2		Sig.
2.886		3	96		.040
ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.044	3	.348	.323	.809
Within Groups	103.466	96	1.078		
Total	104.510	99			

Inference: A one way between groups' analysis of variance was conducted to explore the significance differences between investors' income and satisfaction towards mutual funds return. Participants were divided into four groups according to their income levels (Group1: Below 2.5 lakhs; Group2: 2.5 lakhs -5.00 lakhs; Group3: 5.00001-10.00 lakhs; Group4: Above 10.00 lakhs). There was a statistically significant difference between groups as determined by one-way ANOVA ($F(3, 96) = 0.323, p = .809$). Hence, null hypothesis is accepted and alternative hypothesis is rejected so there is no statistical significant difference between income and investors' satisfaction towards mutual funds returns.

CONCLUSION

Mutual funds are a vehicle to mobilize moneys from investors, to invest in different markets and securities, in line with the investment objectives agreed upon, between the mutual fund and the investors. Most of the investors felt that there is a moderate risk in mutual funds investment. Majority of the investors satisfied about mutual funds returns.

REFERENCES

1. Agrawal, G., & Jain, M. (2013). Investor's Preference towards Mutual Fund In Comparison To Other Investment Avenues. *Journal of indian research (issn: 2321-4155)*, 1(4), 115-131.
2. Awan, H. M., & Arshad, S. (2012). Factors valued by investors while investing in Mutual Funds-A Behavioral Context. *Interdisciplinary journal of contemporary research in business*, 4(1), 503.
3. Bhowal, A., & Paul, T. (2014). Measuring Satisfaction of Mutual Fund Investors from the Customer Communication Dimension of the Marketing Mix. *Indian Journal of Marketing*, 44(12), 47-56.
4. Chaudhary, R. (2013). Investment Behaviour of Engineers towards Mutual Funds: An Analysis of Gender Differences. *Pertanika Journal of Social Sciences & Humanities*, 21(1).
5. Davar, Y. P., & Gill, S. (2007). Investment Decision Making: An empirical study of perceptual view of Investors. *Metamorphosis: A Journal of Management Research*, 6(2), 115-135.
6. Hari, K., & Ayappan, K. (2014). Choice and Satisfaction: Mutual Fund Investment. *SCMS Journal of Indian Management*, 11(4), 18.
7. Jani, D. J., & Jain, R. (2014). Measuring buying behavior of rural investors for mutual fund. *IMPACT: International Journal of Research in Business Management (IMPACT: IJRBM) Vol, 2*, 19-24.

8. Jyothi, N. V. (2015). Factors that Influencing the Mutual Fund Investors for Fund/Scheme Selection (With Special Reference to Visakhapatnam). *IPE Journal of Management*, 5(1), 43.
9. Kandavel, D., EDUCATION, D. O. D., & NAGAR, A. (2011). Perception of the Retail Investors towards Investment in Mutual Funds in Puducherry: An Empirical Study. *CHIEF PATRON CHIEF PATRON*.
10. KARTHIKEYAN, V., & RAHMATHULLAH, M. (2016). A Strategic Study on Investors Preferences of Mutual Funds in India some Myths and Realities. *PARIPEX-Indian Journal of Research*, 4(11).
11. Kaur, I., & Kaushik, K. P. (2016). Determinants of investment behaviour of investors towards mutual funds. *Journal of Indian Business Research*, 8(1), 19-42.
12. Kaur, S., Batra, G. S., & Anjum, B. (2013). Investor's Perception towards Selection of Mutual Funds Rather than Stock Market. *International Research Journal of Business and Management*, 5, 53-63.
13. Kaushik, S., Kamboj, G., & Kakkar, D. (2013). Trade-Offs between investors' perceptions of risk, returns, service quality, and mutual fund investments. *Indian Journal of Finance*, 7(12), 27-37.
14. Khitoliya, P. (2014). Investors Awareness and Perceived Risk Attitude towards Mutual Fund: An Empirical Study in Delhi. *IRACST-International Journal of Commerce, Business and Management (IJCMB)*, 3(3), 450-456
15. KOTHARI, P. P., & MINDARGI, S. C. (2013). A Study Of Investors Attitude Towards Mutual Fund With Special Reference To Inversotrs In Solapur City. *International Journal of Accounting and Financial Management Research (IJAFMR)*, 1(3), 1-12.
16. Maroor, M. J. P. (2015). A Study of the attitude and preferences of the people towards Investment in Equity shares and Mutual funds. *Asian Journal of Management*, 6(4), 325-330.
17. Mehta, S., & Shah, C. H. A. R. M. I. (2012). Preference of investors for Indian mutual funds and its performance evaluation. *Pacific Business Review International*, 5(3), 62-76.
18. Pandey, S. (2016). An Analytical Study on Investor Financial Behaviour. *Research Bulletin*, 42(1), 27-35.
19. Parihar, B. B. S., Sharma, R., & Parihar, D. S. (2009). Analyzing Investors' Attitude Towards Mutual Funds as an Investment Option. *IUP Journal of Management Research*, 8(7), 56.
20. Ranganathan, Kavitha, A Study of Fund Selection Behaviour of Individual Investors Towards Mutual Funds - with Reference to Mumbai City (2006). Indian Institute of Capital Markets 9th Capital Markets Conference Paper. Available at SSRN: <http://ssrn.com/abstract=876874> or <http://dx.doi.org/10.2139/ssrn.876874>
21. Rao, K. L. (2011). Analysis of individual investors' behaviour towards mutual fund schemes (a study on awareness and adoption of educational levels). *Journal of Banking Financial Services and Insurance Research*, 1(7), 65-78.
22. Sachdeva, S., & Rameesha Kalra, M. B. (2013). Behavioural Effect on Mutual fund investors and perception in Millenium city. *Pacific Business Review International*, 5(11).
23. Schmidt, N. (2010). What drives investments into mutual funds? Applying the theory of planned behaviour to individuals' willingness and intention to purchase mutual funds. In *Conference Proceeding*.
24. Sharma, N. (2012). Indian Investor's Perception towards Mutual Funds. *Business Management Dynamics*, 2(2), 01-09.
25. Singh, B. K. (2011). A study on investors' attitude towards mutual funds as an investment option. *Journal of Asian Business Strategy*, 1(2), 8.
26. Singh, J., & Chander, S. (2004). An empirical analysis of perceptions of investors towards mutual funds. *Finance India*, 18(4), 1673.
27. Vanaja, V., & Karrupasamy, R. (2014). Perception of Indian Investors towards Indian and Foreign Mutual Funds. *International Journal of Economic Research*, 11(3).
28. Vipparthi, M., & Margam, A. (2012). PERCEPTIONS OF INVESTORS ON MUTUAL FUNDS—A Comparative STUDY ON PUBLIC AND PRIVATE SECTOR MUTUAL FUNDS. *TECNIA Journal of Management Studies*, 6.
29. Vyas, R. (2012). Mutual Fund Investor's Behaviour and Perception in Indore City. *Researchers World*, 3(3), 67.
30. Walia, N., & Kiran, R. (2009). An analysis of investor's risk perception towards mutual funds services. *International Journal of business and Management*, 4(5), 106.
31. www.amfiindia.com
32. www.mutualfundindia.com
33. www.sebi.gov.in

IMPACT OF GLOBALIZATION ON SELECTION PROCEDURE AND TRAINING PROGRAMMES IN BANKING SECTOR

ANAND T. DESHPANDE
ASST. PROFESSOR
PRATIBHA NIKETAN MAHAVIDYALAYA
VAZIRABAD

ABSTRACT

Globalization is making a world smaller place and Human resource management must respond it properly. It is that part of management process which is primarily concerned with the human constitute of an organization. Human resource management is a method of developing the potentialities of employees so that they get maximum satisfaction out of their work and give their best efforts to the organization. The new economic policy and changing global scenario has totally changed the approach to human resource management in all types of business and industry. Banking is not exception to this. Transformation in Indian Banking Industry, ever increasing competition, fast moving and complex world of latest technology have compelled banks to think of and to adapt themselves to the changing banking environment. There is a need to develop competencies that is skill, knowledge and attitude among bank staff to make them more suitable to the changing global conditions through proper training & development programs. The present paper indicates some suggestions to cope-up with the rapidly changing global socio-economic conditions. The findings of the study suggest that Human resource management in changing global scenario is an inevitable and unavoidable in any sector for its survival.

KEYWORDS

banking sector reforms. globalization, liberalization, privatization.

INTRODUCTION

Personnel management is a major part or sub-system of the total management process or system. It covers all levels of personnel in an organization. It is concerned with employees both as individuals as well as a group and aims at getting optimum results with their collaboration. It is a continuing process. It gives due recognition to its social responsibilities. It is concerned with the well-being of all members of the organization. It endeavors to maintain goodwill and 'community feeling' of the people at work at each level and to attain the established goals or objectives of the enterprise with an animating spirit of co-operation.

Manpower or the human resources or persons employed at various levels, constitute the most important and valuable asset of an organization to be utilized effectively towards the achievement of individual and organizational goals of an enterprise. Planning for manpower in modern industrial organizations, therefore, is considered very important.

Since manpower planning consists in projecting future manpower requirements and developing manpower plans for the implementation of the projections, such planning obviously cannot be static or rigid. It must be so flexible as to make possible necessary modification, review and adjustments in accordance with the needs of the enterprise or changes in circumstances.

SCHEME OF PAPER

The present paper has been divided into six sections. After the brief introduction, section II reviews some related studies. Section III fixes some research objectives, highlights the research methodology and the database. Section IV is devoted to the results and discussions. Section V deals with emerging challenges and their possible solutions. Last section concludes the paper.

REVIEW OF RELATED STUDY

- 1) Rajyalaxmi N. C (2000) in her research work entitled, "Human Resource management practices in banking sector- A study with reference to Nanded dist." States that the overall performance, achievement and customer satisfaction in banking industry depends upon the qualitative aspect of human resource inventory and effective HRM. Also there is direct relationship between the human resources base and human resources techniques as casual factors on one side and performance of service on the other side. Performance efficiency and service depends upon the recruitment and selection procedure.
- 2) Shivratri Chandramauli R. (2000), in her research work entitled, " Personnel management in co-operative banks with reference to Urban co-operative banks in Nanded district" concludes that none of the Urban co-operative bank has a personnel department. According to the researcher method of selection and placement of employees needs to be improved in changing scenario.
- 3) Jayanta Kishor Nandi & Naveen Kumar Chaudhari (2011), in their article, " Credit risk Management of Indian Banks (loan portfolio): some empirical evidences", have conducted a research, taking the data for last six years. Altman Z –score model is used to arrive at an equation of the Z –score. The model which have been developed is an application of multivariate discriminant analysis in credit risk modeling to achieve the objective. The business of lending has brought trouble to individual banks and thus giving rise to credit risk which is risk of default. The present is designed to develop an internal credit rating model for banks which improves their current predictive power of financial risk factors.----- Jayanta Kishor Nandi & Naveen Kumar Chaudhari (2011), Credit Risk Management of Indian Banks(loan portfolio), The IVP Journal of Bank Management, vol.10, No.2
- 4) Wankhede B.S(2013), in his research work entitled, " Impact of Globalization on co-operative sector with special reference to Marathwada region. Has studied the deposits, loan & advances & NPA of co-operative banks in Marathwada region. Researcher concludes that-
 - Co-operative banking promotes rural development.
 - Improvement of performance of Co-operative Banks in Marathwada region after globalization
 - Decrease in NPA in co-operative banking after globalization
- 5) Inderpal Sing (2014), in his article entitled, " Human Resource Accounting", has discussed that, it is fact that recognition, however, of the important of people in organizations as productive resources by the accountants is a recent origin. In the simplest form HRA involves the qualification of the costs of recruitment, training and maintenance of the entities human assets. Characteristics like personality, self-control, devotion, talent, intellect, initiatives differentiate the human resource from physical resources. Inderpal Sing (2014), Review of Professional Management, vol.12 issue 2.

OBJECTIVES OF THE STUDY

1. To analyse the Impact of Globalization on Selection procedure and training programmes in Banking sector in Nanded Dist.
2. To give possible suggestions wherever necessary.

RESEARCH METHODOLOGY

This is a descriptive study. It is an empirical survey. It is a field study concerned with the various aspects of Human Resource in Banks.

STATISTICAL METHOD

Statistical method is one of the significant tool of analysis of primary and secondary data. The researcher has used the method of percentage analysis, average etc. for interpretation. Graphical representation has also been used. Testing hypothesis is done with the help of Chi-square test of goodness of fit.

SAMPLE SELECTION

The researcher has selected a sample of 7 banks each from public sector category (21), private sector (07) and co-operative sector (20) from Nanded dist. Similarly, the researcher has selected 10% sample of human resources of all three categories (officers, clerks, sub-staff)

PARAMETERS OF THE STUDY

- 1) Selection Procedure
- 2) Induction Training
- 3) Training on Probation
- 4) On the Job Training
- 5) Special Functional Training
- 6) Computer Training

SCOPE AND LIMITATIONS

The present study is limited up to Nanded district only.

STATEMENT OF THE PROBLEM UNDER STUDY

Banking is a service industry. It is the backbone of economic growth and development. Since nationalization of banking industry has supported the solution of major economic problems like unemployment, poverty, capital accumulation and so on. It is the catalyst agent that's boosts up the economic activity in the country. The challenges facing the Indian banking system from significant and far reaching changes that have taken place in India during the last few years. The economic liberalization measures introduced by the Indian government coupled with trends towards globalization have substantially altered the banking turf.

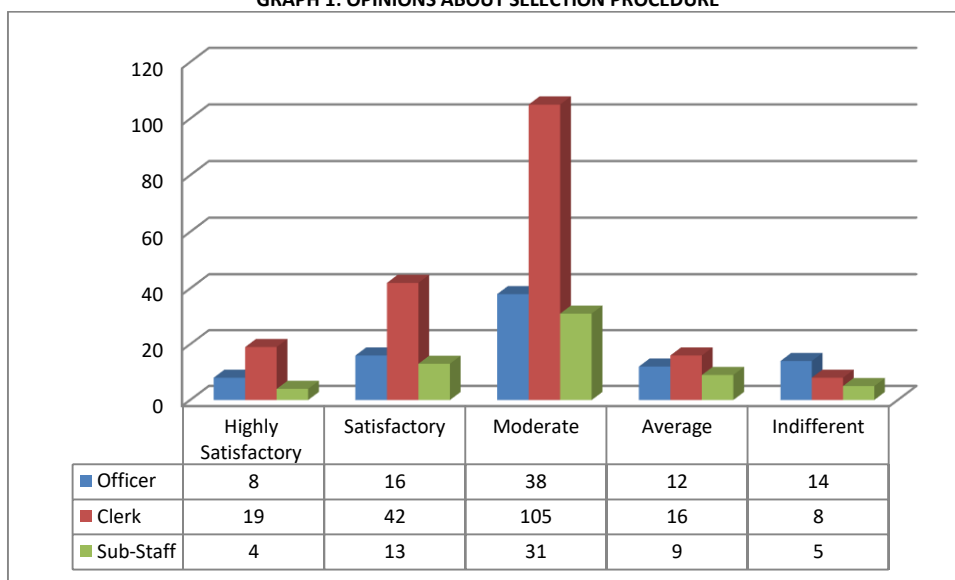
Non-banking finance companies have emerged to take away certain businesses that were traditionally being handled by commercial banks. This has widened the choice of financial institution, markets and instruments for a large group of customers, corporates and personal, who no longer require the intermediating functions of commercial banks.

TABLE 1: OPINIONS ABOUT SELECTION PROCEDURE

Sr. No.	Responses	Officer	%	Clerk	%	Sub-Staff	%	Total	%
1	Highly Satisfactory	8	9.09	19	10.00	4	6.45	31	9.12
2	Satisfactory	16	18.18	42	22.11	13	20.97	71	20.88
3	Moderate	38	43.18	105	55.26	31	50.00	174	51.18
4	Average	12	13.64	16	8.42	9	14.52	37	10.88
5	Indifferent	14	15.91	8	4.21	5	8.06	27	7.94
	Total	88	100.00	190	100.00	62	100.00	340	100.00

Source: Primary Data.

GRAPH 1: OPINIONS ABOUT SELECTION PROCEDURE



It can be observed from the above table that, out of the total 340 sample employee respondents including bank officer, clerk & sub-staff, majority i.e. 51.18% have reported that the selection procedure of the bank is Moderate in the era of globalization.

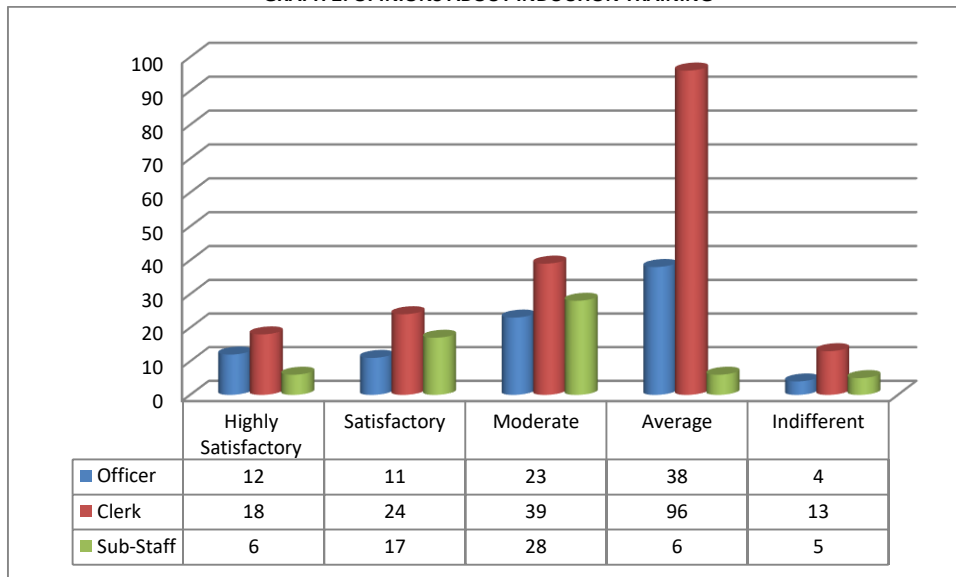
INDUCTION TRAINING

TABLE 2: OPINIONS ABOUT INDUCTION TRAINING

Sr. No.	Responses	Officer	%	Clerk	%	Sub-Staff	%	Total	%
1	Highly Satisfactory	12	13.64	18	9.47	6	9.68	36	10.59
2	Satisfactory	11	12.50	24	12.63	17	27.42	52	15.29
3	Moderate	23	26.14	39	20.53	28	45.16	90	26.47
4	Average	38	43.18	96	50.53	6	9.68	140	41.18
5	Indifferent	4	4.55	13	6.84	5	8.06	22	6.47
	Total	88	100.00	190	100.00	62	100.00	340	100.00

Source: Primary Data.

GRAPH 2: OPINIONS ABOUT INDUCTION TRAINING



It can be observed from the above table that, out of the total 340 sample employee respondents including bank officer, clerk & sub-staff, majority i.e. 41.18% have reported that the Induction Training of the bank is Average in the era of globalization.

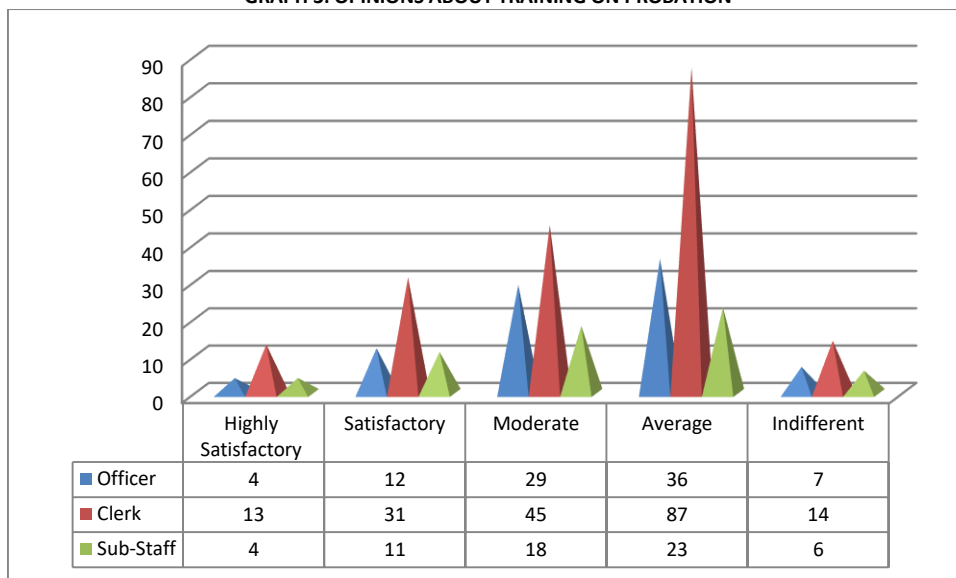
TRAINING ON PROBATION

TABLE 3: OPINIONS ABOUT TRAINING ON PROBATION

Sr. No.	Responses	Officer	%	Clerk	%	Sub-Staff	%	Total	%
1	Highly Satisfactory	4	4.55	13	6.84	4	6.45	21	6.18
2	Satisfactory	12	13.64	31	16.32	11	17.74	54	15.88
3	Moderate	29	32.95	45	23.68	18	29.03	92	27.06
4	Average	36	40.91	87	45.79	23	37.10	146	42.94
5	Indifferent	7	7.95	14	7.37	6	9.68	27	7.94
	Total	88	100.00	190	100.00	62	100.00	340	100.00

Source: Primary Data.

GRAPH 3: OPINIONS ABOUT TRAINING ON PROBATION



Thus, it can be noted that, out of the total 340 sample employee respondents including bank officer, clerk & sub-staff, majority i.e. 42.94% have reported that the Training on Probation of the bank is Average in the era of globalization.

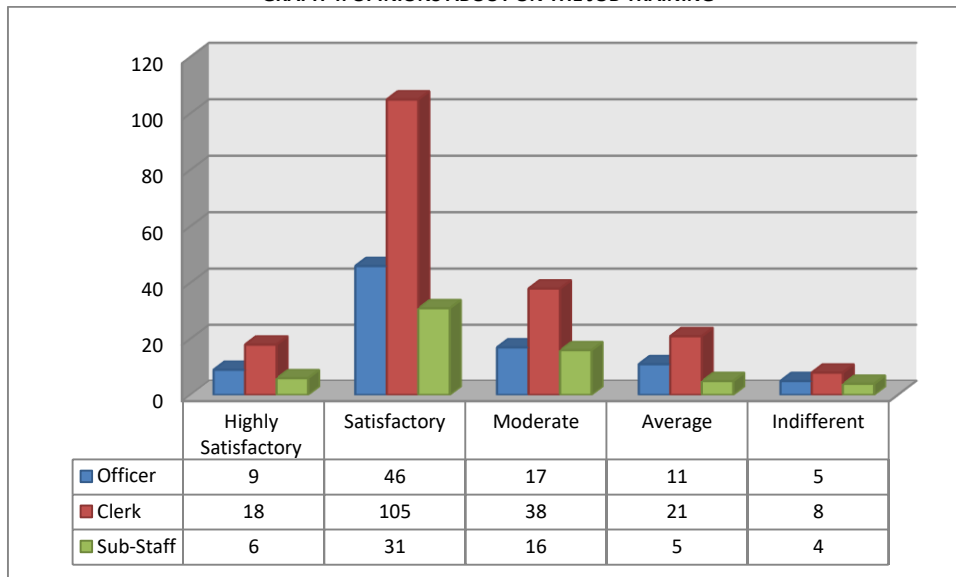
ON THE JOB TRAINING

TABLE 4: OPINIONS ABOUT ON THE JOB TRAINING

Sr. No.	Responses	Officer	%	Clerk	%	Sub-Staff	%	Total	%
1	Highly Satisfactory	9	10.23	18	9.47	6	9.68	33	9.71
2	Satisfactory	46	52.27	105	55.26	31	50.00	182	53.53
3	Moderate	17	19.32	38	20.00	16	25.81	71	20.88
4	Average	11	12.50	21	11.05	5	8.06	37	10.88
5	Indifferent	5	5.68	8	4.21	4	6.45	17	5.00
	Total	88	100.00	190	100.00	62	100.00	340	100.00

Source: Primary Data.

GRAPH 4: OPINIONS ABOUT ON THE JOB TRAINING



Thus, it can be noted that, out of the total 340 sample employee respondents including bank officer, clerk & sub-staff, majority i.e. 53.53% have reported that the On the Job Training of the bank is Satisfactory in the era of globalization.

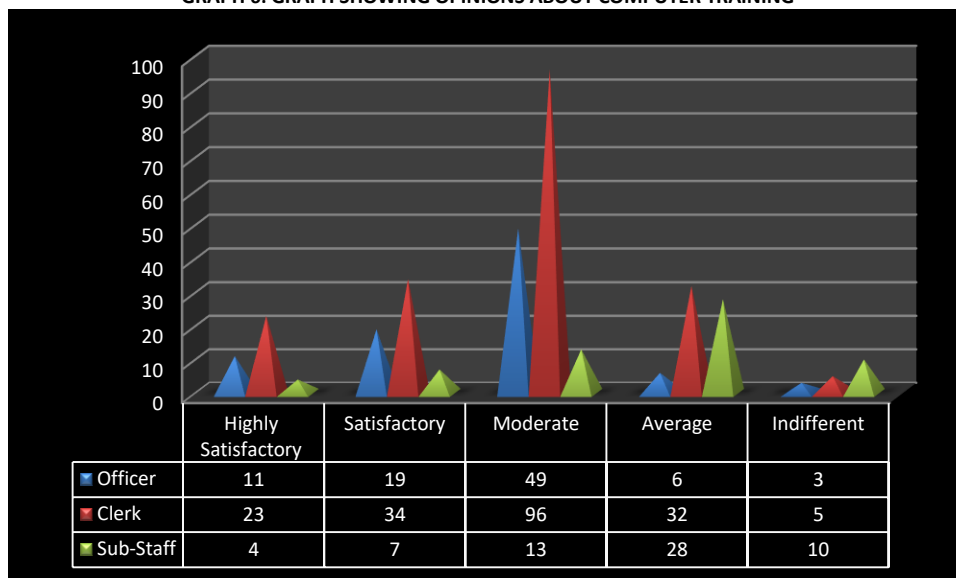
COMPUTER TRAINING

TABLE 6: OPINIONS ABOUT COMPUTER TRAINING

Sr. No.	Responses	Officer	%	Clerk	%	Sub-Staff	%	Total	%
1	Highly Satisfactory	11	12.50	23	12.11	4	6.45	38	11.18
2	Satisfactory	19	21.59	34	17.89	7	11.29	60	17.65
3	Moderate	49	55.68	96	50.53	13	20.97	158	46.47
4	Average	6	6.82	32	16.84	28	45.16	66	19.41
5	Indifferent	3	3.41	5	2.63	10	16.13	18	5.29
	Total	88	100.00	190	100.00	62	100.00	340	100.00

Source: Primary Data.

GRAPH 6: GRAPH SHOWING OPINIONS ABOUT COMPUTER TRAINING



Thus, it can be noted that, out of the total 340 sample employee respondents including bank officer, clerk & sub-staff, majority i.e. 46.47% have reported that the Computer Training of the bank is Moderate in the era of globalization.

SUMMARY

The researcher has taken a summary of responses satisfaction level of the bank employees regarding training analyzed in table No. 3.1 to 3.6 with a view to apply Chi-Square Test to the same. The summary is given in the following table.

TABLE 10: SUMMARY TABLE

Sr. No.	Responses	Officer	%	Clerk	%	Sub-Staff	%	Total	%
1	Highly Satisfactory	8	9.52	18	9.34	5	7.26	30.625	9.01
2	Satisfactory	20	22.16	39	20.59	11	17.94	69.75	20.51
3	Moderate	34	38.49	72	37.70	15	24.60	120.75	35.51
4	Average	20	22.73	48	25.00	11	18.35	78.875	23.20
5	Indifferent	6	7.10	14	7.37	20	31.85	40	11.76
	Total	88	100.00	190	100.00	62	100.0	340	100.00

APPLICATION OF CHI-SQUARE

The researcher has applied the chi-square test on the basis of summary opinions of the sample bank employees as shown in the above table. The calculation of the Chi-Square value is given in following table.

TABLE 11: CALCULATION OF CHI-SQUARE

Sr.No.	O	E	O - E	(O - E) ²	X ² Value
1	8	7.93	0.07	0.01	0.00
2	20	18.05	1.95	3.79	0.21
3	34	31.25	2.75	7.55	0.24
4	20	20.41	-0.41	0.17	0.01
5	6	10.35	-4.35	18.95	1.83
6	18	17.11	0.89	0.79	0.05
7	39	38.98	0.02	0.00	0.00
8	72	67.48	4.52	20.45	0.30
9	48	44.08	3.92	15.39	0.35
10	14	22.35	-8.35	69.77	3.12
11	5	5.58	-0.58	0.34	0.06
12	11	12.72	-1.72	2.96	0.23
13	15	22.02	-7.02	49.27	2.24
14	11	14.38	-3.38	11.45	0.80
15	20	7.29	12.71	161.44	22.13
					2.34

Chi-Square Value – **2.34**

Critical Value – **15.507**

Level of Significance **0.05%**

Degree of Freedom – **8**,

On the basis of above calculation of Chi-Square value the hypothesis are stated as follows –

Null Hypothesis (H₀) : There is no significant difference between the opinions of sample bank officers, clerks and the sub-staff regarding satisfaction level of selection process and training.

Alternative Hypothesis (H₁) : There is significant difference between the opinions of sample bank officers, clerks and the sub-staff regarding satisfaction level of selection process and training.

As it is observed from the Chi-Square calculation that the calculated value of Chi-square at 0.05% level of significance and 8 degree of freedom is 2.34 and the Table Value is 15.507.

As the calculated value of Chi-square is greater than the table value (2.34 < 15.507). Therefore, the Null hypothesis is accepted and alternative hypothesis is rejected. It is concluded that, there is significant no difference between the opinions of sample bank officers, clerks and the sub-staff regarding satisfaction level of selection process and training.

POSSIBLE SOLUTION

Placing the right man at the right place at the right time is the major task which every bank has to face squarely in these days of high degree of competition. With so many players in the field and professionalism and knowledge commanding a high premium, skilled and experienced manpower are a much sought after commodity in the present day banking. Stemming the brain drain and retaining the skilled staff will soon be the first priority of personnel departments of banks.

REFERENCES

1. Brijesh K. Sahoo & Anondadeep Mandal (2011), "Examining the performance of Banks in India: Past- Traditional period", The IVP Journal of Bank Management, vol.10, No.2.PP 78-86.
2. Dr. Debjyoti Das Gupta (2015), "Profitability of old & new Private Sector Banks in India during 2001-01 to 2010-11 – A comparative Empirical Analysis", Journal of Commerce and management Thought, Vol.6 No.2, PP 38-45.
3. Dr. Goldy Garf, Dr. Ranjeet kaur (2015), "Job Satisfaction level of Employees: A study of Central co-operative Banks in Punjab", Journal of Commerce & Management Thought, Vol. 6, No.3.PP 13-18.
4. Dr. N. Ramu (2014), "Human Resource Strategy in Co-operative in India", Indian Economic Panorama vol. 23, No.1 New Delhi, PP 17-21.
5. Vithal N. (2001), "The emerging challenges: Strategies and solution for Indian Banking", IBA bulletin Vol. XXIII (March) P 9-14.

RISK ATTITUDE: AN INVESTIGATION INTO RELATIONSHIP WITH PERSONALITY TYPE

AMIT KAPOOR
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT STUDIES
GL BAJAJ INSTITUTE OF MANAGEMENT & RESEARCH
GREATER NOIDA

ABSTRACT

Success of a company is very much dependent on its manager's ability to take decision under risk. A number of factors decide a person's attitude towards risk. Present study tries to find out association of personality with risk attitude. To fulfill this objective, a structured questionnaire was served to the 138 students of Centre for Management Studies, Jamia Millia Islamia, New Delhi, to determine their personality type and attitude towards risk in five domains (Ethical, Social, Health and safety, Financial and Recreational). Data so gathered was analyzed using Karl Pearson's coefficient of correlation. Findings suggest that risk attitude of a person (especially in Financial domain, social and recreational domain) has a significant correlation with Personality type of a person.

KEYWORDS

risk attitude, risk seeking, type A personality, type B personality.

1. INTRODUCTION

Risk attitude may be defined as tendency of a person to be engaged in behavior that may be potentially harmful but at the same time may provide opportunity to gain something that is perceived as positive. A person may be classified as risk seeking, risk aversive, or risk neutral based on his/her risk attitude. A person's risk attitude is decided by various factors including age, gender and personality.

Personality may be defined as sum total of ways in which a person reacts to his environment. It consists of psychophysical system of a person that determines his unique adjustment to the environment. Personality has been studied in many ways and various theories are given for personality, including type and trait theories, psychodynamic theories, and learning theories. One of the type and trait theories classifies personality into Type A personality and Type B personality.

This study tries to find out relationship between risk attitude and personality type.

2. LITERATURE REVIEW

Various researches have been done to find out factors impacting risk taking attitude of an individual. One of the most cited study was done by Nicholson et al. Nicholson et al (2005)^[1] conducted a research on 2041 people to find out risk propensity in six domain i.e. finance, health, recreation, career, safety, and social and its correlation with various demographic variables, like age, gender and personality. Findings suggested that there is relation between risk taking propensity and age and gender variable especially in career domain. Secondly, risk propensity has a linkage with big-five personality pattern and finally, risk propensity differs in its distribution across job types and business sectors.

Another study conducted by Filbeck et al (2005)^[2] suggests that there is relationship between personality type dimensions of the Myers-Briggs Type Indicator (MBTI) and individual investor risk tolerance. It also indicates that the relationship between personality type and individual investor risk tolerance is non-linear in nature.

Study conducted by Friedland et al (1998)^[3] on nurse manager tried to find out impact of education, experience and personality on risk taking in decision making. Findings suggested that educational level and some personality traits like autonomy, less control influence risk taking in decision making, while year of experience has no impact on risk propensity.

Study conducted by Zuckerman et al (2000)^[4] is the most extensive one in determining impact of personality on risk taking. Zuckerman conducted study on 260 college students, each of them was provided with a questionnaire to assess risk taking in six domains (i.e. smoking, drinking, drugs, sex, driving, and gambling) and Zuckerman-Kuhlman five-factor personality questionnaire. Results suggested relationship between personality and risk taking. Further, this study tried to determine impact of biological factors like D4 dopamine receptor gene, monoamine oxidase enzyme on personality and risk taking. Comparative study conducted with the other species sharing same biological markers also showed the relationship between biological factors and behavior similar to sensation seeking of human.

Other study conducted by Castanier et al (2010)^[5] on 302 men involved in high risk taking sports tried to determine their risk taking behavior and its association with personality type. Respondents were classified on eight personality type using different combinations of neuroticism, extraversion and conscientiousness. Results suggested that personality types has an impact on risk taking behavior of a person.

Similar study conducted by Levenson et al (1990)^[6] tried to make comparative analysis of personality and social orientation of three kind of risk takers, i.e. antisocial risk takers such as drug abusers, adventurous risk takers such as rock climbers and pro-social risk takers such as policemen, fire brigade personnel. Results suggested that drug abusers had strong inclination towards antisocial activities, such as substance abuse, psychopathy, and low inclination towards moral reasoning. Rock climbers had strong inclination towards sensation seeking and moral reasoning. Pro-social risk takers as such didn't show any inclination towards any specific activity.

Zaleskiewicz, T. (2001)^[7] in his study tried to analyse two kinds of risk taking, instrumental risk taking and stimulating risk taking and its association with personality. Results suggested that instrumental risk taking having preference for risk taking in investment domain was associated with personality traits like future orientation, the tendency to think rationally. While, stimulating risk taking having preference for risk taking in health and safety, gambling and recreational activity domain was associated impulsivity and strong sensation seeking.

Nyhus, E. K. and Webley, P. (2001)^[8], in their study investigated about impact of personality on saving and borrowing behavior. Factors like emotional stability, autonomy, and extraversion were found to be strong predictors of saving and borrowing behaviour.

Hao Zhao et al (2010)^[9] conducted a study to find out relationship of personality with entrepreneurial intentions and entrepreneurial performance. Five factor model of personality was used for this purpose. Result showed that four of the five traits of big-five personality type were associated with entrepreneurship intention and entrepreneurship performance. One variable agreeableness was not associated with these entrepreneurial processes.

3. OBJECTIVES OF THE STUDY

This study aims to find out relationship, if any, exists between risk attitude and personality type so as to make contribution in existing knowledge base. More specifically, this study has following objectives:

1. To identify risk attitude of the students of Centre for Management Studies, Jamia Millia Islamia, so as to help decision makers to design academic policy accordingly.
2. To determine correlation, if any, exists between type of personality and risk attitude in various domains.

3.1 HYPOTHESES

To fulfill above mentioned objectives, following hypotheses were set.

Hypothesis 1: H₀: There is no significant relationship between Personality type and risk attitude in ethical domain.

H₁: There exists a significant relationship between Personality type and risk attitude in ethical domain.
 Hypothesis 2: H₀: There is no significant relationship between Personality type and risk attitude in finance domain.
 H₁: There exists a significant relationship between Personality type and risk attitude in finance domain.
 Hypothesis 3: H₀: There is no significant relationship between Personality type and risk attitude in social domain.
 H₁: There exists a significant relationship between Personality type and risk attitude in social domain.
 Hypothesis 4: H₀: There is no significant relationship between Personality type and risk attitude in health and safety domain.
 H₁: There exists a significant relationship between Personality type and risk attitude in health and safety domain.
 Hypothesis 5: H₀: There is no significant relationship between Personality type and risk attitude in recreational domain.
 H₁: There exists a significant relationship between Personality type and risk attitude in recreational domain.

4. RESEARCH METHODOLOGY

4.1 SOURCE OF DATA: Primary data was collected from 138 students of management programme of Centre for Management Studies, Jamia Millia Islamia, New Delhi.

4.2 RESEARCH INSTRUMENT: A structured questionnaire was served to the respondents. Questionnaire was divided into three parts. Part A confined to demographic questions such as age, gender, marital status, experience of the respondents. Part B, confined to questions related to measuring of risk attitude of respondent in five domains i.e. ethical, financial, social, health and safety and recreational. For this 20 questions, four in each domain were adopted from DOSPRT scale developed by Weber et al (2006). Respondents were to respond on 7-point Likert scale, from extremely unlikely to extremely likely. Part C of questionnaire was aimed at determining personality type of respondents. For this questionnaire developed by Dr. Howard Glazer was used. Respondents were to respond on a 7-point Likert scale, from strictly untrue to strictly true.

4.3 DATA ANALYSIS: Data gathered through self-report survey was tabulated and analyzed so as to make interpretation. Numeric codes ranging from 1 to 7 were assigned to the responses. 1 for extremely unlikely (in case of Part B)/ strictly untrue (in case of Part C) while 7 for extremely likely (in case of Part B)/ strictly true (in case of Part C). Scores were added to determine risk attitude and personality type of the respondents. A person having score above 81 is classified as Type A personality, 61-80 is classified as Type AB, < 60 is classified as Type B personality.

To summarize the sample data descriptive statistics (such as frequency distribution and mean) were used. To determine relationship between Personality type and Risk attitude, Pearson’s coefficient of correlation was determined using SPSS v.16.

5. FINDINGS AND RESULT

Frequency distribution of respondents on the basis of various demographic variables is shown in Table -1.

TABLE 1: FREQUENCY DISTRIBUTION OF DEMOGRAPHIC VARIABLE OF SAMPLE

Variable	Category	Frequency	% age
Age	18-23 years	76	55.07 %
	24-30 years	54	39.13 %
	31 years - above	08	5.79 %
Gender	Male	82	59.42 %
	Female	56	40.58 %
Marital Status	Unmarried	127	92.03 %
	Married	11	7.93 %
Work Experience	Nil	72	52.17 %
	0-2 years	30	21.74 %
	2-5 years	19	13.77 %
	5 years - above	17	12.32 %

Table-1 shows that most of the respondents in the sample were in 18-23 years of age bracket followed by 24-30 years. Most of the respondents were male and unmarried with work experience of less than 2 years.

Descriptive statistics for various risk domain is shown in Table-2.

TABLE 2: DESCRIPTIVE STATISTICS FOR VARIOUS RISK DOMAINS

	N	Mean score	Std. Deviation
Ethical risk	138	11.09	4.353
Financial risk	138	16.49	4.345
Social risk	138	18.75	4.193
Health and safety	138	11.87	5.537
Recreational risk	138	16.88	6.099

Table-2 shows that mean score for risk attitude in ethical domain, and health and safety domain is 11.09, and 11.87 with standard deviation of 4.35 and 5.53 respectively. While mean score with standard deviation for risk attitude in financial, recreational and social domain is 16.49 (4.34), 16.88 (6.09) and 18.75 (4.19) respectively.

Karl Pearson’s coefficient of correlation with significant value (p) (2 tailed) between personality score and risk attitude in various domains, to determine relationship between personality and risk attitude, is shown in Table-3.

TABLE 3: KARL PEARSON’S CORRELATION COEFFICIENT BETWEEN PERSONALITY SCORE WITH RISK SCORES IN VARIOUS DOMAINS

	Pearson Correlation analysis
Ethical risk attitude score and Personality score	Pearson Correlation coefficient (r) = 0.120, p= 0.161
Financial risk attitude score and Personality score	Pearson Correlation coefficient (r) = 0.223, p= 0.009
Social risk attitude score and Personality score	Pearson Correlation coefficient (r) = 0.284, p= 0.001
Health and safety risk attitude score and personality score	Pearson Correlation coefficient (r) = 0.128, p= 0.134
Recreational risk attitude score and personality score	Pearson Correlation coefficient (r) = 0.274, p= 0.001

Karl Pearson’s coefficient of correlation with p-value for 2-tailed test between personality score and financial risk domain, between personality score and social risk domain and between personality score and recreational risk domain is 0.223 (p=0.009), 0.284 (p=0.001), and 0.274 (0.001) respectively. It shows there is significant correlation between personality type and risk attitude in financial, social and recreational domain.

Further, as p-value for 2-tailed test is less than 0.01 in case of personality score and financial risk attitude, personality score and social risk attitude and personality score and recreational risk attitude, therefore null hypotheses (H₀) of hypothesis 2, hypothesis 3 and hypothesis 5 are rejected. While, for hypothesis 1 and hypothesis 4, p-value is above 0.01, hence null hypotheses for these are accepted.

6. CONCLUSION AND DISCUSSION

This study tried to find out relationship between risk attitudes of a person and his personality type. Results suggested that there is strong correlation between risk attitude of a person and his personality especially when it comes to financial risk taking, social risk taking and recreational risk taking.

As this study was only confined to the students of Centre for Management Studies, Jamia Millia Islamia, I would like to suggest that this study should be done on larger scope so that results can be generalized.

Further, I hope this study would be beneficial for the management of the institute in designing various academic policies.

7. LIMITATIONS OF THE STUDY

1. This study was limited to the small geographic area i.e. students of Centre for Management Studies, Jamia Millia Islamia.
2. Lack of time and resources to conduct study on large scope
3. Most of the respondents were less than 30 years of age, which means only younger generation was involved
4. Most of the respondents were unmarried with less than 2 years of work experience.
5. Respondents own biasness may be there.

REFERENCES

1. Nicholson et al. (2005), "Personality and Domain Specific Risk Taking", *Journal of Risk Research*, Vol. 8, No. 2, pp. 157-176.
2. Filbeck et al. (2005), "Risk Aversion and Personality Type", *Journal of Behavioral Finance*, Vol. 6, No. 4, pp. 170-180
3. Friedland et al. (1998), "The Influence of Education and Personality on Risk Propensity in Nurse Managers", *Journal of Nursing Administration*, Vol. 28, No. 12, pp. 22-27
4. Zuckerman et al. (2000), "Personality and Risk-Taking: Common Biosocial Factors", *Journal of Personality*, Vol. 68, No. 6, pp. 999-1029
5. Castanier et al. (2010), "Who Takes Risks in High-Risk Sports? A Typological Personality Approach", *Research Quarterly for Exercise and Sport*, Vol. 81, No. 4, pp. 478-484
6. Levenson et al. (1990), "Risk Taking and Personality", *Journal of Personality and Social Psychology*, Vol. 58, No. 6, pp. 1073-1080
7. Zaleskiewicz, T. (2001), "Beyond Risk Seeking and Risk Aversion: Personality and the Dual Nature of Economic Risk Taking", *European Journal of Personality*, Vol. 15, No.1, pp. S105-S122
8. Nyhus, E. K. and Webley, P. (2001), "The Role of Personality in Household Saving and Borrowing Behavior". *European Journal of Personality*, Vol. 15, No. 5, pp. S85-S103
9. Hao Zhao et al. (2010), "The Relationship of Personality to Entrepreneurial Intentions and Performance: A Meta-Analytic Review", *Journal of Management*, Vol. 36, No. 2, pp. 381-404

A STUDY ON CUSTOMER SATISFACTION OF HONDA ACTIVA AMONG WOMEN WITH REFERENCE TO KONNI TALUK, KERALA

SWATHY. P
GUEST LECTURER
ST. THOMAS COLLEGE
RANNI

ABSTRACT

Today the importance of customer value and satisfaction is gaining importance day by day due to large number of competing brands. Consumer awareness has gone up due to mass advertising and electronic media, better technology available etc. The marketing companies are interested to achieve long term objectives through customer value and satisfaction. Today most successful companies adopt different methods or techniques to satisfy their customer and thereby retain them.

KEYWORDS

customer satisfaction, honda activa, konni taluk, kerala.

1.1 INTRODUCTION

Over the last ten years there has been a significant change in attitudes of customers. Earlier customers are less critical and vocal if not totally satisfied when dealing with a business. Customers had limited choice on where and who to deal with. The power belonged to business owner, customer had nowhere else to go and therefore customer satisfaction was not so important. But today customers are becoming increasingly more demanding, less tolerant and very critical when not having their expectations met. Today customers have lots of choice on where and who to deal with. As a result, power has shifted to the customer. If they feel the company cannot satisfy their expectations, they will simply vote their feet and deal with someone who will.

So there is a great importance of customer in today's market. Outstanding marketing companies go out of their way to keep important customers satisfied. Customer satisfaction is the level of a person's felt state resulting from comparing a product's perceived performance in relation to the person expectation. It is the key to build long lasting customer relationship. Most of the studies shows that higher level of customer satisfaction lead to greater customer loyalty, which in turn results in better company performance. Research has shown that when a person is satisfied with a company or service they are likely share their experience with other people to the order of perhaps five or six people. However, dissatisfied customers are likely to tell another ten people of their unfortunate experience. With the social media readily available for customers to tell their story to all of those online, they can easily go to twitter or Face book and read about someone's experience with a company or service.

The two wheeler segment in the automobile industry plays a vital role in India. Today, for Indian women two wheeler become their part of life. Because they are easy to ride, affordable, there is no need to change gear and they are easy to maintain too. Working women, college girls or even for house wives, it helps to move independently for their daily needs. It is also more convenient for travelling short distance within the city or town. Today a list of scooters available in the market with a lot of features, specifications and stylish body for women customers. Most successful giant companies provide scooter for women. And a huge competition is going among these giants. Honda Activa is the leading scooter in the market. So the study has significance in the present context to know the level of customer satisfaction regarding Honda Activa.

1.2 STATEMENT OF PROBLEM

The sale of scooter depends much on the customer satisfaction because the customer can influence the purchase of decision of others. If they are not satisfied it will affect the entire sales. Honda is the market leader in two wheeler segment. They are also leading in the ladies scooter brand in India. Activa, Dio and Aviator are the scooters under the brand name Honda. Activa was the first ladies scooter launched by Honda in India in June 2001. It saw a superb success in the market. It has a great demand among women. Even though competition becomes stiff Honda has a major share in the market. Since competition become stiff earlier demand is not reflected today. There is shift in demand. Therefore, research is required to measure present customer satisfaction of Honda Activa among women. So the research problem is to identify the satisfaction level of customers and the problems facing by the customers of Honda Activa especially women.

1.3 SCOPE OF THE STUDY

When Activa was launched in India most two wheeler manufactures were seeing a decline in scooter sales. There is a great demand for Activa. It is the leading scooter brand for women. But at the same time there is a shift in terms of overall choice of customer especially women. Hero Motocorp, Mahindra, Piaggio, TVSMotors, Yamaha etc. has launched scooters recently. We can see a variation in demand and sale of scooter. This study helps to identify the reason behind that. So this topic will be beneficial. This study has been made to find the level of satisfaction that the customer has regarding the Honda Activa.

1.4 OBJECTIVES

PRIMARY OBJECTIVE

- To study the customer satisfaction of Honda Activa among women.

SECONDARY OBJECTIVES

- To analyze the effectiveness of customer care service provided by Honda.
- To find out the factors affecting the customer satisfaction.
- To suggest suitable measures on the basis of the findings of the study.

1.5 HYPOTHESIS

Hypothesis 1: There is no significant relationship between the performance and customer satisfaction.

Hypothesis 2: There is no significant relationship between support facilities and customer satisfaction.

1.6 METHODOLOGY OF THE STUDY

(a) Sources of Data

The study is based on both primary and secondary data. Primary data includes the collection of information from the selected respondents by the help of questionnaire. The secondary data covers the published books report, websites etc.

(b) Sample Design

For the purpose of study Konni Taluk in Pathanamthitta district is selected. Convenient sampling method was adopted. 60 respondents were selected who are customer of Honda Activa (109 cc) to collect data.

(c) Tool for Data Collection

The study is based on both primary and secondary data. When compared with secondary sources, primary sources forms the major parts of data are collected from manuals, journals and websites were used for the overall study.

(d) Technique for Analysis

Data collected have been analysed by using both mathematical and statistical tools and also presented by means of tables and diagrams. Statistical techniques such as simple average, percentage analysis, statistical graph and statistical tools like Chi-Square test are used. Simple average analysis used to measure the satisfaction level. The hypothesis is tested with the help of "Chi-Square".

1.7 REVIEW OF LITERATURE

A customer is a person who makes use of or receives the products or services of an individual or organization. The word historically derives from "custom" meaning "habit". A customer was someone who frequented a particular shop, who made it a habit to purchase goods of the sort the shop sold their rather than elsewhere, and with whom the shopkeeper had to maintain a relationship to keep his or her "custom" meaning expected purchase in the future. The shopkeeper remembered the size and preferences of his or her customer.

Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. Satisfaction is a function of perceived performance and expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds the expectations, the customer is highly satisfied or delighted. Customer's expectations are influenced by their past buying experience; friend's and associate advice and marketers' competitors' information and promises. Some of today's most successful companies are raising expectations and delivering performances to match. These companies are aiming for TCS-Total Customer Satisfaction.

Customer satisfaction, a business term, is a measure of how products and services supplied by a company meet or surpass customer satisfaction. Customer satisfaction comes after the purchase of product whether the buyer is satisfied after purchase depends on the offers, performance in relation to the buyer expectations. Customer satisfaction is an abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/services to product/services.

Customer satisfaction seems to be an uncomplicated concept. However, its definition is not a static one and has evolved overtime. Early Endeavour's to understand customer's post purchase response was directed on the conception of cognitive dissonance.

Howard and Sheaths have defined customer satisfaction as, "an outcome the buyer's cognitive state of being adequately or inadequately rewarded for the sacrifices he has undergone"

According to Kotler, "satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a product. It is a continuous process; which doesn't begin or end to purchase."

For customer centred companies, customer satisfaction is both a goal and a marketing tool. The success of a business depends upon customer satisfaction. Only through customer satisfaction business begins to realize the objective of making profit. Many companies are aiming for high satisfaction because customers who are just satisfied still find it easy to switch a better offer comes along. Those who are highly satisfied are much less ready to switch.

High satisfaction or delight creates an emotional affinity with the brand, not just a rational preference. The result is higher customer loyalty. As a country is vast geographically the customers of India are scattered over a vast territory. A customer creates business should seek the customers. There should perfect knowledge about the satisfactory level, behavioral pattern of the customers. Customer is the GOD, satisfying his wants can be a destiny for his existence for any product introduced in the market.

Customer satisfaction is extremely important to any business because no business can survive if it doesn't retain its customers. It is one of the most important factors in determining whether customers will continue to do business with the firm. If the customers leave the firm will no longer be able to make profit and stay in business. So customer satisfaction is vital to any business. Today companies are giving more importance to customer satisfaction due to following reasons.

I. IT IS LEADING INDICATOR OF CUSTOMER REPURCHASE INTENTIONS AND LOYALTY

In a competitive market place where business compete for customers; customer satisfaction is seen as a key differentiator. Businesses who succeed in these cut throat environment are the ones that make customer satisfaction a key element of their business strategy.

II. IT REDUCES CUSTOMER CHURN

Customer satisfaction is the matrices that help to reduce customer churn. By measuring and tracking customer satisfaction the firm will put new processes in place to increases the overall quality of customer service.

III. IT REDUCES NEGATIVE WORD OF MOUTH

Mckinsey found that an unhappy customer tells between nine to fifteen people about their experience. It is another completely to lose twenty customers because of some bad word of mouth. Measuring customer satisfaction on an on-going basis helps to eliminate a bad word mouth to a certain extent. Tracking changes in satisfaction will help to identify if customers are actually happy with that product or services.

IV. IT IS CHEAPER TO RETAIN CUSTOMERS THAN ACQUIRE NEW ONES

The cost of attracting a new customer is estimated to be a six to seven times more than cost of keeping the current customers happy. The marketing team spends thousands of dollars getting the attention of prospects, nurturing them into lead and closing them into sales.

ABOUT HONDA ACTIVA

The Honda Activa is a motor scooter made by Honda Motorcycle and scooter India Pvt Ltd (HSMI), which is the 100% owned subsidiary of Honda Motor Co.Ltd. Japan. The Honda Activa was launched in India in 2001. It is a 103 cc, 7bhp (5.2kw) scooter. The vehicle has the option of kick and self start, includes the puncture resistant tuff up tire and tube combination. Launched in 2001, this scooter series is a great hit among both the genders as this two wheel drive offers practical, comfortable and stress free option of commuting and too with a great riding comfort.

HMSI launched a new and upgraded version of the Activa on 27 March 2009 with a completely new 110cc engine. Power output was bumped up to 8bhp (6.0kw) and new features like combi brake and key shutter were introduced. Now this gearless scooter is made available in two models, Activa standard and Activa Deluxe. All other features being equal, Honda Activa Deluxe as its suffix suggests, comes with extra features. They are combi Brake System (CBS) and key shutter. The Ex-showroom price of Honda Activa Standard is Rs. 46,138 whereas for deluxe model it is Rs. 47188.

1.8 RESULTS AND DISCUSSIONS

The important findings from the analysis of the primary data are briefly given below:

- The quality of product is an important factor that influences customer satisfaction. A customer's expectation as to the quality of product is influenced by price. A product that meets or exceeds a customer's expectations is more likely to result in a satisfied customer than one that does not. Majority of respondents are satisfied with the riding performance, mileage, durability, power, seating arrangement etc.
- Buying motives can be defined as all the impulse, desires and considerations of the buyer which induces a buyer to purchase a given product. More than half percentage of the customers buy the Activa on the recommendation of their relatives or friends while remaining give preference to personal experience and advertisement. Only a very few give preferences to brand name while buying this scooter.
- Price is an important factor that influences satisfaction. A customer is often concerned about whether or not seller may take advantage of him by charging too higher price. This is particularly true where a buyer feels that the seller is at an advantage because he has no choice but to buy. A fair price is more likely to be satisfied with his shopping experience. However too high of a price may be perceived as unfair and cause a customer to be exploited. When comparing with overall performance 52% of the customers says the price is fair, while 26.67% says it is high. But when coming to the price of spare parts majority of the respondents say the company charges high price for the spare parts.

- The speed, care and convenience of getting and making maintenance through authorized service centre are important in satisfying customers. Unideal location of service centre poses a constraint since they are able to serve only a limited and localized market. Out of 60 respondents 18.33% are highly satisfied, 55% are satisfied, 5% are neutral and 20% are dissatisfied and 1.67% are highly dissatisfied on availability of service centre.
- Another important factor affect the customer satisfaction is quality of service and approach and attitude of employees during each visit to the showroom. Succeeding in this aspect of satisfaction requires employing a concern type of people. A business where the employees are courteous and provide customers individualized attention is more likely to produce a satisfying shopping experience than one that does not. Additionally, knowledgeable employees willing to provide prompt assistance are more likely to satisfy a customer. A business must also be able to deliver accurate and dependable service on what it sells. 65 % of the customers are satisfied with the service of the employees. 56.67% are satisfied while 28.33% are dissatisfied on quality and number of free services provided by the company.
- The Honda Activa has many safety features expertly craft for women riders. It also gets combined breaking system. Tuff up tube and rear tire which reduces sudden puncture by 70%. Out of 60 respondents 18.33% are highly satisfied and majority are satisfied on safety features of Honda Activa. At the same time 5 % are dissatisfaction with respect to safety features.
- During rainy days the road is not in perfect condition especially for two wheelers due to its low grip and un-comfortability in riding through muddy roads. Balanced weight and high grip tyre ensure comfortable riding in rainy season as well as in off road. Out of 60 respondents 5% are highly satisfied, 35% are satisfied, 28.33% are neutral and 26.67% are dissatisfied and 5% are highly dissatisfied on riding Honda Activa during rainy season.
- Off-road means which are street roads or pocket roads or beaches other than public roads. For a women rider comfortability in any road is an important factor affects customer satisfaction. Tyre size, ground clearance and suspension make in riding off- road comfortable. When riding through off road 15% of respondents are comfortable to a very large extent, 41.67% are comfortable to a large extent, 23.33% are comfortable to a moderate extent 15% are comfortable to some extent and remaining 5% are not at all comfortable.

1.9 TESTING OF HYPOTHESIS

HYPOTHESIS 1

H0: There is no significant relationship between performance and customer satisfaction.

H1: There is significant relationship between performance and customer satisfaction.

TABLE 1.1: OPINION ABOUT HONDA ACTIVA * RIDING PERFORMANCE OF HONDA ACTIVA

Particulars	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Total
Excellent	4	6	1	0	11
Very good	2	18	2	5	27
Good	0	9	2	8	19
Average	0	1	0	2	3
Total	6	34	5	15	60

Sources: Primary Data

TABLE 1.2: CHI SQUARE VALUES OF OPINION ABOUT HONDA ACTIVA * RIDING PERFORMANCE OF HONDA ACTIVA

O	E	O-E	(O-E) ²	(O-E) ² /E
4	6	1.1	3.8	2.2
2		2.7		4.84
0	6	1.9	8.433	-2.4333
0		0.3		5.92909
6		6.2333		.7021
18		15.3		2.7
9		10.7666		7.29
1	6	1.7	6.4499	.4499
1		0.9166		.2024
2		2.25		.031381
2		1.5833		
0	5	0.25	9.75	-4.75
0		2.75		22.5625
5		6.75		2.31411
8	10	4.75	5.5	4.5
2		0.75		20.25
Σ(O-E)² / E				8.769341

Chi-Square = $\sum (O-E)^2 / E$
 Degree of freedom = (n-1-loss of cell due to pooling)
 = (16-1-9)
 = 6

Level of Significance = 5% i.e., 0.05
 Table value = 12.592

Calculated value (8.769341) is less than the table value therefore we accept the null hypothesis (H0). Therefore, the result is there is no significant relationship between performance and customer satisfaction.

HYPOTHESIS 2

H0: There is no significant relationship between support facilities and customer satisfaction.

H1: There is significant relationship between support facilities and customer satisfaction.

Here statistic used is Chi- square

The test statistic i.e. chi-square measures the how close to null hypothesis

The significance level select is 0.05 i.e., 5% level of significance.

If calculated value is more than the table we reject the null hypothesis (H0) and alternative hypothesis is accepted.

TABLE 1.3: SHOWING OPINION ON CUSTOMER CARE SERVICE OF THE COMPANY

Particulars	Highly satisfied	Satisfied	Neutral	Dissatisfied	Total
To a very large extent	2	0	1	0	3
To a large extent	2	17	2	3	24
To a moderate extent	1	16	1	12	30
To some extent	0	1	0	2	3
Total	5	34	4	17	60

Sources: primary Data

TABLE 1.4: SHOWING CHI SQUARE VALUES OF OPINION CUSTOMER CARE SERVICE OF HONDA ACTIVA

O	E	O-E	(O-E) ²	(O-E) ² /E
2	0.25	1.75	3.0625	12.25
2	2	4.75	22.5625	11.28125
1	2.5	-1.5	2.25	0.9
0	0.25	1.75	3.0625	12.25
0	1.7	20.95	438.9025	258.178
17	19	-2	4	0.210526
16	12	4	16	1.333333
1	1.7	0.3	0.09	0.052941
1	0.2	5.3	28.09	140.45
2	1.6	0.4	0.16	0.1
1	2	-1	1	0.5
0	0.2	1.8	3.24	16.2
0	0.85	1.15	1.3225	1.556
3	6.8	-3.8	14.44	2.1235
12	8.5	3.5	12.25	1.441176
2	0.85	1.15	1.3225	1.556
Σ (O-E)²/E				2.15092

Chi Square = $\sum (O-E)^2/E$
 Degree of freedom = (n-1-loss of cell due to pooling)
 = (16-1-11)
 = 4
 Level of significance = 5% level of significance i.e., 0.05
 Table value = 9.488

The calculated value (2.15092) is less than table value. Therefore, we accept the null hypothesis (H0). So the result is there is no significant relationship between support facilities and customer satisfaction.

1.10 CONCLUSION AND SUGGESTIONS

The study reveals that Honda plays an important role in the market of motorcycle. In India Honda Activa is the leading scooter brand for ladies. The vehicle offers greater utility. The company wanted to compete on other two wheeler brands in the market. So Honda motors apply strategy of providing product or services which is in supreme quality. Modern technologies are introduced to reduce cost as well as to keep up with the modern environmental standards. Honda motors also make sure that all their vehicles have passed all passenger safety related test. HMSI (Honda Motor Scooter Pvt.Ltd) whole fine quality in Honda Activa and excels in offering various services to their customers and in achieving customer satisfaction and a strong customer patronage.

- Keep a vigil on the overall quality and performance of Honda Activa which is the major strength of the product. This being the factor that contributes to the number one position of this scooter in this segment.
- More number of authorized service centres' need to be established.
- Extend the period of warranty to match the competitors.
- Since women being a major segment the company needs to give serious thought to provide break down pick up facility.
- Make the vehicle some more trendy to attract college girls.
- The company's goodwill and overall performance does not warrant any price competitions. But ratio analyzing cost of spare parts needs to the consideration.

REFERENCES

1. Marketing Contemporary Concepts and Practices, William F Scholl, Allen& Bacon, INC, 2nd edition.
2. Marketing Management Analysis, Planning, Implementation and Control, Philip Kotler, Prentice Hall of India Pvt Ltd, 9th edition, New Delhi.
3. Marketing Management- Global Perspective Indian Context, V.S.Ramaswamy, S, Namakumari, Macmillan Publishers India Ltd, 4th edition, New Delhi.
4. Principles of Marketing, Philip Kotler, GARY Armstrong, Prafulla y. Agnihotri, EhsanulHague, Prentice Hall of India Pvt Ltd, 13th edition, New Delhi-11017.
5. Quantitative Techniques, C R Kothari, Vikas Publishing House Pvt Ltd, 3rd revised edition.
6. Research Methodology Methods and Techniques, C R Kothari, New Age International Publishers Pvt Ltd

WEBSITES

7. <http://en.wikipedia.org/wiki/customersatisfaction>
8. <http://www.honda.org>
9. <http://www.prlog.org/hondaactiva.html>
10. <http://www.wparesearch.com/theimportanceofcustomersatisfaction>

THE FAVOURABLE DATA FOR THE IMPLEMENTATION AND DEVELOPMENT OF M-GOVERNANCE

BASAVARAJ NAGESH KADAMUDIMATHA
LECTURER IN COMMERCE
S.G. ARTS, SCIENCE AND COMMERCE COLLEGE
KOPPAL

ABSTRACT

The development of information and communication technology leads to government of India move towards Electronic Governance (E-Governance). India is moving towards digital. Mobile Governance (M-Governance) is assumed as a part of Digital India. Since there is lot of enhance in the users of mobile device, this enforce the government of India to move from Electronic Governance (E-Governance) to Mobile Governance (M-Governance). Mobile Governance (M-Governance) enhances the quality of services which can be provided from Mobile Government to Citizen, Business, and Employees. Nowadays mobile devices have been a necessity item rather than being luxury item. Even a person, whose income is less, is afforded to buy Mobile and use internet facility. So mobile has been a necessity to their life. In the light of increased mobile penetration in India to take an opportunity to provide or render various government services to citizen through mobile device and internet facility, this helps to improve their interaction with citizen and increase the quality of their services towards the citizen. From this citizen will be able to access Electronic Governance (E-Governance) service by using mobile device, WiFi enabled devices and wireless network as a source to access the information. This paper presents a direction script of mobile employment and its penetration in India. The data presents the framework of mobile users and this framework of data shows an important opportunity to implement and development of Mobile Governance (M-Governance) to the citizens of India and this service leads to render their services to their door step. Mobile Governance (M-Governance) renders transformational capacity to draw out access to user of services, to draw out the delivery of new services, to increase active citizen participation in operation of government and to change the way of working.

KEYWORDS

M-Governance, citizen of India, digital India, E-Government.

INTRODUCTION

Government of every country want to make use of Information and Communication (ICT) to enhance the quality of their services. Government of every country want to render their service by using modern technology. So in this light of development in world, Government of India also moving towards E-Governance that is "E" in E-Governance stands for Electronic. Thus, E-Governance is carrying out the government functions and achieving the results of governance through the utilisation of ICT (Information and Communication Technology) Digital India might be the biggest push towards inclusive e-governance in India. But the history of e-governance goes back to the 1970s, when the government established the Department of Electronics, followed by the National Informatics Centre. Maharashtra was the first state to have a dedicated e-governance policy [1]. While Governance relates to safeguarding the legal rights of all citizens, an equally important aspect is concerned with ensuring equitable access to public services and the benefits of economic growth to all. It also ensures government to be transparent in its dealings, accountable for its activities and faster in its responses as part of good governance [2]. Task of delivering the information to the public or citizens can be done easily by using modern technology. Information is valuable because it can affect the behaviour, a decision, or an outcome. It is the responsibility of the government to keep their citizens informed of what is happening around them. Citizens need this information and sometimes are critical for them in making decisions and forming any opinions [3]. In India, the main thrust for e-Governance was provided by the launching of NICNET in 1987 – the national satellite-based computer network. This was followed by the launch of the District Information System of the National Informatics Centre (DISNIC) programme to computerize all district offices in the country for which free hardware and software was offered to the State Governments. NICNET was extended via the State capitals to all district headquarters by 1990[4].

M-Governance is not a replacement for E-Governance; rather it complements E-Governance [5]. M-governance enhance the quality of service and added value to the E-Governance since citizen will be able to receive government service by using mobile technologies such as mobile device; WiFi enabled devices. The government's Digital India initiative, aimed at transforming India into a digitally empowered society and knowledge economy, is focused on broadband highways connecting 2,50,000 villages and 250,000 schools, cradle to grave digital identity for all, 150,000 post offices to be transformed into internet hubs or multi-service centres, access for all through citizens facilitation centres, integration of e-governance services and platforms across departments, cloud-linked participative platforms for citizens' entitlements, and public Wi-Fi spots in cities with million population and tourist centres. Additionally, in January 2015 government announced a big bang plan to roll out free Wi-Fi internet connections in 2,500 cities and towns across the country. The roll-out is planned over the next three years through the state-owned Bharat Sanchar Nigam Ltd, according to a report in *The Times of India*. The plan will entail an investment of Rs 7,000 crore. WiFi speeds of 4G levels will be developed around BSNL's vast fibre optic and cable network, and delivered via 50-60,000 Wi-Fi spots. The motivation for this ambitious urban scheme appears to be the revival of BSNL, which has been in the red, as well as a huge push to internet businesses [6].

This paper presents the data about the user of mobile device and expresses this raw data towards a favourable data for the implementation and development of M-Governance.

WHY E-GOVERNANCE NEEDED?

E-Governance can render citizen service by using their electronic device and it helps to enhance the quality of services by rendering services at door step. It helps to achieve transparency in the function of government and this leads to participation of citizen towards to growth of nation. India is developing country and Good governance can lead to transfer the word developing country to developed country.

WHAT ARE ADVANTAGES OF E-GOVERNANCE?

Usage of e-Governance has its own favourable note towards economic development. The following are the list of advantages of e-Governance.

➤ **TRANSPARENCY**

Usage of ICT in function of government leads to transparent. Internet will be a key to know the information's which are made available by the government. This is possible only when government upload information on respective web.

➤ **ACCOUNTABILITY**

Once the government process is made transparent the government is automatically accountable. Accountability is answerability of the government to the people.

➤ **COST REDUCTION**

Cost reduction is feature of cost accounting. Cost reduction means reducing the cost of the function without reducing the quality of function. By e-Governance communication between the government and citizen will be very quick and helps to access that information whenever needed at lowest cost

➤ **SPEED**

The components of e-Governance lead to access information at door step at rapid speed. Since Internet, Phones, Computer, and others have reduced the time taken in normal communication

M-GOVERNANCE

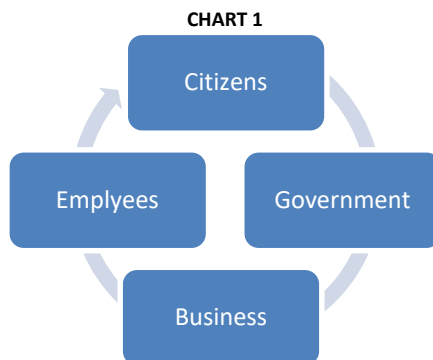
“M” in M-Governance stands for Mobile. M-Governance is platforms of mobile, where the government render its service to its citizens at door steps. M-Governance is strategic use of government services and applications which are only possible using cellular/mobile telephones, laptops, computers, personal digital assistants (PDAs) and wireless internet infrastructure [7]. Governance involves in process of selecting best course of action among various alternative course of action and implementing the best course of action leads to good governance. Good governance is not about selecting the best among various alternative but also bringing the best possible process of making the decision. So to be part in best possible process of making the decision M-Governance took a birth to lead its role at door step by providing for providing better relationship towards better government.

M-Governance is complements for E-Governance. As a result of it, the models of E-Governance can be transformed to M-Governance. The following models show the transformation of E-Governance to M-Governance.

- ❖ From Government-to-Citizens (G2C) to M-Government-to-Citizens (MG2C);
- ❖ From Government-to-Government (G2G) to M-Government-to- Government (MG2G);
- ❖ From Government-to-Business (G2B) to M-Government-to- Business (MG2B);
- ❖ From Government-to-Employees (G2E) to M-Government-to- Employees (MG2E)

THE CHART SHOWS USER OF M-GOVERNANCE

An individual who uses M-Governance are called as user of M-Governance. The users of M-Governance are showed below chart.



M-GOVERNMENT TO CITIZENS (MG2C)

In this case, an interface is created between the government and citizens. This enables the citizens able to find and access what they need quickly and easily. MG2C services allow citizens to keep update on information.MG2C express the relationship between public administration and citizens. Here citizens can access information, whereas government can transfer of an official document to the citizens.

M-GOVERNMENT TO GOVERNMENT (MG2G)

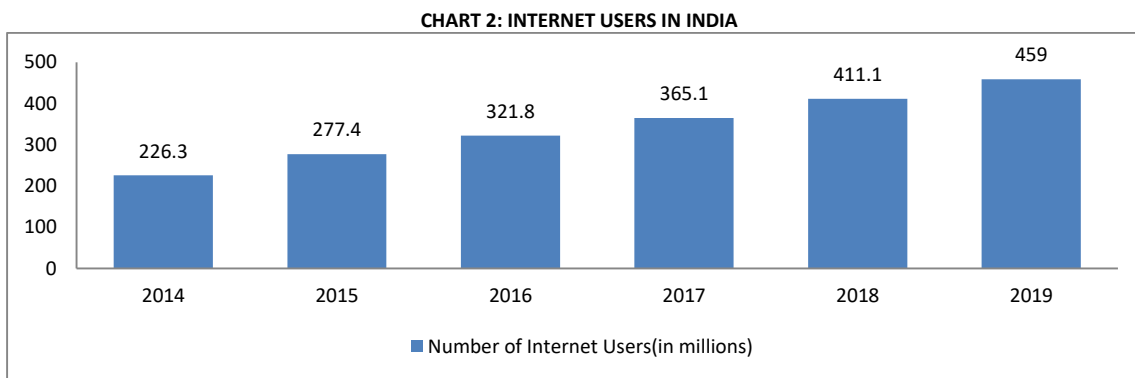
In this case, the process involved in the functioning of government entities and it increases the flow of information and services within and between government entities. MG2G is a process sharing of data and/or information system between government agencies, departments or organizations by utilizing of all kind of wireless and mobile technology, service, applications and devices is known as MG2G. This leads to move from governance to best governance because this enables to save cost, to enhance the efficiency.

M-GOVERNMENT TO BUSINESS (MG2B)

In this case, e-Governance tools are used to aid the business community. The objective is to save time, reduce operational cost and to create more transparent in the environment of the business when dealing with the government.

THE FOLLOWING DATA PRESENTS THE USER OF INTERNET

The following data presents the data about the users of internet in India from 2014 to 2019 Year.



Source: www.statista.com

The above graph represents the data about the users of Internet in India from 2014-2019. In the year of 2014, India had 226.3 million internet users and in 2015 it about 277.4 million internet users. In year the 2016, the users are projected to grow at 321.8 million users and in the year 2017 the users are projected to grow at 365.1 million users and in the year 2018 it projected at 411.1 million users and in 2019 it projected at 459 million users

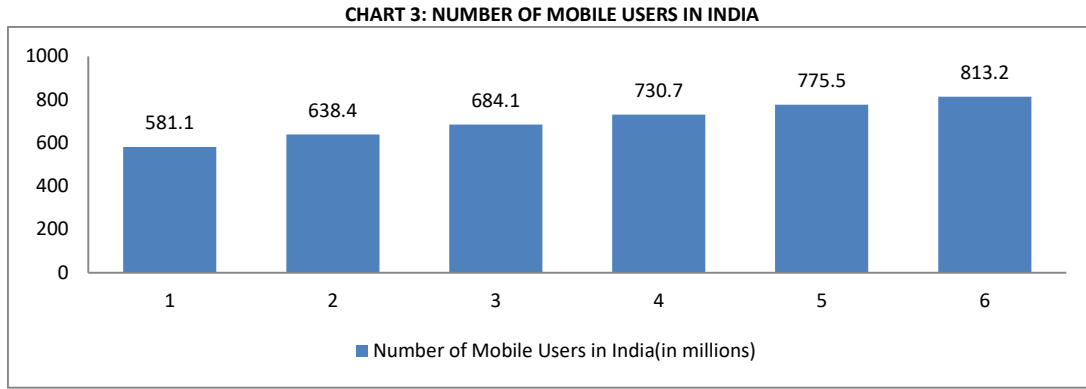
The following table represents the difference in users of Internet in India comparing with its previous year

TABLE 1

Year	Number of Internet Users(in millions)	Difference in the users when compare to its previous year(in millions)
2014	226.3	0
2015	277.4	51.1
2016	321.8	44.4
2017	365.1	43.3
2018	411.1	46
2019	459	47.9

THE FOLLOWING DATA PRESENTS THE USER OF MOBILE PHONE IN INDIA

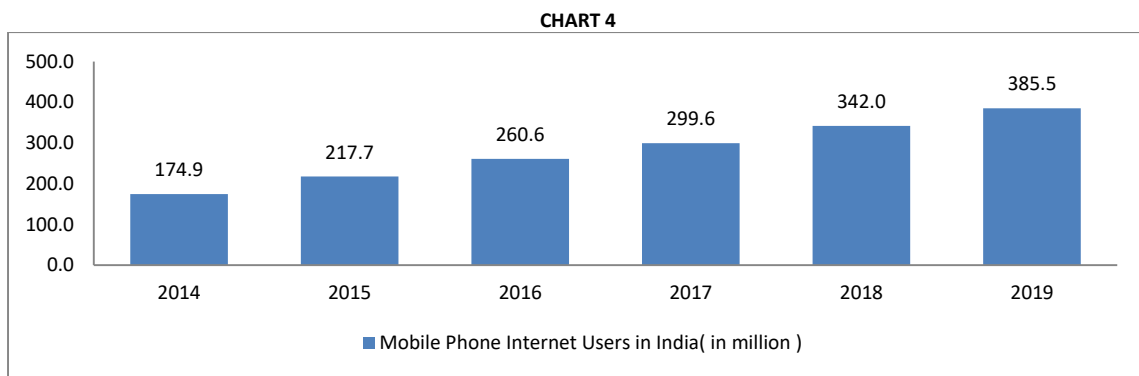
The following data presents the data about the users of mobile phone in India from 2014 to 2019 Year



Source: www.statista.com

THE FOLLOWING DATA PRESENTS THE MOBILE PHONE INTERNET USER IN INDIA

The following data presents the data about the mobile phone internet user in India from 2014 to 2019 Year.



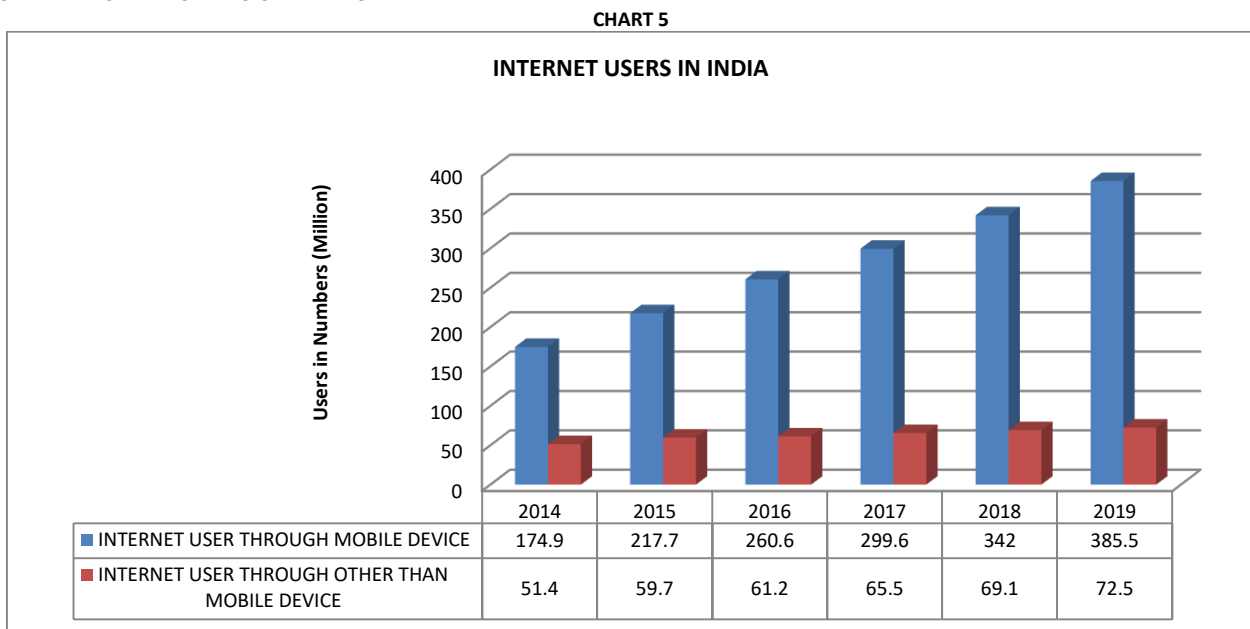
Source: www.statista.com

THE FOLLOWING DATA PRESENTS THE COMPARATIVE STUDY ON INTERNET USERS AND MOBILE INTERNET USERS

TABLE 2

YEAR	TOTAL INTERNET USER IN INDIA (Number in millions)	INTERNET USER THROUGH MOBILE DEVICE IN INDIA (Number in millions)	INTERNET USER THROUGH OTHER THAN MOBILE DEVICE IN INDIA (Number in millions)
2014	226.3	174.9	51.4
2015	277.4	217.7	59.7
2016	321.8	260.6	61.2
2017	365.1	299.6	65.5
2018	411.1	342.0	69.1
2019	458	385.5	72.5

THE ABOVE TABLE IS EXTRACTED TO CHART BELOW



FINDINGS

The above charts express that trend of using internet through mobile devices increased when you compare to usage of internet user through other than mobile device. The trend of internet users through mobile device has been increased year by year as analysis in the year 2015 the users has increased by 42.8 Million. In 2016 increased by 42.9 Million. In 2017 increased at diminishing rate by 39 Million. In 2018 increases at increasing rate by 42.4 Million. In 2019 increases at increasing rate by 43.5 Million.

CONCLUSION

This paper deigned to provide favourable data for the development of M-Governance has to conceived and developed with E-Governance. Considering India's internet users through mobile devices has been increased and this enables to extend its existing services and to elaborate the delivery of new service and to enhance citizen involvement in operation of government activities. This leads to transparent in democracy, advancement in the field of education and being an innovative health services to the citizens

The data extracted and analysed result expresses that enhance in the users of mobile users and internet users through mobile devices had favourable data for the development of M-Governance with E-Governance.

REFERENCES

1. *"From e-Governance to m-Governance"*: The way forward Romit Pandey¹ and KS Vijaya Sekhar²
2. <http://netpehchaan.in/internet-inclusion/history-of-e-governance-in-india-and-maharashtra.html>
3. <http://netpehchaan.in/internet-inclusion/history-of-e-governance-in-india-and-maharashtra.html>
4. <http://netpehchaan.in/internet-inclusion/history-of-e-governance-in-india-and-maharashtra.html>
5. <http://www.insightsonindia.com/2014/11/23/e-governance-india-concept-initiatives-issues/>
6. m-Governance ...Leveraging Mobile Technology to extend the reach of e-Governance Ramesh Kailasam
7. *"Transforming from e-Governance to M-Governance"* by Mrs. Vaishali Kadu, Ms. Vijaya Mahesh Bagret, Mr. Abhishek Verma.

ROLE OF MICRO CREDIT PROGRAMME IN THE FINANCIAL AND SOCIAL EMPOWERMENT OF WOMEN ENTREPRENEURS

SANTHOSH KUMAR.K
RESEARCH SCHOLAR
DEPARTMENT OF COMMERCE
ST. THOMAS COLLEGE
PALAI

ABSTRACT

Micro credit is considered as a powerful tool to eradicate poverty and improve the standard of living of people especially women. Several financial institutions including NABARD have been providing financial support by way of micro credit to those, who are normally excluded from formal financial sector. Several NGO's and MFI's are assisting those people in order to create a group and find their own IGA's. This study is primarily attempting to find out the financial and social benefits gained by women entrepreneurs after joining the micro credit programme and how it contributes their financial and social empowerment. The sample frame used in this study is stratified random sampling. Interview schedule was prepared to collect data directly from the respondents who were running micro enterprises or conducting IGAs. It was found that micro credit programme improve their profit earning capacity and thereby it improves the decision making capacity and social benefits to the participants. Despite these advantages, they are facing several operational and marketing problems which curtail the effectiveness of the programme

KEYWORDS

micro credit, women empowerment, micro enterprises, Changanassery Taluk.

1. INTRODUCTION

Micro credit is considered as a revolutionary tool to fight poverty in different parts of the world. It provides access money to neglected sectors of the society. Micro credit means small amount of loan provided to people especially to women belonging to backward area, on a "group wise" basis. Self Help Groups (SHG) are formed by these people by contributing small amounts of savings in order to establish Income Generating Activities (IGA) with the help of governmental agencies and NGO's who in turn provide micro credit and linkage loans with the help of banks. The main object of such loans is to empower women financially and socially by way of setting up micro enterprises and conducting various IGAs.

2. REVIEW OF LITERATURE

Benjamin F Lyngdoh and Ambika P Pati (2013) in their study 'micro finance and women empowerment; a case study of matrilineal Tribal society of India' points out that micro finance has a positive impact on women empowerment in matrilineal tribal society. It also contributes the effectiveness of such programmes in socio political outcomes.

Sarumathi S and Dr. Mohan. K (2011), in their study finds that the members, especially women gained self confidence and skill improvement after joining micro credit programme. This programme brings economic improvement, peace and happiness either directly or indirectly

Kumar Dhanonjoy, Hossain Afjal *et.al* (2013) opines that, increased economic activity and the control over income as a part of micro finance programme improved the knowledge, women skills, mobility and support networks. However, influence from their family regarding the use of micro credit and the marketing problem of products they produce retard the effectiveness of the programme

Jency S, Siniya. A (2016) in their study finds that lack of adequate working capital is the major problem faced by women while running their operations. Increased cost of marketing leads them to focus on direct marketing system, which sometimes adversely affecting their business. There is the absence of sufficient information regarding various schemes of subsidies and policies of government to support micro enterprises.

3. SIGNIFICANCE OF THE STUDY

In India participation of women in entrepreneurial activities are growing rapidly. It is considered as an essential tool to improve economic growth. Nearly 50 % of Indian women are participating in entrepreneurial activities either directly or indirectly. Government introduced several development and assistance programme to women in order to encourage and support them rather than providing different schemes of subsidies. Despite these efforts initiated by different sectors, India still ranked 70 out of 77 countries, where favorable conditions for women entrepreneurship exist. Micro credit programme is a powerful tool to provide support to women, especially belonging to backward region. Governmental programme called Kudumbasree and various NGOs are playing a pivotal role in the area of women up liftment in Kerala. Through SHG-Bank Linkage programme and other supporting facilities, they are helping women to start and nurture their own micro enterprises or IGAs. It enables women to make savings of their own, which will enable them to improve standard of living, better social status and improvement in decision making. This study is relevant because it attempts to present a clear picture of women entrepreneurship by studying profit- saving pattern and problems of women entrepreneurs.

4. STATEMENT OF THE PROBLEM

Women empowerment stands for providing an environment where women can participate in both personal and social decision making. It also means providing more access to financial, economic and legal resources in order to ensure equal rights. Micro credit plays an important role in women empowerment by bringing them into the light of financial inclusion. This study is conducted to know the financial and social empowerment gained by women entrepreneurs through micro credit programme. Study primarily analyzes the financial performance of various micro enterprises /IGAs run by women. It also studies the financial and social benefits received by them.

5. OBJECTIVES OF THE STUDY

The main objectives of the study are;

1. To identify the availability of micro credit for micro enterprise / IGAs to the members of SHGs.
2. To evaluate the financial performance of microenterprises / IGAs run by women using micro credit in Changanassery Taluk.
3. To examine the financial and social empowerment of women through various benefits received.
4. To analyze the problems faced by women entrepreneurs.

6. HYPOTHESIS OF THE STUDY

- H_0 : There is a correlation between loan and profit of the sampling units.
- H_0 : There is a relationship between benefits derived by the respondents.
- H_0 : There is no significant difference between rankings of problems faced by sampling units

7. RESEARCH METHODOLOGY

The study is based on both primary and secondary data. To collect data, a well structured interview schedule was prepared. Various forms of discussion with SHG members also make part of the study. Secondary data sources like books, magazines, websites etc., have also been used to gather information.

7.1 SAMPLE DESIGN

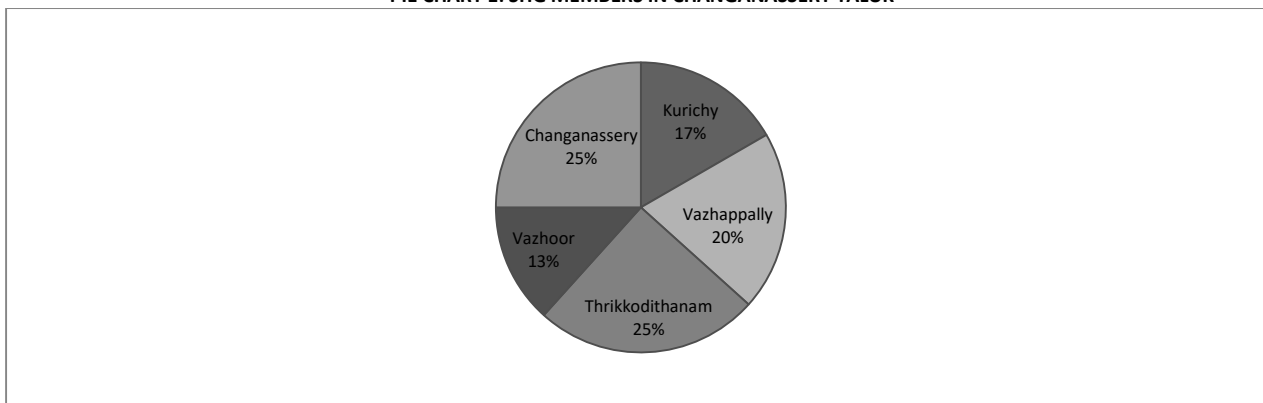
Changanassery Taluk of Kottayam district has been purposely selected for the study. Kottayam is the first district that attained 100% literacy in India. Changanassery Taluk contains 15 villages of which 5 villages representing different strata's, namely Kurichy, Vazhappally, Thrikkodithanam, Vazhoor and Changanassery were selected for the study. 8 women SHGs from each village were selected and those members who are running micro enterprises/IGAs from each selected SHG, constitute 60 samples for data collection.

TABLE 1: SAMPLE DESIGN FOR THE STUDY

Villages	Women SHG selected	No. Of members	Percentage
Kurichy	8	10	18%
Vazhappally	8	12	20%
Thrikkodithanam	8	15	25%
Vazhoor	8	8	13%
Changanassery	8	15	25%
Total	40	60	100%

Source: Primary data

PIE CHART 1: SHG MEMBERS IN CHANGANASSERY TALUK



7.2 ANALYSIS TOOLS

1. Percentage
2. Ranking
3. Chi-square Test
4. Friedmans Test
5. Correlation analysis

8. ACTIVITY BASED CLASSIFICATION OF SAMPLE UNITS

Table 2 shows the activity based classification of sampling units from sampling areas. Out of sixty sample units 18 sample units are engaged in food production, 15 sample units are running retail, 9 are engaged in farm activities, 9 are doing agriculture as their IGA and 9 are engaged in animal husbandry activities.

TABLE 2: ACTIVITY BASED CLASSIFICATION OF SAMPLE UNITS

Activities	Kurichy	Vazhoor	Thrikkodithanam	Vazhoor	Changanassery	Total
Retail Units	2	3	3	3	4	15
Farm	2	1	3	1	2	9
Agriculture	4	2	2	0	1	9
Food production	2	4	2	2	8	18
Animal husbandry	0	2	5	2	0	9
Total	10	12	15	8	15	60

Source: Primary data

9. ANALYSIS OF THE AVERAGE AMOUNT OF CURRENT LOAN RAISED

Table 3 depicts the average amount of current loan raised by the sample units on the basis of activities. Out of 18 units engaged in food production 9 units have taken loan upto Rs 30000 each and 4 units have taken loan of more than Rs. 90000 each. Out of 15 samples engaged in retail, 8 units have taken loan upto Rs. 60000 each 4 units have taken more than Rs 90000 each as loan. In case of units engaged in farm activity, 4 units have taken loan upto Rs. 90000 each but only one unit has taken loan of more than Rs 90000. In agricultural units, 4 units have been taken loan of Rs 60000-90000 each. Out of 9 units engaged in animal husbandry, 6 units have taken loan upto Rs 60000 each.

TABLE 3: ACTIVITY BASED CLASSIFICATION OF SAMPLE UNITS SHOWING AVERAGE AMOUNT OF CURRENT LOAN CYCLE

Activities	Upto Rs. 30000		Rs. 30000-60000		Rs. 60000-90000		Above 90000		Total	
	No of sample	Average Amount	No of sample	Average Amount	No of sample	Average Amount	No of sample	Average Amount	No of sample	Average Amount
Retail Units	3	22000	5	55000	3	80000	4	126250	15	72400
Farm	2	20000	3	50000	3	70000	1	110000	9	56667
Agriculture	1	28000	3	40000	4	71250	1	120000	9	49444
Food production	3	25000	6	36667	5	77000	4	105000	18	61111
Animal husbandry	2	20000	4	45000	2	73000	1	100000	9	51778
Cumulative Total	11	115000	21	226667	17	371250	11	561250	60	291400

Source: Primary data

10. ANALYSIS OF TURNOVER, COST AND PROFIT OF MEMBERS

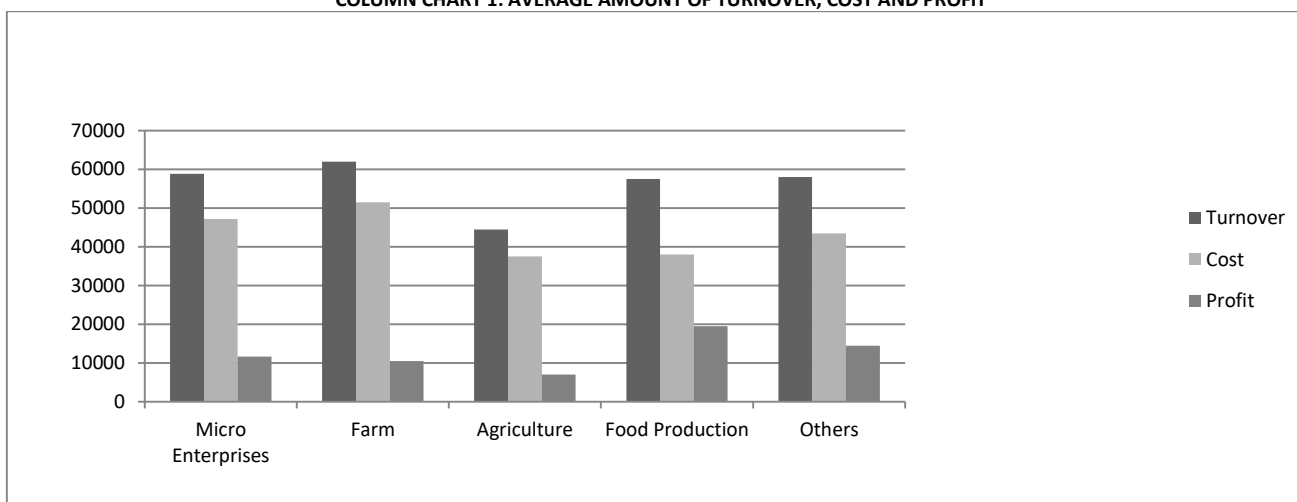
TABLE 4: TABLE SHOWING AVERAGE AMOUNT OF TURNOVER, COST AND PROFIT

Activities	No of sample	Turnover (avg.amount)	Cost (avg.amount)	Profit (avg.amount)
Retail Units	15	58850	47200	11650
Farm	9	62000	51500	10500
Agriculture	9	44500	37500	7000
Food production	18	57500	38000	19500
Animal husbandry	9	58000	43500	14500
Cumulative Total	60	280850	217700	63150

Source: Primary data

Table 4 represents sales, cost and profit gained by the different units on the basis of their activity. Profit is the main aim of every business. It is also the criteria for the next level of loan to these units. Sales and cost are the two main factors which determine the profit. Therefore, it is important to analyze the turnover, cost and profit of these units in order to find out the financial empowerment of members. From the table it is revealed that, the units which are engaged in farm activities have highest average turnover i.e. Rs62000. Next come retail units with an average turnover of Rs58850 followed by animal husbandry units with Rs58000. Units with agricultural activities reported the lowest amount of average turnover i.e. Rs44500. Cost of production and sales are high for Farm activities with an average amount of Rs51500, there for it affects their profit, and they made only an average profit of Rs10500, the second lowest profit compared to all sample units. Average amount of profit is high for food production unit's i.e. Rs 19500 for an average cost of Rs38000. Agriculture is considered as the riskiest activity with low sales, profit and high cost of production.

COLUMN CHART 1: AVERAGE AMOUNT OF TURNOVER, COST AND PROFIT



11. RELATIONSHIPS BETWEEN AVERAGE AMOUNT OF LOAN AND AVERAGE AMOUNT OF PROFIT

TABLE 5: TABLE SHOWING AVERAGE AMOUNT OF LOAN AND PROFIT

Activities	Loan (avg.amount)	Profit (avg.amount)
Retail Units	72400	11650
Farm	56667	10500
Agriculture	49444	7000
Food production	61111	19500
Animal husbandry	51778	14500
CumulativeTotal	291400	63150

Source: Primary data

H₀: There is a correlation between loan and profit of the sampling units.

Table 4 shows the activity based classification of average amount of loan availed and average amount of profit gained by the sampling unit. In order to analyze the impact of loan on profit, correlation method was used. Calculated value (r) is 0.26 and it shows positive correlation exists between amount of loan and profit made by sampling units. Hence H₀: There is correlation between loan and profit of the sampling units, can be accepted.

12. ANALYSIS OF BENEFITS DERIVED BY THE MEMBERS

In order to analyze the social empowerment gained by the members, it is essential to understand the gains or benefit derived by them through this program. Five variables such as learning new skills, decision making, improvement in relationship, improvement in social status and self-confidence were identified as the factors which determine the social empowerment. Ranking method has been adopted and the respondents were asked to rank the variables on the basis of their preference. Highest preferred variable gets the weights of 5 and lowest get the weight of 1. Majority of the respondents opined that they gained new skills after joining the programme. Chi-square test was adopted to identify the relationship of weighted scores.

TABLE 6: BENEFITS RECEIVED BY THE MEMBERS

S.I NO.	Benefits	Weighted score	Percentage	Rank
1	Learning New Skills	260	28.57	1
2	Decision Making	140	15.39	5
3	Improvement in Relationship	170	18.68	3
4	Improvement in Social Status	180	19.78	2
5	Self confidence	160	17.58	4
	Total	910	100	

Source: Primary data

Ho: There is a relationship between benefits derived by the respondents.

Since the calculated value (45.592) is higher than the Table value (9.4877) at 5% level of significance, we accept the alternative hypothesis that there is no goodness of fit between observed and expected values. That is there is no relationship between benefits derived by the members.

13. ANALYSIS OF THE RANKING OF PROBLEM FACED BY MEMBERS

TABLE 7: RANKING OF PROBLEM FACED BY MEMBERS

Activities	Kurichy	Vazhapally	Thrikkodithanam	Vazhoor	Changanassery
Marketability Problems	38	30	46	44	34
Negative attitude of banks	28	34	42	38	40
Delay in operation	46	38	36	28	34
Lack of awareness	44	40	34	36	38
Lack of support	24	38	26	34	30

Source: Primary data

It is also very important to analyze the problems faced by the women entrepreneurs in order to get an exact picture of their empowerment. Table 7 shows the area wise classification of the weighed ranks of problem faced by members. Five attributes or variables identified as marketability problems, negative attitude of banks, delay in operation, and lack of awareness and support constitute their problems. Ranks were assigned on the basis of preference. Friedman test has been conducted to analyze the rankings of problem face by sampling units.

Ho: There is no significant difference between rankings of problems faced by sampling units

Friedman Test:

Calculated value (2.24) is lower than table value (9.4877) at degree of freedom 5-1=4 and level of significance .05, we accepted the null hypothesis that there is no significant difference between rankings of problems faced by the samplings units.

14. FINDINGS OF THE STUDY

1. It has been observed that majority of the members availed loans ranging between Rs. 30000 to Rs. 60000.
2. All units are making profits by running micro enterprises or IGAs.
3. Study finds that, turnover and the cost incurred by the units are directly related. This adversely affects the profitability of the units.
4. There is correlation existing between average amount of loan availed and average amount of profit generated by the sampling units
5. Besides of financial benefits, women entrepreneurs also gained several social benefits such as learning new skills improvement in social status and relationships, self-confidence etc.
6. Delay in operation, negative attitude of banks and several other risk factors are posing as threats to the successful functioning of the business.

15. SUGGESTIONS

1. Increased cost of production is the major reason which hinders the profitability of the units. Supporting institutions strive hard to support women entrepreneurs to reduce the cost.
2. Proper training must be given to the members in order to overcome the marketing problems and creating operational awareness.
3. Literacy and formal education are the factors which affect productivity and income. Policy makers must initiate programmes to develop overall educational improvement of women entrepreneurs.
4. Banks must be ready to provide more financial assistance by way of reduction in interest rates and subsidized loan to women entrepreneurs.

16. CONCLUSION

Micro credit is playing a vital role in the financial, economic and social empowerment of women by providing an opportunity to establish micro enterprises and various IGAs. It helped women to improve financial access which in turn increased personal income and several social benefits. However, lack of technical and operational knowledge and several other factors restraint women entrepreneurs to run their business effectively. Study reveals that all the units availing micro credit are making profit by effectively running their operations. However, this study not focused to the aspects of adequacy and sufficiency of these profits as compared to the increased cost of living of the economy.

17. LIMITATIONS OF THE STUDY

- The study was limited by time factor
- Since it is a sample based study, authenticity and exactness cannot be claim.
- Area of the study was limited to Changanassey Taluk only.

REFERENCES

1. Benjamin F Lyngdoh and Ambika P Pati (2013), "micro finance and women empowerment; a case study of matrilineal Tribal society of India ", International Journal of Rural Management, Vol. 9, No. 1, pp. 45-70.
2. Jency, S., Siniya, A. (2016), "a study on women entrepreneurs in micro enterprises", international journal of research in commerce & management, Vol. 7, No.20, pp. 85-90.
3. Kumar Dhanonjoy, Hossain Afjal, Gope Monto Chandra (2013), "Role of micro credit program in empowering rural women in Bangladesh: a study on Grameen bank Bangladesh limited", Asian business review, Vol. 3, No.4, pp. 114-120
4. Sarumathi, S. Dr. Mohan. K (2011), "Role of micro finance in women's empowerment (an empirical study in Pondicherry region rural SHG's)", journal of management and science, Vol. 1, No.1, pp. 1-8
5. Survey by BNP Paribas (2015)
6. Female Entrepreneurship Index (FEI) released in 2015 by The Global Entrepreneurship and Development Institute (GEDI)
7. http://www.dcmsme.gov.in/schemes/Schemes_for_the_development_and_promotion_of_women_entrepreneurs.pdf
8. <http://www.nmew.gov.in/index.php>
9. <https://www.indiafilings.com/learn/subsidies-in-india-for-women-entrepreneurs/>

IMPACT OF NATURAL DISASTER ON TOURISM IN JAMMU AND KASHMIR: A CASE STUDY OF FLOOD 2014

NASEER AHMAD MAGRAY
STUDENT (MASTERS IN TOURISM MANAGEMENT)
IGNOU
SRINAGAR

ABSTRACT

Jammu & Kashmir is northern part of India and is known as "Paradise on Earth" and "Switzerland of the east" due to its mesmerizing beauty and its potential for becoming one of the best tourism destination in the world, tourism has always been considering an economic bonanza for the state, but owing to a unique geo political and geographical setting, this part of world has long history of devastating natural disasters, leads to loss of precious life & property and its vulnerability is increasing. Natural disasters like Volcano, floods, cloud burst, landslide, drought, avalanches etc. are part of our life, it is a law of nature and we do not have total control on them, nether we can predict actual time & place of its occurrence. The objective of this research paper was to study the impact of natural disaster on J&K tourism sector and its future prospective.

KEYWORDS

J&K, disaster, flood, nature, impact.

TOURISM IN J&K

Tourism is phenomenon involving the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. Tourism, thus, refers to all activities of visitors, including both "tourists (overnight visitors)" and "same-day visitors" (W.T.O, 1994).

Tourism industry is one of the fastest growing industries in the world and is considered as tool for economic development, increasing employment opportunities, and is a main source of bringing foreign exchange in the region. International tourism currently accounts for 9% of global Gross domestic product GDP, 30% of services exports and 1 in every 11 jobs (UNWTO 2016). Tourism is the most vibrant tertiary activity and a multi-billion-dollar service industry in Jammu and Kashmir and right vehicle for developing the state's economy. It has employed a large number of people, both skilled and unskilled. Hotels, travel agency, craft industry, transport including airlines benefit a lot from this industry. Jammu and Kashmir is one of the popular tourist destinations in world for delighting backwaters, hill stations, trekking trail, snowy mountains, meadows of flowers, lakes, garden orchards, monuments, and landscape make J&K a beautiful tourist destination, for it the great Mughal emperor Jahangir rightly said it as 'Paradise on Earth. Jammu & Kashmir valley offers various categories of tourism. These include adventure tourism, Wildlife Tourism, Winter Tourism, Eco-Tourism, Rural Tourism, Cultural Tourism and Heritage, religious tourism, etc. Year 2103 was boom for tourism sector in J&K, the tourism sector earns a revenue generation of more than Rs. 3,000 crores provide employment to about 5 lakh people in J&K. (MSME, J&K Report, 2013).

TABLE 1: TOURIST ARRIVALS DURING THE LAST 4 YEARS IN J & K

Year	Kashmir Valley		Jammu	Ladakh	Total
	Domestic/Foreign	Amarnath Yatra	MataVisnu Deviji Yatra's	Domestic/Foreign	
2012	621000	621000	10394000	178750	12502515
2013	1171130	353969	9287871	137650	10950620
2014	1167618	372909	7803193	181301	9525021
2015	737815	352000	7700000	190000	927815

(Economic Survey 2014-15, Govt. of J&K/department of Tourism J&K)

NATURAL DISASTER

A disaster refers to a catastrophe, mishap, calamity or grave occurrence from natural or manmade causes, which is beyond the coping capacity of the effected community (disaster management Act, 2005). A natural disaster is an event with a natural, as opposed to human, cause that results in large-scale loss of life or damage to property. It could be related to weather, geology, biology or even factors outside the Earth. Examples are earthquakes, landslides, droughts and flooding. Disease epidemics are sometimes considered natural disasters, but may be put into a different category. In some cases, natural and human factors may combine to produce a disaster.

TOURISM INDUSTRY & NATURAL DISASTER

Tourism has always been regarded as the source that brings in foreign exchange, employment generation, new business opportunities and economic development for a region, but tourism is highly vulnerable to external, non-controllable events. Ecological balances disturbed by human activities in most of the cases may results in disastrous event or exacerbate the natural disaster. From last decades many new destinations have been explored and open for tourist, it is a positive thing for the regional development of that area, but it also increases the impact of natural disaster on that area, e.g. deforestation for construction, encroachment on steep hill slopes are anthropogenic activities resulted in landslides during heavy rainfall, uncontrolled, unscientific housing construction on hill or on river bank often washed away by the flash floods. Such things have been neglected by destination managers and tourism planners. The impacts of natural disaster have been more proactive from last decade due to changing weather pattern, globalization, urbanization & lack of mitigation and institutional weaknesses. According to a 2004 report by the United Nations Development Programme (UNDP), about 75 percent of the world's population was affected at least once by natural disasters during the 20 year period from 1980 to 2000. Tourism industry is such, whose success is entirely dependent on the ability of people to travel, disaster whether natural or manmade have a clear impact on this industry globally, like

- The earthquake in Nepal in 2015 led to 80% cancellations of hotel reservations in the months that followed, and an estimated 45,000 tourists left the country. (economic times 5-2015)
- During the tsunami, the Car Nicobar Islands (India) were the worst hit. Many islands have been washed away and some like the Trinket have been split into two. This has completed disrupted tourism and today, there is nothing in these areas.

There is no single measure of a disaster that can capture the full effect of a disaster. A common measure is the number of people killed or affected or how it has affected socio- economically etc. We cannot stop disaster but we can keep a disaster plan ready to mitigate its effects on that particular destination or area.

OBJECTIVES/AREA OF RESEARCH

1. To study J&K state as vulnerable to Natural disasters.
2. To examine the impact of flood 2014 on tourism sector in Jammu & Kashmir.
3. To provide some feasible suggestions that may prove valuable for the mitigating the effect of natural disaster on tourism in J&K.

MATERIAL AND METHODS

The study is based secondary data, sources of data was collected from books, journal, survey reports, dailies, brochures, booklets, data records from various state institutions viz., central and state departments of tourism and disaster management, tourism development corporations, and Non-Government Organizations, Jammu and Kashmir Tourism Development Corporation and State Disaster Management Authority, Directorate of Tourism, Annual Economic survey of J&K, United nations world Tourism organization, International Federation of Red Cross and Red Crescent Societies and other research published in national and international journals.

VULNERABILITY OF J&K STATE TO NATURAL DISASTERS

Area of study	:	Jammu & Kashmir
Area	:	222,236 km ²
Founded	:	October 26, 1947
Population	:	12.55 million (2011)
Capitals	:	Jammu (Winter), Srinagar (Summer)

The state of Jammu and Kashmir has three distinct regions, viz, Jammu, Kashmir and Ladakh. All the three regions have immense potential for tourism from both domestic as well as international tourists. While mountainous landscape of Kashmir valley has attracted tourists for centuries across the globe. Tourism in Kashmir depends greatly on the natural resources that this place has to offer for economic profitability. Tourism provides good sustenance to the local population and revenue to the State exchequer. The visits from domestic and international tourists provide a valuable source of earning. Visitors spending generate income for both public and private sectors besides effecting wages and employment opportunities.

The J&k sate has a vast history of natural disasters like earthquakes, floods, fires, droughts, avalanches and landslides, cloud burst and accidents, etc. (table 2). Due to its extreme weather conditions, undeveloped economy, and poor infrastructure & modes of communication, the State has suffered a lot on account lost of property & lives of natural disasters. The Kashmir valley located in North-western Himalayas lies between the Pir-Panjjal and the Zaskar thrusts, making it vulnerable to earthquakes, landslides and also to floods. Most parts of the Kashmir Valley (11% of the area of the state) covering the districts of Srinagar, Ganderbal, Baramulla, Kupwara, Bandipora, Budgam, Anantnag, Pulwama, Doda, Ramban, Kishtwar come under zeismic Zone V, where around 50% of the population of the State lives. Rest of the State including whole of Ladakh region and Jammu Division (90%of the total area of the state) are under the Seismic Zone IV.(NIDM,2015, GOI)

TABLE 2: HISTORY OF NATURAL DISASTERS IN J&K

Type of natural disaster	Year	Area hit	Effects
Earth quake	2082-2041 B.C	Sandimatnagar	submerged the whole city into lake(wular lake)
Flood	879 Ad	Baramulla	Half of valley submerged,lost of property &lives
Earth quake	1873	Baramulla	10,000 houses were destroyed, Death of 3,400 human lives and 40,000 cattle
Flood	1893	Valley	25,426 acres of crops were submerged, 2,225 houses were wrecked and 329 cattle killed."
Flood	1903	Srinagar	7000 houses were taken away
Snow Blizzard	2015	Waltengu Nad (Kulgam)	128 families,death of 175 lives
Earthquake(7.6)	2005	Uri	993 dath,418 injuries,23,782 houses damaged
Cloud burst	2010	Leh	250 death, loss of property and landslides
Earth quake	2015	J&K	Damage to property

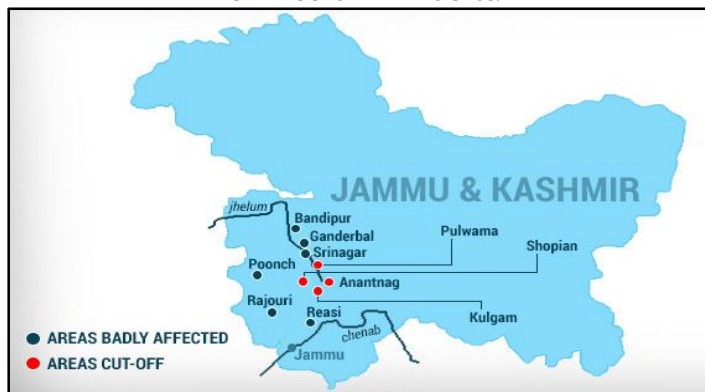
(Anees.S, 2007, Lawrence S.W 1895, NIDM JK portal)

The natural disaster can hit the tourism sector badly, it can decrease the number of tourists visiting the destination or area, it can devastate or damage the natural environment, the infrastructure, roads and accommodation sector of the destination, which means that most tourist would choose not to visit the particular area /destination, thus budget kept or planning for development process is now utilized in reconstruction purposes for that area/destination.

CASE STUDY OF FLOODS OF 2014

Continuous rains from 1st Sep to 6th September cause heavy flood in some parts of Jammu and most parts of Kashmir. The main rivers of J&K Chenab, sindh, jehlam, lidder, along with their tributaries where flowing above danger line and Jehlam river in Srinagar was flowing 22.4 feet which was 4.40 feet above danger mark, and have starting embankments and submerged hospitals, schools, resident building, and all infrastructure. The flood water was carrying a sediment load, the force swept away the bridges low lying areas of Kashmir valley, especially Awantipora, Srinagar, Sonawari, Bemina, and Qammarwari, etc. all where under flood water. In Jammu flash flood washed away 400 houses, landslides triggered by heavy rainfall, all mode of transport system "railway, airlines, and roadways was stopped,(Fig.1). It is a combination of an intense and unprecedented rainfall event combined with mismanagement (of drainage) and unplanned urbanization and lack of preparedness," (Sunita Narain, CSE director general) causes flood in J&K.

FIG. 1: FLOODS HIT AREAS OF J&K



More than 700 villages, Srinagar city got submerged due to flood water. About 300 persons lost their lives in floods. 53,082 persons were injured/ sick, 226,000 were vacuated, 6.48 lakh hectares of agricultural/ horticultural land got affected. About 3 lakh houses got fully or partially damaged. Govt. of J&K assessed the damages at Rs 43959.56 crore (Economic survey 2014-15, J&K)

Impact of flood 2014 on Tourism sector in Kashmir

- Industry sources said airlines and hotel cancellations are 100% till the end of October 2014.
- Overall Tourism infrastructure losses was 1700 crore.
- Hotel has suffered losses of 200 crores.
- Yatra.com cancels 70 % of air & hotel booking to Kashmir.

- Foreign tourist arrival (FTA's) dropped from 78802 in 2013 to 60845 in 2014 23 % (economic survey 2015J&K).
- Leisure travel firm TUI has seen a 75% drop in new bookings for Kashmir compared with the same period last year.
- 100 house boats in Dal & Nagin lake are affected and some of them were totally submerged in flood.
- The entire infrastructure at TRC was badly affected by flood.
- GSDP of J&K State is registering a negative growth of -1.57% during the year 2014-15 as compared to 5.63% during 2013-14 (economic survey 2015J&K).
- 200 vehicles of state road transport Corporation got inundated.

CAUSES OF FLOOD 2014 IN J&K

- Unprecedented rainfall/climate change: "unseasonal and extreme rainfall" and at many places as it rained more than 200-mm in 24 hours - 400 per cent more than the monthly average causes floods in J&K.
- No dams: State has no permit to construct dams under the Indus water treaty. Dams could have hold large quantity of water.
- Lake of technology: The center water commission or Metrological department of J&K failed to give forecast of heavy rainfall or possibility of flood. Early warning could have save precious lives and lesser damage to property.
- Lake of communication: The department of irrigation & flood control did not monitor or maintain embankment when they were breached especially in district Srinagar.
- Encroachment of Riverbeds, lakes and flood channels of valley: along with encroachment of riverbeds lakes and flood channels, indiscriminate construction on marches, wetlands and other water bodies acerbated the disaster as they act as sponge, natural drainage system has collapse.

CONCLUSION/SUGGESTIONS

Tourism in J&k is a tool for economic development and employment generation we cannot think J&K without tourism but, J&K state is proven to natural disasters, we have witnessed devastating disasters in past and such things will happen in further. The study reveals that the occurrence of natural disaster like flood & earthquake in J&K is increasing, we cannot stop such things but their impact on the tourism, socio-economy and on the people can be reduced by undertaking proper mitigation plans and strategies. Time has come when all the stockholders of tourism industry in J&k should come in front and develop mechanisms to manage disasters at the grass-root level through proper planning & execute activities related to disaster risk reduction and management, so to stop natural hazard from becoming disaster, and laid foundation for the development of tourism sector in this paradise of world.

Some of Suggestions that may be successful in mitigating the impact of natural disaster on J&K tourism are:

- The department of tourism should frame a disaster cycle of preparedness, response, reconstruction and mitigation, so to ensure safety of tourists in valley.
- Early warning regarding any disaster by nodal agencies likes Indian meteorological department (IMD), Snow and avalanches study establishment (SASE), etc. to mitigate the impact of disaster.
- Construction of infrastructure and superstructure like hotel or tourist building, bridges, parks etc should be strictly enforced as per geological & civil engineering guidelines, so that it should have least impact of disaster like flood, earthquake or fire.
- There should be a local train group/agency private, government or NGO which will response in the emergency phase by rescuing those affected, providing first aid, know evacuation routes and communicating for help, before help from outside is provided.
- Press plays an important role in promotion & development of state tourism, they should stop negative stories about J&K tourism sector, instead should focus on telecasting /writing, post recovery developments in tourism sector.

REFERENCES

1. Anees.S.M 1, M. Sultan Bhat, 2007 History of Natural Disasters in Kashmir Valley, Jammu and Kashmir with Special Reference to Earthquakes. v.5, issue 9, p no 4-6.
2. Disaster Management Act, 2005. Jammu and Kashmir state disaster management Policy, P. No 24
3. Economic times, 80 per cent tourists cancel trip to quake-hit Nepal: Report, 5 May, 2015
4. Government of Jammu and Kashmir, Economic Survey (2014-2015), Directorate of Economic and Statistical Planning, J&K, Vol. 1
5. Lawrence S. W 1895, the Valley of Kashmir, history of flood, Asian education services, New Delhi.
6. MSME-Development Institute Jammu & Kashmir, Annual Progress Report 2013-14, p.3
7. National Disaster Risk Reduction Portal (J&K), www.ndma.gov.in/
8. Sunita Narain, CSE director general, What caused the J&K floods: urbanization, poor planning and climate change, F. India 11 sep 2014
9. UNWTO Global report, adventure tourism 2015, p. no 3-10

WEBSITES

10. www.jktourism.org
11. www.kashmirdivision.nic.in/disaster_management_policy-2012.doc

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue, as well as on the journal as a whole, on our e-mail infoijrcm@gmail.com for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

DISCLAIMER

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, neither its publishers/Editors/ Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal are exclusively of the author (s) concerned.

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals

